

## PROSPECTUS



### **DS Smith Plc**

*(incorporated with limited liability in England and Wales with registered number 01377658)*

**EUR5,000,000,000**

### **Euro Medium Term Note Programme**

Under this EUR5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), DS Smith Plc (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined under “*Subscription and Sale*”), subject to increase as described in the Programme Agreement.

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

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

Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the “**Prospectus Act 2005**”) to approve this document as a base prospectus (the “**Prospectus**”). By approving this Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the official list of the Luxembourg Stock Exchange.

References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange’s regulated market and have been admitted to the official list of the Luxembourg Stock Exchange. The Luxembourg

Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "MiFID II").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms document (the "Final Terms") which will be filed with the CSSF and the Luxembourg Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the official list of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer has a solicited long-term debt rating of BBB- by Standard & Poor's Credit Market Services Europe Limited ("S&P"). The outlook for the rating is negative. The Programme has been rated BBB- by S&P. S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (and will not necessarily be the same as the rating assigned to the Programme by S&P). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arranger**  
**Lloyds Bank Corporate Markets**

**Dealers**

<b>Barclays</b>	<b>BNP PARIBAS</b>
<b>Citigroup</b>	<b>Commerzbank</b>
<b>HSBC</b>	<b>J.P. Morgan</b>
<b>Lloyds Bank Corporate Markets</b>	<b>NatWest Markets</b>
<b>Santander Corporate &amp; Investment Banking</b>	<b>UniCredit Bank</b>

The date of this Prospectus is 17 September 2018.

## IMPORTANT INFORMATION

This Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of Directive 2003/71/EC as amended or superseded (including by Directive 2010/73/EU and including any relevant implementing measure in a relevant Member State of the European Economic Area (the “EEA”)) (the “**Prospectus Directive**”).

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

Certain information in the “*Description of the Issuer*” section of this Prospectus has been extracted from certain third party sources as specified therein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

None of the Arranger, the Dealers or the Trustee (as defined below) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Arranger, the Dealers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

offer or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

**IMPORTANT – EEA RETAIL INVESTORS** –The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE/TARGET MARKET** – The applicable Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the relevant Notes and which channels for distribution of the relevant Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under European Union Delegated Directive 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

**ALTERNATIVE PERFORMANCE MEASURES** - Certain alternative performance measures (“**APMs**”) are included or referred to in this Prospectus (including in the documents incorporated by reference). APMs are non-GAAP measures used by the Issuer and its consolidated subsidiaries (the “**Group**”) within its financial publications to supplement disclosures prepared in accordance with other applicable regulations such as IFRS. The Issuer considers that these measures provide useful information to enhance the understanding of financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such metric's components and calculation method can be found at pages 134 to 136 of the auditors' report and audited

consolidated annual financial statements for the financial year ended 30 April 2018 of the Issuer (incorporated by reference).

**BENCHMARKS REGULATION** - Amounts payable under the Notes may be calculated by reference to LIBOR or EURIBOR (each as defined in the Terms and Conditions of the Notes), as specified in the applicable Final Terms. As at the date of this Prospectus, the administrator of LIBOR, ICE Benchmark Administration Limited, is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**"). The administrator of EURIBOR, the European Money Markets Institute ("**EMMI**"), is not included in ESMA's register of administrators and benchmarks. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom) and Japan, see "*Subscription and Sale*".

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether

and to what extent: (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

## PRESENTATION OF INFORMATION

In this Prospectus, all references to:

- “**US dollars**”, “**USD**” and “**\$**” refer to United States dollars;
- “**Sterling**”, “**GBP**” and “**£**” refer to pounds sterling; and
- “**euro**”, “**EUR**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## SUPPLEMENTS TO THIS PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Prospectus pursuant to the Prospectus Act 2005, the Issuer shall prepare and make available an appropriate supplement to this Prospectus or a further base prospectus, which, in respect of any subsequent issue of Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market, shall constitute a Supplement to this Prospectus, as required by the Prospectus Act 2005.

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## **STABILISATION**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## OVERVIEW OF THE PROGRAMME

***The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only, a new Prospectus will be published.***

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the “**Prospectus Regulation**”).

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this Overview.

Issuer: DS Smith Plc

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

Description: Euro Medium Term Note Programme

Arranger: Lloyds Bank Corporate Markets plc

Dealers: Banco Santander, S.A.  
Barclays Bank PLC  
BNP Paribas  
Citigroup Global Markets Limited  
Commerzbank Aktiengesellschaft  
HSBC Bank plc  
J.P. Morgan Securities plc  
Lloyds Bank Corporate Markets plc  
NatWest Markets Plc  
UniCredit Bank AG

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting

requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Prospectus.

Notes having a maturity of less than one year:

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) unless they are issued to a limited class of professional investors and have a redemption value of at least £100,000 or its equivalent. See “*Subscription and Sale*”.

Under Part II of the Prospectus Act 2005, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such Act.

Trustee:

Citicorp Trustee Company Limited

Issuing and Principal Paying Agent and Transfer Agent:

Citibank, N.A., London Branch

Luxembourg Listing Agent:

Banque Internationale à Luxembourg, société anonyme

Registrar:

Citigroup Global Markets Europe AG

Programme Size:

Up to EUR 5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) in aggregate nominal amount outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:

Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.

Maturities:

The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The applicable Final Terms will specify the Issue Price.

Form of Notes: The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

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

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

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

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

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

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

Step Up Rating Change and/or Step Down Rating Change: The applicable Final Terms will specify whether a Step Up Rating Change and/or Step Down Rating Change will apply to the Notes, in which case the rate of interest in respect of the Notes may be subject to adjustment as specified in the applicable Final Terms. See Condition 5.4 (*Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes*).

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

Redemption: Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. See “*Notes having a maturity of less than one year*” above.

Optional Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of:

(a) the Issuer pursuant to Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 7.4 (*Redemption at par at the option of the Issuer (Issuer Par Call)*) or Condition 7.5 (*Redemption at the option of the Issuer (Issuer Acquisition Call)*); and/or

(b) the Noteholders pursuant to Condition 7.6 (*Redemption at the option of the Noteholders (Investor Put)*) or Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*),

in each case upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Early Redemption: Except as provided in “*Optional Redemption*” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 7.2 (*Redemption for Tax Reasons*).

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

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4 ( <i>Negative Pledge</i> ).
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10 ( <i>Events of Default and Enforcement</i> ).
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Rating:	Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Approval, admission to trading and listing:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	The Issuer is Category 2 for the purposes of Regulation S under the Securities Act. The Notes will not be offered or sold within the United States or to, or for the benefit of, U.S. persons except in certain

transactions exempt from the registration requirements of the Securities Act.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “**D Rules**”) unless:

- (a) the relevant Final Terms state that such Notes are issued in compliance with U.S. Treas. Reg. 1.163-5(c)(2)(i)(C) (or substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “**C Rules**”); or
- (b) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### ***The Group is dependent on economic and political conditions in the markets in which it operates***

The Group's packaging products are generally sold to manufacturers and other intermediaries in both the consumer goods and industrial sectors. Since the markets for packaging products in many industrialised countries are generally mature, there is a significant degree of correlation between economic growth and demand for packaging products, especially with respect to customers outside the fast moving consumer goods ("FMCG") sector. As a result, the Group's performance depends to a significant extent on a number of macroeconomic factors which impact consumer and commercial spending, all of which are outside its control and difficult to predict. Factors which impact on disposable consumer income and the level of industrial activity include, among other things, GDP growth, unemployment rates, consumer and business confidence, social and industrial unrest, the availability and cost of credit, interest rates, taxation, regulatory changes, commodity (including oil and gas) and utility prices and terrorist attacks. These factors could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

The continuing political and economic weakness in the European Union has contributed to ongoing market uncertainty and a sustained period of low economic growth in Europe. The timing or rate at which economic conditions in the Group's markets may recover is difficult to predict and there can be no assurance as to the level of future economic growth, which is a factor affecting the demand for certain of the Group's products. Accordingly, the demand for certain of the Group's products is likely to be adversely affected by a period of slow economic growth, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.



Uncertainties and instability in global market conditions have also been further affected by the United Kingdom's intended departure from the European Union. The Group has significant operations in the UK and throughout the European Union. For the financial year ending 30 April 2018 ("**FY 2018**"), the Group's corrugated packaging activities in the UK and in the rest of Europe represented approximately 19 per cent. and 69 per cent., respectively, of the Group's revenue. Article 50 provides that the European Union treaties will cease to apply to the UK two years after the Article 50 Notice unless a withdrawal agreement is entered into prior to this or the two year period is extended by unanimous agreement of the UK and the European Council. The terms of the UK's exit from the European Union are also unclear and its future relationship with the European Union will be determined by the negotiations which have been taking (and will to continue to take) place surrounding the draft withdrawal agreement. On 26 June 2018 the European Union (Withdrawal) Act 2018 received royal assent in the UK, which fixes (i) the date that the UK will leave the European Union as 29 March 2019 (unless otherwise agreed between the UK and the European Union), and (ii) 21 January 2019 as the date that the UK government must decide how to proceed if negotiations on the withdrawal agreement and the UK's future relationship with the European Union have not reached agreement in principle. It is possible that the UK will leave the European Union with no withdrawal agreement in place, which is likely to result in a high degree of political, legal, economic and other uncertainty. Until these negotiations have concluded, however, the impact of Brexit on the United Kingdom and the rest of the European Union is unclear.

Political and economic uncertainty in the United Kingdom and the European Union has and may continue to impact the Group's operations. The Group has significant operations in the United Kingdom and throughout the European Union. The Group's operations may be negatively impacted in the event that Brexit does not maintain parity rights for UK and European Union companies or the current regulatory framework in one or both of those markets is modified or if the Group fails to successfully reposition its business model to maintain desired levels of supplies and customer costs and performance. The referendum in the UK has also given rise to calls for the governments of other European Union member states to consider withdrawal, which creates further uncertainty as to the regulatory framework existing between European markets.

Recent social and political movements calling for the secession of Catalonia from Spain have impacted, and may continue to impact, the Group's operations. The Group has a significant presence within Spain, including six locations within Catalonia. Europac and its subsidiaries and subsidiary undertakings from time to time (the "**Europac Group**") is headquartered in Madrid, with six facilities, being over a quarter of the Europac Group's total facilities, situated in Spain. In particular, Europac operates a packaging factory in Torrelavit, Catalonia. As a result, following the Europac Acquisition (as defined below), the Group and the Europac Group (together, the "**Enlarged Group**") would be more exposed to continued economic and political disturbance in the region. Considerable uncertainty exists regarding the outcome of the secession movement in Catalonia, which could result in changes to legislation, policies, and other factors, and such uncertainty remains following the results of the regional elections that took place in Catalonia on 21 December 2017. Continued political uncertainty relating to the secession movement could also affect economic growth in Catalonia, or across Spain more broadly, and this could have a material adverse effect on the Enlarged Group's profitability.

There is continuing uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of a number of the

world's economies, including those of the UK and of the European Union. Certain developments may occur from this policy, such as businesses becoming over-leveraged due to the availability of cheaper financing or the perception that these developments could occur, which may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets.

***Fluctuations in cost and availability of raw materials and energy costs could adversely affect the Group's profitability***

The largest component of the Group's cost of sales is raw material costs. The Group's raw material costs are subject to variations in supply and demand which results in volatility in their pricing.

The Group's paper manufacturing operations provide a degree of security over supply but do not eliminate the Group's exposure to fluctuations in the cost and availability of raw materials as the Group remains a net purchaser of corrugated case material ("**CCM**") from third-party suppliers. An important driver of used paper and old corrugated cases ("**OCC**") prices, a raw material used to produce CCM, is the balance of supply and demand for paper products in general. The price of used paper and OCC is also influenced by overseas demand, principally from China, which is driven by economic growth in China, as well as the relative strength of the euro and the US dollar (which impacts demand from continental Europe and the United States, respectively). This exposure could be increased if there was disruption to the Group's recycling business, which collects and trades waste paper to supply certain of its paper mills

The Group achieves this through contracts with major suppliers of waste paper and the collection of waste paper from smaller suppliers through its network of collection depots. Any significant disruption to the business of the Group's recycling business could therefore have a material impact on the operation of the Group's paper mills and lead to a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

Many of the Group's customer contracts contain price adjustment clauses allowing the Group to pass increased raw material costs on to its customers. However, not all of the Group's agreements contain these clauses and these clauses may not in all cases be effective in offsetting the Group's increased costs. In addition, where the Group is able to raise prices there is generally a short-term lag between the time the Group's raw material costs increase and the time it realises increased pricing from customers. As a result, margins may be reduced for a period of time until price increases are achieved to recover input cost increases. Any inability to recover input cost increases could lead to a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

The Group continues to have significant exposure to energy costs, in particular for gas, electricity and diesel. The Group's total energy costs were approximately £207 million in FY 2018, or approximately 4 per cent. of the Group's total operating costs for the period. The Group's transportation costs are also impacted by energy costs since a key component of transportation costs relates to the cost of petrol.

The Group's energy costs could increase as a result of regulatory changes relating to its compliance with the European Union Emission Trading Scheme Directive (the "ETS"). The Group's European paper mills are subject to the ETS. To date, the collective CO2 allocations granted to the Group's mills have exceeded the Group's collective annual CO2 emissions. The current ETS Directive for the period 2013-2020 and the current draft ETS Directive for the period 2021-2030, however, are expected to reverse the excess position over time. The paper industry has been granted status as a so-called "carbon leakage" sector, and the Group's European mills therefore receive a portion of CO2 emission certificates for free. Even with these certificates, there is considerable risk that in the future the Group's costs will significantly increase and will not be recovered through higher prices for the Group's end products.

The Group manages the risk of increasing energy costs through its energy procurement group which aims to reduce the volatility of energy costs and to provide the Group with a degree of certainty over future energy costs by hedging energy costs with suppliers and financial institutions. If the Europac Acquisition is completed, the Group intends to procure the hedging of energy costs for the Europac Group. However, there can be no certainty that the Group's energy cost hedging strategy will continue to manage such impact in the future. Volatile and increasing energy prices or a failure in this hedging approach could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The cyclical nature of the paper industry could result in overcapacity and consequently threaten the Group's pricing structure***

The paper industry historically operates in a cyclical pattern with periodic overcapacity resulting in pressure on pricing of packaging products. This cyclical nature arises, in part, from the capital intensity of facilities such as paper mills (which generally results in continued production by paper mills as long as paper prices are sufficient to cover their marginal costs), the long lead time between the planning and completion of a new mill and the fact that additions to CCM manufacturing capacity, either by manufacturing sites located within CCM markets or imported into CCM markets by competitors, can be large relative to the overall demand for the product. Consequently, the paper industry has from time to time experienced periods of substantial overcapacity and there can be no assurance that this will not recur. In the absence of sufficient economic growth to generate increased demand or the closure of facilities (either temporarily or permanently) to mitigate the effect, new capacity can cause a period of regional overcapacity which may lead to downward pricing pressure. In periods of overcapacity, industry participants may stop operating certain of their production facilities periodically to reduce inventory levels. In the event that the Group reduces or stops production at its mills for any significant length of time, but its competitors continue production at high levels, the Group's sales volumes could be adversely affected without any significant offsetting benefit of improved prices in the market. These adverse effects could be further exacerbated in the event that producers in certain markets experience overcapacity within their own local and regional markets and seek to increase their level of exports into those markets within which the Group operates and do so at pricing levels which are uneconomic for the Group. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

There is a risk of unanticipated and prolonged price increases of specific paper grades which the Group sources from third party suppliers and which are required to meet the demands of the Group's Packaging business's "Performance Assurance Consistency Environmental" project

(which seeks to utilise clear performance specifications and conformance criteria to produce reliable consistent packaging using no more materials than necessary). Such prolonged price increases could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group may be unable to implement its growth strategy successfully***

The Group's vision is to be the leading supplier of sustainable packaging solutions on a broader geographical basis. The Group may not be able to implement its growth strategy if its acquisition plans are unsuccessful and it fails to support its pan-European and FMCG customers as these companies seek to expand and become more global in their supply chain. Furthermore, the Group's Pan-European and multi-national FMCG customers may not increase their purchase of the Group's products as the Group expands into new geographic markets. A key element of the Group's acquisition growth strategy is to integrate acquired operations, and the Group's ability to realise the expected benefits from future acquisitions depends, in large part, on its ability to integrate the new operations in a timely and effective manner. There can be no assurance that the Group will be successful in implementing its acquisition growth strategy, including integrating newly acquired businesses. Furthermore, the Group's strategy depends on its ability to identify and acquire suitable assets at desirable prices. There can be no assurance that it will be successful in identifying or purchasing suitable assets in the future. If the Group fails to make further acquisitions, it may not be able to continue to grow in the long term at the same pace as its pan-European and multi-national FMCG customers or adequately support those customers' needs if they do seek to integrate, expand and become more global in their supply chain. There can be no assurance that it will successfully manage its strategy to grow organically and by acquisition if there is a sustained material reduction in the demand for the Group's products.

Additionally, acquisitions and similar arrangements involve a number of risks, including potential disruptions to the Group's on-going business and internal environment, potential customer overlap or loss of customers, additional financial costs associated with financing such transactions, potential assumption of liabilities of the acquired business and unexpected tax or litigation liabilities or regulatory requirements. Any difficulties or delays in achieving successful integration of new acquisitions could prevent the Group from successfully implementing its growth strategy and could have a material adverse effect on its business, financial condition, results of operations and/or future prospects.

General economic or industry wide conditions may adversely affect both FMCG and industrial sector growth rates and productive capacities resulting in an increase in raw material and production costs and/or a decline in volumes and/or prices. Operational difficulties, key personnel turnover, competition and delays in implementing initiatives or inadequacy of management forecasts in guiding initiatives could have an adverse effect on the Group's ability to implement its growth strategy. Underpinning the Group's growth strategy is its focus on service and product innovation to capture market share within the European region. The Group's growth potential depends in large part on its ability to identify and develop new products or new services or uses for existing products that address its customers' unmet needs. However, balancing current growth and investment for the future remains a challenge given the markets in which the Group operates. The Group's on-going investments in new product introductions and innovations may also exceed corresponding revenue growth. Additionally, the Group's research and development investment plans and resources may not be correctly matched between consumer preferences of its pan-

European and multi-national FMCG customers and the markets in which it operates. Failure to invest in the right platforms, product ranges, geographic markets and/or licensing opportunities to deliver robust innovation and a service pipeline could adversely impact the Group's innovation growth strategy. It is not possible to predict the timing or impact of the introduction of products and innovations from competitors or their possible effect on the Group's growth plans.

The inability of the Group to implement its growth strategy successfully could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group is exposed to intense competition in the packaging industry, as well as downward pressure on pricing due to the commoditisation of CCM***

The packaging industry is characterised by commoditisation of products, a high level of price competition and cyclicity, as well as other competitive factors including innovation, design, quality and service. In addition, the packaging industry is also highly fragmented due to the requirement to have packaging facilities in close proximity to customers' facilities to reduce transportation costs, resulting in a substantial level of localised competition. To the extent that any of the Group's competitors are more successful with respect to any key competitive factor either generally or in a particular region, the Group's business, results of operations and financial position could be adversely affected. Furthermore, the Group has recently seen competitors in both Europe and the United States convert graphic and newsprint machines into CCM machines, which can reduce the lead time it may take the Group's competitors to increase their production capacity. Such increases in production capacity can also lead to downward pricing pressure. Pricing pressure could arise from, among other things, limited demand growth and existing overcapacity in a market, price reductions by competitors, the ability of competitors to capitalise on their existing economies of scale and create excess product supply, the consolidation of competitors and/or customers, the ability of competitors to operate or successfully relocate or open production facilities in countries where production costs are lower than those in which the Group operates and the access of competitors to new technology which the Group does not possess. There is also a risk that the Group's competitors may succeed in imitating its integration model that challenges the Group's supply cycle business model.

Competition could be intensified due to a major development or breakthrough in packaging technology or materials which would create a substitute for one or more of the Group's key product lines, due to companies developing new cost structures (including through consolidation or relocation to countries with lower material and processing costs) or due to competitors establishing co-operative relationships or alliances among themselves or with third parties to increase the competitiveness of their products or through advances in existing fibre technologies or the development of new fibre technologies. To the extent that the Group's competitors patent any such technologies, the Group may be less able to compete effectively with them. With respect to fibre technologies, the packaging and paper industries have traditionally used wood and recycled fibres in its products, but these industries are increasingly exploring alternative fibres to use in packaging and paper products. The Group may be unable to anticipate new fibre technology trends or develop improvements to its current fibre technologies and/or offer new fibre technology substitutes to support changes to customer products and services. Furthermore, the success of the Group's ability to keep up with fibre technology developments may be affected by the development efforts of its competitors, which may have more financial and other resources to

better ascertain technology trends, customer preferences, and changing business expectations or models. The Group's assessment and response may as a result be incomplete or inferior when compared to its competitors, which could adversely affect its product development roadmaps and associated product revenue streams. If new fibre technologies are able to make use of lower cost raw materials this could impact the Group's costs of sales and its pricing structure. Accordingly, in the event of any such event above, the Group's sales, margins or market shares may decrease. Furthermore, if the Group's response to changing market dynamics is too slow, this may also adversely affect revenue streams. Accordingly, in such events the Group's sales, margins and/or market shares may decrease. These and other competitive pressures may prevent the Group from competing successfully against current or future competitors. Such competitive pressures could have a significant impact on the Group's business, financial condition, results of operations and/or future prospects.

If developing fibre technologies are able to make use of lower cost raw materials, the Group's inability to manage any material decline in fibre quality, and leakage of fibre to other applications could have a significant impact on the Group's business, financial condition, results of operations and/or future prospects.

Furthermore, CCM cannot generally be differentiated by producer, and this standardisation has led to intense price competition resulting in the cyclical nature historically observed in the market for CCM. This could in turn lead to a reduction in the Group's market share as well as lower product prices for its packaging products for which CCM is the principal production input, both of which could reduce earnings and have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

The Group's business has in the past faced significant cyclical downward pricing pressure, including as a result of standardisation, in certain of the markets in which it operates. Although the Group has sought to differentiate a number of its products, the Group still faces significant pressure to reduce its per unit cost to achieve commercially acceptable returns, including through achieving economies of scale, lower input costs, and increasing efficiency. In circumstances where the Group is unable to adjust its cost base comparable to its competition in these markets or sufficiently differentiate its products, pricing pressure could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group is subject to risk resulting from movements in foreign exchange rates and interest rates and credit rating downgrades***

The Group is and will continue to be exposed to the translation of the results of overseas subsidiaries into its reporting currency, pounds sterling, as well as the impact of currency fluctuations on its commercial transactions denominated in foreign currencies. For FY 2018, the impact of foreign exchange translation increased reported revenue by £143 million or 3 per cent. over the year as a whole due to the weakening of pound sterling against the Euro. Similarly for the financial year ending 30 April 2017 ("FY 2017"), the impact of foreign exchange translation was £432 million, or 11 per cent. over the year as a whole. The Europac Group's reporting currency is the Euro and its commercial transactions are also primarily in Euros. As a result, if the Europac Acquisition is completed, the Enlarged Group will face increased translation exposure as well as a significant increase in its exposure to the EUR as a result of commercial transactions. Adverse movements in foreign exchange rates relating to foreign currency denominated

commodities, assets and liabilities, and transactions could have a material impact on the Group's business, financial condition, results of operations and/or future prospects.

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest bearing assets and liabilities. As at 30 April 2018, the Group had £1.97 billion in interest bearing loans and borrowings of which £106 million of such borrowings had floating rates, representing 5 per cent. of total interest bearing loans and borrowings. As a result, the Group is subject to the effects of interest rate fluctuations on certain of its financing arrangements. Such fluctuations could lead to an increase in the Group's cost of funding.

Additionally, certain of the Group's debt agreements provide for an interest rate increase in case of a credit rating downgrade. Maintaining an investment grade credit rating is an important element of the Group's financial strategy, and a downgrade of the Group's ratings below investment grade could adversely affect its cost of borrowing, limit its access to the capital markets or result in more restrictive covenants in agreements governing the terms of any future indebtedness that the Group may incur. There is a risk that an increase in the Group's indebtedness or working capital requirements could result in the Group's credit rating being downgraded.

***Operating internationally subjects the Group to the risk that business or market disruptions will result in delays and/or increased costs in the production or delivery of its products and services or disrupt demand for its products***

The Group operates and will continue to operate in many different countries. As a result, the Group will be vulnerable to risks related to its international operations, including:

- (a) imposition of tariffs, quotas, import duties, additional taxes or other market barriers;
- (b) increased difficulty in the collection of accounts receivable, including longer collection periods;
- (c) inconsistent regulations and unexpected changes in legislation or regulatory requirements;
- (d) increased difficulty and expense in hiring and dismissing employees;
- (e) imposition of quotas relating to the composition of the employee base or the local sourcing of raw materials or other similar quotas;
- (f) political and economic instability (including financial crises, civil unrest, wars, international conflicts, greater and tighter government regulation on cross-border trading, production, pricing and the environment), disruptions and government intervention in national economies and social structures, including the threat of terrorism;
- (g) work stoppages, transport interruptions and difficulties in managing international operations;

- (h) government expropriation of private sector assets;
- (i) adverse tax consequences and inability to repatriate cash; and
- (j) adverse currency fluctuations.

The occurrence of any of the foregoing could have a material adverse effect on the Group's earnings as a result of the related delays and/or increased costs in the production and delivery of products.

***The Group's estimates, assumptions and judgments underlying its medium-term targets and the assumptions upon which these medium-term targets are based may prove inaccurate, and as a result the Group may be unable to successfully meet its objectives or achieve desired financial results***

The Group has established certain medium-term targets relating to its consolidated results of operations in the next few years. These medium-term targets relate to the Group's organic corrugated box volume growth, return on sales, return on average capital employed, ratio of net debt to EBITDA and cash conversion (see "Description of the Issuer - Business Strategy and Strengths" below). These targets assume, among other things, resilience and sustainability in the Group's business model and the Group winning market share in its existing markets and expanding into new markets. The Group's ability to achieve its targets will depend upon whether these assumptions are accurate, as well as upon a number of factors outside of its control. These include significant business, economic and competitive uncertainties and contingencies, as well as actions taken by counterparties. These targets have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change, including the Group's ability to successfully execute its strategy and product development plan, as well as growth in the markets in which the Group operates. As a result, the Group's actual results may vary significantly from the targets set out in this Prospectus, and those variations may have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group is exposed to the risk of changes in customer preferences, customer demand and product substitution***

Changes in customer preferences affect the demand for packaging and paper products in general and in particular demand for specific grades of packaging and paper products. Some of the most significant changes in customer preferences relating to paper usage have included interest in environmentally-friendly products such as recycled packaging. An inability to continue to offer innovative and environmentally-friendly products to meet customer needs and a failure to anticipate and satisfy new customer preferences (including those that may develop as a result of advances in fibre technologies or as a result of a shift in customer recycling behaviour) may adversely affect the Group's profitability and financial position.

In recent years, online shopping and e-commerce have been a significant growth opportunity for the Group's business. Online shopping and e-commerce have increased the demand for packaging due to the requirement for packaging that suitably protects the product through the supply chain and can be re-used for returns, and at the same time markets the product or brand.



To the extent that demand in this area decreases or the Group does not identify or effectively respond to consumers' trends or preferences in this area, this could negatively impact the Group's investments and/or initiatives aimed at developing the range of packaging products and services that it offers customers to support sales through the full retail spectrum. Any delay or failure of the Group to adequately or effectively respond to changing demand, consumer tastes, preferences and shopping patterns could negatively affect the Group's relationship with its customers, the demand for the products it sells and the Group's market share and overall growth.

The Group's main products, including corrugated containers, plastic containers and solid board packaging, compete with other forms of packaging. There can be no assurance that further substitution will not occur in this sector, other sectors or other regions in which the Group operates, nor can there be any assurance that future packaging developments and trends will not drive further substitution. Any significant substitution away from paper-based packaging products may however have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The funding position of the Group's defined benefit pension scheme in the UK (the Scheme) is volatile, its investments may not perform in line with expectations and the Scheme is subject to laws and regulations and to agreement with trustees***

The Group operates a number of defined benefit pension plans for its employees around the world. The total net deficit of these plans valued under International Accounting Standard 19 was £106 million as at 30 April 2018. As at 30 April 2018 approximately 87 per cent. of the Group's post-retirement obligations related to plans in the UK.

The Group operates a defined benefit scheme in the UK (the "DS Smith Group Pension Scheme"). The DS Smith Group Pension Scheme was closed to future accrual with effect from 30 April 2011. The most recent actuarial funding valuation was carried out as at 30 April 2016, showing a deficit on the "technical provisions" basis (as defined in the applicable UK legislation) of £184 million. A deficit recovery plan was agreed with the board of trustees of the DS Smith Group Pension Scheme on 28 April 2017. The deficit recovery plan takes into account subsequent experience of the DS Smith Group Pension Scheme's technical provisions against its assets based on updated calculations as at 31 January 2017 which estimated that the shortfall had increased to £205 million. Under the deficit recovery plan the Group has agreed to make a contribution of £19.9 million to the DS Smith Group Pension Scheme in the financial year ended 30 April 2018, £18.7 million in the year ended 30 April 2019, £19 million in the year ended 30 April 2020, £19.4 million in the year ended 30 April 2021, £19.8 million in the year ended 30 April 2022, £20.2 million in the year ended 30 April 2023, £20.6 million in the year ended 30 April 2024, £21 million in the year ended 30 April 2025 and £12.5 million in the year ended 30 April 2026 (in respect of May to November 2025).

The deficit of the DS Smith Group Pension Scheme is dependent on the market value of the assets of that plan and on the value placed on its liabilities. If the market value of the assets declines or the value of the liabilities increases, as at the date of an actuarial funding valuation of the DS Smith Group Pension Scheme, the Group may be required to increase its contributions to the DS Smith Group Pension Scheme. A variety of factors, including factors outside the Group's control, may adversely affect the value of the DS Smith Group Pension Scheme's assets or liabilities, including interest rates, inflation rates, investment performance, exchange rates, life

expectancy assumptions, actuarial data and adjustments and regulatory changes. If these or other internal and external factors were to become unfavourable, or more unfavourable than they currently are, the Group's required contributions to the DS Smith Group Pension Scheme and the costs and net liabilities associated with the DS Smith Group Pension Scheme could increase substantially. This may have an adverse effect on the Group's operational results and cash flow.

The Group also operates various local post-retirement and other employee benefit arrangements for overseas operations, as well as a small UK unfunded scheme. The countries where the Group operates the most significant defined benefit post-retirement arrangements are France, Belgium, Switzerland, Italy and Germany. The Europac Group operates defined benefit pension funds in Portugal and defined benefit retirement and long-service bonus schemes in France. As at 31 December 2017, the Portuguese defined benefit pension funds had a total deficit of approximately €6.16 million on an International Accounting Standard 19 basis. The French defined benefit retirement and long-service bonus schemes are unfunded and, as at 31 December 2017, represented a total liability of approximately €8.85 million. Overseas defined benefit schemes expose the Enlarged Group to risks such as currency risk, inflation risk, interest rate risk, investment risk and life expectancy risk. Actions taken by the local regulator (where relevant powers exist), or changes to legislation, could result in stronger local funding requirements for pension schemes, which could have a material adverse effect on the Group's future cash flow.

***The Pensions Regulator in the UK has the power to intervene in scheme valuations and to issue contribution notices or financial support directions which, if issued, could result in the Group being subject to significant liabilities***

If certain statutory requirements are met, the Pensions Regulator has the power to issue contribution notices or financial support directions to the Group and/or any associated company. The Pensions Regulator may require additional contributions to be paid into a pension scheme or additional financial support to be made available in respect of such scheme. A Pensions Regulator enforcement action could have a material adverse impact on the business, financial condition, results of operations and/or future prospects of the Group (and, following the Europac Acquisition, the Enlarged Group).

***Adverse economic and credit conditions may have an adverse effect on the Group's ability to finance its growth strategy through debt***

The Issuer's ability to raise debt financing in the medium and longer term will be significantly influenced by, among other things, general economic conditions, the Issuer's credit rating and developments in the credit markets. There can be no assurance that the Group will be able to raise debt finance on attractive terms, or at all. If this were to occur, it could have a material adverse effect on the ability to implement the growth strategy and have a negative impact on the Group's business, financial condition, results of operations and/or future prospects. The Group's level of indebtedness could subject the Group to restrictions on its operations and limit its ability to finance future operations and capital needs or to pursue business opportunities and activities.

The Group's debt service obligations could have important adverse consequences for the Group's operations, including for example:

- (a) making it difficult for the Issuer to satisfy its obligations with respect to the Notes;

- (b) requiring the Group to dedicate a substantial portion of its cash flow from operations to payments on its debt, which may reduce the funds available to service working capital, capital expenditures, for acquisitions and limit the Group's flexibility in operating its business;
- (c) increasing the Group's vulnerability to both general and industry specific adverse economic conditions; and
- (d) limiting the Group's ability to borrow additional funds or raise further capital.

The Group's financing arrangements contain financial and other restrictive covenants that limit the way in which the Group operates its business, including for example, restrictions on, among other things, the Group's ability to:

- borrow money;
- create certain liens or grant certain types of security;
- make certain asset dispositions;
- issue certain guarantees;
- enter into transactions with affiliates; and
- in the case of the Issuer, enter into any amalgamation, demerger, merger or corporate reorganisation.

A portion of the Group's debt bears interest at variable rates. An increase in the interest rates on the Group's debt will therefore reduce the funds available to repay the Group's debt and to finance its operations and future business opportunities and, as a result, may have a material adverse impact on the Group's business, financial condition, results of operations and/or future prospects.

***The occurrence of major operational problems or natural disasters at certain of the Group's facilities could have a material adverse effect on the Group***

The revenues of the Group will be dependent on the continued operation of its various manufacturing facilities. Operational risks include fire, floods or other natural disasters, equipment failure (including any failure of the Group's information technology systems), failure to comply with applicable regulations and industry standards, raw material supply disruptions, labour force shortages or work stoppages, and events impeding, or increasing the cost of, transporting the Group's products.

If the Group is unable to obtain timely replacements for damaged inventory or equipment, or if it is unable to find an acceptable third party manufacturer as a substitute for the Group's production facilities damaged by a catastrophic event, then major disruptions to production would result which would have significant adverse effects on the Group's business, financial condition, results of operations and/or future prospects. If certain equipment were to fail, the Group may need to rely on sourcing products or materials from the open market that it would typically produce, which could increase costs significantly if the repair or replacements took some time to address. The

Group carries both property insurance and business interruption insurance, but these may not be sufficient to cover certain damages or lost profits as a result of the disruption to its production.

Whilst the manufacturing of certain products can be transferred to other sites or replaced with open market purchases, any disruption of the manufacturing processes could result in delivery delays, interrupt the production or even lead to a full cessation of production. The resulting loss of revenue and the impact on the Group's relationships with its customers could be significant and may adversely affect the Group's business, financial condition, results of operations and/or future prospects.

***Capital investment projects may require substantial funds and carry risks which might adversely affect the Group***

The Group's business requires ongoing capital investment to expand, maintain and upgrade existing facilities, to develop new facilities and to ensure compliance with new regulatory requirements. For FY 2018, the Group's gross capital expenditure was £347 million and the Group had commitments to incur £56 million of capital expenditures. Projects that require significant capital expenditure (including new energy initiatives) carry risks including: failure to complete a project within the prescribed project timetable; failure to complete a project to budget; failure of the project to perform according to prescribed operating specifications following its completion; and significant, unforeseen changes in input costs or inability to sell the envisaged volumes or achieve envisaged price levels. If project challenges arise that could impact the availability of funds for capital investment projects, the Group's medium-term capital investment projects could be delayed or postponed in order for the Group to manage sufficient working capital for its requirements. Such delays or postponement could decrease the growth capital investments undertaken by the Group in the medium-term, including to projects aimed at enhancing operational efficiencies, any of which could have a material adverse effect on the Group's growth and on its business, financial condition, results of operations or prospects. The Group takes into account and will continue to take into account its working capital requirements in the planning of its current and future capital investment projects. Due to the significant amount of capital required and the potential long lead time between planning and completion of capital investment projects, project failure could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group is subject to a number of environmental, tax and health and safety laws and regulations, and the cost of compliance with, and any liabilities under, current and future laws and regulations may have a material adverse effect the Group's business, financial condition, results of operations and/or future prospects***

The Group is, and is expected to continue to be, subject to a wide range of environmental, pension, tax and health and safety laws and regulations in all the jurisdictions in which it operates, including international, national, state and local laws and regulations. These requirements are complex, subject to frequent changes and have tended to become more stringent over time. There can be no assurance that the requirements of such laws and regulations will not change in the future or that the associated cost of compliance will not increase. Such cost increases could have a negative impact on the Group's business, financial condition, results of operations and/or future prospects.

Tax laws and tax rates in the markets in which the Group operates are subject to frequent changes and the Group is exposed to the risk of changes in tax legislation, and its interpretation and increases in the rate of corporate and other taxes in the jurisdictions in which the Group operates. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations or changes to existing laws and regulations (including the imposition of higher taxes) could require the Group to incur additional expenses or capital expenditures or result in restrictions on or suspensions of the Group's operations. Any such cost increases could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

The Group uses, handles, stores and disposes of hazardous materials in the course of its operations and production processes and may be subject to fines and/or clean-up liabilities for contamination at past and present operating sites under statutory regimes. Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for the clean-up of contamination at, or arising from, such facilities, without regard to causation or knowledge of contamination. Investigations in the future may lead to discoveries of contamination that the Group is required to remedy or damage that may subject the Group to claims. Closure of facilities may trigger compliance requirements that are not applicable to facilities that are operating.

Managing health and safety compliance are key priorities of the Group. In particular, due to the nature of the paper manufacturing process, paper mills tend to be inherently hazardous relative to the other types of facilities that the Group operates. The Group currently operates twelve paper mills and if the Europac Acquisition is completed, the Enlarged Group will operate 17 paper mills. The increase in the number of paper mills that the Enlarged Group operates as a result of the Europac Acquisition could increase the degree of health and safety risk.

While the Group has procedures to comply with applicable environmental and health and safety requirements, there can be no assurance that it will be at all times in compliance with such requirements, that it will not incur material costs or liabilities in connection with such requirements in the future or that it will be able to obtain and maintain all licenses, consents or other permits necessary to operate its business. Similarly, there can be no assurance that it will not experience an environmental spill or accident or discover or otherwise become liable for environmental contamination in the future (including such liability for contamination resulting from historical activities relating to properties or businesses that we have sold). Depending on the nature of the spill or accident, its location and the period during which it occurred, such incidents may not be covered by the Group's insurance policies, since certain contaminants are typically excluded from insurance coverage available to Group in most of its markets and the Group's insurance is subject to certain time limits. The Group may incur significant expenditure in connection with the required remediation of past environmental conditions at both facilities that are currently-owned and formerly-owned including at the additional facilities of the Europac Group to be acquired under the Europac Acquisition, and facilities previously owned by the Europac Group or its predecessors. The Group's control mechanisms, on-going programmes and systems, and special initiatives in place for monitoring health and safety compliance may not always be successful in achieving their objectives of requiring all employees to comply with all relevant laws and regulations in the countries in which they operate. The Group cannot be certain that employees always adhere to such policies and values. Furthermore, the Group cannot completely prevent injury to employees or others, or other harms related to the use, handling, storage and disposal

of hazardous material. In the event of future incidents, the Group could be liable for any damages that may result, including potentially significant monetary damages for any civil litigation or government proceedings related to a personal injury claim. Failure to comply with environmental or health and safety laws may also damage the Group's reputation.

The cost of compliance with, and any liabilities under, current and future laws and regulations relating to environment, health and safety or tax could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group's operations are subject to anti-corruption laws and regulations and economic sanctions programmes***

The Group sells and market its products in a number of different jurisdictions. Doing business worldwide requires the Group to comply with the laws and regulations of various jurisdictions, including, without limitation, the United States and the UK. The Group's international operations are subject to anti-corruption laws and regulations and to economic sanctions programmes, including those administered by the United Nations, the European Union, the UK and the United States. Anti-bribery laws such as the UK Bribery Act 2010 and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining or retaining business. The Group's recent expansion, including in developing countries and emerging markets, could increase the risk of such violations in the future. The Group relies on its management structure, regulatory and legal resources and effective operation of its compliance programme to direct, manage and monitor the activities of these employees. Despite the Group's oversight and compliance programmes, there is a risk that its internal control policies and procedures will not always protect it from deliberate, reckless or inadvertent acts of the Group's employees or agents that contravene its compliance policies or violate applicable laws. Violations of anti-corruption laws and regulations or economic sanctions programmes, or allegations of such violations, could disrupt the Group's business and result in a material adverse effect on its results of operations or financial condition. Violations of such regulations or programmes or allegations of such violations could also cause reputational harm to the Group.

***Failure of corporate governance and systems, reputation harm***

The Group may fail to maintain its reputation and integrity in its management processes and procedures through weakness underpinning the principle of a sound corporate governance system which results in a systematic failure of, or systemic weakness in our internal systems of control and operational failure across one or more areas including finance, tax, health, safety and environment, IT system integrity, product safety or critical production processes which could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

The Group's business model and/or reputation could also be damaged through adverse legal and/or regulatory change or from direct intervention from legislators which could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates***

The Group is subject to a variety of anti-trust and similar legislation in the jurisdictions in which it operates. In a number of markets, the Group has market positions which may make future significant acquisitions more difficult and may limit its ability to expand by acquisition or merger, if the Group wished to do so (see also “*The Group may be unable to implement its growth strategy successfully*”).

In addition, the Group is subject to legislation in many of the jurisdictions in which it operates relating to unfair competitive practices and similar behaviour. There can be no assurance that the Group will not be subject to allegations of, or regulatory investigations or proceedings into, such practices. In the event that such allegations are made or investigations or proceedings initiated (irrespective of merit), the Group may be required to devote significant management resources to defend itself against such allegations. In the event that such allegations are proved, the Group may be subject to significant fines, any relevant agreements being declared unenforceable, damages awards and other expenses which could have a material adverse effect on the Group’s business, financial condition, results of operations and/or future prospects.

***Failure to integrate successfully and manage acquired operations may adversely affect the Group’s business***

To the extent that the Group seeks further growth through acquisitions of, or mergers with, other companies, it faces risks including unidentified liabilities of the companies which it may acquire or merge with, the possible inability to integrate successfully, manage acquired operations and personnel and the potential failure to achieve the economies of scale, synergies or other benefits sought. Any difficulties or delays in achieving successful integration of new acquisitions could have a material adverse effect on the Group’s business, financial condition, results of operations and/or future prospects.

***Uninsured losses or losses in excess of the Group’s insurance coverage for various risks could adversely affect the Group***

The Group maintains business insurance that it considers to be adequate and appropriate for its business and activities. Certain types of risks such as losses due to natural disasters, riots, acts of war or terrorism are, however, either uninsurable or not economically insurable. In addition, even if a loss is insured, the Group may be required to pay a significant deductible on any claim for recovery of such loss prior to the insurer being obliged to reimburse the Group for the loss, or the amount of the loss may exceed the Group’s coverage for the loss. Any uninsured losses could have a material adverse effect on the Group’s business, financial condition, results of operations and/or future prospects.

***Failure to maintain product quality controls leading to the production of defective goods could lead to an increase in product liability claims against the Group or damage the Group’s reputation***

The Group’s packaging products, many of which are supplied to the food and beverage industries, may give rise to potentially substantial product liability claims in the event of a failure of the

packaging to perform its function when in use or from contamination of the product by its packaging. Further, if any of its products are defective as a result of a failure in the Group's quality controls, the Group may be subject to product liability claims or may have to engage in a product recall. Any significant damage to the Group's reputation and any material claims that arise in these areas could have an adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group may not be able adequately to secure and protect its intellectual property rights, which could harm its competitive advantage***

The Group relies on intellectual property laws to protect its rights to certain aspects of its systems, products and processes including product designs, proprietary technologies, research and concepts. In particular, the Group's plastic and packaging business owns hundreds of patents covering the Group's designs and products. Furthermore, trademarks and licences and their effective management also play an important role in protecting the Group's intellectual property rights. The actions the Group takes to protect its proprietary rights may be inadequate to prevent imitation or unauthorised use. The laws of various countries offer different levels of protection for the Group's intellectual proprietary rights and there can be no assurance that the Group's intellectual property rights will not be challenged, invalidated, misappropriated or circumvented by third parties. Any of these possibilities could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***Failure to maintain good employee relations may affect the Group's operations***

Future developments in relation to the Group's business could adversely affect relations with employees. The Group has collective agreements in place with national works councils and trade unions. The Group also has a collective agreement in place with a European Works Council. If the terms of any collective bargaining agreements entered into change substantially or an acceptable agreement to the Group cannot be reached at all when the collective agreements are renewed, the Group could face increased labour costs or disruptions as a result of labour union activity in the future. Labour disputes or other problems could lead to a substantial interruption to the Group's business and have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

The Group's employee relations depend on its ability to drive innovation, manage change and engage the workforce, and failure to do so could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group may not be able to recruit or retain key management personnel or suitably qualified employees***

The success of the Group depends, and will continue to depend, on the efforts, abilities, experience and expertise of its executive leadership and senior management teams, and on recruiting, retaining, motivating, effectively communicating with and developing highly skilled and competent people at all levels of the organisation. There can be strong competition for personnel from other companies and organisations and there may at any time be shortages in the availability of appropriately skilled people at all levels within the Group. While the Group has employment or service contracts with its key executives and technical personnel, and has in place schemes which



provide for share grants (or equivalent cash-based awards) to incentivise key executives and technical personnel, it cannot guarantee the retention of such key executives and technical personnel. The failure to retain and/or recruit additional or substitute senior managers and/or other key employees of the Group's business, financial condition, results of operations and/or future prospects.

Certain parts of the Group's business are dependent on the availability of skilled and semi-skilled employees. A shortage of labour owing to the Group's inability to attract and retain such employees could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

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

As at 30 April 2018, the Group had approximately 28,500 employees, and if the Europac Acquisition occurs, the Enlarged Group is expected to have approximately 30,500 employees. Inflationary pressures, changes in applicable laws and regulations or other factors resulting in increased labour costs could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group faces cyber-security threats that could result in operational disruptions or data breaches to critical IT infrastructure or third-party IT infrastructure which could have a material adverse effect on the Group's operations, supply cycle or reputation***

The Group's operations rely upon secure information technology systems for data capture, processing, storage and reporting. Despite continuing investment in the Group's information technology ("IT") security efforts and ongoing controls, there can be no assurance that the Group's IT systems and the systems of its third party providers will not be subject to cyber-attacks due to the increasing sophistication of cyber-crime, the continuing development of the technology environment and the difficulties in detecting and defending against cyber-attacks in a timely fashion. Network, system, application and data breaches may result in operational disruptions or information misuse including, but not limited to, interruption to systems availability, denial of access and the compromise or failure of applications that are required by the Group to conduct its business with both suppliers and customers. Access to internal applications required to plan the Group's operations, source materials, manufacture and transport goods and account for orders could be denied or stolen. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential company, employee, customer or supplier information, could arise from such incidents. Any such disruptions and/or failure to maintain the integrity of information may result in lost sales, business delays, product development delays, compromised confidential or technical business information, which may harm the Group's competitive position and cause reputational damage. This could have a material adverse effect on the Group's business, financial condition, results of operations and/or future prospects.

***The Group may be affected by rapid technological developments***

There is a risk that the Group may be unable to adopt technology quickly enough to maintain innovative growth in its Packaging business, or to integrate its digital printing technology. The Group may also be unable to anticipate any shift in consumer buying habits influenced by digital

technologies. Any such inability to adapt to technological advances could have a significant impact on the Group's business, financial condition, results of operations and/or future prospects.

***The Group may be unable to deliver the required level of transparency, clarity and commitment to sustainability***

The Group may be unable to manage its energy demand needs within its sustainability targets and certain of its acquisitions may bring new sustainability challenges (for example, ownership of a kraft mill brings sustainability challenges through forest ownership). Such inability to manage sustainability demands and challenges could have a significant impact on the Group's business, financial condition, results of operations and/or future prospects.

***Changes to accounting standards or to the Group's accounting policies could have a material adverse effect on the Group's financial condition, results of operations and cash flows***

The International Accounting Standards Board and the European Union may change the accounting standards that govern the preparation of the Group's financial statements. This could materially affect how the Group reports its financial condition, results of operations and cash flows. A revised accounting standard may be required to apply retrospectively, resulting in the restatement of prior financial results.

***The Group enters into arrangements with third parties in the normal course of its business, and failure by such parties to meet their obligations or to continue to participate in such arrangements could have a material adverse effect on its financial condition, results of operations and cash flows***

The Group enters into arrangements with third parties, including outsourcing contracts, distribution arrangements and joint ventures with third parties in the normal course of its business and is reliant upon those third parties performing their obligations in accordance with the terms and conditions of the contracts and continuing to participate in such arrangements. These third parties may not fulfil the Group's expectations and any failure by such a third party to fulfil these expectations, including as a result of fraud or withdrawal of the relevant service, could cause disruption and result in significant costs associated with sourcing alternative arrangements, among other things, which could have a material adverse effect on the Group's financial condition, results of operations and cash flows.

***The unaudited pro forma consolidated financial information relating to the Enlarged Group in this Prospectus may not be indicative of the results of the Group further to completion of the Europac Acquisition***

On 4 June 2018, the Group announced its proposed offer for the entire issued share capital of Papeles y Cartones de Europa S.A. ("**Europac**") a leading western European integrated packaging business for cash consideration of €1,667 million (approximately £1,453 million) (the "**Europac Acquisition**").

This Prospectus contains unaudited pro forma consolidated financial information (the "**Pro Forma Financial Information**") to illustrate the effect of the Europac Acquisition on the income statement

of the Group for FY 2018 as if the Europac Acquisition had taken place on 1 May 2017 and the effect on the net assets of the Group as if the Europac Acquisition had occurred on 30 April 2018. The unaudited pro forma income statement for the Enlarged Group also illustrates the impact of the Group's acquisition of 80 per cent. of Interstate Resources, Inc. as if that acquisition had taken place on 1 May 2017, instead of 25 August 2017.

The Pro Forma Financial Information is based on the consolidated financial information of the Group for FY 2018, the historical financial information of the Europac Group for the year ended 31 December 2017 and the financial information of Interstate Resources, Inc. for the period from 1 May 2017 to 25 August 2017 and compiled on the basis set out in the notes to the Pro Forma Financial Information. The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted for the Group for FY 2018.

The Pro Forma Financial Information is provided for illustrative purposes only and, accordingly, the Pro Forma Financial Information does not purport to indicate the results that would have actually been achieved had the Europac Acquisition been completed on the assumed date or for the periods presented, or which may be realised in the future, nor does the Pro Forma Financial Information give effect to any events other than those discussed in the Pro Forma Financial Information and related notes. As a result, investors should read the whole of this Prospectus and not place undue reliance on the Pro Forma Financial Information contained herein.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **Risks related to the structure of a particular issue of Notes**

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

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential Noteholders should consider reinvestment risk in light of other investments available at that time.

*If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

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

#### **Risks related to Notes generally**

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

***The conditions of the Notes contain provisions which may permit their modification without the consent of all Noteholders and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, or otherwise to pass resolutions in writing or through electronic voting procedures. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend the relevant meeting or who did not vote or who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or

change to English law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

***Noteholders who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

#### **Risks related to the market generally**

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

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

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

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the

risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

***Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The Issuer currently has a solicited long term debt rating of BBB- by S&P (which rating has a negative outlook) and the Programme has been rated BBB- by S&P. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-European Union credit rating agencies, unless the relevant credit ratings are endorsed by an European Union-registered credit rating agency or the relevant non-European Union rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

***Floating Rate Notes which reference LIBOR or other benchmarks***

On 27 July 2017, the FCA announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. On 12 July 2018, the FCA further announced that LIBOR may in the future cease to satisfy the requirements of the Benchmarks Regulation and described the steps that are being taken to ensure a transition from LIBOR to alternative interest rate benchmarks. The announcements indicate that the continuation of LIBOR on the current basis is not guaranteed after 2021. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted. If LIBOR were discontinued or otherwise unavailable, this could require an adjustment to the conditions of, or result in other consequences in respect of, any Notes which reference LIBOR. Any such consequences could have an adverse effect on the value or liquidity of, and return on, any such Notes.

In respect of Floating Rate Notes, if a benchmark is discontinued or is otherwise unavailable, then the rate of interest (in relation to which Screen Rate Determination is specified in the relevant Final Terms as the manner in which the rate of interest is to be determined) will be determined for a period by the fallback provisions provided for under Clause 9.2 (*Interest determination*) of the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"). Such provisions, being dependent in part on the provision by the Reference Banks to the Principal Paying Agent (each as defined in the Agency Agreement) of offered quotations for the relevant Reference Rate (as defined in the Agency Agreement), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the last preceding interest period when the benchmark was available.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of interest rates and indices which are deemed to be "benchmarks" (including the application of the Benchmarks Regulation), could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to the benchmark, trigger changes in the rules or methodologies used in the benchmark, or lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of the application of the Benchmarks Regulation or other international or national reforms, initiatives or investigations, could have an adverse effect on the value or liquidity of, and return on, any Notes linked to or referencing a benchmark.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

- (a) the auditors' report and audited consolidated annual financial statements for the financial year ended 30 April 2018 of the Issuer (the "**2018 Annual Report**") including the information set out at the following pages in particular:

Consolidated Statement of Financial Position.....	Page 90
Consolidated Income Statement .....	Page 88
Accounting Principles and Notes.....	Pages 93 to 141 (inclusive)
Audit Report.....	Pages 83 to 87 (inclusive)
Consolidated Statement of Comprehensive Income .....	Page 89
Consolidated Statement of Changes in Equity.....	Page 91
Consolidated Statement of Cash Flows .....	Page 92
Explanation of Non-GAAP Performance Measures .....	Pages 134 to 136 (inclusive)

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation; and

- (b) the auditors' report and audited consolidated annual financial statements for the financial year ended 30 April 2017 of the Issuer including the information set out at the following pages in particular:

Consolidated Statement of Financial Position.....	Page 87
Consolidated Income Statement .....	Page 85
Accounting Principles and Notes.....	Pages 90 to 133 (inclusive)
Audit Report.....	Pages 81 to 84 (inclusive)
Consolidated Statement of Comprehensive Income .....	Page 86
Consolidated Statement of Changes in Equity.....	Page 88
Consolidated Statement of Cash Flows .....	Page 89
Explanation of Non-GAAP Performance Measures.....	Pages 127 and 128



Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

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

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer at 350 Euston Road, London NW1 3AX or from the specified office of the Paying Agent for the time being in Luxembourg and have been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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

## FORM OF THE NOTES

### Bearer Notes

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

- (a) if the Bearer Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life, as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

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

On and after the date (the “**Exchange Date**”) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for: (a) interests in a Permanent Bearer Global Note of the same Series; or (b) definitive Bearer Notes (“**Definitive Bearer Notes**”) of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount

due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, interest coupons and talons attached upon either: (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein; (b) only upon the occurrence of an Exchange Event; or (c) at any time at the request of the Issuer. For these purposes, "**Exchange Event**" means that: (a) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing; or (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

### **Registered Notes**

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a "**Registered Global Note**") or, if so specified in the applicable Final Terms, definitive Notes in registered form ("**Definitive Registered Notes**"). Prior to expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to each

Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will be deposited with a Common Depositary or, if the Registered Global Notes are to be held under the new safekeeping structure (the “**NSS**”), a Common Safekeeper, as the case may be, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Registered Notes.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Where the Registered Global Note issued in respect of any Tranche is intended to be held under the NSS, the applicable Final Terms will indicate whether or not such Registered Global Note is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life, as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest or any other amount in respect of Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that: (a) an Event of Default has occurred and is continuing; or (b) in the case of Notes registered in the name of a nominee for the Common Depositary, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to

Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

## **General**

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

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

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Details of any negative target market to be included if applicable.]* Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

## **APPLICABLE FINAL TERMS**

### **DS SMITH PLC**

**Legal entity identifier (LEI): 39RSBE4RCI4M15BLWH36**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] Due [ Year]  
under the EUR 5,000,000,000  
Euro Medium Term Note Programme**

## **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated 17 September 2018 [as supplemented by the supplement[s] thereto dated [ ] [and [ ]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

*(Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.)*

1. (a) Series Number: [            ]
- (b) Tranche Number: [            ]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*Provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [the Issue Date][exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [            ] below, which is expected to occur on or about [            ]][Not Applicable]
2. Specified Currency or Currencies: [            ]
3. Aggregate Nominal Amount:
  - (a) Series: [            ]
  - (b) Tranche: [            ]
4. Issue Price: [            ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [            ]]
5. (a) Specified Denominations: [            ] and integral multiples of [            ] in excess thereof up [to and including [            ]]. No Notes in definitive form will be issued with a denomination above [            ].
 

*(Notes must have a minimum denomination of €100,000 (or equivalent))*
- (b) Calculation Amount: [            ]
6. (a) Issue Date: [            ]
- (b) Interest Commencement Date: [            ] [Issue Date] [Not Applicable]

*(An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)*

7. Maturity Date: [ ] [[Interest Payment Date falling in or nearest to [ ]]]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[[ ] month [ ]  
[LIBOR/EURIBOR]] +/- [ ] per cent.  
Floating Rate]  
[Zero coupon]  
*(see paragraphs 13 to 15)*
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount  
  
*(Notes may not be redeemed at less than 100 per cent. of their nominal amount)*
10. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross-refer to paragraphs 13 and 14 below and identify there*][Not Applicable]
11. Put/Call Options: [Investor Put]  
[Change of Control Put]  
[Issuer Call]  
[Issuer Par Call]  
[Issuer Acquisition Call]  
[Not Applicable]  
*(see paragraphs 17 to 21)*
12. Date [Board] approval for issuance of Notes obtained: [[ ] and [ ], respectively][Not Applicable]  
  
*(Only relevant where Board (or similar) authorisation is required for the particular Tranche)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Note Provisions: [Applicable][Not Applicable]  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date



- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (d) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in][on] [ ]][Not Applicable]  
*(Applicable to Notes in definitive form)*
- (e) Day Count Fraction: [30/360][Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (g) Step Up Rating Change and/or Step Down Rating Change: [Applicable] [Not Applicable]  
*(If not applicable, delete the remaining subparagraph of this paragraph)*
- Step Up Margin: [[ ] per cent. per annum]
14. Floating Rate Note Provisions: [Applicable][Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention][Following Business Day Convention][Modified Following Business

Day Convention][Preceding Business Day  
Convention] [Not Applicable]

- (c) Additional Business Centre(s): [            ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination][ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [            ]
- (f) Screen Rate Determination:
- (i) Reference Rate: [            ] month [LIBOR/EURIBOR]
- (ii) Interest Determination Date(s): [            ]

*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR or second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

- (iii) Relevant Screen Page: [            ]

*(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

- (g) ISDA Determination:
- (i) Floating Rate Option: [            ]
- (ii) Designated Maturity: [            ]
- (iii) Reset Date: [            ]

*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*

- (h) Linear Interpolation: [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (Specify for each short or long interest period)
- (i) Margin(s): [+/-][ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]

- (m) Step Up Rating Change and/or Step Down Rating Change: [Applicable] [Not Applicable]  
(If not applicable, delete the remaining subparagraph of this paragraph)

Step Up Margin: [[ ] per cent. per annum]

15. Zero Coupon Note Provisions: [Applicable][Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 7.2 (Redemption for tax reasons): Minimum period: [30] days  
Maximum period: [60] days
17. Issuer Call: [Applicable][Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): [       ]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s):
  - (A) Reference Bond: [       ]
  - (B) Redemption Margin: [       ]
  - (C) Quotation Time: [       ]
- (c) If redeemable in part:
  - (i) Minimum Redemption Amount: [       ]
  - (ii) Maximum Redemption Amount: [       ]
- (d) Notice periods: Minimum period: [15] days Maximum period: [30] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*

18. Issuer Par Call: [Applicable][Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Issuer Par Call Date: [       ]
- (b) If redeemable in part:
  - (i) Minimum Redemption Amount: [       ]
  - (ii) Maximum Redemption Amount: [       ]

- (c) Notice periods: Minimum period: [15] days Maximum period: [30] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*
19. Issuer Acquisition Call: [Applicable][Not Applicable]
20. Investor Put: [Applicable][Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) Notice periods: Minimum period: [ ] days Maximum period: [ ] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*
21. Change of Control Put: [Applicable][Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Change of Control Redemption Amount: [ ] per Calculation Amount
- (b) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days  
  
*(When setting notice periods, the Issuer is advised to consider the practicalities of*

*distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*

22. Final Redemption Amount: [ ] per Calculation Amount

*(Notes may not be redeemed at less than 100 per cent. of their nominal amount.)*

23. Early Redemption Amount payable on redemption for taxation reasons or on Event of Default: [ ] per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:

(a) Form: [Bearer:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]]

[Registered:

[Registered Global Note exchangeable for Definitive Registered Notes only upon an Exchange Event][Definitive Registered Notes]]

*(The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Bearer Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.)*

- (b) New Global Note/NSS: [Yes][No]
25. Additional Financial Centre(s): [Not Applicable][ [ ] [and [ ]]]  
*(Note that this paragraph relates to the date of payment and not Interest Period end dates to which paragraph 14(c) relates)*
26. Talons for future Coupons to be attached to Definitive Bearer Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made][No]

Signed on behalf of DS Smith Plc:

By: .....

Director/Authorised signatory

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the official list of the Bourse de Luxembourg with effect from [            ]]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Bourse de Luxembourg with effect from [            ]]

(ii) Estimate of total expenses related to admission to trading: [            ]

### 2. RATINGS

Ratings: [Not Applicable][The Notes to be issued [have been][are expected to be] rated:

[ [ ] by Standard & Poor's Credit Market Services Europe Limited ("S&P")]

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation")]

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

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

*(Amend as appropriate if there are other interests. When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*



#### 4. YIELD

Indication of yield: [ ]/[Not Applicable]

*(Fixed Rate Notes only)*

#### 5. OPERATIONAL INFORMATION

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) CFI: [ ]/[Not Applicable]

(iv) FISN: [ ]/[Not Applicable]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*

(v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable][ ]

(vi) Delivery: Delivery [against][free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): [Not Applicable][ ]

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) *(include this text for registered notes)*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) (*include this text for registered notes*)]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

**6. DISTRIBUTION**

- (i) Method of distribution: [Syndicated][Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable][ ]
- (iii) Date of [Subscription] Agreement: [ ]
- (iv) Stabilising Manager(s) (if any): [Not Applicable][ ]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable][ ]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2  
[TEFRA D][TEFRA C][TEFRA Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by DS Smith Plc (the “**Issuer**”) constituted by, having the benefit of and subject to a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 10 March 2015 made between the Issuer and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include any successor as Trustee).

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an agency agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 10 March 2015 and made between the Issuer, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**” which expression shall include any successor registrar) and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents and the Paying Agents, the Registrar and the Transfer Agents being together, the “**Agents**”).<sup>1</sup>

Interest bearing definitive Bearer Notes have interest coupons (“**Coupons**”) and, in the case of such Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to

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<sup>1</sup> On 25 June 2018, Citigroup Global Markets Deutschland AG changed its name to Citigroup Global Markets Europe AG.

Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the “**Conditions**”). References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) save for the amount, the issue price and the date of the first payment of interest thereon.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at 12 July 2017 at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of the Principal Paying Agent. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

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

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form and, in the case of definitive Notes, serially numbered, in the currency (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Final Terms. Notes of one

Specified Denomination may not be exchanged for Notes of another Specified Denomination.

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

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

Bearer Notes in definitive form (“**Definitive Bearer Notes**”) are serially numbered and are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to Bearer Notes, Coupons and Talons will pass by delivery. Title to the Registered Notes will pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, any Agent and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall incur no liability for so doing and, in the case of any Global Note, without prejudice to the provisions set out in the next paragraph.

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

certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or a beneficial interest in another Registered Global Note only in the Specified Denomination(s) set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **2.2 Registered Notes in definitive form**

Subject as provided in Condition 2.6 (*Closed Periods*) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form (a “**Definitive Registered Note**”) may be transferred in whole or in part (in the Specified Denomination(s) set out in the applicable Final Terms). In order to effect any such transfer, (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing (and, if applicable, a certified copy of the instrument duly authorising such attorney or attorneys) and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being, for this purpose, a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the

authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by regular uninsured mail, to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### **2.5 Exchanges and transfers of Registered Notes generally**

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

### **2.6 Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 7.4 (*Redemption at par at the option of the Issuer (Issuer Par Call)*) or Condition 7.5 (*Redemption at the option of the Issuer (Issuer Acquisition Call)*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

## **3. STATUS OF THE NOTES**

- (a) The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

- (b) If, after the first Tranche of the Notes comprising a Series is issued and as long as any Note comprising such Series remains outstanding, (i) any of the Issuer's Subsidiaries that is not a Guarantor provides a Guarantee under any Financing and (ii) it is lawful for such Subsidiary to do so, the Issuer shall so notify the Trustee in writing and shall enter into, and shall procure that any such Subsidiary enters into, a supplemental trust deed to the Trust Deed (in form and substance satisfactory to the Trustee) pursuant to which such Subsidiary shall become party to the Trust Deed as a guarantor and irrevocably and unconditionally guarantee, on a *pari passu* basis with such Subsidiary's obligations as guarantor under such Financing, the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes, the Coupons and the Trust Deed and execute all such other documents as the Trustee may require to give effect to such guarantee. The Issuer shall promptly give notice to the Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 14 (*Notices*) of the accession of any such new Guarantor.
- (c) If any Guarantor ceases to be a guarantor under the Financings and shall have been fully and unconditionally released from all of its obligations and liabilities under Guarantees under all such Financings, such Guarantor (a "**Released Guarantor**") shall, upon receipt of the notice described in this Condition 3(c), be discharged from all of its obligations and liabilities under its Guarantee of the Notes without any further action required on the part of the Trustee, any Noteholder or any Couponholder. With respect to any such Guarantor that ceases to be a guarantor under the Financings, the Issuer will deliver a notice signed by two Directors notifying the Trustee that such Guarantor has been fully and unconditionally released from all of its obligations and liabilities under Guarantees of all such Financings and such notice will contain a certification that, as at the date of such notice, no Event of Default or a Potential Event of Default is continuing or will result from the release of that Guarantor from its obligations as guarantor of the Notes and Coupons. Such notice 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. Any Guarantor not so released shall remain irrevocably and unconditionally liable for its obligations under the Guarantee of the Notes. The Issuer shall promptly give notice to the Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 14 (*Notices*) following any such release of a Guarantor. If a Released Guarantor issues a Guarantee under any of the Financings at any time subsequent to the date on which it is released from the Guarantee of the Notes as described above, it will be required to provide a guarantee as described in, and subject to the provisions of, Condition 3(b) above.
- (d) The Issuer and the Principal Paying Agent shall maintain an updated list of Guarantors, which shall be available for inspection at their respective registered offices upon request. The Trustee shall be under no obligation to ascertain whether a Subsidiary of the Issuer should become a Guarantor pursuant to Condition 3(b) and until it shall have received express notice thereof pursuant to



this Condition to the contrary, it shall be entitled to assume that no Subsidiary of the Issuer is required to become a Guarantor pursuant to Condition 3(b).

(e) In this Condition:

**“Financing”** means:

- (i) the £800,000,000 revolving credit facility dated 20 May 2014 (as amended and restated from time to time) between, amongst others, the Issuer and The Royal Bank of Scotland plc as facility agent;
- (ii) the €300,000,000 term loan facility dated 20 May 2014 (as amended and restated from time to time) between, amongst others, the Issuer and The Royal Bank of Scotland plc as facility agent; and

(iii) the Private Placement Notes,

or any refinancing, renewal or substitution thereof (however many times), whether entered into by the Issuer or any of its Subsidiaries.

**“Guarantee”** means, in relation to any Indebtedness for Borrowed Money of any person, any obligation of another person to pay such Indebtedness for Borrowed Money, including, without limitation:

- (i) any obligation to purchase such Indebtedness for Borrowed Money;
- (ii) any obligation to lend money, purchase or subscribe shares or other securities or purchase assets or services in order to provide funds for the payment of such Indebtedness for Borrowed Money;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness for Borrowed Money; and
- (iv) any other agreement to be responsible for such Indebtedness for Borrowed Money;

**“Guarantor”** means any of the Issuer’s Subsidiaries which becomes a guarantor pursuant to Condition 3(b) but excluding any Released Guarantor which has ceased to be a guarantor pursuant to Condition 3(c);

**“Indebtedness for Borrowed Money”** means any indebtedness for or in respect of:

- (i) moneys borrowed; or
- (i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an

amount, the then mark-to-market value of the derivative transaction will be used to calculate its amount);

**“Private Placement Notes”** means:

- (i) the Issuer’s US\$95,000,000 5.80% Senior Notes due August 2016;
- (ii) the Issuer’s €59,000,000 4.40% Senior Notes due August 2018;
- (iii) the Issuer’s €59,000,000 4.83% Senior Notes due August 2020; and
- (iv) the Issuer’s US\$20,000,000 3.71% Series A Senior Notes due 6 August 2017, US\$72,000,000 4.09% Series B Senior Notes due 6 August 2019, US\$10,000,000 4.28% Series C Senior Notes due 6 August 2020, US\$30,000,000 4.47% Series D Senior Notes due 6 August 2021 and the US\$268,000,000 4.65% Series E Senior Notes due 2022,

in each case, as amended and restated from time to time; and

**“Subsidiary”** means, in relation to any entity, any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006) of such entity.

#### **4. NEGATIVE PLEDGE**

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, assume or permit to subsist any mortgage, charge, lien, pledge or other security interest (a **“Security Interest”**), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created, assumed or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, save that the Issuer or any of its Subsidiaries may create or have outstanding (without any obligation to secure any Note or Coupon) a Permitted Security Interest.

In this Condition:

**“Permitted Security Interest”** means a Security Interest on the undertaking or assets of a company acquired by the Issuer or any of its Subsidiaries after the Issue Date, provided that such Security Interest was not created in contemplation of such acquisition and the principal amount secured by such Security Interest has not been increased in contemplation of or since such acquisition; and

**“Relevant Indebtedness”** means any indebtedness of any person which is in the form of, or represented or evidenced by, bonds, notes, debentures, depositary receipts, loan stock or other securities which for the time being are or are capable of being quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

## 5. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

### 5.1 Interest on Fixed Rate Notes

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

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

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

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

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount as specified in the applicable Final Terms;

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

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1 (*Interest on Fixed Rate Notes*):

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

In these Conditions:

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

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

## 5.2 Interest on Floating Rate Notes

### (a) Interest Payment Dates

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

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

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such

Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open.

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

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

- (i) ISDA Determination for Floating Rate Notes

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

- (A) the Floating Rate Option is as specified in the applicable Final Terms;

- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

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

(ii) Screen Rate Determination for Floating Rate Notes

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

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

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

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

For this purpose:

“**EURIBOR**” means the Euro-zone inter-bank offered rates; and

“**LIBOR**” means the London inter-bank offered rates.

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

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

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

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

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

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

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

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



**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2 (*Interest on Floating Rate Notes*):

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

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

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Interest Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

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

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

where:

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

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

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

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30.

**(e) Linear Interpolation**

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

In this Condition, “**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate and, in relation to ISDA Determination, as so specified in the applicable Final Terms.

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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Registrar (in the case of Registered Notes) and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to the Issuer, the Trustee, the Registrar in the case of Registered Notes and each

stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(g) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 (*Interest on Floating Rate Notes*) by the Principal Paying Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the other Paying Agents, the Registrar and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**5.3 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*), except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Noteholders or Couponholders (as the case may be).

**5.4 Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes**

If a Step Up Rating Change and/or Step Down Rating Change is specified as being applicable in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (a) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change and/or a Step Down Rating Change, as the case may be.
- (b) Subject to Condition 5.4(d) and 5.4(h) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, the Rate of Interest

(in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin.

- (c) Subject to Condition 5.4(d) and 5.4(h) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (d) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either such event.
- (e) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from S&P and, if an additional Rating Agency is appointed to rate the Issuer's senior unsecured long-term debt by or with the consent of the Issuer, such additional Rating Agency. If, notwithstanding such reasonable efforts, any Rating Agency fails or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a Substitute Rating Agency approved (other than in the case of Moody's or Fitch) by the Trustee (such approval not to be unreasonably withheld or delayed), and references herein to such Rating Agency or the credit ratings thereof, shall be to such Substitute Rating Agency or, as the case may be, the equivalent credit ratings thereof as specified in or determined in accordance with the remainder of this Condition 5.4.
- (f) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest payable on the Notes pursuant to this Condition 5.4 to be notified to the Trustee and the Principal Paying Agent and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.
- (g) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition or if a rating is procured from a Substitute Rating Agency other than Moody's or Fitch, the Issuer shall determine, with the prior approval of the Trustee (not to be unreasonably withheld or delayed), the rating designations of such Substitute Rating Agency as are most equivalent to the prior rating designations of the existing Rating Agency (or Rating Agencies, as the case may be).

- (h) Notwithstanding any other provision contained herein, there shall be no limit on the number of times that the Rate of Interest may be adjusted pursuant hereto during the term of the Notes provided that at no time during the term of the Notes will the Rate of Interest be (i) less than the initial Rate of Interest or (ii) more than the initial Rate of Interest plus the Step Up Margin specified hereon.

Where:

**“Rating Agency, Fitch, Moody’s, S&P and Substitute Rating Agency”** have the meanings given to such terms in Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*);

**“Step Down Rating Change”** means the first public announcement by S&P and, if applicable, each other Rating Agency appointed by or with the consent of the Issuer, after a Step Up Rating Change, that the credit rating of the Issuer’s senior unsecured long-term debt is at least BBB- in the case of S&P and, if applicable, at least Baa3 in the case of Moody’s and at least BBB- in the case of Fitch. For the avoidance of doubt, any further increase in the credit rating of the Issuer’s senior unsecured long-term debt above BBB- in the case of S&P and, if applicable, at least Baa3 in the case of Moody’s and at least BBB- in the case of Fitch shall not constitute a further Step Down Rating Change;

**“Step Up Margin”** means the rate per annum specified in the applicable Final Terms; and

**“Step Up Rating Change”** means the first public announcement by S&P or, if applicable, any other Rating Agency appointed by or with the consent of the Issuer of a decrease in the credit rating of the Issuer’s senior unsecured long-term debt to below BBB- in the case of S&P or, if applicable, below Baa3 in the case of Moody’s or below BBB- in the case of Fitch. For the avoidance of doubt, any further decrease in the credit rating of the Issuer’s senior unsecured long-term debt below BBB- in the case of S&P or, if applicable, below Baa3 in the case of Moody’s or below BBB- in the case of Fitch shall not constitute a further Step Up Rating Change.

## 6. PAYMENTS

### 6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*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 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

## **6.2 Presentation of Definitive Bearer Notes and Coupons**

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes which are Definitive Bearer Notes (other than Fixed Rate Notes in respect of which Condition 5.4 (*Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes*) applies and Long Maturity Notes (as defined below) as provided in the circumstances in the following paragraphs of this Condition 6.2) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Fixed Rate Note in respect of which Condition 5.4 (*Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes*) applies, Floating Rate Note or Long Maturity Note which is a Definitive Bearer Note becomes due

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

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

### **6.3 Payments in respect of Bearer Notes in Global Form**

Payments of principal and interest (if any) in respect of Notes represented by any bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant bearer Global Note, where applicable against presentation or surrender, as the case may be, of such bearer Global Note at the specified office of any Principal Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such bearer Global Note by the Principal Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### **6.4 Payments in respect of Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, Designated Account means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal



financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk.

Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the nominal amount of such Registered Note as set out in the first sentence of this Condition 6.4.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **6.5 General provisions applicable to payments**

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

case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

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

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

## 6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## **6.7 Interpretation of principal and interest**

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.8 (*Early Redemption Amounts*)); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

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

### **7.2 Redemption for tax reasons**

Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee, the Principal Paying Agent (and, in the case of Registered Notes, the Registrar) and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or

amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that (a) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due; and (b) prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall have delivered to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing addressed to the Trustee to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 (*Redemption for tax reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.8 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Trustee, the Principal Paying Agent (and, in the case of Registered Notes, the Registrar) and the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if either Spens Amount or Make Whole Redemption Amount is specified in the applicable Final Terms, will be:

- (a) if Spens Amount is specified as being applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or

- (b) if Make Whole Redemption Amount is specified as applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin,

all as determined by the Determination Agent.

In this Condition:

**“DA Selected Bond”** means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

**“Determination Agent”** means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

**“Gross Redemption Yield”** means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may (in its absolute discretion) approve;

**“Quotation Time”** shall be as set out in the applicable Final Terms;

**“Redemption Margin”** shall be as set out in the applicable Final Terms;

**“Reference Bond”** shall be as set out in the applicable Final Terms or the DA Selected Bond;

**“Reference Bond Price”** means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**“Reference Bond Rate”** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

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

**“Reference Government Bond Dealer”** means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**“Reference Government Bond Dealer Quotations”** means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

**“Remaining Term Interest”** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*).

In the case of a partial redemption of Notes, the Notes to be redeemed (**“Redeemed Notes”**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 10 days prior to the date fixed for redemption.

#### **7.4 Redemption at par at the option of the Issuer (Issuer Par Call)**

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Trustee, the Principal Paying Agent (and, in the case of Registered Notes, the Registrar) and the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding at their nominal amount together with interest accrued to, (but excluding) the date fixed for redemption at any time during the period starting on (and including) the Issuer Par Call Date specified in the applicable Final Terms and ending on (but excluding) the Maturity Date. Any such redemption must be of a nominal amount not less than the Minimum

Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 10 days prior to the date fixed for redemption.

#### **7.5 Redemption at the option of the Issuer (Issuer Acquisition Call)**

If Issuer Acquisition Call is specified as being applicable in the applicable Final Terms and:

- (a) Completion has not occurred on or before the Completion Date;
- (b) the Issuer has notified the Trustee, the Principal Paying Agent (and, in the case of Registered Notes, the Registrar) and the Noteholders in accordance with Condition 14 (*Notices*) that the Acquisition Document is terminated or that it does not intend to proceed with the Acquisition; or
- (c) the Issuer has announced via a regulatory information service that it does not intend to proceed with the Acquisition,

(each a “**Trigger Event**”) the Issuer may, having given notice on any date falling not later than the date falling three months after the Trigger Event to the Trustee, the Principal Paying Agent (and, in the case of Registered Notes, the Registrar) and the Noteholders in accordance with Condition 14 (*Notices*), which notice shall:

- (i) be irrevocable; and
- (ii) specify the date fixed for redemption being a date falling not more than three months after the date on which the notice is given,

redeem all (but not some only) of the Notes then outstanding at 101 per cent. of their nominal amount together with interest accrued to (but excluding) the date fixed for redemption.

In this Condition 7.5:

“**Acquisition**” means the acquisition of shares in the Target by the Issuer;

“**Acquisition Document**” means the share purchase agreement dated 28 June 2017 between the Issuer and the Vendor in respect of the Acquisition;

“**Completion**” means completion of the Acquisition;

“**Completion Date**” means 31 December 2017 or, if the right to extend the period within which the conditions to Completion must occur has been exercised by the Issuer or the Vendor, on or before 31 March 2018;

“**Target**” means Indevco Management Resources, Inc.; and

“**Vendor**” means Merpas Co. S.à r.l.

## **7.6 Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or the Registrar or such Transfer Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Registrar or any Transfer Agent (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with Condition 2.2 (*Registered Notes in definitive form*). If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.6 (*Redemption at the option of the Noteholders (Investor Put)*) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has



occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.6 (*Redemption at the option of the Noteholders (Investor Put)*).

#### **7.7 Redemption at the option of the Noteholders upon a change of control (Change of Control Put)**

If Change of Control Put is specified as being applicable in the applicable Final Terms, then this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) shall apply.

A “**Change of Control Put Event**” will be deemed to occur if:

- (a) a person or persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006, as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer (or any holding company of the Issuer) or (B) shares in the capital of the Issuer (or any holding company of the Issuer) carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer or any holding company of the Issuer (each such event being a “**Change of Control**”), provided that a Change of Control shall not be deemed to have occurred if the relevant event which would otherwise have resulted in a Change of Control has been approved by an Extraordinary Resolution; and
- (b) on the date (the “**Relevant Announcement Date**”) that is the earlier of (x) the date of the earliest Potential Change of Control Announcement (if any) and (y) the date of the first public announcement of the relevant Change of Control, the Notes carry:
  - (i) an investment grade credit rating (*Baa3/BBB-/BBB- or equivalent or better*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (ii) a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one

or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

- (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,

provided that if on the Relevant Announcement Date the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (i) will apply; and

- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). Upon receipt by the Issuer or the Trustee of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 14 (*Notices*).

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) shall be construed accordingly.

If a Change of Control Put Event occurs, the holder of any Note will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Change of Control Put Date (as defined below) at the Change of Control Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption or purchase.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred and, in any event, within 14 days of the occurrence of the relevant Change of Control, the Issuer shall and, at any time upon the Trustee becoming similarly so aware, the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Noteholders in accordance with Condition 14 (*Notices*) (a "**Change of Control Put Event Notice**") specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the option set out in this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*).

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the option to require redemption or purchase of this Note under this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*), the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or the Registrar or such Transfer Agent falling within the Change of Control Put Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) (a **“Change of Control Put Option Notice”**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with Condition 2.2 (*Registered Notes in definitive form*).

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and/or Clearstream, Luxembourg or any common depository for them to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg from time to time.

Any Change of Control Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) shall be irrevocable except where, prior to the due date of redemption or purchase, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default and Enforcement*).

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed pursuant to this Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Change of Control Put Date, redeem or, at its option, purchase (or procure the purchase of) the

remaining Notes as a whole at the Change of Control Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control, or any event which could lead to the occurrence of, or could constitute, a Change of Control Put Event or Change of Control has occurred, and until it shall have received notice thereof pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In these Conditions:

**“Change of Control Period”** means the period commencing on the Relevant Announcement Date and ending 120 days after the occurrence of the Change of Control or, where a Rating Agency has publicly announced that the Notes are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 120 days after the Change of Control), the later of (i) such 120th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

**“Change of Control Put Date”** is the seventh day following the last day of the Change of Control Put Period;

**“Change of Control Put Period”** means the period from, and including, the date of a Change of Control Put Event Notice to, but excluding, the 45th day following the date of the Change of Control Put Event Notice or, if earlier, the eighth day immediately preceding the Maturity Date;

**“Fitch”** means Fitch Ratings Limited;

**“Moody’s”** means Moody’s Investors Services Limited;

**“Negative Rating Event”** shall be deemed to have occurred, if at any time there is no rating assigned to the Notes by any Rating Agency (at the invitation or with the consent of the Issuer), either (i) the Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or (ii) if the Issuer does so seek and use all such reasonable endeavours, it is unable to obtain such rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that the failure to issue a rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) was as a result, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

a reference to a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium),

government, state, agency, organisation or other entity whether or not having separate legal personality;

**“Potential Change of Control Announcement”** means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs; and

**“Rating Agency”** means Moody’s, S&P or Fitch or any of their respective successors or any other rating agency (each a **“Substitute Rating Agency”**) of equivalent international standing specified by the Issuer;

**“S&P”** and **“Standard & Poor’s”** means Standard & Poor’s Credit Market Services Europe Limited.

## 7.8 Early Redemption Amounts

For the purpose of Condition 7.2 (*Redemption for tax reasons*) above and Condition 10 (*Events of Default and Enforcement*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

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

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

where:

**“RP”** means the Reference Price;

**“AY”** means the Accrual Yield expressed as a decimal; and

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

and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.9 Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to the Principal Paying Agent for cancellation.

## **7.10 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased pursuant to Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) or purchased and cancelled pursuant to Condition 7.9 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded, in the case of Bearer Notes, to the Principal Paying Agent and, in the case of Registered Notes, to the Registrar and cannot be reissued or resold.

## **7.11 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1 (*Redemption at maturity*), 7.2 (*Redemption for tax reasons*), 7.3 (*Redemption at the option of the Issuer (Issuer Call)*), 7.4 (*Redemption at par at the option of the Issuer (Issuer Par Call)*), 7.5 (*Redemption at the option of the Issuer (Issuer Acquisition Call)*), 7.6 (*Redemption at the option of the Noteholders (Investor Put)*), 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.8(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

## 8. TAXATION

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

- (a) presented for payment in the United Kingdom; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6 (*Payment Day*)).

In these Conditions:

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

the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee, the Registrar or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

## 9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 (*Presentation of Definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 6.2 (*Presentation of Definitive Bearer Notes and Coupons*).

## 10. EVENTS OF DEFAULT AND ENFORCEMENT

### 10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in (i) paragraph (b) below in relation to the Issuer, or (ii) paragraphs (d), (e) or (h) below in relation to any Material Subsidiary, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount, together with accrued interest (if any) as provided in the Trust Deed, if any of the following events (each an “**Event of Default**”) shall occur:

- (a) default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them or the Issuer fails to purchase any Notes pursuant to Condition 7.7 (*Redemption at the option of the Noteholders upon a change of control (Change of Control Put)*) and the default or failure continues for a period of seven days in the case of principal or the failure to so purchase the Notes or ten days in the case of interest; or
- (b) 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 next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c)
  - (i) any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary becomes due and repayable prematurely by reason of an event of default (however described);
  - (ii) the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; or



- (iii) default is made by the Issuer or any Material Subsidiary in making any payment under any Guarantee on the due date for payment as extended by any originally applicable grace period,

provided that no event described in this paragraph (c) shall constitute an Event of Default unless the amount of Indebtedness for Borrowed Money due and unpaid or amount payable under any such Guarantee, either alone or when aggregated (without double-counting) with other amounts of Indebtedness for Borrowed Money due and unpaid and amounts payable under any such Guarantee(s) relative to all (if any) other events specified in (i) to (iii) above which have occurred, amounts to at least the higher of (A) £15 million (or its equivalent in any other currency) and (B) 1.50 per cent. of the net assets of the Issuer and its Subsidiaries (taken as a whole), as determined in accordance with the Issuer's normal accounting policies and stated in the Issuer's latest audited consolidated accounts of the Issuer and its Subsidiaries; or

- (d) any order is made by any competent court or resolution passed for the administration, liquidation, winding up or dissolution of the Issuer or any Material Subsidiary, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (e) the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save, in each case, for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer or any Material Subsidiary stops or threatens to stop payment of, or is unable to or admits inability 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) (A) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation 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 or the whole or a substantial part of its undertaking or assets or in relation to any Material Subsidiary or all or substantially all of any Material Subsidiary's undertaking or assets, or an encumbrance takes possession of the whole or a substantial part of the undertaking or assets of the Issuer or all or substantially all of any Material Subsidiary's undertaking or 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 assets of the Issuer or all or substantially all of the undertaking or assets of any Material Subsidiary and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or

- (g) any mortgage, charge, lien, pledge or other security interest, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) unless such step taken to enforce such mortgage, charge, lien, pledge or other security interest is discharged within 14 days of such step being taken and provided that the aggregate amount secured by such mortgage, charge, lien, pledge or other security interest being enforced equals or exceeds (without double-counting) the higher of (A) £15 million (or its equivalent in any other currency) and (B) 1.50 per cent. of the net assets of the Issuer and its Subsidiaries (taken as a whole), as determined in accordance with the Issuer's normal accounting policies and stated in the Issuer's latest audited consolidated accounts of the Issuer and its Subsidiaries; or
- (h) the Issuer or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation 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); or
- (i) any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in the foregoing paragraphs.

## 10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## 10.3 Definitions

In these Conditions:

**"Material Subsidiary"** means at any time a Subsidiary of the Issuer:

- (a) whose gross assets or pre-tax profits (in each case, consolidated in the case of a Subsidiary which itself has Subsidiaries and which, in the normal course,

prepares consolidated accounts) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than five per cent. of the consolidated gross assets or, as the case may be, consolidated pre-tax profits of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to (i) the then latest accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary which were used in the preparation of the latest audited consolidated accounts of the Issuer and its Subsidiaries and (ii) the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the relevant accounts in sub-paragraph (i) for the purposes of the calculation above shall be deemed to be a reference to the then latest accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and the reference to the relevant accounts in sub-paragraph (ii) for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first- mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer; or

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than five per cent. of the consolidated gross assets or consolidated pre-tax profits, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless, immediately following such transfer, its assets represent (or, in the case aforesaid, are equal to) not less than five per cent. of the consolidated gross assets or its undertaking and assets generate (or, in the case aforesaid, are equal to) not less than five per cent. of the consolidated pre-tax profits of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in

sub-paragraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

The Trustee shall, in the absence of manifest error and without further enquiry or evidence, accept a certificate signed by two Directors of the Issuer that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary as conclusive evidence thereof and any such certificate shall be conclusive and binding on all parties.

#### **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

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

#### **12. PAYING AGENTS**

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

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

- (a) there will at all times be a Paying Agent (which may be the Principal Paying Agent), a Transfer Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent and (in the case of Registered Notes) a Transfer Agent and Registrar, in each case, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

- (c) there will at all times be a Registrar (in the case of a Series of Registered Notes) which, if the Registrar originally appoint in respect of such Series had its specified office outside the United Kingdom, shall also have a specified office outside of the United Kingdom; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

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

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

### **14. NOTICES**

All notices regarding Bearer Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading and listed on the official list of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other

manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange.

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

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

## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or

cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in the nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trust Deed provides that, for so long as Notes are held in global form through a clearing system, consents given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in the nominal amount of the Notes for the time being outstanding shall be effective as an Extraordinary Resolution of the Noteholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

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) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

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

particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

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

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

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

**17. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes (whether in bearer or registered form) having terms and conditions the same as the Notes or the same in all respects save for the amount, the issue price and the date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

**18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**19. GOVERNING LAW**

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



## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, including, without limitation, the refinancing of outstanding indebtedness.

## DESCRIPTION OF THE ISSUER

### INTRODUCTION

The Issuer, DS Smith Plc (“**DS Smith**” or the “**Company**”), was incorporated and registered in England and Wales on 7 July 1978 under the Companies Acts 1948 to 1976 as a private company limited by shares with the name David S. Smith (Packaging) Limited and registered number 01377658. Its name was changed to David S. Smith (Holdings) Limited on 11 August 1978. On 28 June 1982, the Company re-registered as a public company limited by shares with the name David S. Smith (Holdings) Public Limited Company. The Company listed on the London Stock Exchange on 3 March 1986. Its name was subsequently changed to DS Smith Plc on 17 September 2001.

The principal legislation under which the Company operates is the United Kingdom Companies Act 2006 (the “**Act**”) and the regulations made under the Act. DS Smith is domiciled in the United Kingdom. Its registered and head office is at 350 Euston Road, London NW1 3AX. The Issuer’s telephone number is +44 (0)20 7756 1800.

DS Smith is the holding company of the Group. DS Smith and its consolidated subsidiaries are herein referred to as the “**Group**”.

The market capitalisation of the Company at the close of business on 12 September 2018 was £6,663.58 million.

## OVERVIEW

The Group is a leading provider of corrugated packaging in Europe and of specialist plastic packaging worldwide. It operates across 37 countries and employs around 28,500 people.

The Group's principal activity is designing and manufacturing corrugated packaging. In order to support its packaging business, the Group has a recycling business that collects used paper and corrugated cardboard, from which the Group's paper manufacturing facilities make the CCM used in corrugated packaging. The Group also designs and manufactures certain types of plastic packaging, in particular, the plastic bags and taps for bag-in-box packaging and rigid crates for bottled liquids.

The Group continues to grow its business and market share across Europe through the successful acquisition and integration of high quality operations. For further information on recent acquisitions and disposals see the *Recent Developments* section below.

The Group is one of the leading corrugated packaging businesses in Europe by volume.

In FY 2018, the Group achieved aggregate revenues of £5,765 million (FY 2017: £4,781 million) and an adjusted operating profit of £530 million (FY 2017: £443 million) (before amortisation acquisitions and disposals).

## BUSINESS ACTIVITIES

The Group primarily operates in the Packaging, Recycling and Paper markets.

The Group's business activities in these markets are organised into four regional Packaging operating divisions supported by the vertically integrated Paper and Recycling businesses.

The Group also operates in the Plastics market. The Plastics business is a global business standing as a separate fifth operating division and is not managed along regional lines or reported as such.

Information on each operating division is set out in the section *Business Divisions* below.

### **Packaging**

The Group's Packaging business designs and manufactures corrugated packaging for customers across Europe with a presence in 34 countries and approximately 200 manufacturing sites with approximately 22,800 employees as at 30 April 2018. The Group's product range encompasses retail and shelf ready packaging, transit cases, consumer boxes, corrugated packs printed for gift and point of sale displays, and heavy duty industrial products. The Group complements its Packaging business by providing consultancy services including supply chain audit and creative design.

The Group's international network of manufacturing plants services thousands of customers, manufacturing approximately 8 billion m<sup>2</sup> (FY 2017: 7.2 billion m<sup>2</sup>) of corrugated board in FY 2018.

Germany is the largest geographic market, at approximately 20 per cent. of the total European market, followed by Italy, France, Spain and the UK (Source: ICAA 2017). The market for corrugated packaging in Italy, France, Spain and the UK is fragmented with a large number of local suppliers. Due to the bulky nature of corrugated packaging and the customer requirements for short lead times, it is typically transported no further than 200km. In the context of a fragmented industry, the Group is able to offer its customers a pan-European solution for their packaging needs using its extensive network of manufacturing sites across Europe.

The Group's Packaging business also invests in research and development. The Group has a network of 33 PackRight Centres and nine Impact Centres. The benefit and costs of these centres are shared across the business which enables the Group to offer a high standard of product while maintaining competitive pricing. The Group aims to stimulate sales through offering innovative products that solve the packaging needs of its customers.

The Group's focus on innovation, in particular performance packaging, enables it to deliver packaging solutions with the performance qualities that its customers require, while using smart design to reduce the cost of materials used. This focus on driving innovation and design expertise decreases the commoditisation of its packaging products. The Group focuses on customer engagement to ensure that innovation activities remain aligned to future customer needs and purchasing requirements. The aim of any innovation or piece of sophisticated design is either (i) to reduce costs for manufacturers and retailers as and when products are produced, shipped and stored, or (ii) to improve the appeal and functionality of the packaging as it appears to end-customers when displayed on a shelf. Packaging can be designed to improve its impact when displaying products on-shelf through the use of print for marketing messages, and through designs that make the produce easy for consumers to access. The Group has developed "Made2fit"®, an innovation to tackle the e-commerce challenge of void space. Creating the right-sized pack lowers costs for e-retailers by reducing both operational and shipping cost, saving storage space, reducing labour costs and order administration and significantly cutting assembly and packing times. It also reduces product movement, helping to reduce damage and hence the rate of product returns. The resulting process helps customers prepare for omni-channel retailing, i.e. packaging that can be used in any retail environment.

### ***Recycling***

The Group's Recycling business operates in 14 countries with approximately 800 employees. The collection of OCC and other used fibre is part of the waste and recycling industry. The Group is the market leading fibre recycling and waste management company and one of Europe's leading paper recyclers, collecting approximately 5.0 million tonnes annually.

The Group's Recycling business sources used paper and OCC direct from retailers and also from traders. It is primarily used by its own paper mills to make recycled paper, with the remainder sold to other paper manufacturers or traders. In addition, the Group offers a range of other services, such as recycling and environmental audits and consultancy to help customers manage their materials most efficiently, with the aim of achieving zero waste. The Group's Recycling business supports its paper operations by providing the fibre required, with a consistent and well defined quality, which in turn enables its paper mills to produce paper with precisely the performance characteristics required by the Packaging business. The Recycling business also supports the Group's corrugated packaging business by helping retailers get best value from their used

corrugated material, encouraging the use of corrugated packaging over other packaging materials.

### ***Paper***

The Group is a leading European manufacturer of recycled CCM and specialty papers. The Group offers security of supply, expert technical support and a commitment to using sustainable materials, processes and relationships.

The Group's Paper business operates in 10 different countries with approximately 2,900 employees. The Paper business comprises eight paper mills in Europe principally dedicated to the production of recycled CCM and two mills in the US, one of which makes recycled CCM and the other virgin kraftliner from sustainable forest products. It also has two small mills in Europe making specialist papers.

In FY 2018, the Group manufactured approximately 2.9 million tonnes of CCM. The majority of the Group's products are supplied to the Group's packaging operations for conversion into corrugated board and boxes. The Group also manufactures other paper grades such as core board and plasterboard liner, which are sold outside the Group to specialist paper producers in a number of specialist markets including construction, tissues, food manufacturing, stationery and education. All of the Group's products are made from recycled fibres and are themselves 100 per cent. recyclable.

## **BUSINESS DIVISIONS**

The Group's Packaging, Recycling and Paper businesses are integrated within geographical areas, whereas the Group's Plastics business is operated as a separate division. The Group is organised into the following operating divisions:

- (i) United Kingdom;
- (ii) Western Europe – Belgium, France, the Netherlands and Spain;
- (iii) Germany and Switzerland (together, “**DCH**”) and Northern Europe;
- (iv) Central Europe and Italy;
- (v) North America; and
- (vi) Plastics.

The Group also has joint ventures and associate operations in Russia and Ukraine, in aggregate totalling three sites, which operate in the Packaging, Recycling and Paper markets.

### ***United Kingdom***

The Group is one of the largest suppliers of corrugated packaging in the UK. The UK operating division offers innovative corrugated packaging solutions for products previously packaged in

other materials and has been leading the development of the Group's performance packaging processes to provide high quality packaging for its customers on a consistent basis in the most cost-effective way using the Group's proprietary technology. There is also a focus on retail ready packaging, designed to drive more sales for FMCG customers (businesses that produce everyday consumer goods such as food, drink and household products) and retailers.

For FY 2018, the revenue of the UK division was £1,078 million and the adjusted operating profit was £109<sup>†</sup> million. For FY 2017 revenue was £962 million and adjusted operating profit was £94 million (see table below).

	<b>FY 2018</b>	FY 2017
Revenue – £m	<b>1,078</b>	962
Adjusted operating profit – £m	<b>109<sup>†</sup></b>	94
Return on sales – %	<b>10.1<sup>†</sup></b>	9.8

<sup>†</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

### ***Western Europe***

The Group is a leading supplier of CCM in Western Europe. For FY 2018, the revenue of the Western Europe division was £1,450 million and the adjusted operating profit was £102 million<sup>†</sup>. For FY 2017 revenue was £1,264 million and adjusted operating profit was £104 million (see table below).

	<b>FY 2018</b>	FY 2017
Revenue – £m	<b>1,450</b>	1,264
Adjusted operating profit – £m	<b>102<sup>†</sup></b>	104
Return on sales – %	<b>7.0<sup>†</sup></b>	8.2

<sup>†</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

### ***DCH and Northern Europe***

For FY 2018, the revenue of the DCH and Northern Europe division was £1,083 million and the adjusted operating profit was £90 million<sup>†</sup>. For FY 2017 revenue was £989 million and adjusted operating profit was £82 million (see table below).

	<b>FY 2018</b>	FY 2017
Revenue – £m	<b>1,083</b>	989
Adjusted operating profit – £m	<b>90<sup>†</sup></b>	82
Return on sales – %	<b>8.3<sup>†</sup></b>	8.3

<sup>†</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

### **Central Europe and Italy**

For FY 2018, the revenue of the Central Europe and Italy division was £1,429 million and the adjusted operating profit was £129 million<sup>†</sup>. For FY 2017 revenue was £1,239 million and adjusted operating profit was £125 million (see table below).

	<b>FY 2018</b>	FY 2017
Revenue – £m	<b>1,429</b>	1,239
Adjusted operating profit – £m	<b>129<sup>†</sup></b>	125
Return on sales – %	<b>9.0<sup>†</sup></b>	10.1

<sup>†</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

### **North America**

On 25 August 2017 the Group completed the acquisition of Interstate Resources, Inc. and in doing so created its North America division. Following the acquisition of Corrugated Container Corporation in June 2018, the North America division operates a total of 16 packaging sites across the eastern United States, and employs approximately 1,500 employees. For FY 2018, the revenue of the North America division was £379 million and adjusted operating profit was £62 million<sup>†</sup>, with a 16.4% return on sales<sup>†</sup>.

<sup>†</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

### **Plastics**

The Group's Plastics division operates 25 sites across 13 countries with approximately 2,000 employees.

For FY 2018, the revenue of the Plastics division was £346 million and the adjusted operating profit was £38 million<sup>†</sup>. For FY 2017 revenue was £327 million and adjusted operating profit was £38 million (see table below).

	<b>FY 2018</b>	FY 2017
Revenue – £m	<b>346</b>	327
Adjusted operating profit– £m	<b>38<sup>†</sup></b>	38
Return on sales – %	<b>11.0<sup>†</sup></b>	11.6

<sup>†</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

The Group's Plastic division specialises in plastic packaging that is reusable and recyclable. The Plastics division comprises flexible packaging and dispensing solutions, extruded and injection moulded products and foam products. The Group works with many of the world's leading companies in a diverse range of industries and markets.

The Group considers that plastic packaging is a specialist market with numerous niche products, for example:

- Flexible packaging and dispensing solutions:
  - o The Group's product brands include Rapak™, a global leader in bag-in-box packaging and filling systems, and Worldwide Dispensers'™ high quality precision moulding and customer design solutions.
- Extruded products:
  - o The Group's Plastic division designs and manufactures extruded products such as corrugated plastic sheets and returnable transit packaging for a variety of industries.
- Injection moulded products:
  - o The Group's Plastic division is a leader in Europe in the design and manufacture of plastic beverage crates, pallets, speciality trays and bulk containers.
- Foam products:
  - o The Group designs and manufactures foam moulded custom designed components and protective packaging.

## **BUSINESS STRATEGY AND STRENGTHS**

### **Strategic Goals**

The Group's aim is to become the market leader in recycled packaging for consumer goods. Its goal is to deliver growth through offering a comprehensive consumer service, high quality products and innovative and environmental solutions to its customers. To build a successful and



sustainable business model that consistently delivers returns on capital above its cost of capital the Group focuses on the following strategic goals:

- **To delight its customers** by delivering on all its customer commitments; further improving its quality standards and driving innovation on a multinational basis.
- **To realise the potential of its people** by ensuring the safety of all; creating a place where its employees are proud to work and strive to work to the best of their ability; and building individual and organisational capability.
- **To double the size and profitability of the business** by winning market share; growing with its customers; expanding its footprint through acquisitions and greenfield sites; and building a resilient and sustainable business model.
- **To lead the way in recycling** by building sustainability into its business decisions and growing its recycling platform.

#### *To delight its customers*

Through its expertise from design to production and supply to recycling, the Group offers high quality, innovative solutions to satisfy the whole of the customer's packaging needs. The Group's scale gives it a commercial advantage and allows it to deliver a high quality of service sustainably. The Group works with its customers to analyse where packaging interacts with their activities and considers how it might be optimised. This involves analysing the customer's requirements for the packaging in terms of physical performance across the supply chain, and designing suitable packaging based on that specification. The Group's Paper business works in close collaboration with the Packaging business to develop high performance paper that best suits the needs of the packaging designers and the manufacturing process. The Group also works with its customers and supplies insights on how packaging can maximise the customer's sales by optimising availability within store, through brand visibility and ease of use. The Group describes this approach as '*Supply Cycle Thinking*' which provides a unified approach for each area of its business and touches all parts of its customer's operations. This approach is designed to remove complexity from and simplify its customers' supply chains and enables the Group to become a strategic partner to its customers. The Group continually strives to innovate and provide unique packaging solutions to its clients, as discussed above (see *Business Activities – Packaging* above). By offering innovative packaging solutions that help the customer sell more of its products, cut its costs and carbon footprint, the Group aims to maintain and build its competitive position.

The Group is committed to continually improving its standard of service, which is measured internally by the proportion of customer orders fulfilled on time, in full and across all its businesses. The current medium term target is 97 per cent. of all orders fulfilled on time. During FY 2018, 93 per cent. (FY 2017: 93 per cent.) of all orders were fulfilled on time.

#### *To realise the potential of its people*

The Group is committed to creating a working environment where its employees are proud and able to do their best. Through the Group employee engagement and culture change programme

“OWN IT!”, employees are encouraged to ‘own’ and take responsibility for their individual role in the delivery of the Group’s strategy and values. This programme also reflects the Group’s long term plan to develop a common culture based on the following values; be caring; be challenging; be trusted; be responsive; be tenacious. The Group places great importance on listening to its employees’ collective voice and giving employees the opportunity to raise the issues that matter to them.

The safety of its employees remains a cornerstone of the Group’s business. The Group is committed to achieving a zero accident culture to reduce the frequency and severity of accidents across the business and the amount of employee lost time resulting from accidents. For FY 2018, the Group reduced the accident frequency rate to 2.8 per cent. from 3.0<sup>2</sup> per cent. in FY 2017. 239 of the Group’s locations achieved zero lost time accidents (“**LTAs**”) in 2017/18. Overall, the Group has reduced its LTA rates and accident frequency rates. However, it notes an increase in both the number, and severity, of accidents that happened in the mid-part of the 2017/18 year, which impacted the overall performance for this data collection period.

*To double the size and profitability of the business*

The Group focuses on building a resilient and sustainable business model, winning market share in existing markets and expanding into new markets. To measure its performance the Group has set itself the following medium term targets:

**1. Corrugated Volume Growth (volume of corrugated box products sold (excluding the effect of acquisitions and disposals) measured by area)**

The Group has a target of corrugated volume growth of GDP +1 per cent. which equates to 3.5 per cent.

Corrugated packaging volumes grew by 5.2 per cent. in FY 2018 (FY 2017: 3.2 per cent.). The drivers behind this growth in corrugated packaging volumes are success in the Group’s recently acquired North American business along with significant growth in Germany and eastern Europe.

**2. Return on Sales (earnings before interest, tax, amortisation and exceptional items as a percentage of revenue)<sup>3</sup>**

The margin the Group achieves is a reflection of the value it delivers to its customers and the ability to charge for that value and also reflects the scale of the business. The Group set a target of achieving a margin of 8-10 per cent. of earnings before interest, tax amortisation and exceptional items as a percentage of revenue.

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<sup>2</sup> Previously reported 2016/17 data was updated in the 2018 Annual Report (incorporated by reference) to reflect all acquisitions during the financial year, therefore providing a direct comparison data set for 2017/18.

<sup>3</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

For FY 2018 the Group achieved a return on sales of 9.2 per cent. (FY 2017: 9.3 per cent.), broadly consistent with the prior two years and in the upper half of the Group's target range of 8-10 per cent.

**3. Return on average capital employed ("ROACE") (earnings before interest, tax, amortisation and exceptional items as a percentage of revenue)<sup>4</sup>**

ROACE is the Group's key internal measure of financial success and sustainability. ROACE above the cost of capital indicates that a business is able to pay for its capital expenditure, service its debt and deliver acceptable returns to equity holders. The Group's target is 12-15 per cent. ROACE.

For FY 2018 ROACE was 14.1 per cent. compared to 14.9 per cent. for FY 2017. This includes the acquisition of Interstate Resources, Inc., which joined the Group on 25 August 2017.

**4. Net debt/EBITDA (Net debt calculated at average FX rates for the year, over earnings before interest, tax, depreciation, amortisation and exceptional items for the preceding 12 month period)<sup>5</sup>**

Net debt/EBITDA is a key measure of balance sheet strength and financial stability. A target ratio of two times or lower has been set.

For FY 2018 net debt/EBITDA was 2.2 times compared with 1.8 times for FY 2017. The increase in Group leverage is due principally to acquisitions in the year of £819 million, partially offset by cash flow in the period and proceeds of equity issued of £283 million.

**5. Cash conversion (free cash flow before tax, net interest, growth capex, pension payments and exceptional cash flows as a percentage of earnings before interest, tax, amortisation and exceptional items)<sup>6</sup>**

For FY 2018 cash conversion (free cash flow before tax, net interest, growth capex, pension payments and exceptional cash flows as a percentage of earnings before interest, tax, amortisation and exceptional items) was 100 per cent. (compared to 133 per cent. for FY 2017). The Group's target for cash conversion is being at or above 100 per cent.

Certain financial measures set out above are considered by the Group as key performance indicators and an effective means of evaluating the Group's operating performance. Certain of these financial measures are not defined under International Financial Reporting Standards ("IFRS") and should not be considered as substitutes for the information contained in the Group's consolidated financial statements.

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<sup>4</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

<sup>5</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

<sup>6</sup> For an explanation on the components and calculation of this APM, see pages 134 to 136 of the 2018 Annual Report (incorporated by reference).

Sustainability is at the centre of the Group's business model, meaning that not only is its product fully recyclable, but that its financial performance consistently delivers returns on capital above its cost of capital which is why ROACE is the Group's most important key performance indicator (as described above). The Group aims to make the business more efficient and to take advantage of a range of commercial opportunities that are open to its pan-European business and it expects the benefits of this work to underpin future growth. The Recycling, Packaging and Plastics businesses deliver higher returns on capital on a more consistent basis than the manufacture of paper and therefore it is part of the Group's strategy to be a net purchaser of paper rather than produce all of the paper the Group requires in the manufacture of its corrugated packaging materials.

#### *To lead the way in recycling*

The Group puts sustainability at the heart of its decision making and is committed to conducting its business in an environmentally responsible manner. Its principal product of corrugated packaging is made from recycled material and is itself fully recyclable. The Recycling business sources used paper and OCC directly from retailers and also from traders. The used paper and OCC are primarily used by the Group's own paper mills to make recycled paper, with any excess being sold outside the Group. The Recycling business works with customers across Europe to improve their recycling operations and overall environmental performance. The Group's strategy is to grow the Recycling business by expanding its offering of recycling services to European customers.

The Group works closely with its customers to reduce the carbon footprint of the packaging they use and help them reduce the carbon footprint of their products by ensuring the right packaging solution is provided. Customers increasingly demand environmentally responsible products that reduce costs. The Group gives consideration to the cost and carbon impact of the whole supply cycle, taking into account the demands of the packing line, loading, transport, distribution, warehousing and delivery to the customer's store, as well as the consumer experience in store. The Group optimises the materials used in each packaging solution in order to achieve the best outcomes at each stage in the supply cycle, thus minimising the overall environmental impacts.

## **RECENT DEVELOPMENTS**

### ***Acquisitions***

In FY 2018, the Group made significant strategic steps with the acquisition of an 80 per cent. holding in Interstate Resources, Inc. in the United States on 25 August 2017 and of EcoPack and EcoPaper in Romania on 6 March 2018.

Interstate Resources, Inc. is an integrated packaging business based on the East Coast of the United States and comprises the Group's North America segment. In FY 2018, Interstate Resources, Inc. contributed revenue of £379 million and adjusted operating profit before amortisation and adjusting items of £62 million. The total consideration of £772 million plus debt acquired of £140 million was funded in part by a placement of ordinary shares in the market and to the seller. A redemption liability for the sale and/or acquisition of the remaining 20 per cent. was also recognised as a liability, initially at £152 million.

EcoPack and EcoPaper is a leading integrated packaging business in Romania. The Group considers that it will significantly enhance the Group's capacity to serve customers in this high-growth region as well as supporting the Group's wider substantial eastern European presence. The total consideration of £128 million plus debt acquired of £60 million was funded by existing debt facilities and the issue of ordinary shares to the seller.

In addition, the two box plants of the DPF Groupe in France were acquired in FY 2018.

On 22 May 2018, the Group announced an agreement to acquire Corrugated Container Corporation, a high-quality corrugated packaging company in North America. The acquisition is not material to the Group.

#### *Proposed acquisition of Europac*

On 4 June 2018, the Group announced the proposed Europac Acquisition. The Group has agreed to absorb or refinance Europac's outstanding financial indebtedness at completion. Headroom has been built into the New Debt Facility Agreement (as defined below) to ensure that the Group is able to refinance Europac's financial indebtedness, if necessary, including where change of control provisions apply.

The Group intends to satisfy the consideration for the Europac Acquisition through: (a) an approximately £1,000 million (c. €1,148 million) net of expenses fully underwritten rights issue (the "**Rights Issue**"); and (b) the utilisation of up to €740 million (c. £645 million) from a new, fully committed debt facility (the "**New Debt Facility Agreement**").

For FY 2017, Europac had revenues of €868 million (c. £761 million), consolidated EBITDA of €158 million (c. £138 million) and an EBITDA margin of 18.2 per cent. Europac's operations are split into two divisions (paper and packaging). For FY 2017, Europac's paper/packaging divisional revenue split was 56 per cent./44 per cent.

Europac operates across the entire paper and packaging value chain including raw materials, paper manufacturing, design, packaging manufacturing and customer logistics. Customers in Spain and Portugal accounted for 53 per cent. of revenue generated and customers in France for 34 per cent. of revenue generated in FY 2017. Europac's paper division produced approximately 940,000 tonnes of kraftliner and recycled papers and 360,000 tonnes of corrugated packaging in the year ended 31 December 2017. Europac has a diversified customer portfolio, with a strong fast-moving consumer goods, agri-food and e-commerce orientation.

The Europac Acquisition is expected to complete in the last quarter of 2018; completion is subject to certain conditions including approval by the Group's shareholders and the receipt of regulatory approvals.

The Group believes that the Europac Acquisition represents an exceptional scale opportunity to build its position in a key packaging growth region. Specifically, the Group plans to build upon Europac's high-quality, well-invested operational asset base and distribution network on the Iberian peninsula and in France to support Europac's existing customers and the Group's multi-national customers, many of whom have operations in these regions.

## **Strategy**

In addition to its acquisition strategy, the Group has also taken other significant strategic actions, including recycling of capital into its core business areas through selectively disposing of non-core assets, such as the office products business Spicers in December 2011. Consistent with this longstanding approach, the Group announced on 4 June 2018 that it would commence a strategic review of the Group's Plastics division, reflecting the continuing focus on corrugated packaging.

## **UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP**

The Pro Forma Financial Information for the Enlarged Group and related notes in this section have been prepared to illustrate the effect of the Europac Acquisition on the income statement of the Group for FY 2018 as if the Europac Acquisition had taken place on 1 May 2017 and the effect on the net assets of the Group as if the Europac Acquisition had occurred on 30 April 2018.

The unaudited pro forma income statement for the Enlarged Group also illustrates the impact of the Group's acquisition of 80 per cent. of Interstate Resources, Inc. as if that acquisition had taken place on 1 May 2017, instead of 25 August 2017.

The following Pro Forma Financial Information is based on the consolidated financial information of the Group for FY 2018, the historical financial information of the Europac Group for the year ended 31 December 2017 and the financial information of Interstate Resources, Inc. for the period from 1 May 2017 to 25 August 2017 and compiled on the basis set out in the notes to the Pro Forma Financial Information. The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted for the Group for FY 2018.

The Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results. The Pro Forma Financial Information of the Group has been prepared in accordance with Annex II to the Prospectus Regulation.

The Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

The Pro Forma Financial Information does not take into account trading of the Group and/or the Europac Group subsequent to 30 April 2018 (in the case of the Group) or 31 December 2017 (in the case of the Europac Group).

Investors should read the whole of this Prospectus and not rely solely on the Pro Forma Financial Information in this section.

Deloitte LLP's report on the Pro Forma Financial Information is set out below (see "*Accountant's Report on the Unaudited Pro Forma Financial Information Relating to the Enlarged Group*").

Deloitte LLP has given, and not withdrawn, its written consent to the inclusion in this Prospectus of its report in this section of the Prospectus, in the form and context in which it appears and has authorised the contents of its report.

## Unaudited pro forma income statement

	Adjustments				Unaudited pro forma of the Enlarged Group for the year ended 30 April 2018 £m
	Group for the year ended 30 April 2018 (Note 1) £m	Interstate for the four months ended 31 August 2017 (Note 2) £m	Europac Group for the year ended 31 December 2017 (Note 3) £m	Acquisition Adjustments (Note 4) £m	
<b>Continuing operations</b>					
Revenue	5,765	191	761	-	6,717
Operating costs	(5,282)	(164)	(663)	(19)	(6,128)
<b>Operating profit before amortisation, acquisitions and disposals</b>	483	27	98	(19)	589
Amortisation of intangible assets; acquisitions and disposals	(122)	(1)	(1)	(9)	(133)
<b>Operating profit</b>	361	26	97	(28)	456
Finance income	2	6	1	-	9
Finance costs	(72)	(6)	(8)	(7)	(93)
Employment benefit net finance expense	(4)	-	(1)	-	(5)
<b>Net financing costs</b>	(74)	-	(8)	(7)	(89)
<b>Profit after financing costs</b>	287	26	89	(35)	367
Share of profit of equity-accounted investments, net of tax	5	-	-	-	5
<b>Profit before income tax</b>	292	26	89	(35)	372
Income tax (expense)/credit	(33)	(10)	(20)	6	(57)
<b>Profit for the year</b>	259	16	69	(29)	315

### Notes:

- (1) The financial information of the Group has been extracted, without material adjustment, from the 2018 Annual Report which is incorporated by reference in this document. The financial information is inclusive of amounts which are disclosed in the 2018 Annual Report as adjusted.
- (2) The Interstate Resources, Inc. financial information has been extracted, without material adjustment, from the unaudited pre-acquisition financial information migrated from the Interstate Resources, Inc. financial reporting systems and converted into Sterling using the average exchange rate for the period of \$1:£0.7740.
- (3) The financial information of the Europac Group has been extracted, without material adjustment, from the audited consolidated income statement included within the consolidated financial statements of Europac for the year ended 31 December 2017, and converted into Sterling using the average exchange rate for the year ended 31 December 2017 of €1:£0.8758. This information has been adjusted to conform to the presentation adopted by the Group. The presentational adjustments made were as follows:
  - (a) Amortisation of £1 million was reclassified from "Depreciation and Amortisation" to "Amortisation of intangible assets; acquisitions and disposals" to reflect amortisation expense in the line item "Amortisation of intangible assets, acquisitions and disposals", as presented by the Issuer.
  - (b) Employment benefit net finance expense of £1 million was reclassified from Employee benefits expense to reflect the Issuer's presentation of employment benefit finance expense costs as a separate line item.
- (4) This adjustment includes:
  - (a) The estimated one-off transaction expenses of £19 million which are required by IFRS 3 to be charged to the income statement. One-off transaction costs of £23 million relating to the Rights Issue have been netted against equity as required by IAS 32.
  - (b) An additional £9 million has been recognised in amortisation in order to reflect the pro-rata increase in amortisation of acquired intangibles as a result of the acquisition of Interstate Resources, Inc.



- (c) A charge of £1 million has been recognised in "Finance costs" to reflect the estimated annual interest charges calculated under the effective interest method and payable under the additional amounts drawn down from existing facilities to finance part of the Europac Acquisition. This is expected to be an ongoing annual cost.
  - (d) A further £1 million charge has been recognised in "Finance costs" to reflect the pro-rata increase in interest relating to the debt drawn down as part of the acquisition of Interstate Resources, Inc.
  - (e) One-off debt issuance costs of £5 million have been recorded within "Finance costs" for the standby facility.
  - (f) Tax impacts of the above, based on an effective tax rate of 22.5 per cent. Only the £1 million tax credit related to the annual interest charged (notes (c) and (d)) is expected to be an ongoing annual benefit
- (5) In preparing the unaudited pro forma income statement of the Enlarged Group, no account has been taken of the trading activity or other transactions of the Group since 30 April 2018 and no account has been taken of the trading activity or other transactions of the Europac Group since 31 December 2017.
- (6) In preparing the unaudited pro forma income statement of the Enlarged Group, no account has been taken of the amortisation of other intangibles or items subject to fair value acquisition accounting, on the basis that the actual amortisation charges will not be known until completion of the fair value exercise. Similarly no adjustment has been made as a result of the Europac Acquisition to reflect any synergies that may arise after the Europac Acquisition as these are dependent upon future actions of management.
- (7) The unaudited pro-forma income statement does not reflect the effect of any fair value adjustments which may be recorded to acquired assets and liabilities. Upon completion of the purchase price allocation, which will be finalised after completion of the Europac Acquisition, additional depreciation of property, plant and equipment and amortisation of intangible assets, amongst other things, may be required in the Enlarged Group's financial statements.

## Unaudited pro forma statement of net assets

	Adjustments				Unaudited pro forma of the Enlarged Group as at 30 April 2018 £m
	Group as at 30 April 2018 (Note 1) £m	Europac Group as at 31 December 2017 (Note 2) £m	Transaction Funding (Note 3) £m	Acquisition Adjustments (Note 4) £m	
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill and intangible assets	2,043	87	-	1,058	3,188
Biological assets	3	6	-	-	9
Property, plant and equipment	2,396	599	-	-	2,995
Investment Property	-	2	-	-	2
Equity accounted investments	24	2	-	-	26
Other investments	11	-	-	-	11
Deferred tax assets	64	40	-	-	104
Non-current Financial Assets	-	3	-	-	3
Other receivables	7	-	-	-	7
Derivative financial instruments	15	-	-	-	15
<b>Total non-current assets</b>	<b>4,563</b>	<b>739</b>	<b>-</b>	<b>1,058</b>	<b>6,360</b>
<b>Current assets</b>					
Inventories	543	78	-	-	621
Biological assets	4	-	-	-	4
Income tax receivable	15	3	-	-	18
Trade and other receivables	863	66	-	-	929
Cash and cash equivalents	297	75	1,421	(1,421)	372
Other current Financial Assets	-	1	-	-	1
Derivative financial instruments	44	-	-	-	44
<b>Total current assets</b>	<b>1,766</b>	<b>223</b>	<b>1,421</b>	<b>(1,421)</b>	<b>1,989</b>
<b>Total assets</b>	<b>6,329</b>	<b>962</b>	<b>1,421</b>	<b>(363)</b>	<b>8,349</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	(1,811)	(267)	(421)	-	(2,499)
Employee benefits	(106)	(13)	-	-	(119)
Other payables	(14)	(5)	-	-	(19)
Provisions	(4)	(1)	-	-	(5)
Deferred tax liabilities	(195)	(53)	-	-	(248)
Derivative financial instruments	(35)	(1)	-	-	(36)
Other long term liabilities	-	(12)	-	-	(12)
<b>Total non-current liabilities</b>	<b>(2,165)</b>	<b>(352)</b>	<b>(421)</b>	<b>-</b>	<b>(2,938)</b>
<b>Current liabilities</b>					
Bank overdrafts	(29)	-	-	-	(29)
Borrowings	(162)	(15)	-	-	(177)
Trade and other payables	(1,705)	(199)	-	(42)	(1,946)
Income tax liabilities	(118)	(7)	-	-	(125)
Provisions	(16)	(3)	-	-	(19)
Other financial liabilities	-	(23)	-	-	(23)
Derivative financial instruments	(24)	-	-	-	(24)
<b>Total current liabilities</b>	<b>(2,054)</b>	<b>(247)</b>	<b>-</b>	<b>(42)</b>	<b>(2,343)</b>
<b>Total liabilities</b>	<b>(4,219)</b>	<b>(599)</b>	<b>(421)</b>	<b>(42)</b>	<b>(5,281)</b>
<b>Net assets</b>	<b>2,110</b>	<b>363</b>	<b>1,000</b>	<b>(405)</b>	<b>3,068</b>

### Notes:

- (1) The financial information of the Group has been extracted, without material adjustment, from the 2018 Annual Report which is incorporated by reference in this document.

(2) The consolidated statement of financial position of the Europac Group as at 31 December 2017 has been extracted, without material adjustment, from the audited consolidated financial statements of Europac for the year ended 31 December 2017, converted into Sterling using the December 2017 exchange rate of €1:£0.8828. This information has been adjusted to conform to the presentation adopted by the Group. The presentational adjustments made were as follows:

- (a) Derivative financial liabilities of £1 million were reclassified from "Other financial liabilities" to reflect the Issuer's disclosure of "Derivative financial instruments" as a separate line item.
- (b) Employee benefits of £13 million were reclassified from "Non-current provisions" to reflect the Issuer's disclosure of "Employee benefits" as a separate line item.

(3) The Europac Acquisition will be financed using a mixture of sources:

	<u>£m</u>
Rights Issue proceeds, net of underwriting costs	1,000
Draw-down from existing facilities	<u>426</u>
Estimated cash raised	1,426
Debt issuance costs for additional standby facility	<u>(5)</u>
Net increase in cash held	<u><u>1,421</u></u>

The £421 million increase in interest-bearing liabilities includes £426 million drawn down from existing debt facilities, less £5 million of debt issuance costs which have been netted against the liability.

(4) The consideration for the Europac Acquisition will be payable as cash. A portion of the amounts paid is for treasury shares held by Europac and therefore will be deducted from the overall consideration. The Europac Acquisition consideration is set out below:

	<u>€m</u>
Cash	1,667
Cash consideration relating to treasury shares	(49)
Acquisition net cash paid	<u>1,618</u>
Converted to Sterling at an indicative exchange rate of €1:£0.8785 based on Issuer forecasts	<u><u>£1,421</u></u>

The Europac Acquisition has been accounted for using the acquisition method of accounting. Any excess consideration above the book value of the net assets acquired has been reflected as goodwill. A fair value exercise will be completed post Europac Acquisition, therefore no account has been taken of any fair value adjustments that may arise on the Europac Acquisition and no intangible assets and tax consequences have been valued at this stage. The adjustment to goodwill has been calculated as follows:

	<u>£m</u>
Acquisition net cash paid	1,421
Book value of net assets acquired	<u>(363)</u>
Pro forma goodwill adjustment	<u><u>1,058</u></u>

An adjustment of £42 million has been made to "Trade and other payables" to reflect a payable for one-off transaction costs. This is made up of £19 million of transaction costs and £23 million of costs related to the Rights Issue.

(5) In preparing the unaudited statement of net assets of the Enlarged Group, no account has been taken of the trading activity or other transactions of the Group since 30 April 2018 and no account has been taken of the trading activity or other transactions of the Europac Group since 31 December 2017.

(6) The table below sets out the net debt of the Enlarged Group as if the Europac Acquisition had occurred on 30 April 2018:

	<u>£m</u>
Group	(1,680)
Europac Group	(206)
Estimated cash raised (Note 3)	1,421
Cash consideration on Acquisition (Note 4)	(1,421)
Draw-down from existing facility, net of issuance costs for standby facility	<u>(421)</u>
	<u><u>(2,307)</u></u>

The net debt of the Group has been extracted, without material adjustment, from the 2018 Annual Report which is incorporated by reference in this document.

The net debt of the Europac Group has been calculated based on the reconciliation below. Line items have been extracted, without material adjustment, from the statement of financial position of the Europac Group for the year ended 31 December 2017.

	<u>£m</u>
Non-current bank borrowings and bonds or other negotiable securities	(302)
Current bank borrowings and bonds or other negotiable securities	(17)
Cash and cash equivalents	86
Europac Group net debt	<u>(233)</u>
Converted to Sterling at the December 2017 exchange rate of €1:£0.8828	<u>£(206)m</u>

Refer to notes 3 and 4 above for details on the net debt created by the transaction funding.

- (7) In preparing the unaudited pro forma statement of net assets, no account has been taken of the amortisation of other intangibles or items subject to fair value acquisition accounting, on the basis that the actual amortisation charges will not be known until completion of the fair value exercise. Similarly, no adjustment has been made as a result of the Europac Acquisition to reflect any synergies that may arise after the Europac Acquisition as these are dependent upon future actions of management.

**ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION  
RELATING TO THE ENLARGED GROUP**

**Deloitte LLP**

**2 New Street Square  
London  
EC4A 3BZ**

The Board of Directors  
on behalf of  
DS Smith plc  
Regents Place  
350 Euston Road  
NW1 3AX

17 September 2018

Dear Sirs,

**DS Smith Plc (the "Company")**

We report on the pro forma financial information (the "Pro forma financial information") set out in the section headed "Unaudited Pro Forma Financial Information Relating To The Enlarged Group" of the Prospectus dated 17 September 2018 relating to the Euro Medium Term Note Programme of the Company (the "Prospectus"). The Pro forma financial information has been prepared on the basis described in the notes thereto, for illustrative purposes only, to illustrate the effect of:

- a) the proposed acquisition (the "Acquisition") of the entire issued share capital of Papeles y Cartones de Europa S.A. (the "Europac Acquisition"); and
- b) The inclusion of the Income Statement of Indevco Management Resources Inc. for the period 1 May 2017 to 25 August 2017,

on the financial statements of the Company for the period ended 30 April 2018. This report is required by the Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex IX item 13.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex IX item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP

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## BOARD OF DIRECTORS

The functions of the directors of the Issuer, each of whose business address is 350 Euston Road, London NW1 3AX, and their principal activities outside the Group, where these are significant, are as follows:

	<b>Position</b>	<b>Principal activities outside the Group</b>
Gareth Davis	Group Chairman	Chairman of Ferguson plc (formerly Wolseley plc)
Miles William Roberts	Group Chief Executive	Non-Executive Director of Aggreko plc
Adrian Ross Thomas Marsh	Group Finance Director	None
Christopher Paul Britton	Non-Executive Director	Chairman of Graze and on the Board of Aromatherapy Associates and PhD Nutrition. Chairman of Dr Gerard, a private equity company
Jonathan Clive Nicholls	Senior Independent Director and Chairman of the Audit Committee	Chairman of Shaftesbury PLC and Ibstock plc
Kathleen Anne O'Donovan	Non-Executive Director and Chairman of the Remuneration Committee	None
Louise Helen Smalley	Non-Executive Director	Group Human Resources Director and an Executive Director of Whitbread plc

There are no other persons with directorship responsibilities within the Company.

There are no potential conflicts between any duties to the Company in relation to the persons referred to above and their private interest and/or other duties.

## TAXATION

### UK Taxation

The comments below are of a general nature and reflect the understanding of the Issuer of current United Kingdom law as applied in England and current United Kingdom HM Revenue & Customs (“HMRC”) published practice at the date of this Prospectus. The comments are not intended to be exhaustive. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and deal with United Kingdom withholding tax treatment on payments of principal and interest in respect of the Notes. They do not address other United Kingdom taxation implications of acquiring, holding or disposing of Notes and Coupons and may not apply to certain classes of persons (such as dealers in securities) or where the interest on any such Note is deemed to be the income of any person other than the Noteholders for United Kingdom tax purposes.

References to “interest” in the below mean interest as understood in the United Kingdom tax law. By way of example, certain redemption premiums could be treated as interest for these purposes. The statements below do not take any account of any different definitions of “interest” and “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes.

**The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future, possibly with retrospective effect. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who are unsure as to their tax position should seek their own professional advice.**

#### ***Payment of Interest on the Notes***

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a “recognised stock exchange” (designated as such by HMRC) within the meaning of section 1005 of the UK Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the official list of the Luxembourg Stock Exchange if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax. Alternatively, payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be admitted to trading on a multilateral trading facility (as defined by Article 4.1.22 of MiFID II) operated by an EEA-regulated recognised stock exchange.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.



In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can (subject to the completion of relevant procedural formalities) issue a direction to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

## **Luxembourg Taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

## **Withholding Tax**

### **(i) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

### **(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the "**Relibi Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing

such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

### **The Proposed Financial Transaction Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission’s Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated Programme Agreement (such Programme Agreement as amended and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) dated on or around 17 September 2018, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

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

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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

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

## Prohibition of sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;
  - (ii) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## United Kingdom

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

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

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

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended) (the “**FIEA**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **General**

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

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

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 20 January 2015 and by a resolution of a duly authorised committee of the Board of Directors of the Issuer dated 25 February 2015. The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer which received unanimous approval on 30 August 2018.

### Listing of Notes

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFiD II. The listing of the Programme in respect of Notes is expected to be granted on or about 17 September 2018.

### Documents Available

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

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 30 April 2017 and 30 April 2018. The Issuer currently prepares audited accounts on an annual basis;
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited interim accounts on a half yearly-basis;
- (d) the Trust Deed, the Agency Agreement, and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Prospectus; and
- (f) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Prospectus and any other documents incorporated herein or therein by reference.

## **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms.

If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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

## **Conditions for determining price**

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

## **Significant or Material Adverse Change**

There has been no significant change in the financial or trading position of the Issuer since 30 April 2018 and there has been no material adverse change in the financial position or prospects of the Issuer since 30 April 2018.

## **Litigation**

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuer is aware in the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer or the Group.

## **Auditors**

The auditors of the Issuer are Deloitte LLP of 2 New Street Square, London EC4A 3BZ, registered to carry on audit work in the United Kingdom by the Institute of Chartered Accountants in England and Wales, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for the financial years ended on 30 April 2017 and 30 April 2018, respectively.

## **Trustee's action**

The Trust Deed provides that the Trustee may refrain from taking action unless instructed to do so by Noteholders and unless indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to take any such action, steps or proceedings, fails to do so within a reasonable period and such failure is continuing.

## **Dealers transacting with the Issuer**

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

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



## ISSUER

### **DS Smith Plc**

7th Floor, 350 Euston Road  
London NW1 3AX  
United Kingdom

## ARRANGER

### **Lloyds Bank Corporate Markets plc**

10 Gresham Street  
London EC2V 7AE  
United Kingdom

## DEALERS

### **Banco Santander, S.A.**

Ciudad Grupo Santander  
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Avenida de Cantabria, s/n  
28660 Boadilla del Monte  
Madrid, Spain

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

### **BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

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