

Exchange Offer Memorandum and Prospectus dated 28 January 2020

bruntwood
BRUNTWOOD BOND 2 PLC

(incorporated with limited liability in England and Wales with registered number 12325238)

New Issue

Offer of sterling denominated bonds by Bruntwood Bond 2 plc at a fixed interest rate of 6.00 per cent. per annum guaranteed by Bruntwood Limited and Bruntwood Management Services Limited and maturity date of 25 February 2025

Joint Lead Managers

City & Continental Ltd

Peel Hunt LLP

Exchange Offer

Offer by Bruntwood Bond 2 plc to the holders of the £50,000,000 6.000 per cent bonds due 2020 issued by Bruntwood Investments plc to exchange their existing bonds for Sterling denominated 6.00 per cent. bonds due 25 February 2025 issued by Bruntwood Bond 2 plc and guaranteed by Bruntwood Limited and Bruntwood Management Services Limited

Dealer Managers

City & Continental Ltd

Peel Hunt LLP

Exchange Agent

Lucid Issuer Services Limited

AN INVESTMENT IN THE BONDS AND/OR PARTICIPATION IN THE EXCHANGE OFFER INVOLVES CERTAIN RISKS. POTENTIAL INVESTORS AND EXISTING 2020 BONDHOLDERS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN THE SECTION HEADED “*RISK FACTORS*” OF THIS EXCHANGE OFFER MEMORANDUM AND PROSPECTUS. INVESTORS SHOULD ALSO READ CAREFULLY THE SECTION HEADED “*IMPORTANT LEGAL INFORMATION RELATING TO THE BONDS*”.

IMPORTANT NOTICES

About this document

This document (the “**Exchange Offer Memorandum and Prospectus**”) has been prepared in accordance with the Prospectus Rules of the United Kingdom Financial Conduct Authority (the “**FCA**”) and relates to the offer by Bruntwood Bond 2 plc (the “**Issuer**”) of its Sterling denominated 6.00 per cent. bonds due 25 February 2025 (the “**Bonds**”) at a price of 100 per cent. of their nominal amount. The Issuer’s payment obligations under the Bonds are irrevocably and unconditionally, on a joint and several basis, guaranteed (the “**Guarantees**”) by Bruntwood Limited (the “**Parent Guarantor**”) and Bruntwood Management Services Limited (the “**Subsidiary Guarantor**” and, together with the Parent Guarantor, the “**Guarantors**”).

The FCA only approves the Exchange Offer Memorandum and Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the Guarantors or the quality of the Bonds that are the subject of the Exchange Offer Memorandum and Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds. The Exchange Offer Memorandum and Prospectus constitutes a prospectus relating to the Issuer and the Guarantors prepared in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the Financial Services and Markets Act 2000 (the “**FSMA**”).

The Issuer has requested that the FCA provides a certificate of approval in accordance with Article 25 of the Prospectus Regulation (a “**passport**”) in relation to the passporting of this Exchange Offer Memorandum and Prospectus to the competent authority in the island of Ireland excluding Northern Ireland (“**Ireland**”).

The Bonds are freely transferable debt instruments and are due to be issued by the Issuer on 25 February 2020. The nominal amount of each Bond (being the amount which is used to

calculate payments made on each Bond) is £100. The aggregate nominal amount of the Bonds to be issued will be specified in the Sizing Announcement expected to be published by the Issuer *via* the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on or around 19 February 2020, following the end of the offer period, and in any case prior to the Issue Date. The offer period is expected to end at 12 noon (London time) on 18 February 2020.

The Bonds have not been and will not be registered under the United States Securities Act of 1933. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States.

This Exchange Offer Memorandum and Prospectus contains important information about the Issuer, the Group (as defined below), the Bonds, the Guarantees and details of how to apply for the Bonds. This Exchange Offer Memorandum and Prospectus also describes certain risks relevant to the Issuer, the Guarantors and the Group and their business and risks relating to an investment in the Bonds generally. You should read and understand fully the contents of this Exchange Offer Memorandum and Prospectus before making any investment decisions relating to the Bonds.

Responsibility for the information contained in this Exchange Offer Memorandum and Prospectus

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Exchange Offer Memorandum and Prospectus. To the best of the knowledge of the Issuer and the Guarantors the information contained in this Exchange Offer Memorandum and Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, this information has been accurately reproduced and as far as each of the Issuer and the Guarantors is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or

misleading. The source of third-party information is identified where used.

Use of defined terms in this Exchange Offer Memorandum and Prospectus

Certain terms or phrases in this Exchange Offer Memorandum and Prospectus are defined in “**Double Quotation**” marks and subsequent references to that term are designated with initial capital letters.

In this Exchange Offer Memorandum and Prospectus, references to the “**Issuer**” are to Bruntwood Bond 2 plc, which is the issuer of the Bonds. References to the “**Guarantors**” are to the Parent Guarantor and Subsidiary Guarantor which are the Guarantors of the Bonds. The Issuer and the Guarantors are wholly-owned subsidiaries of Bruntwood Group Limited, which is the ultimate holding company of the Group. All references to the “**Group**” are to Bruntwood Group Limited and its subsidiaries taken as a whole, and all references to the “**Bruntwood Group**” are to the Parent Guarantor and its subsidiaries (including the Subsidiary Guarantor) taken as a whole. All references to the “**Group members**” or “**member of the Group**” are to Bruntwood Group Limited and/or any of its subsidiaries.

The Bonds are not protected by the Financial Services Compensation Scheme

Unlike many bank deposits, the Bonds are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer, the Guarantors or the Group as a whole.

MIFID II Product Governance

Solely for the purposes of the manufacturers’ product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, “**MIFID II**”) and (ii) all channels for distribution of the Bonds

are appropriate, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable.

PRIIPs / No Key Information Document

The Bonds pay a fixed rate of return and are to be redeemed at a fixed redemption amount. Accordingly, the Issuer has not prepared a key information document (within the meaning of Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”)).

How to apply

Applications to purchase Bonds cannot be made directly to the Issuer, the Guarantors or any other member of the Group. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

Questions relating to this Exchange Offer Memorandum and Prospectus and the Bonds

If you have any questions regarding the content of this Exchange Offer Memorandum and Prospectus and/or the Bonds or the actions you should take, you should seek advice from your independent financial adviser or other professional adviser before making any investment decisions.

IMPORTANT NOTICES FOR EXISTING 2020 BONDHOLDERS

About this document

This Exchange Offer Memorandum and Prospectus contains certain information relating to an offer to holders of Existing 2020 Bonds (as defined below) (subject to the “*Offer and Distribution Restrictions relating to the Exchange Offer*” set out herein) to exchange their Existing 2020 Bonds for Bonds (in each case as defined herein) (the “**Exchange Offer**”).

This Exchange Offer Memorandum and Prospectus contains important information about the terms of the Exchange Offer, the terms of the Bonds and the terms on which the Bonds will be issued, as well as important information about Bruntwood Group Limited and its subsidiaries (together the “**Group**”). This Exchange Offer Memorandum and Prospectus also describes the risks relevant to the Group and its business and the risks relating to an investment in the Bonds generally. The terms of the Bonds are set out below in the section headed “*Terms and Conditions of the Bonds*”. A holder of the Existing 2020 Bonds considering whether to invest in the Bonds pursuant to the terms of the Exchange Offer should read and understand fully the contents of this Exchange Offer Memorandum and Prospectus and the Conditions below before making any investment decisions relating to the Bonds and the Exchange Offer.

Important – EEA Retail Investors

The Bonds 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**”) other than in the United Kingdom and the island of Ireland excluding Northern Ireland (“**Ireland**”). 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 (EU) 2016/97 (the “**Insurance Distribution Directive**”), 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 Regulation.

Further Offer and Distribution Restrictions

This Exchange Offer Memorandum and Prospectus does not constitute an invitation to participate in the Exchange Offer in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Exchange Offer Memorandum and Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum and Prospectus comes are required by each of the Issuer, the Guarantors and the Dealer Managers to inform themselves about, and to observe, any such restrictions.

The PRIIPs Regulation

The Bonds pay a fixed rate of return and are to be redeemed at a fixed redemption amount. Accordingly, the Issuer has not prepared a key information document (within the meaning of Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”)).

Use of defined terms in this Exchange Offer Memorandum and Prospectus

Certain terms, words or phrases in this Exchange Offer Memorandum and Prospectus are defined in double quotation marks, and subsequent references to that term are designated with initial capital letters. See also the section “*Index of Defined Terms*” in this Exchange Offer Memorandum and Prospectus.

In this Exchange Offer Memorandum and Prospectus, unless otherwise specified or the context otherwise requires, references to “**sterling**” and “**£**” are to the currency of the United Kingdom (and references to “**£m**” are to millions of pounds sterling), references to “**dollars**”, “**\$**” and “**USD**” are to the currency of the United States of America (and references to “**\$m**” are to millions of US dollars) and references to “**€**”, “**EUR**” and “**euro**” are to the single currency of those member states participating in the third stage of European economic and monetary union from time to time (and references to “**€m**” are to millions of euros).

Credit Rating Agency Regulation notice

Neither the Existing 2020 Bonds nor (when issued) the Bonds will be rated by any credit rating agency.

Information incorporated by reference in this Exchange Offer Memorandum and Prospectus

This Exchange Offer Memorandum and Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see the “*Documents Incorporated by Reference*” section).

The Bonds are not protected by the Financial Services Compensation Scheme

The Bonds are not protected by the Financial Services Compensation Scheme (the “FSCS”). As a result, neither the FSCS nor anyone else will pay compensation to a holder of the Bonds (a “**Bondholder**”) upon the failure of the Issuer, the Guarantors or the Group as a whole.

Questions relating to this Exchange Offer Memorandum and Prospectus and the Bonds

If an Existing 2020 Bondholder has any questions regarding the content of this Exchange Offer Memorandum and Prospectus, the Bonds or the Conditions and/or the actions they should take, they should seek advice from their independent financial adviser, tax adviser or other professional adviser before making any investment decision.

MiFID II product governance/target market

Solely for the purposes of the manufacturers’ product approval process, the target market assessment in

respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in MiFID II and (ii) all channels for distribution of the Bonds are appropriate, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable.

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SUMMARY

This summary includes the key information that investors need in order to understand the nature and the risks of the Issuer, the Guarantors, the Bonds and the Exchange Offer, and is to be read together with the other parts of this Exchange Offer Memorandum and Prospectus to aid (i) prospective investors when considering whether to invest in the Bonds, and (ii) Existing 2020 Bondholders when considering whether to participate in the Exchange Offer.

Introduction

The New Securities to be issued and the Exchange Offer

This Exchange Offer Memorandum and Prospectus relates to (i) a proposed issue of Sterling denominated 6.00 per cent. bonds due 25 February 2025 (the “**Bonds**”) to be issued by Bruntwood Bond 2 plc (the “**Issuer**”) and (ii) an invitation by the Issuer to holders of the £50,000,000 6.000 per cent. bonds due 2020 issued by Bruntwood Investments plc (the “**Existing 2020 Bonds**”, and each such holder, an “**Existing 2020 Bondholder**”) to offer to exchange their Existing 2020 Bonds for the Bonds (the “**Exchange Offer**”) during the period commencing on the date of this Exchange Offer Memorandum and Prospectus and expiring at 12 noon (London time) on 18 February 2020 (the “**Exchange Offer Period**”).

The International Securities Identification Number (“**ISIN**”) for the Bonds is XS2104011304 and the Common Code is 210401130.

The Issuer and Guarantors

The Bonds will be issued by the Issuer and guaranteed by Bruntwood Limited (the “**Parent Guarantor**”) and Bruntwood Management Services Limited (the “**Subsidiary Guarantor**” and together with the Parent Guarantor, the “**Guarantors**”).

The Issuer’s legal entity identifier (“**LEI**”) number is 21380034YZZ56VF4QF27. The Parent Guarantor’s LEI number is 213800ZX2CGN7UUXYC31. The Subsidiary Guarantor’s LEI number is 2138001AEDHL6DWYG737.

The registered address of the Issuer and the Guarantors is: Union, Albert Square, Manchester M2 6LW and their telephone number is 0161 212 2222.

The Exchange Offer Memorandum and Prospectus

This Exchange Offer Memorandum and Prospectus has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”), as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”), on 28 January 2020.

The FCA may be contacted at 12 Endeavour Square, London E20 1JN.

Warnings

This summary should be read as an introduction to the Exchange Offer Memorandum and Prospectus.

Any decision to (i) invest in the Bonds and/or (ii) participate in the Exchange Offer should be based on a consideration of the relevant sections of this Exchange Offer Memorandum and Prospectus by prospective investors and Existing 2020 Bondholders, as applicable. Investors could lose all or part of their invested capital.

Where a claim relating to the information contained in this Exchange Offer Memorandum and Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Exchange Offer Memorandum and Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Exchange Offer Memorandum and Prospectus, or where it does not provide, when read together with the other parts of this Exchange Offer Memorandum and Prospectus, key information in order to aid investors when considering whether to invest in the Bonds and/or participate in the Exchange Offer.

The Issuer has not prepared a key information document (within the meaning of Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”).

Key information on the Issuer and the Guarantors

Who is the issuer of the securities?

The Issuer is a public limited company incorporated and registered in England and Wales under the Companies Act 2006 (the “**Companies Act**”) on 20 November 2019 with registered number 12325238.

The Parent Guarantor is a private limited company incorporated and registered in England and Wales under the Companies Act on 4 December 2006 with registered number 6017744.

The Subsidiary Guarantor is a private limited company incorporated and registered in England and Wales under the Companies Act on 6 December 2006 with registered number 6020655.

Principal activities

The Bruntwood Group's principal activity is the customer service led provision of flexible space to a range of customers within a range of buildings from architecturally significant and refurbished listed buildings through to high-tech office centres and corporate headquarters.

Major shareholders

The Issuer is a special purpose company established to raise money for use by the Parent Guarantor and its subsidiaries (the "**Bruntwood Group**"). The Issuer is a direct wholly owned subsidiary of Bruntwood Group Limited which is the ultimate holding company of the Group and which is in turn owned by the Oglesby family and family related trusts.

The Parent Guarantor is a direct wholly owned subsidiary of Bruntwood Group Limited. The Subsidiary Guarantor is a direct wholly owned subsidiary of the Parent Guarantor.

Mr C Oglesby is the Chief Executive of the Group. Mrs K Vokes (née Oglesby) is the Group's Director of Social Impact.

Key senior managers

The directors of the Issuer are Christopher Oglesby and Kevin Crotty.

The company secretary of the Issuer is Kevin Crotty.

The key management of the Bruntwood Group comprises Christopher Oglesby, Katharine Vokes, Kevin Crotty, Christopher Roberts, Richard Burgess, Ciara Keeling, Philip Kemp and Jessica Bowles.

Auditors of the Issuer and Bruntwood Group

The Issuer and the Guarantors have appointed Deloitte LLP of 2 Hardman Street, Manchester M60 2AT, as their respective statutory auditors. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

What is the key financial information regarding the Issuer and the Bruntwood Group?

The following historical key financial information as of, and for each of the financial years ended, 30 September 2018 and 2019 has been extracted, without any material adjustment, from (i) the Parent Guarantor's audited consolidated financial statements and (ii) the Subsidiary Guarantor's audited unconsolidated financial statements, in respect of those dates and/or relevant periods, as applicable.

Parent Guarantor's Consolidated Financial Statements

Consolidated profit & loss statement

	Audited year ended 30 September 2019	Audited year ended 30 September 2018
	£'000	£'000
Turnover	160,066	137,653
Gross Profit.....	61,287	60,055
Operating Profit	37,728	24,091
Profit on ordinary activities before taxation.....	51,811	116,331
Profit for the financial year after taxation	49,116	106,888

Consolidated balance sheet

	Audited year ended 30 September 2019	Audited year ended 30 September 2018
	£'000	£'000
Fixed Assets.....	1,085,871	1,040,134
Current Assets.....	150,454	129,845
Creditors: amounts falling due within one year	(164,381)	(133,806)
Creditors: amounts falling due after more than one year	(444,586)	(459,560)
Net Assets	609,402	561,286
Total equity.....	609,402	561,286

Consolidated cash flow statement

	Audited year ended 30 September 2019	Audited year ended 30 September 2018
	£'000	£'000
Net cash inflow from operating activities	15,777	2,839
Net cash inflow/(outflow) from capital expenditure and financial investment.....	(26,600)	98,655
Net cash inflow/(outflow) before financing	(10,823)	101,494
Net cash (outflow)/inflow from financing	13,919	(103,821)
Increase/(decrease) in cash in year.....	3,096	(2,327)

Subsidiary Guarantor's Financial Statements**Profit & loss statement**

	Audited year ended 30 September 2019	Audited year ended 30 September 2018
	£'000	£'000
Turnover	87,526	69,099
Gross Profit.....	2,534	1,347
Operating Profit	1,266	880
Profit on ordinary activities before taxation.....	1,269	883
Profit for the financial year after taxation	927	1,662

Balance sheet

	Audited year ended 30 September 2019	Audited year ended 30 September 2018
	£'000	£'000
Fixed Assets.....	4,118	2,602
Current Assets.....	37,746	29,961
Creditors: amounts falling due within one year	(34,075)	(15,308)
Creditors: amounts falling due after more than one year	(1,625)	(2,018)
Net Assets	6,164	15,237
Total equity	6,164	15,237

Cash flow statement

	Audited year ended 30 September 2019	Audited year ended 30 September 2018
	£'000	£'000
Net cash inflow from operating activities	4,295	7,596
Net cash inflow/(outflow) from capital expenditure and financial investment.....	(2,421)	(1,715)
Net cash inflow/(outflow) before financing	1,874	5,881
Net cash (outflow)/inflow from financing	(118)	(129)
Increase/(decrease) in cash in year.....	1,756	5,752

What are the key risks that are specific to the Issuer?

The sole function of the Issuer is to act as a special purpose company to raise money, by the issue of securities, for on-lending to the Bruntwood Group for its general corporate purposes. The Issuer will have no tangible assets of its own and the Issuer's only material assets will be the obligation of the Parent Guarantor and other members of the Bruntwood Group to pay interest on and to repay such on-lent funds on a timely basis. As the funds needed to pay interest on the on-lent funds and to repay the on-lent funds will originate from cashflow generated from the wider business of the Bruntwood Group, the Issuer's ability to meet its payment obligations under the Bonds is subject to all the risks to which the Bruntwood Group is subject.

See "*What are the key risks that are specific to the Guarantors?*" below for a description of certain of these risks.

Key information on the Securities

What are the main features of the New securities?

Bondholders

The Bonds will be issued in bearer form on 25 February 2020 (the "**Issue Date**") and they will mature and fall due to be repaid on 25 February 2025 (the "**Maturity Date**"). The currency of the Bonds is pounds sterling, the nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100 and the Bonds can be bought and sold in multiples of £100.

The Bonds will be initially issued and sold at 100 per cent. of their nominal amount (i.e. their par value) and, whether they fall due to be repaid early (as to which, see "*Events of Default*" and "*Early repayment by the Issuer for tax reasons*") or on the Maturity Date, the Bonds will be repayable at 100 per cent. of their nominal amount.

The ISIN ("**ISIN**") for the Bonds is XS2104011304 and the Common Code is 210401130.

The total amount of Bonds to be issued and admitted to trading on the regulated market will depend on demand received from (a) Existing 2020 Bondholders to participate in the Exchange Offer and (b) for the Bonds during a period of book-building which commences on the date of this Exchange Offer Memorandum and Prospectus and is expected to end at 12 noon (London time) on 18 February 2020 (the "**Offer Period**").

The total nominal amount of the Bonds to be issued will be specified in an announcement (the "**Sizing Announcement**") to be published by the Issuer via the Regulatory New Service ("**RNS**") operated by the London Stock Exchange plc at the end of the Offer Period. See "*Key information about the offer of securities to the public and admission to trading on a regulated market*" below for further information.

Existing 2020 Bondholders

Each Existing 2020 Bondholder that participates in the Exchange Offer will receive £100 in nominal amount of Bonds for every £100 of Existing 2020 Bonds validly offered and accepted for exchange by the Issuer and in addition, will receive an exchange fee of £1.25 for every £100 in nominal amount of Existing 2020 Bonds exchanged for participating in the Exchange Offer in addition to any accrued interest payable to them. In order to participate in the Exchange Offer, an Existing 2020 Bondholder must validly offer for exchange at least £1,000 in nominal amount of Existing 2020 Bonds.

The Exchange Offer Period commences on the date of this Exchange Offer Memorandum and Prospectus and will expire at 12 noon (London time) on 18 February 2020 (the "**Exchange Offer Deadline**"), unless extended, re-opened or terminated as provided in this Exchange Offer Memorandum and Prospectus.

Ranking of the securities and rights attaching to the securities

Status of the Bonds and the Guarantees

The Bonds constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* (i.e. equally in right of payment), without any preference between themselves.

The payment obligations of the Subsidiary Guarantor under its guarantee (the "**Subsidiary Guarantee**") will at all times rank equally with all of the Subsidiary Guarantor's other present and future unsecured and unsubordinated obligations.

When the Bonds are issued, the payment obligations of the Parent Guarantor under its guarantee (the "**Parent Guarantee**") will similarly rank equally with all of the Parent Guarantor's other present and future unsecured and unsubordinated obligations; however, as further described under "*Floating Charge Security*" below, the Parent Guarantor has agreed that, after the outstanding Existing 2020 Bonds, which were issued by

Bruntwood Investments plc and guaranteed by the Parent Guarantor on 24 July 2013, reach their maturity date and are repaid to Existing 2020 Bondholders on 24 July 2020, the Parent Guarantor will then grant a floating charge (the “**First Floating Charge**”), for the benefit of the holders of the Bonds (the “**Bondholders**”), in respect of the Parent Guarantor’s obligations under the Parent Guarantee. Prior to the First Floating Charge being granted, the payment obligations of the Parent Guarantor under the Parent Guarantee shall rank at least equally with all its other present and future unsubordinated obligations. Once the First Floating Charge has been granted, which is expected to occur on or before 25 July 2020, the Parent Guarantor’s payment obligations under the Parent Guarantee shall rank senior to its other present and future unsecured obligations, save as set out immediately below under the heading “*Floating Charge Security*”.

Neither the Issuer nor the Subsidiary Guarantor will grant any security in respect of the Bonds so, until the Parent Guarantor grants the First Floating Charge, the Bonds will be fully unsecured. The Parent Guarantee and Subsidiary Guarantee granted by the Parent Guarantor and Subsidiary Guarantor respectively, will be granted unconditionally and irrevocably, on a joint and several basis.

The First Floating Charge is the only security which will be granted in relation to the Bonds, therefore, unlike the Existing 2020 Bonds (which were secured by way of legal mortgage over actual real estate assets), the Bonds will only ever benefit from floating charge security and, moreover, the floating charge security is not expected to include real estate assets.

Floating Charge Security

The Parent Guarantor will grant security for the Parent Guarantor’s payment obligations under the Parent Guarantee on or before 25 July 2020. The benefit of the First Floating Charge will be held on trust, by U.S. Bank Trustees Limited (the “**Security Trustee**”), for and on behalf of itself, the paying agents under the Bonds and the Bondholders. The First Floating Charge will constitute a first ranking floating charge over all of the undertaking, property, rights, assets and revenues from time to time of the Parent Guarantor; however, the Parent Guarantor is permitted to create security in certain limited circumstances (see “*Negative pledge*” below) and that security may rank senior to the First Floating Charge. Further general limitations of floating charges are set out below.

A ‘**floating charge**’ enables a chargee (i.e. the Security Trustee) to take security over assets whilst at the same time enabling the chargor (i.e. in this case the Parent Guarantor) to continue to operate its business without the restrictions that would follow from granting mortgages or fixed charges over those assets. The assets subject to a floating charge can generally be dealt with by the Parent Guarantor in the ordinary course of its business (including sale of such assets and/or interests in them from time to time as they wish). A floating charge effectively hovers over a shifting pool of assets. However, on the occurrence of certain events (notably if a receiver or an administrator is appointed to take enforcement action, or if there is a default under the Bonds, the floating charge crystallises and will effectively be converted into a fixed charge with respect to the assets which are at that point of time owned by the chargor, and from that point on the security will prohibit the chargor from disposing of any assets going forwards without the Security Trustee’s prior consent. The designation of a ‘first’ floating charge indicates that the floating charge is the first and therefore the highest-ranking floating charge granted by the chargor. However, under English insolvency law, certain preferential claims, including (for example) employees’ remuneration and obligations in respect of pension schemes, will rank ahead of floating charges. In addition, a “prescribed part” of up to £600,000 is required to be set aside for the benefit of unsecured creditors and, as such, ranks ahead of a first floating charge in a winding-up. As at the date of this Exchange Offer Memorandum and Prospectus, the Parent Guarantor does not have employees or pension liabilities.

The Parent Guarantor’s only assets are expected to be equity interests in certain Bruntwood Group subsidiaries and receivables due from those subsidiaries (in respect of amounts on-lent to them by the Parent Guarantor), and the Parent Guarantor does not itself own, and is not expected to own directly, real estate assets or any other tangible or material assets.

Negative Pledge

The Bonds contain negative pledge provisions with respect to the Issuer, the Parent Guarantor and the Subsidiary Guarantor. Under the negative pledge provisions, those entities are not permitted to create or at any time have outstanding any security over any of their present or future undertakings, assets or revenues to secure any indebtedness (including, but not limited to, any indebtedness raised by issuing securities) without first securing the Bonds equally. The negative pledge provisions are subject to certain customary exceptions, and in particular permit the Parent Guarantor to create security over the ordinary shares of its subsidiaries, where such security is in relation to financial indebtedness raised by the relevant subsidiary.

Financial Covenants

The Parent Guarantor has undertaken to comply, and to procure that its subsidiaries comply, for the life of the Bonds, with certain financial covenants and financial ratios contained in the terms and conditions of the Bonds (the “**Conditions**”) set out in this Exchange Offer Memorandum and Prospectus. These covenants include (i) an incurrence covenant, which restricts the ability of the Parent Guarantor and its subsidiaries from incurring any further indebtedness unless certain minimum financial ratios are met; (ii) a maintenance covenant, requiring the Parent Guarantor to ensure that certain other minimum financial ratios are met at all times; (iii) minimum net worth covenants, which provide that the minimum

consolidated net worth of (i) the Parent Guarantor, and (ii) the Parent Guarantor and its subsidiaries, will never be less than certain minimum amounts; and (iv) a liquidity covenant, requiring the Bruntwood Group to, on each Reporting Date (as defined below) have access to sufficient available funds to cover at least the next two semi-annual interest payments that are due to be made on the Bonds.

Events of Default

An event of default is a breach by the Issuer, either Guarantor or a relevant subsidiary of certain provisions contained in the Conditions. Events of default under the Bonds include non-payment of interest for 14 days, breach of other obligations under the Bonds (for example, any of the financial covenants referred to above) or the trust deed dated the Issue Date (the “**Trust Deed**”) between the Issuer, the Guarantors, U.S. Bank Trustees Limited in its capacities as trustee for the Bondholders (the “**Trustee**”) and the Security Trustee (which breach is not remedied within 30 days), defaults leading to early repayment of any other borrowed money of the Issuer, the Guarantors or any of their respective Material Subsidiaries (as defined in the Conditions) subject to an aggregate threshold of three per cent. of the Consolidated Net Assets of the Group, certain events related to insolvency or winding up of the Issuer, the Guarantors, or any of their respective Material Subsidiaries (as defined in the Conditions), or a change in ownership of the Issuer, non-performance of certain conditions essential for the valid execution of the transaction documents and any events under foreign laws that have a similar effect to any of the events described above. In addition, Trustee certification that certain events would be materially prejudicial to the interests of Bondholders is required before certain events will be deemed to constitute Events of Default.

Early repayment by the Issuer for tax reasons

In the event of certain tax changes caused by any change in, amendment to, or change in application or official interpretation of the laws or regulations of the United Kingdom on or after the Bonds have been agreed to be issued, the Bonds may be repaid if the Issuer chooses to do so in whole, but not in part, at any time. The redemption price in these circumstances is at the nominal amount of the Bonds plus unpaid accrued interest up to the relevant date.

Meetings of Bondholders

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting the interests of the Bondholders. These provisions permit certain majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who did not vote in the same way as the majority did on that resolution.

Interest rate

The Bonds will accrue interest from and including the Issue Date at the fixed rate of 6.00 per cent. per annum. The interest on the Bonds is payable twice a year at the end of the interest period to which the payment relates. It is payable in equal instalments of £3.00 per £100 in nominal amount of the Bonds on 25 February and 25 August in each year (each, an “**Interest Payment Date**”). The final payment of interest will be made on the Maturity Date.

Transferability

There are no restrictions on the free transferability of the Bonds.

Where will the securities be traded?

Application will be made to the FCA for the Bonds to be admitted to its Official List and to the London Stock Exchange plc for such Bonds to be admitted to trading on its regulated market and through its order book for retail bonds (“**ORB**”) market. It is expected that admission to trading will occur on or about 26 February 2020.

What are the key risks that are specific to the securities?

The Bonds have the following key risks:

- (i) Unlike many bank deposits, the Bonds are not protected by the Financial Services Compensation Scheme (the “**FSCS**”).
- (ii) At meetings of Bondholders, defined majorities may be permitted to bind all Bondholders with respect to modifications and waivers of the Conditions, including Bondholders who did not vote and Bondholders who did not vote in the same way as the majority did.
- (iii) A market for the Bonds may not develop or may not be very liquid and such illiquidity may have a severely adverse effect on the market value of the Bonds and the ability of investors to trade their Bonds in the secondary market.
- (iv) The Bonds bear interest at a fixed rate until the Maturity Date and this exposes Bondholders to potential prevailing interest rate and inflation risk over the term of the Bonds.

Is there a guarantee attached to the securities?

The Bonds will be guaranteed by the Parent Guarantor and the Subsidiary Guarantor. The Subsidiary Guarantee will remain an unsecured guarantee for the life of the Bonds and the Parent Guarantee will be an unsecured guarantee until the Parent Guarantor grants the First Floating

Charge referred to above.

The Parent Guarantor is a private limited company incorporated and registered in England and Wales under the Companies Act on 4 December 2006 with registered number 6017744 and LEI number 213800ZX2CGN7UUXYC31.

The Subsidiary Guarantor is a private limited company incorporated and registered in England and Wales under the Companies Act on 6 December 2006 with registered number 6020655 and LEI number 2138001AEDHL6DWYG737.

Relevant key financial information for the purpose of assessing the Guarantors' ability to fulfil their respective commitments under the Guarantees are set out under "*What is the key financial information regarding the Issuer and the Bruntwood Group?*" above.

What are the key risks that are specific to the Guarantors?

The key risks that are specific to the Guarantors are:

- (i) The Parent Guarantor's principal business is that of holding shares in its subsidiaries. It conducts all of its operations through its subsidiaries and is dependent on the financial performance of its subsidiaries and payments of dividends and inter-company payments from these subsidiaries to meet its debt obligations including its ability to fulfil its obligations under the Parent Guarantee.
- (ii) The Subsidiary Guarantor's sole assets are the benefit of intercompany receivables from other subsidiaries of the Bruntwood Group and excess cash of the Bruntwood Group (if any) from time to time. So, its ability to make payments pursuant to the Subsidiary Guarantee is dependent on the repayment to it by other Bruntwood Group entities of those intercompany accounts, and the extent of generation of surplus cash by those other subsidiaries.
- (iii) The ability of the Bruntwood Group to raise funds to roll-over or refinance on similar terms to the Bruntwood Group's existing debt financing, or at all, its existing debt facilities will be dependent on a number of factors including general economic, political, debt capital market conditions, funding availability and, importantly, the appetite of financial institutions to lend to the property sector.
- (iv) The investment property sector tends to employ financial leverage with the aim of improving returns to shareholders. The Bruntwood Group is financed through a combination of facilities. Whilst the use of borrowings should enhance the performance of the Bruntwood Group when the value of the Bruntwood Group's underlying assets is rising, it may have the opposite effect where the underlying asset value is falling. Additionally, all of the facilities have varying security arrangements attached to them, the main component of each security package being certain properties held by the Bruntwood Group allocated to the relevant facility, which means that if a subsidiary of the Bruntwood Group defaults this may preclude the Issuer and Guarantors from using surplus cash flows from that subsidiary to meet payment obligations under the Bonds.
- (v) The Bruntwood Group's future success is substantially dependent on the continued services and performance of its directors, senior managers and other key employees, and its ability to continue to attract and retain highly skilled and qualified personnel.
- (vi) The valuation of property and property-related assets is inherently subjective and investments in property are relatively illiquid and typically more difficult, and/or take longer, to realise than certain other investments. There is no assurance that the valuations of the Bruntwood Group's current and prospective properties will be reflected in actual transaction prices, that estimated yield and annual rental income will prove to be attainable or that the Bruntwood Group will be able to dispose of, or liquidate, assets from its property portfolio expeditiously and at satisfactory prices if it were required to do so.
- (vii) As at 30 September 2019, approximately 83 per cent. of the rental income generated by the Bruntwood Group's property portfolio relates to conventional office space. A given property's age, condition, design and ability to offer certain amenities to customers all affect the ability of such property to compete against other office properties in the area belonging to competitors in attracting and retaining customers.
- (viii) Returns from an investment in property depend largely upon factors which are outside the Bruntwood Group's control, including changes in the relevant property's market value, the costs and expenses incurred in a property's maintenance and management, as well as the amount of rental and other income generated by the property. The latter may depend on the financial stability of the Bruntwood Group's customers. If for whatever reason the Bruntwood Group's customers cease to pay rent or other charges, the revenue generated by the rental of properties will decrease.
- (ix) All of the Bruntwood Group's properties are located in the United Kingdom (the "UK") and are concentrated in Manchester, Greater Manchester, Liverpool, Birmingham and Leeds. In this way, an economic downturn in the UK (and in particular, in Manchester, Greater Manchester, Liverpool, Birmingham and/or Leeds), either as a result of microeconomic or macroeconomic factors, could materially adversely affect the Bruntwood Group's business, financial condition or results of operations as well as the market value of the Bruntwood Group's property portfolio.
- (x) Both rental income and the market value of properties may be affected by factors specific to individual properties, such as competition from other nearby properties and the perceptions of prospective customers of the relative attractiveness, convenience and safety of properties.

Additionally, competition in the property market may lead to prices for properties identified by the Bruntwood Group as a suitable investment opportunity being driven up through competing bids by potential purchasers.

Key information about the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in these securities?

Investors not participating in the Exchange Offer

The Offer Period commences upon publication of this Exchange Offer Memorandum and Prospectus and will close at 12.00 noon (London time) on 18 February 2020 or such earlier time and date as may be agreed amongst the Issuer, the Guarantors and the Joint Lead Managers and announced *via* RNS. As further described under “*Who is the offeror?*” below, the Issuer and Guarantors have consented to offers of the Bonds being made in the United Kingdom or Ireland during the Offer Period.

Applications to purchase Bonds cannot be made directly to the Issuer or the Guarantors. Bonds will be issued in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you. It is important to note that the Issuer and the Guarantors will not be party to such arrangements between you and your relevant financial intermediary. You must therefore obtain this information from your financial intermediary and the Issuer and Guarantors will have no responsibility to you for this information.

For new investors of the Bonds, you will be notified by the relevant financial intermediary of your allocation of Bonds and instructions for delivery of and payment for the Bonds. You may not be allocated all (or any) of the Bonds for which you apply. The Bonds will be issued at the issue price (which is 100 per cent. of the nominal amount of the Bonds) and the aggregate nominal amount of the Bonds to be issued will be specified in the Sizing Announcement expected to be published by the Issuer *via* RNS after the end of the Offer Period.

The minimum subscription amount per investor is for a nominal amount of £2,000 of the Bonds. Thereafter, Bonds can be bought and traded in integral multiples of £100 in excess of £2,000.

Existing 2020 Bondholders participating in the Exchange Offer

The Exchange Offer Period commences on the date of this Exchange Offer Memorandum and Prospectus and will expire at 12.00 noon (London time) on 18 February 2020 (the “**Exchange Offer Deadline**”), unless extended, re-opened or terminated as provided in this Exchange Offer Memorandum and Prospectus. As further described under “*Who is the offeror?*” below, the Issuer and Guarantors have consented to offers of the Bonds being made in the United Kingdom or the Ireland during the Exchange Offer Period.

Applications to participate in the Exchange Offer cannot be made directly to the Issuer or the Guarantors. Bonds will be issued in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you, as well as consider the instructions included in this Exchange Offer Memorandum. It is important to note that the Issuer and the Guarantors will not be party to such arrangements between you and your relevant financial intermediary. You must therefore obtain this information from your financial intermediary and the Issuer and Guarantors will have no responsibility to you for this information.

Existing 2020 Bondholders will be notified by the relevant financial intermediary as to whether their Existing 2020 Bonds have been accepted for exchange pursuant to the Exchange Offer, and accordingly their allocation of Bonds and instructions for delivery of the Bonds (which will be settled by way of exchange of your Existing 2020 Bonds). The Bonds are being offered in exchange for Existing 2020 Bonds at a ratio of £100 in nominal amount of Bonds for each £100 in nominal amount of Existing 2020 Bonds validly offered and accepted for exchange by the Issuer, plus £1.25 in exchange fees for every £100 in nominal amount of Existing 2020 Bonds for participating in the Exchange Offer in addition to any accrued interest, such fee to be paid in cash to exchanging Existing 2020 Bondholders on the Issue Date. The aggregate nominal amount of the Bonds to be issued (and the results of the Exchange Offer) will be specified in the Sizing Announcement to be published by the Issuer *via* RNS after the end of the Offer Period. In order to participate in the Exchange Offer, an Existing 2020 Bondholder must validly offer for exchange at least £1,000 in nominal amount of Existing 2020 Bonds. The Issuer is under no obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing 2020 Bonds.

Neither the Issuer, nor either Guarantor nor either Dealer Manager will charge you any expenses relating to Existing 2020 Bondholders participating in the Exchange Offer. An estimate of the total expenses of the Exchange Offer will be disclosed, along with the results of the Exchange Offer, in the Sizing Announcement. However, expenses may be charged to you by your stockbroker or other financial intermediary.

These expenses are beyond the control of the Issuer, are not set by the Issuer and should be disclosed to any potential investor by the relevant financial intermediary.

All prospective Bond investors and Existing 2020 Bondholders

The issue of Bonds is conditional upon a subscription agreement being signed by the Issuer, the Guarantors and City & Continental Ltd and Peel Hunt LLP (together, the “**Joint Lead Managers**”). The subscription agreement will include certain conditions, customary for transactions of this type, which must be satisfied (including the issue of the Bonds and the delivery of legal opinions from legal counsel and comfort letters from the independent auditors of the Issuer, in each case satisfactory to the Joint Lead Managers).

Neither the Issuer, nor either Guarantor nor either Joint Lead Manager will charge you any expenses relating to an application for or purchase of any Bonds.

However, expenses may be charged to you by your stockbroker or other financial intermediary. These expenses are beyond the control of the Issuer, are not set by the Issuer and should be disclosed to any potential investor by the relevant financial intermediary.

An estimate of the total expenses of the offer and issue of the Bonds will be disclosed, along with the final issue amount, in the Sizing Announcement.

Who is the offeror?

The Bonds are being offered for sale and exchange by the Issuer pursuant to this Exchange Offer Memorandum and Prospectus. The Exchange Offer is being made by the Issuer pursuant to the Exchange Offer Memorandum and Prospectus. However, the Issuer and the Guarantors also consent to the use of this Exchange Offer Memorandum and Prospectus in connection with public offers of the Bonds and the Exchange Offer made in the United Kingdom and Ireland during the Offer Period by the Joint Lead Managers, Dealer Managers and any other financial intermediaries which are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2014/65/EU) and comply with the other conditions to consent contained in this Exchange Offer Memorandum and Prospectus.

The Issuer will apply for the Bonds to be admitted to trading on the regulated market of the London Stock Exchange plc and through its ORB market upon their issue.

Why is this Exchange Offer Memorandum and Prospectus being produced?

This Exchange Offer Memorandum and Prospectus has been produced for the purposes of (a) offering the Bonds for sale in the United Kingdom or Ireland during the Offer Period; (b) making the Exchange Offer to Existing 2020 Bondholders during the Offer Period; and (c) applying for such Bonds to be admitted to trading on the regulated market of the London Stock Exchange plc.

The aggregate amount of Bonds to be issued and the aggregate nominal amount of Existing 2020 Bonds accepted for exchange will not be known until the end of the Offer Period and will be specified in the Sizing Announcement expected to be published by the Issuer *via* RNS shortly after the end of the Offer Period. The Sizing Announcement will also disclose the estimated net proceeds of the Bonds (taking account of fees and commissions payable in offering and distributing the Bonds and carrying out the Exchange Offer (including the exchange fee payable to exchanging Existing 2020 Bondholders pursuant to the Exchange Offer)) and the results of the Exchange Offer.

The net proceeds of the Bonds will be on-lent by the Issuer to the Parent Guarantor and other members of the Bruntwood Group for the general corporate purposes of the Bruntwood Group.

The offering of the Bonds will not be underwritten and, so far as the Issuer and the Guarantors are aware, there are no conflicts of interest which are material to the offering of the Bonds or to the application for admission to trading.

RISK FACTORS

*You should carefully consider the risks described below and all other information contained in this document and reach your own view before making an investment decision. The factors described below represent the principal risks and uncertainties which may affect the ability of Bruntwood Bond 2 plc (the “**Issuer**”), Bruntwood Limited (the “**Parent Guarantor**”) and Bruntwood Management Services Limited (together with the Parent Guarantor, the “**Guarantors**”) to fulfil their respective obligations under the Bonds and the Guarantees. The Issuer and the Guarantors have only described the risks that they believe to be material. The Issuer and/or Guarantors may face other risks that may not be considered significant risks based upon information available at the date of this Exchange Offer Memorandum and Prospectus or that the Issuer and/or Guarantors may not be able to anticipate. Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with the Bonds are also described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer and Guarantors think are immaterial at the date of this Exchange Offer Memorandum and Prospectus, actually occur, then these could have a material adverse effect on the Issuer’s and/or Guarantors’ ability to fulfil their respective obligations to pay interest, principal or other amounts in connection with the Bonds.*

For risks relating to the Bonds, the Issuer and Guarantors have classified the risks set out below into the following six categories:

1. risks relating to the Bruntwood Group’s business operations;
2. risks relating to the structure of the Bruntwood Group that may affect the Issuer’s and Guarantors’ respective abilities to fulfil their obligations in relation to the Bonds;
3. risks relating to investing in property;
4. market risks relating to the Bruntwood Group’s business;
5. risks relating to the Bonds; and
6. risks relating to the market generally.

1. Risks relating to the Bruntwood Group’s business operations

Ability to raise future debt financing

The ability of the Bruntwood Group to raise funds to roll-over or refinance on similar terms to the Bruntwood Group’s existing debt financing, or at all, its existing debt facilities, which are currently set to mature on dates ranging from 8 June 2020 to 22 December 2031, will be dependent on a number of factors including general economic, political, debt and equity capital market conditions, funding availability and, importantly, the appetite of financial institutions to lend to the property sector.

An inability to raise funds to repay the £3 million North West Evergreen loan (“**The Ohm Building Loan**”), the existing £50 million retail bond which matures on 24 July 2020 (the “**Existing 2020 Bonds**”) or to refinance other facilities or borrowings when they become due may mean that the Bruntwood Group will not have funds available to pay other debts (including under the Bonds) or to invest in or develop properties, which could result in the Bruntwood Group being forced to sell assets. Sales in such circumstances may not deliver the level of proceeds that may otherwise be expected, in order to comply with the Bruntwood Group’s repayment obligations.

The Bruntwood Group recognises this risk and has undertaken a strategy to mitigate the risk by staggering the maturities of its major debt facilities and by using a mixture of medium term and longer-term debt. The

Bruntwood Group has a strong history of raising and refinancing debt, even during the 2008 financial crisis (when banks' lending was materially reduced) and its management believes that it has strong relationships with its existing lenders. As at the date of this Exchange Offer Memorandum and Prospectus, the Bruntwood Group has £39.5 million of undrawn facilities in its £240 million Medium Term Facility ("**MTL Facility**") and the lenders under the MTL Facility have expressed to the Bruntwood Group's Management a willingness to refinance the Existing 2020 Bonds if requested to do so (which is only expected to be the case if, for whatever reason, the Bonds that are the subject of this Exchange Offer Memorandum and Prospectus are not issued).

There is however no guarantee that the Bruntwood Group's strategy of maintaining a diverse range of financing options will be successfully implemented or that the Bruntwood Group will be able to mitigate all its refinancing risks. If that were the case, and were the Bruntwood Group unable to renegotiate or refinance existing debt facilities, there is a risk that the Bruntwood Group would face insolvency or be placed into administration by the lenders. This would have an adverse effect on the Bruntwood Group's business, results of operations, financial condition and/or prospects and on the Issuer's and Guarantors' respective abilities to fulfil their commitments to Bondholders to make payment of interest and principal under the Bonds when due.

Bruntwood Group's debt level

The investment property sector tends to employ financial leverage with the aim of improving returns to shareholders. Whilst the use of borrowings should enhance the performance of the Bruntwood Group when the value of the Bruntwood Group's underlying assets is rising, it may have the opposite effect where the underlying asset value is falling. This is because leverage enables the Bruntwood Group to invest in a greater number of assets than would be the case if it were just relying on its own capital.

A significant amount of the interest payable pursuant to the Bruntwood Group's financing arrangements is linked to a variable benchmark, and so the amounts payable thereunder by the relevant borrower in the Bruntwood Group will vary. It is the Bruntwood Group's current policy to hedge a proportion of its floating interest rate exposure to maintain the appropriate risk and interest profile. As at 30 September 2019, 38 per cent. of the Bruntwood Group's debt was hedged. However, as a portion of the Bruntwood Group's financing arrangements remains unhedged, an increase in interest rates might materially adversely affect the results of the Bruntwood Group's operations by increasing the financing cost of any unhedged portion of debt.

As at 30 September 2019, the Bruntwood Group has a Loan to Value (as defined in the section "*Alternative Performance Measures*") of 48.7 per cent. Moreover, as at 30 September 2019, the Bruntwood Group's Rental Income was £93.4 million (as per Note 3 of the consolidated financial statements of the Parent Guarantor). This covered the Bruntwood Group's Net interest payable of £21.3 million (as at 30 September 2019) 4.4 times. The Bruntwood Group will, pursuant to the terms and conditions of the Bonds (the "**Conditions**"), covenant to ensure all secured and unsecured borrowings as a percentage of Tangible Fixed Assets does not exceed 75 per cent. This will be tested on a semi-annual consolidated basis. The Bruntwood Group will further covenant that its ratio of operating profit to net interest payable for each semi-annual financial period will be at least 1.3 : 1.0 on a consolidated basis. For further information, see "*Terms and Conditions of the Bonds – Financial and Other Covenants*".

Whilst the covenants contained in the Conditions limit the amount of debt that the Bruntwood Group is permitted to incur, as the debt that does exist in the Bruntwood Group is structurally senior to the Bonds, such debt would be repaid ahead of Bondholders (see "*The Parent Guarantor is a holding company within the Bruntwood Group*" below for a further explanation of structural subordination). A failure to repay such facilities (for example as a result of increasing interest rates) would therefore have a material adverse effect on Bondholders.

Set out below is a table illustrating the Bruntwood Group's outstanding facility amounts and debt maturity profile, each as at 30 September 2019 (all terms and facilities as described in "*Description of the Bruntwood Group*"). Similar to all businesses, the re-profiling of debt maturities is part of an on-going process.

Facility	Financial year							
	2020	2021	2022	2023	2024	2025	2027	2032
Bruntwood facilities								
MTL Facility (exp. 31 March 22)			200.5					
Legal & General Facility (exp. 20 December 22)				118.2				
Aviva Facility (exp. 22 December 31)								113.2
Existing Retail Bond (exp. 24 July 2020)	50.0							
Ohm Building Loan (exp. 8 June 2020)	3.0							
K Site Loan (exp. 3 May 21)		12.3						
Stretford and Stamford Loan (exp. 1 October 26)							26.9	
SciTech facilities								
SciTech Facility (exp. 5 July 22)			110.0					
Citylabs 2 Loan (exp. 16 December 21)			17.5					
IB Loan (exp. 18 April 21)		12.7						
Net Expiry of Current Facilities	53.0	25.0	328.0	118.2	0	0	26.9	113.2

Notes:

- Amounts above represent £ millions.
- These amounts are expected to be reduced following the issue of the Bonds because the proceeds from the Bonds will serve to reduce currently outstanding debt facility amounts (including debt facilities that are due to mature and be repaid prior to 25 February 2025, i.e. prior to the maturity date of the Bonds).
- Although the Bruntwood Group is jointly and severally liable for the facilities of Bruntwood SciTech, Bruntwood SciTech is a 50:50 joint venture between the Bruntwood Group and Legal & General Capital Investments Ltd and as such only a 50 per cent. share of Bruntwood SciTech's facilities is recorded in the financial statements of the Bruntwood Group.
- Amounts above are shown gross (i.e., 100 per cent. of the principal amount outstanding), in all cases (including for the Bruntwood Group's joint ventures). In relation to such joint ventures, whilst the Bruntwood Group is jointly and severally liable for each facility within a joint venture vehicle, it would only account for its 50 per cent. share of the balance on a share of net assets basis within its consolidated financial statements).

Each of these financings are separately secured against certain of the Bruntwood Group's commercial and property assets which together form the Bruntwood Group's property portfolio and which, as at 30 September 2019, amounted to a total portfolio value of approximately £1.4 billion (calculated on an "Adjusted Property Under Ownership" basis as set out in the section headed '*Alternative Performance Measures*' of this Exchange Offer Memorandum and Prospectus). The nature and extent of the security package associated with each financing varies - see "*Description of the business of the Bruntwood Group – Security for the Bruntwood Group's financings*" below for a further description of each of those security arrangements. Each of the above financings have been put in place by different subsidiaries of the Bruntwood Group, and each relates to a specific portion of the Bruntwood Group's property portfolio. If any such subsidiary defaults under its debt

facilities, the relevant lender(s) may take ownership of the relevant mortgaged properties and other assets, undertakings and rights of the affected subsidiary/ies. This may as a consequence, preclude the Issuer and Guarantors from using surplus cash flows from that subsidiary of the Bruntwood Group to meet payment obligations under the Bonds.

The Bruntwood Group's debt facilities impose certain restrictions on the Bruntwood Group. These restrictions may affect, limit or prohibit the Bruntwood Group's ability to create or permit to subsist any charges, liens or other encumbrances in the nature of a security interest; incur additional indebtedness by way of borrowing, leasing commitments, factoring of debts or granting of guarantees; make any material changes in the nature of its business as presently conducted; sell, transfer, lease or otherwise dispose of all or a substantial part of its assets; amend, vary or waive the terms of certain acquisition documents or give any consent or exercise any discretion thereunder; acquire any businesses; or make any co-investments or investments over the longer term. If the Bruntwood Group were to seek to vary or waive any of these restrictions and the relevant lenders did not agree to such variation or amendment, the restrictions may delay the implementation of certain of the Bruntwood Group's development projects and may over the longer term limit the Bruntwood Group's ability to plan for or react to market conditions, meet capital needs, or otherwise restrict the Bruntwood Group's activities or business plans and adversely affect the Bruntwood Group's ability to finance strategic acquisitions, investments and development projects. Each of these factors could have a material impact on the performance of the Bruntwood Group, which could in turn affect the ability of the Issuer and Guarantors to meet their payment obligations under the Bonds and Guarantee, respectively.

Management risks

The Bruntwood Group's future success is substantially dependent on the continued services and performance of its directors, senior managers and other key employees, and its ability to continue to attract and retain highly skilled and qualified personnel. Although measures are in place to reward and retain key individuals and to protect the Bruntwood Group from the impact of excessive staff turnover, the Parent Guarantor cannot give assurances that the directors, senior managers and other key employees will continue to remain with the Bruntwood Group. Furthermore, in the event of the death or disability of any of the directors, senior managers or other key employees, no "key-man" insurance is in place to protect the Bruntwood Group from this loss. The loss of the services of the directors, the senior managers and other key employees could materially adversely affect the Bruntwood Group's business, financial condition or results of operations.

Deterioration of the Bruntwood Group's reputation could have a negative effect on the Bruntwood Group's operating results, financial condition and prospects

It is important that the Bruntwood Group has the ability to maintain and increase the image and reputation of its existing brand, properties and property management style. The image and reputation of the Bruntwood Group's brand, properties and property management styles may be impacted for various reasons including real or perceived quality issues, complaints from customers or regulatory authorities or litigation resulting from quality failure. If any of the foregoing were to occur, or if the Bruntwood Group were to be involved in protracted litigation, found liable in respect of any complaint or litigation or subject to a costly settlement, the Bruntwood Group's lettings could decline and restoring the image and reputation of the Bruntwood Group's operations could be costly and time consuming. Any harm caused to the Bruntwood Group's reputation could have an adverse impact on the Bruntwood Group's operating results, financial condition and prospects.

2. Risks relating to the structure of the Bruntwood Group that may affect the Issuer's and Guarantors' respective abilities to fulfil their obligations in relation to the Bonds

The Issuer acts as a special purpose company to raise capital by the issue of the Bonds

The sole function of the Issuer is to act as a special purpose company to raise money by the issue of the Bonds. The net proceeds received by the Issuer from the issue of the Bonds will be lent by the Issuer to the Parent Guarantor. The Parent Guarantor, will, in turn, use the amounts lent to it by the Issuer on-lend to other Bruntwood Group subsidiaries for the repayment of debt, purchase of property or other corporate purposes. The Issuer's only material assets will therefore be the obligation of the Parent Guarantor to pay interest on and to repay such on-lent funds to it. The Parent Guarantor's assets are almost exclusively its investments in the subsidiaries of the Bruntwood Group and receivables due from those subsidiaries (where funds were on-lent to them by the Parent Guarantor by way of a loan). As the Parent Guarantor's ability to (i) pay interest on the funds on-lent to it by the Issuer and (ii) repay the principal of such on-lent funds, will in each case depend on cash-flow generated from the wider business of the consolidated Bruntwood Group, the ability of the Parent Guarantor to make such repayments and accordingly of the Issuer to pay interest on and repay the Bonds on a timely basis will be subject to all the risks to which the Bruntwood Group is subject. See "*The Parent Guarantor is a holding company within the Bruntwood Group*" below for a further description of certain of these risks.

The Parent Guarantor is a holding company within the Bruntwood Group

If the Issuer or a Guarantor defaults on its obligations to make payments on or to repay the Bonds or to make payments under the Guarantee, as applicable, the Bondholders will have unsecured claims against those entities for any outstanding amounts.

The Parent Guarantor's principal business is that of a company holding shares in its subsidiaries. In turn, all of its share capital is held by Bruntwood Group Limited, the ultimate holding company of the Group. As a holding company, the Parent Guarantor conducts all of its operations through its subsidiaries and is dependent on the financial performance of its subsidiaries and payments of dividends and inter-company payments (both advances and repayments) from these subsidiaries to meet its debt obligations as they fall due, including its ability to fulfil its obligations under the Parent Guarantee.

Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary and preferred shareholders (if any) of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to its direct or indirect shareholders (including the Parent Guarantor) upon its liquidation or winding up. The Parent Guarantor's subsidiaries may have other liabilities, including secured liabilities and contingent liabilities, which could be substantial. See "*Risks relating to the Bruntwood Group's business operations - Bruntwood Group's debt level*" above. Notes 17 to 21 of the Parent Guarantor's consolidated financial statements for the year ended 30 September 2019 provided an indication of the Parent Guarantor's liabilities as at 30 September 2019. Since Bondholders are not creditors to these subsidiaries, their claims to the assets of the subsidiaries that generate the Parent Guarantor's income (and consequently, their right to receive payments under the Conditions) are "structurally subordinated" to the creditors of these subsidiaries. "Structural subordination" means that a lender to a company (i.e., in relation to the Bonds, the Bondholders) will not have access to the assets of the company's subsidiaries until all of the subsidiary's creditors have been paid and the remaining assets have been distributed up to the company as an equity holder. If, as a result of the structural subordination, members of the Bruntwood Group are unable to remit funds to the Parent Guarantor (for example, because their respective liabilities exceed their assets), the Parent Guarantor's ability to fulfil its commitments to the Issuer in relation to the Bonds may be adversely affected. This will ultimately affect Bondholders because the Issuer intends to on-lend the proceeds of the Bonds to the Parent Guarantor, and so

if the Parent Guarantor cannot repay the Issuer, there is a material risk that the Issuer will be unable to repay the Bondholders.

The Subsidiary Guarantor may not have any assets to satisfy its obligations under the Guarantee

The Subsidiary Guarantor's principal business is to act as the management services business for the Bruntwood Group. The Group's spare cash resource (if any) at any time is pooled within the Subsidiary Guarantor, which acts as a central treasury vehicle, paying the majority of Bruntwood Group invoices and recharging all payments and receipts via intercompany accounts. Consequently, the Subsidiary Guarantor's sole assets are the benefit of intercompany receivables from other subsidiaries of the Bruntwood Group and excess cash of the Bruntwood Group (if any) from time to time. Therefore, the Subsidiary Guarantor's ability to make payments pursuant to the Guarantee is dependent on the repayment to it by other Bruntwood Group entities of those intercompany accounts, and the extent of generation of surplus cash by those other subsidiaries. In this way, the ability of the Subsidiary Guarantor to satisfy its obligations under the Guarantee will be subject to all the risks to which the Bruntwood Group is subject.

3. Risks relating to investing in property

Property valuation

The valuation of property and property-related assets is inherently subjective due to, amongst other factors, the individual nature of each property and, furthermore, the sensitivity of such valuations to changes in market sentiment. Property valuations are also made on the basis of assumptions which may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying the property valuation report could negatively affect the Bruntwood Group's financial condition and potentially inhibit the Bruntwood Group's ability to realise a sale price that reflects the stated valuation. Further, if the Bruntwood Group acquires properties based on inaccurate assumptions, the Bruntwood Group's net assets and results of operations may be materially adversely affected. There is no assurance that the valuations of the Bruntwood Group's current and prospective properties will be reflected in the actual transaction prices (even where any such transactions occur shortly after the relevant valuation date) or that estimated yield and annual rental income will prove to be attainable.

Furthermore, property markets are subject to external market conditions. It is possible that real estate prices and values could decrease or go through a period of heightened volatility which could have a material adverse impact on the Bruntwood Group's business, financial condition or results of operations.

Investment liquidity

Investments in property are relatively illiquid and are typically more difficult, and/or take longer, to realise than certain other investments such as equities, gilts or bonds. This illiquidity may affect the Bruntwood Group's ability to dispose of, or liquidate, assets from its property portfolio expeditiously and at satisfactory prices if it were required to do so. This could have a material adverse effect on the Bruntwood Group's business, financial condition or results of operations.

Risks relating to office properties

As at 30 September 2019, 83 per cent. of the rental income generated by the Bruntwood Group's property portfolio relates to conventional office space (see "*Description of the Parent Guarantor and the Bruntwood Group – Principal Activities and Markets – Office Space*"). The income generated from and market value of an office property, and the consequential ability of the Bruntwood Group to utilise the generated rental income of such office property to meet its payment obligations under the Bonds is subject to a number of risks. In particular, a given property's age, condition, design and ability to offer certain amenities to customers all affect the ability of such property to compete against other office properties in the area belonging to

competitors in attracting and retaining customers. Other important factors that affect an office property of the Bruntwood Group's ability to attract or retain customers include the quality of a building's existing occupiers, the attractiveness of the building and the surrounding area, access to public transportation and major roads and the public perception of safety in the surrounding neighbourhood. The Bruntwood Group's ability to attract and retain customers of its office properties does require it to refit, repair or making improvements to its office space to accommodate the type of business conducted by prospective customers or a change in the type of business conducted by its existing major customers. Such refitting, repairing or improvements are often costlier for office properties than for other property types. Failure by the Bruntwood Group to acquire and maintain, or create, office property of a type which attracts and retains customers may affect the Bruntwood Group's ability to generate the necessary rental income to enable the Issuer to meet its payment obligations under the Bonds.

Risks Relating to Retail Properties

As at 30 September 2019, approximately eight per cent. of the rental income generated by the Bruntwood Group's property portfolio related to retail space (see "*Description of the business of the Bruntwood Group – Principal Activities and Markets – Retail Space*"). There can be no assurance that the Bruntwood Group could, on termination of any lease of the Bruntwood Group's retail properties, attract the types of retail tenants needed in the future to maintain the current range and quality of retail outlets at each of its properties.

The ability of the Bruntwood Group to attract the appropriate type and number of customers paying rents sufficient to allow the Bruntwood Group to make payments as they fall due under the Bonds will depend on, among other things, the performance generally of the retail property market and the quality and performance of the Bruntwood Group's retail space.

Rental levels, the quality of the building, the amenities and facilities offered, the convenience and location of each of its retail property space, the amount of space available, the transport infrastructure and the age of the building in comparison to the alternatives offered by competitors are all factors which influence retail tenant demand for the Bruntwood Group's available retail space. There is no guarantee that any changes made to the infrastructure, demographics, planning regulations and economic circumstances relating to the surrounding areas on which a Bruntwood Group's property depends for its consumer base will not adversely affect the ability of the Bruntwood Group to attract customers to such property. Moreover, in recent years, retail property landlords have been subject to a number of challenges by tenants, particularly in the form of company voluntary arrangements ("CVAs"). A CVA is a voluntary arrangement or compromise agreed between the company and its members and creditors. It is governed by Part I of the Insolvency Act 1986 and is a form of insolvency arrangement. The arrangement will be binding on creditors if the relevant majorities vote in favour of the proposals at properly convened meetings of creditors and shareholders of the company. In recent years, CVAs have been used in particular to restructure lease arrangements, including lowering rents and/or allowing the early vacation of premises. If a number of clients which together have a material impact on the Bruntwood Group successfully used such a process in a manner which was adverse to the interests of the Bruntwood Group, it may affect the Bruntwood Group's ability to generate the necessary rental income to enable the Issuer to meet its payment obligations under the Bonds.

Risks relating to Serviced Offices

Some of the Bruntwood Group's properties offer serviced office space (the "**Serviced Offices**"). Serviced Offices currently represent three per cent. of the total lettable area of the Bruntwood Group's property portfolio (see "*Description of the business and the Bruntwood Group – Principal Activities and Markets – Serviced Offices*"). The Bruntwood Group's Serviced Offices business is subject to a number of risks that differ from those applicable specifically to the Bruntwood Group's office space. The most significant risk relates to the shorter term of the licences and a higher turnover of the customers of Serviced Offices and the

costs associated with provision of the services contracted to be provided (which may in some cases exceed the income received from customers for such services).

If demand for Serviced Offices is reduced significantly, then some expenditure may need to be incurred by the Bruntwood Group to re-organise the relevant Serviced Office in order to make it suitable for conventional letting. As an alternative, the Bruntwood Group may have to incur costs to maintain the quality of the internal fabric of the space in order to continue to attract prospective occupiers of Serviced Offices. For example, the quality and reliability of furniture, telecommunications and other information technology infrastructure located within the relevant Serviced Office and the level and quality of customer service provided by the Bruntwood Group to customers of its Serviced Offices.

Serviced Offices sit within the Bruntwood Group's established office properties and therefore the list of factors affecting the ability of the Bruntwood Group to attract and retain customers in "*Risks relating to office properties*", above, also apply to the retention of licensees of the Serviced Offices.

Statutory rights of tenants

In certain limited circumstances, customers who are tenants of properties within the Bruntwood Group's property portfolio may have legal rights to require the member of the Bruntwood Group which owns the relevant property to grant them future tenancies, pursuant to the Landlord and Tenant Act 1954 (as amended). Should such a right arise, the Bruntwood Group may not have its normal freedom to negotiate the terms of the new tenancies with the tenant, such terms being imposed by the English courts as being the same as those under the previous tenancy of the relevant premises, save for the rent. While it is the general practice of the English courts in lease renewals under the Landlord and Tenant Act 1954 (as amended) to grant a new tenancy on similar terms to the expiring tenancy, the basic annual rent will be adjusted in line with the market rents at the relevant time and there can be no guarantee as to the terms on which any new such tenancy will be granted. If a material number of such lease renewals were affected on terms which were sub-optimal (as a result of the Bruntwood Group's inability to freely negotiate the terms), there could be an adverse effect on the rental income received by the Bruntwood Group. Moreover, it is possible that such statutory rights could be amended, or new rights be created governing the landlord and tenant relationship, which together have the effect of hindering the Bruntwood Group's ability to negotiate and otherwise manage its relationships with its customers.

Acquisition of property

As part of its business, the Bruntwood Group expects to acquire or otherwise invest in property assets. Such acquisitions and investments involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties, including adverse short-term effects on the Bruntwood Group's operating results. Whilst it is the Bruntwood Group's policy to undertake appropriate environmental and structural surveys in order to assess these risks, unexpected problems and latent liabilities or contingencies such as the existence of hazardous substances or other environmental liabilities, may still emerge. Further risks inherent in property acquisitions include risks that the acquired properties may not achieve anticipated rental rates or occupancy levels, and that business decisions with respect to improvements to increase the financial returns of acquired properties may not achieve the anticipated or desired results. The occurrence of any of these things could affect the Bruntwood Group's ability to generate the necessary rental income to meet its payment obligations under the Bonds.

Construction

The Bruntwood Group engages in property redevelopment and improvement which requires substantial capital expenditure for land acquisition and construction. It may take considerable time before projects are completed and begin to generate positive cash flows. Certain general risks affect redevelopment and refurbishment activities. Construction and other project costs may exceed the Bruntwood Group's original

estimates for reasons including increases in material and labour costs, potentially making the project unprofitable. The Bruntwood Group may not obtain, or may face delays in obtaining, necessary administrative permits and planning permissions. Furthermore, even when the Bruntwood Group completes a redevelopment, it may not succeed in leasing newly acquired or redeveloped properties or at rents sufficient to cover its costs of redevelopment and operations. In addition, it may take some time before newly redeveloped properties achieve the Bruntwood Group's target occupancy rates. Any of these risks could increase the cost, or could delay or prevent completion, of a project and could result in a loss of revenue or of capital invested.

Failure by the Bruntwood Group to complete an existing or future property redevelopment or improvement project in line with the original proposals may have a material adverse effect on the Bruntwood Group's business, financial condition or results of operations.

In addition, and despite insurance coverage, property redevelopment and improvement may also give rise to actions being brought against the Bruntwood Group in connection with defects in the property. If any such actions were successful, there could be a decrease in the value of the Bruntwood Group's properties subject to such actions. This could result in breaches of certain of the financial covenants in the Bruntwood Group's financings (for example, those related to asset value), and otherwise adversely affect the Bruntwood Group's cash position and liquidity. Each of these things could impact the relevant subsidiary's ability to remit funds to the Parent Guarantor, which in turn could increase the risk of a payment default by the Issuer on the Bonds (see further "*The Parent Guarantor is a holding company within the Bruntwood Group*" and "*The Issuer acts as a special purpose company to raise capital by the issue of the Bonds*").

Legal and regulatory changes

The Bruntwood Group and any partners with whom the Bruntwood Group may deal with are required to comply with regulations relating to planning, land use and building regulation standards. The institution and enforcement of such regulations could have the effect of increasing the expenses of, lowering the income from, and adversely affecting the value of, the Bruntwood Group's assets. New laws may be introduced which may be retrospective and affect existing planning consents, or which limit the scope for envisaged development of the Bruntwood Group's property portfolio.

In addition, investors should note that changes in the legal framework concerning planning rules in the UK may negatively influence the values of properties. This may be difficult to predict. For example, planning laws which are too loose may result in a surplus of new properties being brought to market (which could lower property values), but equally planning laws which restrict development too tightly may hinder the Bruntwood Group's development plans. The setting of planning laws which are either too loose or too tight may have an adverse impact on the Bruntwood Group's business, financial condition or results of operations, as a result of the adverse impact on the value of properties within the Bruntwood Group's property portfolio.

From time to time, regulations are introduced which can impact the costs of property ownership and affect returns. In recent times these have included provisions for the containment and management of asbestos in buildings, regulations concerning the provision of access for disabled persons, provisions for the measurement and reporting of the energy efficiency of buildings, and regulations around building fabric, for example cladding requirements following the Grenfell disaster.

The Bruntwood Group may face opposition over the development of its properties

The Bruntwood Group both acquires and develops properties, which involves a varying degree of construction. This may cause inconvenience, noise and pollution to residents living in the vicinity who may oppose the development and generate bad publicity surrounding the project. Additionally, the Bruntwood Group may choose to develop high-rise buildings which may block out light to surrounding buildings and overpower its surroundings. Affected local residents may launch campaigns or publicly voice objections

against the proposed developments by the Bruntwood Group. Such actions may lead to delays in implementing the project and monetary losses and/or reputational harm, all of which could have a material adverse effect on the Bruntwood Group's financial position and ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Terrorism

The value of the Bruntwood Group's current and future properties may be adversely affected by actual or threatened acts of terrorism. A terrorist attack in the UK might have an impact on the willingness of new customers to take up space, of current customers to renew leases, on the ability of the Bruntwood Group to dispose of assets and on the values achieved on any such asset disposal. The resulting increase in vacancies in the market could reduce the ability of the Bruntwood Group to let vacant space and cause property values to decrease, both of which could have a material adverse effect on the Bruntwood Group's business, financial condition or operating results and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

The Bruntwood Group may be subject to claims following the disposal of assets/properties

The Bruntwood Group may choose to dispose of properties and may be required to give representations and warranties about those properties and to pay damages to the extent that any such representations or warranties prove to be inaccurate. The Bruntwood Group may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation, which could have a material adverse effect on the Bruntwood Group's business, financial condition or results of operations and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Environmental

The Bruntwood Group may be liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property owned or occupied by it, or that are migrating or have migrated from a property owned or occupied by it. The costs of any required removal, investigation or remediation of such substances may be substantial regardless of whether the Bruntwood Group originally caused the contamination. The presence of such substances, or the failure to remedy the situation properly, may also adversely affect the value of any affected property or the Bruntwood Group's ability to sell, let or redevelop any such property or to borrow using any such property as security. In relation to land that the Group has previously owned or occupied, the Bruntwood Group could be required to remove or remediate any hazardous substances that it has caused or knowingly permitted to be located on any such land. It could also be responsible for removing or remediating hazardous substances from land it owns, even where the presence of such hazardous substances was as a result of actions of a previous owner or occupier. The Bruntwood Group may also be liable in damages to customers and employees in respect of any such hazardous or toxic substances. In addition, the Bruntwood Group may not have recourse to the previous owners of its properties for environmental issues, and even where such recourse is available, any claims the Bruntwood Group may have are at risk of not being fully enforceable against previous owners. Such events could have a material adverse effect on the Bruntwood Group's business, financial condition or results of operations and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or for the release of certain materials or substances into the air, land or water or for the migration of certain materials or substances from an investment, including asbestos. Such presence, release or migration can form the basis for liability to third parties for personal injury or other damages. The Bruntwood Group may be affected by the additional cost of environmental liabilities imposed by environmental

regulation, which could have a material adverse effect on its business, financial condition or results of operations and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Environmental legislation relating to the energy efficiency of buildings continues to tighten. It is possible that buildings within the portfolio would not meet future energy performance targets required by law to let out the property and therefore the income from the property portfolio could be adversely affected. It is also possible that in order to meet future environmental requirements, the Bruntwood Group may have to invest significantly in the upgrade of its portfolio and there can be no guarantee that such funds would be available at that future point. In addition to statutory requirements, customers are becoming more environmentally aware and may demand that future office space meets standards well above those required by law for them to consider occupation. This would again cause the Bruntwood Group to incur costs in improving its properties' energy efficiency, which could have a material adverse effect on the Bruntwood Group's business, financial condition or results of operations and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Uninsured losses

In the event that any of the properties incurs a loss that is not fully covered by insurance, the value of the Bruntwood Group's assets would be reduced by the amount of any such uninsured loss. The Parent Guarantor considers that all of the Bruntwood Group's properties are adequately insured to cover any anticipated losses. However, changes in the costs or availability of insurance could expose the Bruntwood Group to such uninsured losses. In addition, certain types of risk may be, or may become in the future, uninsurable or not economically insurable or may not be currently, or in the future, covered by the Bruntwood Group's insurance. In addition, the Bruntwood Group may have no source of funding to repair or reconstruct the damaged property, and there can be no assurance that any such sources of funding will be available to it for such purposes in the future.

Safety of visitors at premises of the Bruntwood Group

There is a risk of accidents involving the public at premises owned by the Bruntwood Group. The Bruntwood Group places great importance on health and safety and it has approved policies and procedures applicable to all its premises. In addition, the Bruntwood Group has public liability insurance in place which the Parent Guarantor considers provides an adequate level of protection against any third-party claims. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and costs could have a material adverse effect on the Bruntwood Group's reputation, business, financial condition or results of operations and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees. In such instance, the Bruntwood Group's ability to put in place public liability insurance cover in the future may also be adversely affected.

4. Market risks relating to the Bruntwood Group's business

Dependence on factors outside the Bruntwood Group's control

Returns from an investment in property depend largely upon the amount of rental and other income generated by the property and the costs and expenses incurred in the maintenance and management of the property, as well as changes in its market value.

The rental income and the market value of properties are often affected by general economic conditions and/or by the political and economic climate of the locality in which the property assets are situated, as well as in the rest of the world. Relevant economic factors which can affect rental incomes and property values include changes in growth of gross domestic product, employment trends, inflation and changes in interest

rates. In recent years, there have been a number of macroeconomic issues which have dampened economic growth, both in the UK and many other jurisdictions. These include the uncertainty caused by “Brexit”, as well as the emergence of more protectionist trade policies, leading to increased tariffs and potentially reduced international trade. Together or in isolation, these may impact the level of demand for property by customers and the ability of owners of property to increase rents and the level of bad debts incurred as a result of customers entering into bankruptcy or insolvency, which may adversely affect the value of, and the rental income generated by, the Bruntwood Group’s property portfolio.

In addition, property owners may be required to fund the costs of maintenance, insurance, periodic renovations and repairs of properties. When properties are vacant, the owner will often suffer void costs which may be significant, including business rates and operating expenses together with the costs of re-letting the property. Should the Bruntwood Group find itself in such a situation, this could have a material adverse effect on the Bruntwood Group’s business, financial condition or results of operation.

Potential falls in net revenue

The net revenue generated from the Bruntwood Group’s properties will depend on the financial stability of its customers. If for whatever reason the Bruntwood Group’s customers cease to pay rent or other charges, the revenue generated by the rental of properties will decrease.

In the event of a number of customers defaulting, the Bruntwood Group may experience delays in enforcing its rights as landlord and may incur costs, including litigation and related expenses, in protecting its investments and re-letting the relevant units. In the event of a customer going bankrupt or becoming insolvent, and thus seeking the protection of bankruptcy or insolvency laws, the Bruntwood Group may experience delays in receipt of rental and/or other contractual payments, or it may be unable to collect such payments at all.

If for whatever reason a lease is terminated, the Bruntwood Group may be unable to lease the property for the rent or other charges previously received or at all. In the event of a default by a customer leading to a vacancy or during any other period of vacancy, the Bruntwood Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor’s costs in re-letting, maintenance costs, insurance, rates and marketing costs.

Certain product areas within the Bruntwood Group’s business offer flexible leases with varying lengths of notice periods required to be served by parties to the lease in order to break such lease arrangements. Consequently, the Bruntwood Group would experience turnover of customers. When a customer at one of the Bruntwood Group’s properties does not renew its lease, exercises a break clause, or otherwise elects to vacate its space, the Bruntwood Group’s rental income may be reduced until that unit is re-let and the Bruntwood Group may be required to expend funds to construct new customer improvements in the vacant space or to provide financial inducements to re-let the vacant space to new customers.

A consequence of the materialisation of any of these risks could have a material adverse effect on the Bruntwood Group’s business financial condition or results of operation and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Concentration of properties and customer base

All of the Bruntwood Group’s properties are located in the United Kingdom (the “UK”) and are concentrated in Manchester (with a significant concentration of the Bruntwood Group’s properties in Manchester city centre), Greater Manchester, Liverpool, Birmingham and Leeds. The Bruntwood Group’s business is exposed to the risk of any downturn in the economies of the Bruntwood Group’s region of operations, the UK economy as a whole, a change in occupational patterns of any customer of the Bruntwood Group that it may

have significant exposure towards, or any other local factors which are beyond the control of the Bruntwood Group. This risk is particularly significant as the Bruntwood Group has only a limited ability to help offset such a downturn through alternative activities. The Bruntwood Group attempts to mitigate this risk by keeping its customer base as diverse as possible through exposure to organisations ranging from single person operations through to large blue-chip companies and government agencies and departments. However, whilst the Bruntwood Group takes steps to diversify its portfolio in this manner, it is still possible that an economic downturn would be severe enough to affect the portfolio as a whole and /or that a small number of clients defaulting simultaneously could create material issues notwithstanding the diversified nature of the Bruntwood Group's portfolio.

In this way, an economic downturn in the UK (and in particular, in Manchester, Greater Manchester, Liverpool, Birmingham and/or Leeds), either as a result of microeconomic or macroeconomic factors, could materially adversely affect the Bruntwood Group's business, financial condition or results of operations as well as the market value of the Bruntwood Group's property portfolio and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

Competition

Both rental income and the market value of properties may be affected by factors specific to individual properties, such as competition from other nearby properties and the perceptions of prospective customers of the relative attractiveness, convenience and safety of properties.

If there is an increasing availability of attractive properties to rent from existing or new public or private sector landlords in the market in which the Bruntwood Group operates, this may cause occupancy levels in the Bruntwood Group's properties to decline or may lead to a reduction in the number or quality of investment opportunities available to the Bruntwood Group to further invest in or lead to a reduction in yield expectations that the Bruntwood Group can expect from its investments, which may have negative implications on the Bruntwood Group's ability to generate earnings and dividends.

Additionally, the Bruntwood Group may face significant competition from other investors to further invest in suitable properties, including competitors who may have greater resources at their disposal to identify and pursue investor opportunities. Competition in the property market may lead to prices for properties identified by the Bruntwood Group as a suitable investment opportunity being driven up through competing bids by potential purchasers. Accordingly, the existence and extent of such competition may have a material adverse effect on the Bruntwood Group's ability to acquire properties at satisfactory prices and otherwise on satisfactory terms.

Increase in operating costs

The Bruntwood Group's operating and other expenses could increase without a corresponding increase in turnover or reimbursements of operating and other costs from customers. Factors which could increase operating and other expenses include:

- increases in the rate of inflation;
- increases in staff, telecommunications and energy and utility costs;
- increases in property taxes and other statutory charges;
- increases in insurance premiums;
- increases in the costs of maintaining properties; and
- failure to perform by sub-contractors leading to increases in operating costs.

Such increases could have a material adverse effect on the Bruntwood Group's business, financial condition or results of operations and consequently its ability to enable the Issuer to meet its payment obligations under the Bonds and the Guarantors to meet their obligations under the Guarantees.

5. Risks relating to the Bonds

The Bonds are not protected by the Financial Services Compensation Scheme ("FSCS")

Unlike many bank deposits, the Bonds are not protected by the FSCS. As a result, neither the FSCS nor any anyone else will pay compensation to Bondholders upon the failure of the Issuer, the Guarantors or the Group as a whole. If the Issuer or either Guarantor were to go out of business or become insolvent, the Bondholders may lose all or part of their investment in the Bonds.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a different manner than the majority did.

The Conditions also provide that the Trustee may, without the consent of Bondholders, agree to: (a) any modification of any of the provisions of the Trust Deed that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error; or (b) any other modification of, and any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed if, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders.

Trustee indemnity

In certain circumstances, the Bondholders may be dependent on the Trustee to take certain actions in respect of the Bonds, in particular if the First Floating Charge granted by the Parent Guarantor in respect of such Bonds becomes enforceable pursuant to the Conditions. Prior to taking such action, pursuant to the Conditions the Trustee may require to be indemnified and/or secured and/or pre-funded to its satisfaction. If so, and the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction it may decide not to take such action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Bondholders would have to either provide such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Bondholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any potential inaction by the Trustee. Such inaction by the Trustee will not entitle Bondholders to take action directly against the Issuer or the Guarantors to pursue remedies for any breach by any of them of terms of the Trust Deed or the Bonds unless the Trustee having become bound to act has failed within a reasonable time to do so and such failure is continuing.

Liquidation expenses and other preferential creditors

The costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respects of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expense by the floating charge-holder (or, in certain circumstances, the court) pursuant to the provisions set out in the Insolvency (England and Wales) Rules 2016.

Under English insolvency law, certain preferential claims, including (for example) employees' remuneration and certain payments to HMRC, will rank ahead of floating charges. In addition, a "prescribed part" of up to £600,000 is required to be set aside for the benefit of unsecured creditors and, as such, ranks ahead of the relevant floating charge. The Parent Guarantor does not have employees and is therefore not responsible for

any pension payments, however it is responsible for making payments of value added tax to HMRC. The Parent Guarantor has also provided unsecured guarantees in respect of certain of its subsidiaries' financings, meaning the lenders under such financings could (if any such subsidiary defaulted on such financing) become unsecured creditors of the Parent Guarantor.

Therefore, upon the enforcement of the floating charge security granted by the Parent Guarantor, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors (including the Bondholders) will be reduced by at least a significant proportion of any liquidation expenses, and potentially also by application of the "prescribed part" and certain other preferential claims. There can be no assurance that Bondholders will not be adversely affected by such a reduction in floating charge realisations.

6. Risks relating to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk:

There may not be a liquid secondary market for the Bonds and their market price may be volatile

The Bonds may have no established trading market when issued, and one may never develop. Therefore, Bondholders may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary (i.e. after the issue date) market. The Bonds are sensitive to interest rate, currency or market risks. This lack of liquidity may have a severely adverse effect on the market value of Bonds.

Peel Hunt LLP is expected to be appointed as a registered market-maker on the London Stock Exchange's ORB market in respect of the Bonds from the date of admission of the Bonds to trading. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours. However, Peel Hunt may not continue to act as a market-maker for the life of the Bonds. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the Bonds.

Realisation from sale of the Bonds

If a Bondholder choose to sell the Bonds at any time prior to their maturity, the price received from such sale could be less than the original investment they made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, prevailing interest rates and the current financial position and an assessment of the future prospects of the Issuer and/or the Guarantors.

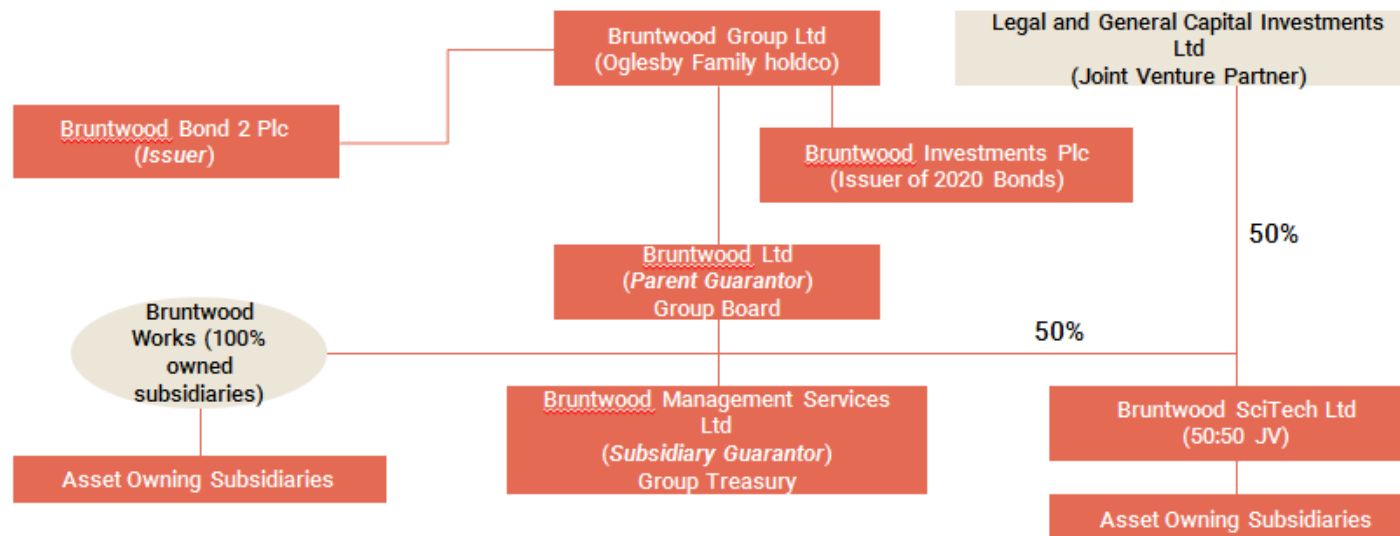
Changes in interest or inflation rates may adversely affect the value of the Bonds

The Bonds bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, Bondholders should note that if interest rates rise, then the income payable on the Bonds might become less attractive and the price that they could realise on a sale of the Bonds may fall. However, the market price of the Bonds from time to time has no effect on the total income they receive on maturity of the Bonds if they hold the Bonds until their maturity date. Further, inflation will reduce the real value of the Bonds over time, which may affect what they could buy with their investment in the future and may make the fixed rate payable on the Bonds less attractive in the future, again affecting the price that they could realise on a sale of the Bonds.

INFORMATION ABOUT THE BONDS

What are the Bonds?	<p>The Bonds are debt securities to be issued by the Issuer. The Bonds will be subject to the “<i>Terms and Conditions of the Bonds</i>” which are set out in this Exchange Offer Memorandum and Prospectus. The Bonds:</p> <ul style="list-style-type: none"> (a) entitle Bondholders to receive semi-annual interest payments at a fixed rate of 6.00 per cent. per annum payable in two equal instalments of £3.00 on 25 February and 25 August in each year, with the first payment due to be made on 25 August 2020; (b) have a nominal amount of £100 per Bond; (c) are guaranteed by the Guarantors; (d) are due to be issued on 25 February 2020 (the “Issue Date”) and fall due to be paid back in full on 25 February 2025 (the “Maturity Date”); and (e) are intended to be admitted to trading on the London Stock Exchange plc’s regulated market, and through its ORB market. <p>See “<i>Terms and Conditions of the Bonds</i>” for further information.</p>
Who is issuing the Bonds?	The Bonds will be issued by Bruntwood Bond 2 plc.
Who is guaranteeing the Bonds?	The Bonds will be guaranteed by Bruntwood Limited and Bruntwood Management Services Limited.
What is the relationship between the Issuer, the Guarantors and the Group?	<p>The Issuer is a special purpose company established to raise money for use by the Bruntwood Group. The Issuer is a wholly owned subsidiary of Bruntwood Group Limited which is the ultimate holding company of the Group and which is in turn owned by the Oglesby family and family related trusts.</p> <p>The Parent Guarantor is a holding company and it is the intermediate holding company of a group of subsidiary companies. The Parent Guarantor is a wholly owned subsidiary of Bruntwood Group Limited.</p> <p>The Subsidiary Guarantor is an indirect subsidiary of the Parent Guarantor and, accordingly, is also an indirect subsidiary of Bruntwood Group Limited.</p> <p>The “Bruntwood Group” means the Parent Guarantor and its subsidiaries (including the Subsidiary Guarantor) taken as a whole.</p> <p>Below is a table illustrating the Group structure at the date of this Exchange Offer Memorandum and Prospectus (including the 50:50 joint venture with Legal & General Capital Investments Ltd):</p>

Group structure

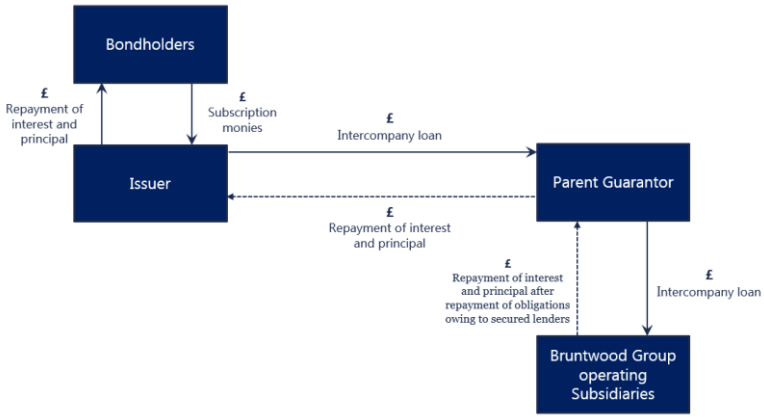


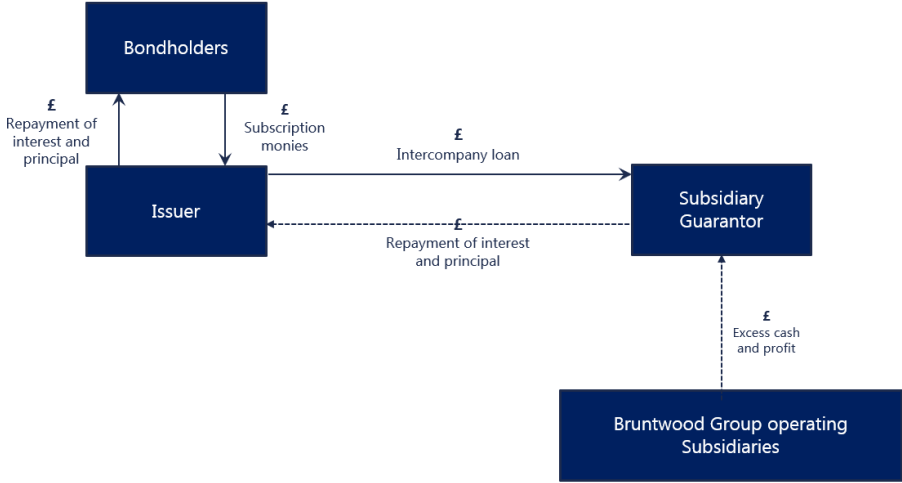
<p>Will the Bonds be secured?</p>	<p>The Bonds will not be secured when they are issued; however, the Parent Guarantor has undertaken that, after the outstanding £50 million 6.00 per cent. bonds due 24 July 2020 (the “Existing 2020 Bonds”), which were issued by Bruntwood Investments plc on 24 July 2013 and guaranteed by the Parent Guarantor, reach their maturity date and are repaid to holders of the Existing 2020 Bonds on 24 July 2020, the Parent Guarantor will then grant a floating charge (the “First Floating Charge”), in favour of U.S. Bank Trustees Limited (the “Security Trustee”) for the benefit of itself and the Bondholders, in respect of the Parent Guarantor’s obligations under the Parent Guarantee. The reason the First Floating Charge will not be granted until after the Existing 2020 Bonds have matured is because the Existing 2020 Bonds contain a restriction that prevents the Parent Guarantor from granting new security.</p> <p>Prior to the First Floating Charge being granted, the payment obligations of the Parent Guarantor under the Parent Guarantee shall rank at least equally with all its other present and future unsubordinated obligations. Once the First Floating Charge has been granted, which is expected to occur on or before 25 July 2020, the Parent Guarantor’s obligations under the Parent Guarantee shall rank senior to its other present and future unsecured obligations, save as set out immediately below under “<i>What will the Bondholders receive on a winding-up of the Bruntwood Group?</i>”.</p> <p>Neither the Issuer nor the Subsidiary Guarantor will grant any security in respect of the Bonds so, until the Parent Guarantor grants the First Floating Charge, the Bonds will be fully unsecured.</p> <p>The First Floating Charge is the only security which will be granted in relation to the Bonds, therefore, unlike the Existing 2020 Bonds (which were secured by way of legal mortgage over actual real estate assets), the Bonds will only ever benefit from floating charge security as granted by the Parent Guarantor. The Parent Guarantor’s only assets are expected to be equity interests in certain Bruntwood Group subsidiaries and receivables due from those subsidiaries (in respect of amounts on-lent to them by the Parent Guarantor), and the Parent Guarantor does not itself own, and is not expected to own directly, real estate assets or any other tangible assets.</p>
<p>What will the Bondholders receive on a winding-up of the Bruntwood Group?</p>	<p>In the event that the Issuer becomes insolvent or is otherwise unable to meet its payment obligations under the Bonds, the Guarantors will be required to satisfy any such payments on behalf of the Issuer. As the Issuer is a special purpose finance entity with no tangible assets of its own, Bondholders are therefore exposed to the credit risk of the Guarantors and other members of the Bruntwood Group to meet payment obligations under the Bonds when due.</p> <p>In the event of the Guarantors’ insolvency, the Bondholders, acting through the Trustee will have a senior unsecured claim against the assets of each Guarantor and, following the granting of the First Floating Charge on or around 25 July 2020, the Bondholders, acting through the Security Trustee, will have recourse to the undertaking and assets of the Parent Guarantor which are at that time secured for the benefit of the Security Trustee and the Bondholders as described next to the heading “<i>Will the Bonds be secured?</i>” above.</p>

	<p>Once the First Floating Charge has been granted, the security created over the charged assets of the Parent Guarantor would become enforceable by the Security Trustee on behalf of the Bondholders if so directed by the Trustee following the occurrence of an event of default. If the security becomes enforceable (which, most notably, would happen if the Issuer defaults on certain of its obligations under the Bonds), the Security Trustee or a receiver or administrator on its behalf would typically be able to take possession of the relevant assets and/or procure their sale or appoint a receiver to do so. Any proceeds would be held on trust for the Security Trustee, the Trustee and the other secured creditors (including the Bondholders) in priority to other creditors (if any) and shareholders of the Parent Guarantor.</p> <p>If the First Floating Charge is enforced, the Security Trustee would typically be entitled to take possession of the relevant assets or undertaking for the time being owned by the Parent Guarantor and/or, if practicable, procure their sale (or else the Security Trustee could appoint a receiver to do these things on its behalf) subject to relevant insolvency laws. Any proceeds would be held on trust for distribution to the Security Trustee, the other secured creditors and the Bondholders (in priority to claims of any other creditors of the Parent Guarantor other than certain insolvency costs and expenses, certain ‘preferential creditors’ (including employee related claims (though as at the date of this Exchange Offer Memorandum and Prospectus, the Parent Guarantor has no employees), certain amounts owing to HMRC and what is known as the ‘prescribed part’ up to a maximum of £600,000 of floating charge realisations which are reserved for unsecured creditors). The Parent Guarantor may have unsecured creditors at the time the First Floating Charge is enforced, including for example the lenders of certain of its subsidiaries, in respect of which the Parent Guarantor has provided unsecured guarantees (as described further in “<i>Description of the business of the Bruntwood Group – Borrowings and funding structure</i>”). The preferential treatment of these classes of creditor is provided for by mandatory provisions of law.</p> <p>However, if the surplus proceeds from the disposal of the charged assets following an enforcement event proved to be insufficient to cover all amounts due and payable to Bondholders in respect of the Bonds (for instance, if there was a sudden decline in property prices and/or the property rental market in Manchester, Greater Manchester, Liverpool, Leeds or elsewhere in England such that some or all of the Parent Guarantor’s subsidiaries defaulted on their respective financings), the Bondholders would be dependent on being able to receive money from the Subsidiary Guarantor (pursuant to the Subsidiary Guarantee) and Issuer for satisfaction of any outstanding amounts.</p> <p>The Guarantors have also each given an irrevocable guarantee that if the Issuer does not pay any sum payable by it under the Bonds or the Coupons by the time and date required by the Conditions (whether on the original due date, on early repayment of the Bonds or otherwise) then the Guarantors will pay that sum. You should note however, that, as a holding company, the Parent Guarantor would be dependent on receiving monies from its operating subsidiaries in order to be able to make any required payment under the Parent Guarantee. You should further note that a number of the Parent Guarantor’s subsidiaries are the borrowers under the banking facility arrangements described in Section 6</p>
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	<p>(<i>Description of the Bruntwood Group</i>), many of whom have granted security to the relevant lending bank. The Parent Guarantor’s rights to participate in a distribution of its subsidiaries’ assets upon their liquidation, re-organisation or insolvency would generally be subject to any claims made against the subsidiaries, including secured creditors such as any lending bank. The obligations of the Parent Guarantor under the Bonds are therefore structurally subordinated to any liabilities of the Parent Guarantor’s subsidiaries and structural subordination in this context means that, in the event of a winding up or insolvency of the Parent Guarantor’s subsidiaries, any creditors of that subsidiary would have priority claims to the assets of that subsidiary ahead of any creditors of the Guarantor (i.e. including Bondholders) subject to relevant insolvency laws. For further information on this risk, see the section “<i>Risk Factors relating to the Bonds – The Parent Guarantor is a holding company within the Bruntwood Group</i>”.</p> <p>At the date of this Exchange Offer Memorandum and Prospectus, the Bruntwood Group has 10 separate funding arrangements in respect of different parts of its portfolio, as set out in “<i>Description of the Bruntwood Group - Borrowings and funding structure</i>”. As at the date of this Exchange Offer Memorandum and Prospectus, all of the Bruntwood Group’s property portfolio was secured in favour of its various lenders under those facilities.</p> <p>The table below illustrates the ranking in priority of payment to the various secured creditors of the Bruntwood Group, including the proposed Bondholders. If the Bruntwood Group’s entire property portfolio was enforced by the various secured lenders (in the event of an insolvency, for instance), each category of lender would be expected to take recourse to its respective secured assets; in the case of the Bondholders, to the assets of the Parent Guarantor pursuant to the First Floating Charge, in the case of the MTL Facility, to the MTL Facility charging companies, and so on. Working upwards through the diagram below, any first legal mortgage over the respective properties held in the respective charging company(ies) would take priority over all other creditors of that company, followed by any floating charge, and so on. Once the payment obligations owing to all of the legal mortgage holders, fixed charge holders, floating charge holders and then unsecured creditors among any one category of secured lender have been satisfied in full, any residual monies would be payable to the shareholders of the respective charging companies. Any such residual amounts would be paid in turn to the holding company of the Bruntwood Group (i.e. the Parent Guarantor, to enable it to discharge its obligations under the Parent Guarantee). Please see the chart on the page immediately below.</p>
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Flow of residual funds	Development Loans	Institutional Facilities	MTL Facility	Holders of 2020 Bonds	First Tier Security First legal mortgage over specific ring-fenced portfolio of properties held by relevant charging companies
	Development Loans	Institutional Facilities	MTL Facility	Holders of 2020 Bonds	Second Tier Security First fixed charge over property related assets (other than the legal mortgage)
	Development Loans	Institutional Facilities	MTL Facility	Holders of 2020 Bonds	Third Tier Security Floating Charges over any other assets of by relevant charging companies not caught by First & Second Tier security arrangements.
	Development Loans	Institutional Facilities	MTL Facility	Holders of 2020 Bonds	Fourth Tier Security Unsecured creditors of relevant charging companies entitled to participate in residual asset not caught by First, Second & Thirds Tier security arrangements
Bruntwood Limited Bondholders Guarantee by Bruntwood Limited to Bondholders – Required to make good any remaining outstanding liabilities due to Bondholders using own assets and receipts from subsidiaries (see notes). From the date the First Floating Charge is created, the Bondholders shall rank senior to other creditors of the Parent Guarantor (save in relation to “preferred creditors” and the “prescribed part”).					
Bruntwood Group Limited <ul style="list-style-type: none"> Details of relevant charging companies within the Guarantor Group for each financing are as set out in “Description of the <u>Bruntwood Group - Security for the Bruntwood Group’s financings</u>”. Development Loans refer to the Ohm Building Loan; the K Site Loan; the Stretford and Stamford Loan; the Citylabs 2 Loan; and the IB Loan together. Institutional Facilities refer to the Legal & General Facility; the Aviva Facility; and the SciTech Facility together. MTL Facility refers to the medium term loan facility with Barclays Bank plc, HSBC plc, Santander UK plc and The Royal Bank of Scotland plc. 					Remaining funds flow to equity shareholders <i>Note: No cross security between pools. A shortfall in one pool would not be met by a surplus in another in priority to payment to <u>Bruntwood Limited</u></i>

	<p>It is important to note that the lenders of the relevant subsidiary in relation to a given financing only have recourse to the assets of the relevant subsidiary in respect of that financing (so, they cannot look to the assets of the other companies that have provided security under other financings). For example, the properties charged in relation to the Aviva Facility cannot be enforced against to repay the Ohm Building Loan. Upon receipt of any residual funds as described in the graph above, the Parent Guarantor may be required, pursuant to the Parent Guarantee in respect of the Bonds, to satisfy any amounts due and payable to holders of the Bonds and Coupons. Certain of the subsidiaries' lenders have also obtained a guarantee from the Parent Guarantor in respect of the relevant subsidiary's financing arrangements. However, the effect of the First Floating Charge, once granted, is that the Bondholders should, subject to the limitations set out above, rank senior to those subsidiaries' lenders under the relevant unsecured guarantee, in a winding-up of the Parent Guarantor. Prior to the First Floating Charge being granted, the Bondholders would be expected to rank equally with such unsecured creditors.</p>
<p>What assets are available to the Issuer and Subsidiary Guarantor to fund their obligations under the Bonds and Subsidiary Guarantee respectively?</p>	<p>Neither the Issuer nor the Subsidiary Guarantor has its own independent business.</p> <p>The only material assets of the Issuer are intercompany receivables owing from the Parent Guarantor. The only material assets of the Subsidiary Guarantor relate to cash that is paid to it by the operating companies of the Bruntwood Group, to the extent they have generated excess cash (i.e. profit).</p> <p>Therefore, as with the Parent Guarantor, the ability of the Issuer and Subsidiary Guarantor to service their respective payment obligations under the Bonds and Subsidiary Guarantee respectively, is ultimately dependent on the performance of the wider Bruntwood Group. This is in the sense that they are reliant on repayment of intercompany loans by subsidiaries within the Bruntwood Group and/or, in the case of the Subsidiary Guarantor only, the generation of excess profit by such subsidiaries. The graphics below are intended to explain the cashflows of the Issuer and Subsidiary Guarantor and demonstrate their dependence on the wider Bruntwood Group.</p>  <pre> graph TD Bondholders[Bondholders] Issuer[Issuer] PG[Parent Guarantor] BGS[Bruntwood Group operating Subsidiaries] Bondholders -- "£ Repayment of interest and principal" --> Issuer Issuer -- "£ Subscription monies" --> Bondholders Issuer -- "£ Intercompany loan" --> PG PG -- "£ Repayment of interest and principal" --> Issuer PG -- "£ Repayment of interest and principal after repayment of obligations owing to secured lenders" --> PG PG -- "£ Intercompany loan" --> BGS BGS -- "£" --> PG </pre>

	 <p>Moreover, it should be noted that the repayment to the Issuer and Subsidiary Guarantor (as applicable) of amounts owing to them by the relevant subsidiaries will only be repaid <i>after</i> the relevant subsidiaries have satisfied amounts owing to their respective secured lenders. This is described in further detail above under the heading “<i>What will the Bondholders receive on a winding-up of the Bruntwood Group?</i>”.</p>
<p>How are the financial covenants within the Terms and Conditions of the Bonds intended to protect Bondholders?</p>	<p>As described further above in “<i>What will the Bondholders receive on a winding-up of the Bruntwood Group?</i>”, the Bondholders are structurally subordinated to the lenders to the Bruntwood Group entities that are lower down in the Bruntwood Group structure. Seeking to limit the effect of this “structural subordination”, the Conditions impose certain restrictions on the Guarantors, the Issuer and (indirectly) the wider Bruntwood Group.</p> <p>Firstly, neither the Guarantors nor the Issuer may create security over their assets that would rank senior to the Bondholders, except in limited circumstances. Secondly, the Parent Guarantor must ensure that the total indebtedness of the Bruntwood Group is not greater than 75 per cent. of its total consolidated tangible fixed assets. This covenant is intended to ensure that, in the event the Bruntwood Group were forced to sell its properties, there should be sufficient funds generated to first repay the lenders that are structurally senior to Bondholders, and also repay the Bondholders thereafter. Thirdly, there is a covenant as to the minimum amount of profit the Bruntwood Group must generate in relation to its net annual interest obligations. Fourthly, there are minimum net worth covenants, which provide that the minimum consolidated net worth of (i) the Parent Guarantor, and (ii) the Parent Guarantor and its subsidiaries, will never be less than certain minimum amounts. Finally, the Issuer and the Guarantors must ensure that, as on each “Reporting Date” (being 30 March and 30 September of each year), the Group has access to sufficient funds to cover interest payments due to Bondholders on the next two Interest Payment Dates. For further information, please see Conditions 5(a), 5(b), 5(c) and 5(d) of “<i>Terms and Conditions of the Bonds – Financial and Other Covenants</i>”.</p>
<p>How will interest</p>	<p>Interest payments in respect of the Bonds will effectively be paid from cash flow generated from the business of the Bruntwood Group which, as referred to next to the</p>

payments on the Bonds be funded?	heading “ <i>What is the relationship between the Issuer, the Guarantors and the Bruntwood Group</i> ” above, is generally conducted through the Parent Guarantor’s direct and indirect subsidiaries (not including the Subsidiary Guarantor, which also does not carry out its own business) rather than by the Parent Guarantor, Subsidiary Guarantor or the Issuer itself.
What is the interest rate?	The interest rate payable on the Bonds will be fixed until the Maturity Date at 6.00 per cent. per year.
Can the interest rate change?	No, the interest rate payable on the Bonds is fixed for the life of the Bonds.
When will interest payments be made?	The first payment of interest in relation to the Bonds is due to be made on 25 August 2020. Following the first payment, interest is expected to be paid on 25 February and 25 August in each year up to and including Maturity Date.
How is the amount of interest payable calculated?	The Issuer will pay a fixed rate of 6.00 per cent. interest per year in respect of the Bonds. Interest will be payable in two semi-annual instalments. Therefore, for each £100 nominal amount of Bonds that you buy on 25 February 2020, for instance, you will receive £3.00 on 25 August 2020 and £3.00 on 25 February 2021, and so on every six months until and including the Maturity Date (unless you sell the Bonds or they are repaid by the Issuer before the Maturity Date).
Will I be able to trade the Bonds?	The Issuer will make an application for the Bonds to be admitted to trading on the London Stock Exchange plc, on its regulated market and through its ORB market. If this application is accepted, the Bonds are expected to commence trading on 26 February 2020. Once admitted to trading, the Bonds may be purchased or sold through a broker. The market price of the Bonds may be higher or lower than their initial issue price depending on, among other things, the level of supply and demand for the Bonds, movements in interest rates and the financial performance of the Bruntwood Group. See the section headed “ <i>Risk Factors – Risks related to the market generally – There may not be a liquid secondary market for the Bonds and their market price may be volatile</i> ” for further information.
Do the Bonds have a credit rating?	No, the Bonds will not when issued be rated by any credit rating agency. The Issuer currently does not have any intention of applying for a credit rating from any credit rating agency.
When will the Bonds be repaid?	The Issuer must repay all the Bonds on the Maturity Date (unless repaid earlier), which is 25 February 2025. The repayment price under such circumstances will be equal to the nominal amount of the Bonds. The Issuer may repay all or any part of the Bonds prior to the Maturity Date in the event that a change in United Kingdom tax law results in the Issuer becoming obliged to increase the amounts payable under the Bonds. If the Issuer repays the Bonds under such circumstances, the repayment price will be the nominal amount of the Bonds plus any accrued interest.
Do the Bonds have voting rights?	Bondholders have certain rights to vote at meetings of the Bondholders but are not entitled to vote at any meeting of shareholders of the Issuer, the Guarantors or any other member of the Group.

	The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a different manner than the majority did.
Who will represent the interests of the Bondholders?	U.S. Bank Trustees Limited (the “ Trustee ”) is appointed to act on behalf of the Bondholders as an intermediary between Bondholders and the Issuer throughout the life of the Bonds. The main obligations of the Issuer and the Guarantors (such as the obligation to pay and observe the various covenants in the Conditions) are owed to the Trustee. These obligations are enforceable by the Trustee only, not the Bondholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Issuer, the Trustee’s role is to protect the interests of the Bondholders in accordance with the terms of the Trust Deed.
How do I apply for Bonds if I am not an Existing 2020 Bondholder?	Details on how to apply for the Bonds are set out in the following sections, headed “ <i>Information about the Exchange Offer</i> ” and “ <i>How to Apply for the Bonds</i> ”.
What if I have further questions?	If you are unclear in relation to any matter, or uncertain if the Bonds are a suitable investment for your circumstances, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.

INFORMATION ABOUT THE EXCHANGE OFFER

Existing 2020 Bondholders should read all of the information above under the heading “*Information about the Bonds*”. In addition:

Why is the Exchange Offer being made?	The purpose of making the Exchange Offer is to extend the maturity profile of part of the Bruntwood Group’s debt financing and, together with the issuance of the Bonds, is intended to raise funds for its general corporate purposes.
For the Exchange Offer, what is the price of the Bonds?	<p>The Bonds will be issued at their nominal amount in exchange for the tendering of Existing 2020 Bonds, at a ratio of 1:1. This means that for every £100 of Existing 2020 Bonds when valued in their nominal amount, an Existing 2020 Bondholder would receive £100 in nominal amount of Bonds.</p> <p>In addition, for every £100 of Existing 2020 Bonds (again when valued in their nominal amount), an Existing 2020 Bondholder would receive an exchange fee in cash of £1.25.</p>
What is the yield on the Bonds?	The yield in respect of the Bonds will be calculated on the basis of the issue price (being 100 per cent. of the Bonds) and an indicative yield is specified in this Exchange Offer Memorandum and Prospectus. This indicative yield is not an indication of future price.
Is there a minimum or maximum amount of Bonds that Existing 2020 Bondholders can apply to exchange for?	An Existing 2020 Bondholder must validly offer for exchange a minimum of £1,000 in nominal amount of Existing 2020 Bonds. The Issuer has not specified a maximum aggregate nominal amount of the Bonds that any one Existing 2020 Bondholder may apply to exchange for.
How do I apply to participate in the Exchange Offer?	Details on how to participate in the Exchange Offer are set out in the section headed “ <i>Procedures for participating in the Exchange Offer</i> ” in this Exchange Offer Memorandum and Prospectus.
What if I have further questions?	Requests for information in relation to the procedures for offering Existing 2020 Bonds in, and for any documents or materials relating to, the Exchange Offer should be directed to Lucid Issuer Services Limited (Email: bruntwood@lucid-is.com).

HOW TO APPLY FOR THE BONDS

<p>How and on what terms will Bonds be allocated to applicants?</p>	<p>Applications to purchase Bonds cannot be made directly to the Issuer or the Guarantors. Bonds will be issued to applicants in accordance with the arrangements in place between them and their stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. Applicants should approach their stockbroker or other financial intermediary to discuss any application arrangements that may be available to them.</p> <p>It is important to note that none of the Issuer, the Guarantors, the Joint Lead Managers or the Trustee are party to such arrangements between them and the relevant financial intermediary. They must therefore obtain this information from the relevant financial intermediary. Because they are not party to the dealings they may have with any financial intermediary, the Issuer, the Guarantors, the Joint Lead Managers and the Trustee will have no responsibility to them for any information provided to them by their appointed financial intermediary.</p>
<p>How many Bonds will be issued to investors?</p>	<p>The total amount of the Bonds to be issued may depend on (i) the amount of Bonds for which indicative offers to purchase Bonds are received during the Offer Period (as defined below) and (ii) the number of holders of Bruntwood Investment plc's £50 million 6.00 per cent. bonds due 2020 (the "Existing 2020 Bonds") who, pursuant to the Exchange Offer which was announced by the Issuer on the date of this Exchange Offer Memorandum and Prospectus, offer their Existing 2020 Bonds in exchange for Bonds to be issued pursuant to this Exchange Offer Memorandum and Prospectus. This total amount will be specified in an announcement which the Issuer intends to publish <i>via</i> Regulatory News Service ("RNS") operated by the London Stock Exchange plc (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) on or about 19 February 2020 (the "Sizing Announcement").</p>
<p>How and when must applicants pay for their allocation and when will that allocation be delivered to them?</p>	<p>Applicants will be notified by the relevant financial intermediary of their allocation of Bonds (if any) and the arrangements for the Bonds to be delivered to them in return (i) for payment; or (ii) for Existing 2020 Bonds in the case of those tendered by Existing 2020 Bondholders pursuant to the Exchange Offer.</p>
<p>When can the Authorised Offerors offer the Bonds for sale?</p>	<p>An offer of the Bonds may be made by the Joint Lead Managers and the other authorised distributors in the United Kingdom, Ireland, Guernsey, Jersey and/or the Isle of Man during the period from the date of this Exchange Offer Memorandum and Prospectus until 12.00 noon (London time) on 18 February 2020 (the "Offer Period"), or such earlier time and date as agreed between the Issuer, the Guarantors and the Joint Lead Managers and announced <i>via</i> RNS during the Offer Period.</p>
<p>Is the offer of the Bonds conditional on anything else?</p>	<p>The issue of the Bonds is conditional upon the Subscription Agreement being signed by the Issuer, the Guarantors and the Joint Lead Managers.</p>

	<p>The Subscription Agreement will include certain conditions customary for transactions of this type which must be satisfied (including the delivery of legal opinions from legal counsel and comfort letters from the independent auditors of the Issuer and the Guarantors, in each case satisfactory to the Joint Lead Managers). If these conditions are not satisfied, the Joint Lead Managers may be released from their obligations under the Subscription Agreement before the issue of the Bonds. For further information on the Subscription Agreement, see the section headed “<i>Subscription and Sale</i>”.</p>
<p>Is it possible that applicants may not be issued with the number of Bonds they apply for? Will they be refunded for any excess amounts paid?</p>	<p>Applicants may not be allocated all (or any) of the Bonds for which they apply. This might happen for example if the total amount of orders for the Bonds exceeds the number of Bonds that are issued. There will be no refund as they will not be required to pay for any Bonds until any application for Bonds has been accepted and the Bonds have been allocated to them.</p>
<p>Is there a minimum or maximum amount of Bonds that applicants can apply for?</p>	<p>The minimum application amount for each investor is £2,000, unless the investor is an exchanging Existing 2020 Bondholder, in which case the minimum nominal amount which can be exchanged is £1,000. The Issuer has not specified a maximum aggregate nominal amount of the Bonds that any one applicant may apply for.</p>
<p>How and when will the results of the offer of the Bonds be made public?</p>	<p>The results of the offer of the Bonds will be made public in the Sizing Announcement, which will be published by the Issuer <i>via</i> RNS prior to the Issue Date. The Sizing Announcement is currently expected to be made on or around 19 February 2020.</p>
<p>Who can apply for the Bonds? Have any Bonds been reserved for certain countries?</p>	<p>Subject to certain exceptions, Bonds may only be offered by the authorised distributors in the United Kingdom, Ireland, Guernsey, Jersey and/or the Isle of Man during the Offer Period (and to the extent that the relevant authorised distributor is appropriately authorised to make offers in the relevant jurisdiction(s), in accordance with all applicable laws, rules and regulations). No Bonds have been reserved for certain countries.</p>
<p>What is the Exchange Offer?</p>	<p>On 24 July 2013 Bruntwood Investments plc, a wholly owned subsidiary of Bruntwood Group Limited, issued £50,000,000 6.00 per cent. secured bonds due 2020 and guaranteed by the Parent Guarantor. The maturity date of the Existing 2020 Bonds is 24 July 2020, on which date they become repayable by Bruntwood Investments plc to their holders.</p> <p>The Issuer has invited holders of the Existing 2020 Bonds to offer to exchange their Existing 2020 Bonds for the Bonds as set out in this Exchange Offer Memorandum and Prospectus.</p> <p>The final aggregate nominal amount of Bonds to be issued to investors on the Issue Date will therefore be a combination of (a) Bonds issued to any Existing 2020 Bondholders who offer to exchange their Existing 2020 Bonds for Bonds pursuant to the Exchange Offer; plus (b) Bonds issued to investors who agree to subscribe for Bonds pursuant to this Exchange Offer Memorandum and Prospectus. The aggregate nominal amount of Bonds to be issued will be made public in the Sizing Announcement</p>

	referred to above.
When and how will applicants be told of how many Bonds have been allotted to them?	Applicants will be notified by the relevant financial intermediary of their allocation of Bonds (if any) in accordance with the arrangements in place between them and their appointed financial intermediary.
Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?	No steps have been taken to allow the Bonds to be traded before informing investors of their allocation of Bonds.
What is the amount of any expenses and taxes specifically that will be charged to applicants?	<p>None of the Issuer, either of the Guarantors or the Joint Lead Managers will charge applicants any expenses relating to the issue of the bonds.</p> <p>The Bonds will be issued at the issue price (which is 100 per cent. of the nominal amount of the Bonds), and the aggregate nominal amount of the Bonds to be issued will be specified in a Sizing Announcement to be published by the Issuer by RNS at the end of the Offer Period. Authorised distributors may offer the Bonds at the issue price (i.e. 100 per cent. of the nominal amount of the Bonds) or, if such financial intermediary charges applicants any expenses, then it may offer them the Bonds at a corresponding amount more than the issue price. For example, if their stockbroker or financial adviser charges them total dealing expenses of, for instance, 1 per cent., then he or she would offer the Bonds to them at 101 per cent. of the nominal amount of the Bonds (i.e. a price to you of £101 per £100 Bond). Applicants must check with their stockbroker or financial adviser what expenses he or she will charge to them, and therefore what the offer price to them will be. Any such expenses charged by their financial intermediary are beyond the control of the Issuer, the Guarantors and the Joint Lead Managers, are not knowable by the Issuer or Guarantors, and must be disclosed to any potential investor by the relevant financial intermediary at the relevant time.</p>
What are the names and addresses of those distributing the Bonds?	<p>As of the date of this Exchange Offer Memorandum and Prospectus, the persons listed below are the persons known to the Issuer and the Guarantors who intend to offer and distribute the Bonds during the Offer Period:</p> <p><i>Joint Lead Managers</i></p> <p>City & Continental Ltd Cheyne House Crown Court 62/63 Cheapside London EC2V 6AX</p> <p>Peel Hunt LLP Moor House 120 London Wall</p>

	<p>London EC2Y 5ET</p> <p><i>Initial Authorised Offeror</i></p> <p>Equiniti Financial Services Limited (trading as Selftrade, Shareview and/or Saga Share Direct)</p> <p>Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA</p>
	<p>Each of the Issuer and the Guarantors has granted consent to the use of this Exchange Offer Memorandum and Prospectus by the persons listed above and other relevant stockbrokers and financial intermediaries in the United Kingdom and Ireland during the Offer Period on the basis of and so long as they comply with the conditions described in the section headed “<i>Important Legal Information - Consent</i>”. None of the Issuer, the Guarantors or the Joint Lead Managers has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.</p>
Will a registered market-maker be appointed?	<p>Peel Hunt LLP has agreed to be appointed as a registered market-maker through the London Stock Exchange’s order book for retail bonds (ORB) market in respect of the Bonds from the date on which the Bonds are admitted to trading on the London Stock Exchange plc’s regulated market. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours.</p>

DESCRIPTION OF THE ISSUER

Information about the Issuer

The Issuer was incorporated and registered in England and Wales on 20 November 2019 under the Companies Act 2006 as a public limited company with registered number 12325238 under the name of Bruntwood Bond 2 Plc. The principal legislation under which the Issuer operates is the Companies Act 2006.

The Issuer's registered office and principal place of business is Union, Albert Square, Manchester M2 6LW and its telephone number is 0161 212 2222.

As of the date of this Exchange Offer Memorandum and Prospectus, the total authorised share capital of the Issuer is £50,000 and the total allotted, issued and fully paid share capital of Issuer is £50,000 divided into 50,000 ordinary shares of £1 each, all of which are held by Bruntwood Group Limited.

The Legal Entity Identifier of the Issuer is 21380034YZZ56VF4QF27.

The Issuer's website is the same as that of the Group's, being www.Bruntwood.co.uk. Any information contained in any website specified in this Exchange Offer Memorandum and Prospectus does not form part of this Exchange Offer Memorandum and Prospectus, except where that information has been incorporated by reference into this Exchange Offer Memorandum and Prospectus.

Principal activities and Funding Structure

The Issuer's objects and purposes are unrestricted.

The Issuer is organised as a special purpose company. The Issuer was established to raise money for use by the Bruntwood Group.

Since its incorporation, the Issuer has not engaged in material activities other than those incidental to its registration as a public limited company under the Companies Act 2006 and those related to the issue of the Bonds. The Issuer has no employees and no subsidiaries.

It is expected that the Issuer's only material expenses and liabilities will be those related to the Bonds. The Issuer will finance such expenses and liabilities through intercompany loans received from other entities in the Bruntwood Group.

Other than its role as the issuer of the Bonds, the Issuer does not have any external financing arrangements.

Directors and Secretary

Directors

The directors of the company are:

- Christopher Oglesby - Director
- Kevin Crotty – Director

The Company Secretary of the Issuer is Kevin Crotty.

For details of the Directors' backgrounds and other principal activities, please see "*Description of the business of the Bruntwood Group*".

The business address of each of the above persons is Union, Albert Square, Manchester M2 6LW.

There are no potential conflicts of interest between the private interests or other duties to third parties of the directors of the Issuer and their duties to the Issuer.

Corporate Governance

The Issuer is not a company with a primary equity listing and accordingly is not required to comply with the United Kingdom's corporate governance standards. Instead, as the Issuer is a direct wholly-owned subsidiary of Bruntwood Group Limited, which is subject to certain obligations under the Companies Act 2006, it adheres to the corporate governance policies applied by Bruntwood Group Limited to all of its subsidiaries.

Use of Proceeds

The Issuer will lend the proceeds from the issue of Bonds to the Parent Guarantor, which is also a direct wholly owned subsidiary of Bruntwood Group Limited. The Parent Guarantor will use the proceeds to on-lend to other Bruntwood Group companies for general corporate purposes which will include, amongst other things the acquisition of and capital investment into commercial property. The amounts on-lent to other Bruntwood Group companies by the Parent Guarantor will be a receivable of the Parent Guarantor and the Parent Guarantor will grant a floating charge over all of its assets, revenues and undertakings in favour of the Security Trustee (for the benefit of itself and the Bondholders).

Financial Information

Since the date of its incorporation, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Exchange Offer Memorandum and Prospectus. The Issuer intends to publish its first financial statements in respect of the period ending on 30 September 2020. The financial year of the Issuer ends on 30 September in each year.

Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at its business address set out above and within the “*Retail Bonds*” section of the Group's website, being <https://bruntwood.co.uk/our-performance/disclaimer/retail-bond-information>.

The Issuer has appointed Deloitte LLP of 2 Hardman Street, Manchester M60 2AT, as its auditors. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Recent Developments

There have been no recent events particular to the Issuer that are, to a material extent, relevant to the evaluation of the Issuer's solvency.

DESCRIPTION OF THE SUBSIDIARY GUARANTOR

Information about Bruntwood Management Services Limited

Bruntwood Management Services Limited (the “**Subsidiary Guarantor**”) was incorporated and registered in England and Wales on 6 December 2006 under the Companies Act 2006 as a private limited company with registered number 06020655 under the name of Bruntwood Management Services Limited. The principal legislation under which the company operates is the Companies Act 2006.

The company’s registered office and principal place of business is Union, Albert Square, Manchester M2 6LW and its telephone number is 0161 212 2222.

As of the date of this Exchange Offer Memorandum and Prospectus, the total authorised share capital of the Subsidiary Guarantor is £10,000 and the total allotted, issued and fully paid share capital of the Subsidiary Guarantor is £10,000 divided into 10,000 ordinary shares of £1 each, all of which are held by the Parent Guarantor.

The Legal Entity Identifier of the Subsidiary Guarantor is 2138001AEDHL6DWYG737.

The Subsidiary Guarantor’s website is the same as that of the Group’s, being www.Bruntwood.co.uk. Any information contained in any website specified in this Exchange Offer Memorandum and Prospectus does not form part of this Exchange Offer Memorandum and Prospectus, except where that information has been incorporated by reference into this Exchange Offer Memorandum and Prospectus.

Principal activities and Funding Structure

The Subsidiary Guarantor’s objects and purposes are unrestricted.

The Subsidiary Guarantor was established as a management services business for the Bruntwood Group. In particular, the company is responsible for the employment of all of the employees of the Bruntwood Group and for the treasury services operations of the Bruntwood Group.

The majority of the Bruntwood Group overheads, including salaries are incurred by the Subsidiary Guarantor and recharged out to other Bruntwood Group companies on a basis which fairly reflects their proportional usage.

Any of the Bruntwood Group’s spare cash resource is pooled within the Subsidiary Guarantor, which acts as a central treasury vehicle, paying the majority of Bruntwood Group invoices and recharging all payments and receipts via intercompany accounts.

Other than its role as a Guarantor of the Bonds, the Subsidiary Guarantor does not have any external financing arrangements.

Directors

The directors of the Subsidiary Guarantor are:

- Jessica Bowles – Director
- Richard Burgess – Director
- Kevin Crotty – Director
- Peter Crowther – Director

- Christopher Oglesby – Director

For details of the Directors’ backgrounds and other principal activities, please see “*Description of the business of the Bruntwood Group*”.

The business address of each of the above persons is Union, Albert Square, Manchester M2 6LW.

There are no potential conflicts of interest between the private interests or other duties to third parties of the directors of the Subsidiary Guarantor and their duties to the Subsidiary Guarantor.

Corporate Governance

The Subsidiary Guarantor is not a company with a primary equity listing and accordingly is not required to comply with the United Kingdom’s corporate governance standards. Instead, as the company is an indirect wholly-owned subsidiary of Bruntwood Group Limited, which is subject to certain obligations under the Companies Act 2006, it adheres to the corporate governance policies applied by that company to all of its subsidiaries.

Financial Information

The Subsidiary Guarantor publishes its financial statements in respect of the periods ending on 30 September each year.

Reports and accounts published by the Subsidiary Guarantor are available for inspection during normal office hours at its business address set out above and within the “*Retail Bonds*” section of the Bruntwood Group’s website.

The auditors of the Subsidiary Guarantor since its incorporation are Deloitte LLP of 2 Hardman Street, Manchester M60 2AT. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Recent Developments

There have been no recent events particular to the Subsidiary Guarantor that are, to a material extent, relevant to the evaluation of the Subsidiary Guarantor’s solvency.

DESCRIPTION OF THE BUSINESS OF THE BRUNTWOOD GROUP

The Bonds will be issued by the Issuer and guaranteed by Bruntwood Limited (the “**Parent Guarantor**”) and Bruntwood Management Services Limited (the “**Subsidiary Guarantor**” and together with the Parent Guarantor, the “**Guarantors**”) and will be secured, by way of the First Floating Charge (as described above) from on or around 25 July 2020 over the assets of the Parent Guarantor in favour of the Security Trustee for the benefit of the Bondholders and other secured creditors for the remainder of the life of the Bonds.

Information on the Parent Guarantor and the Bruntwood Group

The Parent Guarantor was incorporated and registered in England and Wales on 4 December 2006 under the Companies Act 1985 as a private limited company with registered number 6017744 under the name of Bruntwood Group Limited. The Parent Guarantor changed its name from Bruntwood Group Limited to Bruntwood Limited on 31 December 2008. The principal legislation under which the Parent Guarantor operates is the Companies Act 2006. The Parent Guarantor’s objects and purposes are unrestricted.

The Parent Guarantor’s registered office and principal place of business is Union, Albert Square, Manchester, M2 6LW and its telephone number is 0161 212 2222.

The Legal Entity Identifier of the Parent Guarantor is 213800ZX2CGN7UUXYC31.

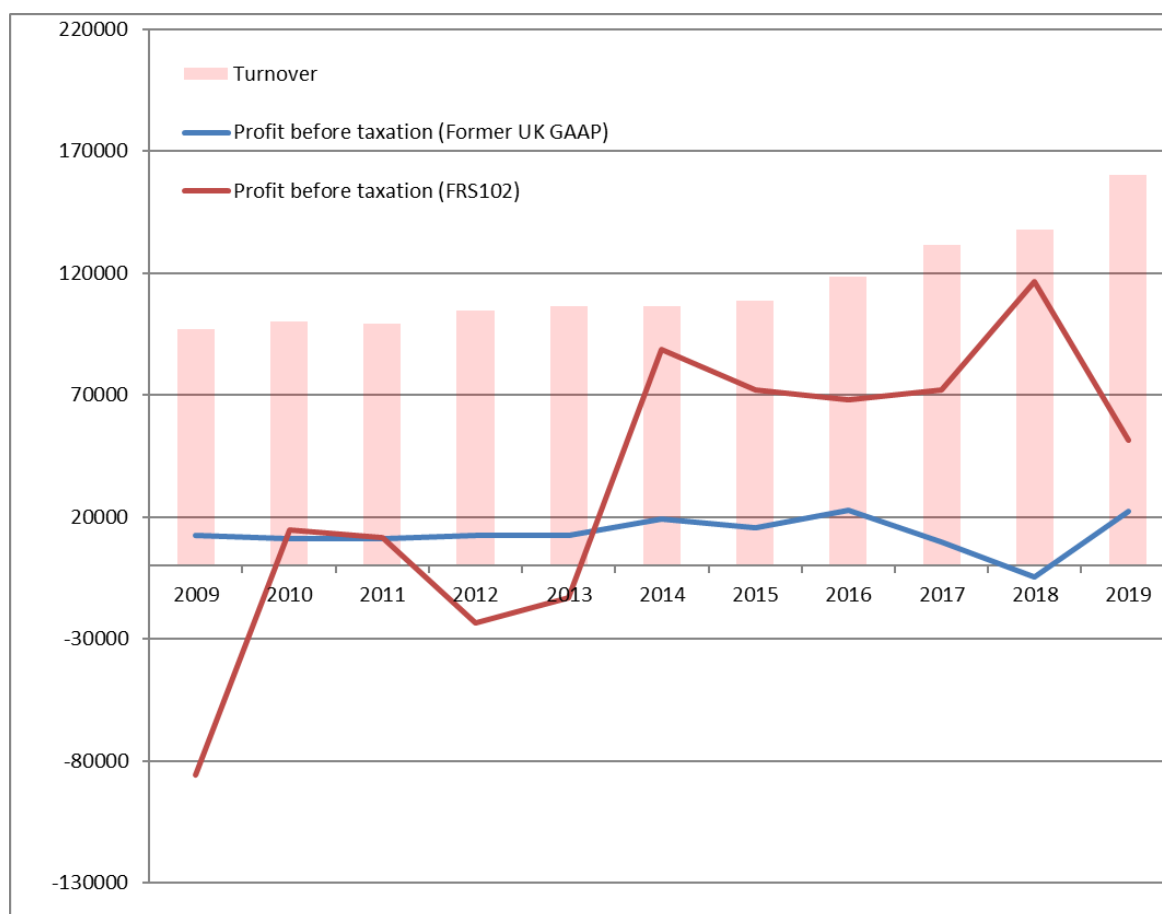
The Parent Guarantor’s website is www.Bruntwood.co.uk. Any information contained in any website specified in this Exchange Offer Memorandum and Prospectus does not form part of this Exchange Offer Memorandum and Prospectus, except where that information has been incorporated by reference into this Exchange Offer Memorandum and Prospectus.

Overview

The Parent Guarantor’s business is that of a holding company and it is the intermediate holding company of a group of subsidiary companies. The Parent Guarantor is a wholly owned subsidiary of Bruntwood Group Limited which is the ultimate holding company of the Group and which is in turn owned by the Oglesby family and family related trusts. The ultimate controlling shareholder of the Bruntwood Group, via investment through Bruntwood Group Limited, is considered by the Parent Guarantor’s Board of Directors to be Mr C G Oglesby, close members of his family and Oglesby family trusts. The Group was founded in 1976 and is one of the United Kingdom’s largest privately-owned commercial property groups. The Bruntwood Group employs approximately 800 people. The Bruntwood Group’s main activity is the customer service led provision of office space with ancillary retail premises, storage and car parking facilities to a range of customers including the public and private sectors.

As at 30 September 2019, the Bruntwood Group owned approximately 7,400,000 square feet of space within 110 properties. This is comprised of 2,931,000 square foot of space in located in central Manchester, 2,829,000 square foot of space in Greater Manchester and 1,636,000 square foot of space in Liverpool, Leeds and Birmingham (combined). The Bruntwood Group’s properties were utilised by approximately 2,600 business customers. The Bruntwood Group’s turnover for the 12 months ended 30 September 2019 was £160.1 million (£137.7 million for the same period in 2018) of which the Bruntwood Group’s rental and related income contributed £93.4 million and the Bruntwood Group’s service charge income contributed £22.6 million (£87.6 million and £25.2 million respectively for the same period in 2018). Of the Bruntwood Group’s rental and related income as at 30 September 2019, headline rent amounted to £102.7 million, passing rent amounted to £91.8 million and estimated rental value amounted to £120 million. The Bruntwood Group’s profit before taxation for the year ended 30 September 2019 was £51.8 million (£116.3 million for the same period in 2018).

The Bruntwood Group has demonstrated a consistent track record of growth of Profit before Taxation and Turnover as depicted in the analysis below:



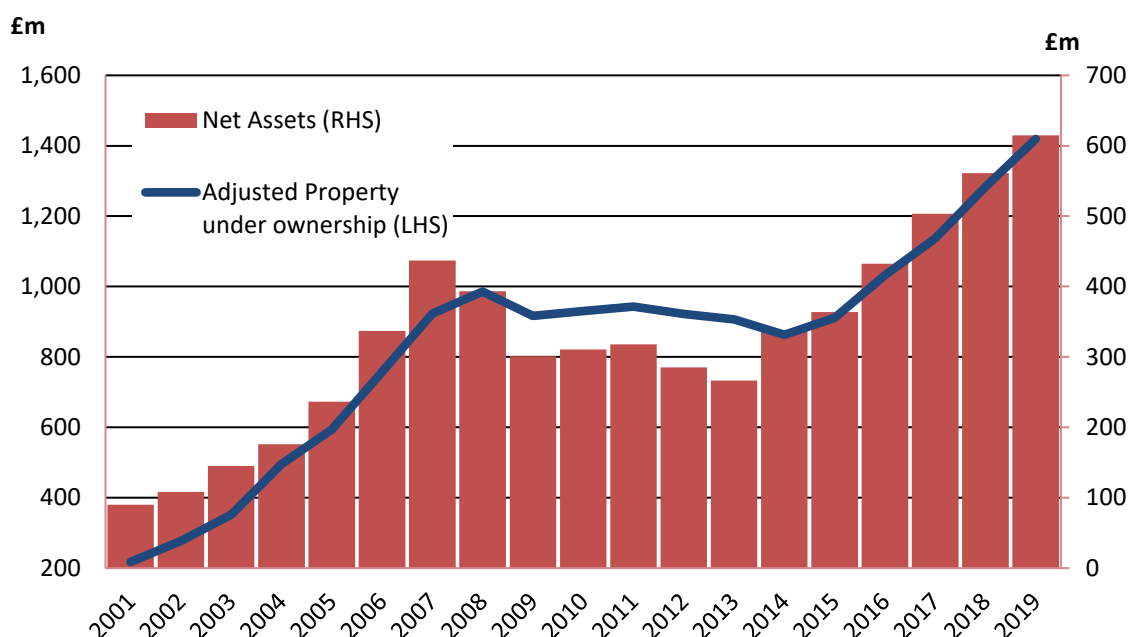
Note that Profit before Taxation, both before and after the financial year ended 30 September 2015 (when the relevant accounting rules applied by the Bruntwood Group changed), has been presented on a consistent basis for the purposes of the analysis. Details of how the figures have been calculated from the financial statements are included in the section headed ‘*Alternative Performance Measures*’. The Bruntwood Group’s Turnover from 2010 to 2019, as set out in the above graph, is as follows:

	2009	2010	2011	2012	2013	2014
Turnover (£'000)	97,102	100,232	99,049	104,630	106,306	106,181

	2015	2016	2017	2018	2019
	108,481	118,445	131,522	137,653	160,066

As at 30 September 2019, the Bruntwood Group had Adjusted Property Under Ownership of £1.4 billion (2018 – £1.3 billion), including assets within the joint venture with Legal & General, Bruntwood SciTech (“**Bruntwood SciTech**”, and Bruntwood SciTech Ltd and its subsidiaries are, together, the “**SciTech Group**”).

Furthermore, the Bruntwood Group believes it has demonstrated a strong growth trend in Net Assets and Adjusted Property Under Ownership over the recent economic cycle as shown below:



A more detailed analysis of the calculation of Adjusted Property Under Ownership is set out in the section headed ‘*Alternative Performance Measures*’ in this Exchange Offer Memorandum and Prospectus.

History and development

The Bruntwood Group was established in 1976 by Mr M J Oglesby and his early business partner as a family-owned and managed property company. The purpose of the Bruntwood Group at its outset was to invest in old mills and industrial units such that they could be refurbished and repositioned for use by smaller owner managed businesses. However, from 1979 onwards, the wider economy of the principal commercial centres of north-west England experienced a general move away from its traditional manufacturing industry to a service led industry. As a consequence, the Bruntwood Group changed its focus to the acquisition of well-located but often neglected commercial office properties in order to develop them to a higher presentational standard to let to its customer base. The first site was located in Manchester. Further sites were then acquired in Manchester and Greater Manchester, and later, Liverpool, Birmingham and Leeds.

Today the Bruntwood Group is a leading regional provider of high-quality office space to a wide range of public and private sector business customers located in Manchester, Greater Manchester, Liverpool, Leeds and Birmingham. The Bruntwood Group places an emphasis on its customer service by locating dedicated teams within each of its buildings in order to respond to each of its customers’ needs quickly and to ensure that all systems within the buildings continue to operate correctly.

The Bruntwood Group places a particular emphasis on the development of strong relationships with its customers and it lets and manages its floor space according to the needs of its customers. The Bruntwood Group aims to achieve this by offering office space to its customers in a flexible and progressive manner through conventional leases, short term serviced office licences and all-inclusive fully managed leases. A primary aim of the Bruntwood Group is to provide office space in this manner for each stage of a customer’s business development cycle.

The Bruntwood Group aims to be fully embedded within the communities in which it operates and therefore works closely with local civic, academic and health partners. Since 2012, through these partnerships, the Bruntwood Group has diversified its operations into Science, Health and Technology and owns a number of science parks and innovation centres devoted to growing these sectors. In 2018, these properties represented approximately one quarter of assets owned and it was decided to sell equity in this part of the business, forming Bruntwood SciTech Ltd, a 50:50 Joint Venture with Legal & General Capital Investments Ltd. With the combined financial power of Legal & General and Bruntwood, SciTech aims to expand its operations both within and beyond the Group's core cities. The Bruntwood Group now operates under two key brands, being Bruntwood SciTech (the joint venture with Legal & General) and Bruntwood Works (the wholly owned office focused business).

The Bruntwood Group continues to adopt a family-owned and managed structure. Mr M J Oglesby founded the Bruntwood Group and his son, Mr C G Oglesby, took over as Chief Executive in 1999. The Bruntwood Group's activities are directed through a single unified corporate management and control structure which is run by the board of Directors (the "**Group Board**") sitting at the level of the Parent Guarantor. The Group Board is responsible for designing and managing the strategic direction of the Bruntwood Group, major funding and acquisition decisions and controlling the corporate management and operational structure of the Bruntwood Group.

The 50:50 Joint Venture, Bruntwood SciTech Ltd is controlled by the SciTech Group Board consisting of two Bruntwood directors, namely Mr C G Oglesby and Mr K J Crotty, together with two directors nominated by Legal & General.

The day to day operation of Bruntwood Works and Bruntwood SciTech is delegated to their respective management boards, headed by Ms C Keeling and Mr P Kemp. Both Ms C Keeling and Mr P Kemp sit on the Group Board.

Strategy and objectives of the Bruntwood Group

The Bruntwood Group's objective is to assess each of its customer's needs in order to identify the best way to satisfy its goals. As a consequence, its aim is to be identified as the leading regional supplier of innovatively developed commercial space which is best suited to meet the evolving requirements of its business customers.

The Bruntwood Group seeks to achieve its objective by:

- Developing, leasing, owning and managing a large concentration of branded offices in a limited number of locations. The Bruntwood Group believes that this will enhance its market knowledge, help it to achieve economies of scale in the provision of its products and services, and enhance its close relationship with its customers.
- Using its scale in the locations in which it operates to adopt a flexible approach allowing customers to move between the Bruntwood Group's buildings and spaces and offering customers a selection of additional services (such as meeting rooms, virtual offices, utilities, storage and car parking) which are all delivered by the Bruntwood Group's in-house teams.

The Bruntwood Group's strategy is as follows:

To maintain a concentrated portfolio of well-located buildings in cities with significant strategic value

- The Bruntwood Group believes that the regional cities in which it operates (Manchester, Leeds, Liverpool and Birmingham) are gaining in importance in the UK's regional marketplace as businesses

look to relocate from out of town locations so as to utilise the available talent pools clustered around the city regions.

- The Bruntwood Group believes that these cities also benefit from a trend of businesses relocating their more commoditised operations away from London (with its higher rental costs) and from the growth of businesses from within the regions as a consequence of their increasingly international outlook and success in attracting inward foreign investment.
- The Bruntwood Group also believes that in a generally fragmented market-place, its ownership of a concentrated portfolio of office buildings will enable it to benefit from better market knowledge when identifying property to acquire and to develop a better understanding of its customers' needs when designing developments and so allow it to let its vacant properties faster.
- The Bruntwood Group's entire property portfolio is located in and around these four cities.

To maintain a varied property investment portfolio with a specialism in development and redevelopment

- As at 30 September 2019, the Bruntwood Group owned approximately 7,400,000 square feet of space within 110 properties. This is comprised of 2,931,000 square foot of space located in central Manchester, 2,829,000 square foot of space in Greater Manchester and 1,636,000 square foot of space in Leeds, Liverpool and Birmingham (combined). The portfolio contains properties which range from architecturally-significant and refurbished listed buildings through to high-tech office centres and new-build corporate headquarters.
- The Bruntwood Group aims to run an investment portfolio which equates to 80-90 per cent. of total stock, with the remainder being property under redevelopment or pure new-build development. The investment portfolio caters for all business needs, from start-ups to large corporates and provides the stable income platform which enables the Bruntwood Group to undertake what it considers to be a sensible amount of development. Given the Bruntwood Group's close relationship with its customers, such development is somewhat de-risked as the Bruntwood Group can benefit from understanding the expansion requirements of its existing customer base and factor that knowledge into its development decisions.
- As a developer-investor, the majority of the buildings which the Bruntwood Group develops are let and then retained as investment assets. Due to the multi-let nature of its properties, the Bruntwood Group also has to continually invest in its investment portfolio to ensure its properties remain at the forefront of the commercial office market. As it has very few single-let buildings, and as there is a near-constant lease renewal and refurbishment cycle, the Bruntwood Group's buildings are rarely allowed to fall to their vacant possession value, which helps to ensure that the Bruntwood Group's buildings' market values are maintained and enhanced.

To ensure that customer service is placed at the heart of the Bruntwood Group's operating model

- Whilst many property companies outsource customer facing activities, the Bruntwood Group maintains its own customer service, development, sales and retention, marketing and facilities management functions. This results in a flexible and personal in-house service offering which the Bruntwood Group believes in turn results in customer retention rates of twice the national average. Over the three-year period from 2017 to 2019, the Bruntwood Group achieved a customer retention rate per square foot of 77 per cent. at break of lease and 66 per cent. on expiry compared to 69 per cent. at break of lease and 26 per cent. on expiry across the property sector.

- The Bruntwood Group's high concentration of regional ownership allows the Bruntwood Group to sell additional services to its customers thereby enhancing returns. These additional services include the provision of meeting rooms, virtual offices, storage, car parking, utilities and facilities management services.
- The Bruntwood Group holds property for the longer term which in turn allows it to offer a long-term relationship with its customers. As such the Bruntwood Group places significant emphasis on developing and closely managing those relationships. This results in a better understanding of each customer's strategic needs and allows the Bruntwood Group to offer tailored office space solutions which evolve, often at short notice, to reflect its customers' changing requirements. The Bruntwood Group believes that the emphasis it places on understanding its customers contributed to a high retention rate of its existing customers.

To maintain a diverse customer base with active management of occupancy levels

- The Bruntwood Group seeks to maintain a diverse customer base ranging from single person operations through to large blue-chip companies and government agencies and departments. This ensures that the Bruntwood Group has no significant exposure to any one client, client type or business sector and that it maintains flexibility to take advantage of particular growth sectors.
- As at 30 September 2019, the Bruntwood Group had a customer base of approximately 2,606 customers of which the top 10 represented only 10.3 per cent. of the Bruntwood Group's total rental income.

As at 30 September 2019, the Bruntwood Group's investment occupancy level was 91 per cent. Occupancy level over recent years has been very strong and Bruntwood has struggled to source available vacant stock to meet increasing customer demand at the right price point.

To maintain strong internal risk systems

- Cash management is important to the ongoing financial strength of the Bruntwood Group. The Bruntwood Group maintains strong internal systems which aim to achieve consistent cash collection and minimise customer default rates.
- In 2019 the Bruntwood Group experienced a customer default rate of 0.7 per cent. (0.7 per cent. in 2018) which compares favourably to the long-term UK average of 3.6 per cent. In 2019, the Bruntwood Group collected 60 per cent. of all payments owed to it by its customers by the quarter end date and a further 83 per cent. of all payments owed to it within 14 days of the quarter end date with 98 per cent. collected prior to the quarter end date.
- Over the past two years, the Bruntwood Group has invested £3 million in a new end to end business platform, providing real time data on all customer interactions, from first enquiry through to leasing property and lease terminations. The platform fully integrates the sales processes, asset management processes, customer liaison processes and billing and accounts. This investment helps management to better serve the needs of its customers, make more informed decisions and focus resource in the right places.

Stable ownership and management

- The Bruntwood Group believes that it has benefitted from stable family ownership which has allowed its executives to focus on maximising value. Its family ownership has enabled the Bruntwood Group to take a long-term investment view, putting the long-term interests of the business ahead of the short-term interests of shareholders.

To grow through diversification

- The Bruntwood Group has in recent years looked to develop new products targeted at major United Kingdom growth sectors such as science and technology and businesses involved in the marketing, design, and digital media sectors which each have unique business space requirements. Examples include the acquisition and doubling in size of Manchester Science Parks Limited, the acquisition and development of Innovation Birmingham Limited, Alderley Park Ltd (the former AstraZeneca Headquarters), Circle Square Manchester and the acquisition and development of two new Citylabs buildings, centres of excellence for the bio-medical sector developed on the Manchester NHS Foundation Trust's Oxford Road Campus.
- In order to further target and grow this sector, in partnership with civic, academic and health institutions, in September 2018 the Bruntwood Group entered into a 50:50 Joint venture partnership with Legal & General Capital Investments Ltd, forming Bruntwood SciTech Ltd.

To demonstrate social responsibility

- Directly and through the Oglesby Charitable Trust which owns 30 per cent. of the business, the Bruntwood Group invests at least 10 per cent. of its profits into the communities in which it operates. The Bruntwood Group also aims to have zero waste to landfill and have 20 per cent. reduction in water use per square metre by 2023 and be net zero carbon and have 30 per cent. locally generated energy by 2030. It plans to deliver these targets alongside a programme of civic and community-based projects to support its customers in playing their part in reducing climate impact.

Principal Activities and Markets

Office Space

- The Bruntwood Group offers flexible office space within a range of building styles from architecturally-significant and refurbished listed buildings through to high tech office centres and corporate headquarters. The Bruntwood Group owns a portfolio of 110 buildings across Manchester, Greater Manchester, Liverpool, Leeds and Birmingham. The Bruntwood Group's customer base consists of businesses with staff head count totalling from one person to several hundred people. The Bruntwood Group owns its buildings through a combination of freehold and leasehold titles and each of its properties is operated by its in-house customer service and facilities management teams. The Bruntwood Group offers its office space to its customers on leases which vary in tenure from one month to 25 years and upon flexible terms which enable customers to move their business within the Bruntwood Group's office portfolio as their needs dictate.
- As part of its office space product offering, the Bruntwood Group also provides fully serviced offices focused on smaller start-up businesses looking to avoid the costs of committing to lengthy lease terms in their early years, meeting room facilities for use by new and existing customers, virtual offices, storage space and car parking. In addition, larger offices are now offered on a fully managed 'turn-key' basis (meaning, the offices are already fitted out for the relevant client) for those larger clients who want to completely out-source their office operations.
- In more recent years, Bruntwood's model has evolved to offer the different types of occupation within the same building with enhanced shared space and amenity which can be used by all customers. Customers of a similar sectoral focus have also been co-located, and their collaboration encouraged through networking events and the Bruntwood collective app, an app that informs customers of the Bruntwood Group's events programmes, changes to customers' buildings, exclusive discounts and most importantly allowing the customers themselves to communicate with each other. The Bruntwood

Group believes that clustering of like-minded businesses has aided customer retention and increased the estimated rental value of the properties.

Retail Space

- The Bruntwood Group's portfolio contains only 8 per cent. retail, 36 per cent. of which is ancillary retail space located on the ground floors of the Bruntwood Group's portfolio of office buildings. The Bruntwood Group believes its ancillary retail space enhances the attractiveness of the office environment of its buildings and therefore its ability to attract customers to its office space. The Bruntwood Group's retail portfolio consists of coffee shops, restaurants, local supermarkets, food and leisure operations whose product offering is aimed at office workers located within its buildings and trade from those passing by. The retail locations benefit from wide catchment areas with most located near to key transport hubs and associated significant passing customer traffic as well as customer footfall generated by other customers of the Bruntwood Group occupying office space of the Bruntwood Group at each location.
- The remaining 64 per cent. of retail space that the Bruntwood Group owns is dedicated town centre retail located in two well-located regional centres where the Bruntwood Group has partnered in a 50:50 joint venture with the local authority to re-position those centres, increasing the amount of residential and office space and changing the retail offer to service that repositioning. This is an example of how the Bruntwood Group's strong relationships with its civic partners has enabled the sourcing and funding of off-market opportunities.

Science and Technology Space

- The Bruntwood Group's 50:50 joint venture with Legal & General Capital Investments Ltd, 'Bruntwood SciTech Ltd' is now one of the UK's largest operator by square footage of space dedicated to Science and Technology with 2.3 million sq. ft under ownership. The space offered includes office and lab space offered on flexible terms in a similar way to the core office portfolio (see above) with the addition of pay as you go scientific services to help start-ups who perhaps cannot afford the necessary equipment and resources on a standalone basis. In addition, SciTech offers a number of incubation services for start-ups and growing businesses as well as a life-science fund (which is run by an external fund manager) which can be accessed to help businesses through their early phase lifecycle.

Competitors

- The Bruntwood Group does not have a single direct competitor of equivalent market focus and presence that offers a similar range of products in the principal markets in which the Bruntwood Group operates. The competition that the Bruntwood Group experiences is of a fragmented nature.
- The Bruntwood Group experiences competition from smaller property companies with particular focus on some of the Bruntwood Group's product areas within a specific city. The Bruntwood Group also experiences competition in certain product areas from major institutional United Kingdom property investors. Major institutional property investors tend to own the freehold of certain large properties and compete in certain Bruntwood Group product areas. Their properties are typically targeted towards larger single occupier properties let on longer lease terms.
- In recent years, new entrants (such as WeWork) into the Manchester and Birmingham serviced office markets have provided some competition in the property sector. However, despite some aggressive price pressure from competitors, the Bruntwood Group's serviced space occupational and pricing statistics have held up strongly. The Bruntwood Group believes the two key factors to explain this are increased demand and that the principal offering of those new competitors is something that the

Bruntwood Group has been offering its clients for many years, but the Bruntwood Group believes it has been able to retain its competitive advantage of catering for all scale of customer demand through the depth of property ownership that the Bruntwood Group has in these cities.

- The Bruntwood Group believes its strategy uniquely positions it within its market to focus on multi-tenanted properties let to customers on shorter lease terms that are regularly reviewed and extended or replaced as the customers' needs dictate. This strategy aims to ensure that the Bruntwood Group is not exposed to the loss of any one customer or the gradual erosion in property value as longer leases move towards expiry.
- Following the 2008 financial crisis and related regulatory developments, UK banks are increasingly well capitalised and lending parameters within the current economic cycle have been more restrained with banks providing senior lending only to a maximum loan to value ratio of 65 per cent. This has been beneficial to the Bruntwood Group, as it has historically sought to finance its portfolio within that range, whereas should there be more highly leveraged market entrants that are in competition with the Bruntwood Group, then they may find themselves unable to access funding at comparable rates of interest as the market moves.

Outlook

- The commercial real estate markets of the regional cities of the United Kingdom are the core market of the Bruntwood Group. In those markets, commercial pricing (with the exception of pure retail) has been stable in recent years, despite macroeconomic factors (such as Brexit). The Bruntwood Group's property portfolio largely consists of so-called "upper secondary" properties, and, as at the date of this Exchange Offer Memorandum and Prospectus, has a valuation yield range of approximately 5 per cent. to 9 per cent. This compares favourably to other asset classes, such as prime property, where regional valuation yields are approximately 5 per cent., and in particular as compared to the 10-year UK Gilt rate which has been hovering at around 0.5 per cent. in recent years. The Bruntwood Group believes its portfolio offers a reasonable return on investment as compared to other asset classes of a comparable risk profile.
- In terms of occupation of its properties, the Bruntwood Group's vacancy statistics remain at low levels and enquiry levels remain high. Whilst the UK outlook for economic growth is generally positive, the Bruntwood Group remains vigilant to any potential slowdown that may occur. Even in the 2008 financial crisis, the retention levels in the Bruntwood Group's portfolio held up well, with companies opting to stay put rather than taking on the risk of a move. Any downturn in the economy could potentially result in a decrease in the headline rent per square foot of some of our properties and/or an increase in the concessions that need to be offered to customers, either of which could reduce cash flow and lower valuations. However, the Bruntwood Group maintains covenant headroom within each of its borrowing facilities which it believes are adequate to weather an economic downturn. The Bruntwood Group has never breached a banking covenant in its 43-year history.

The Bruntwood Group's Properties

The Bruntwood Group owns approximately 7.4 million square feet of space within 110 properties which are utilised by approximately 2,600 business customers.

As at 30 September 2019, the Bruntwood Group had Adjusted Property Under Ownership of £1.4 billion (2018 – £1.3 billion), including assets within the Bruntwood Group's joint venture with Legal & General,

Bruntwood SciTech. A more detailed analysis of the Adjusted Property Under Ownership is set out in the section headed “*Alternative Performance Measures*”.

Sole Shareholder

The Parent Guarantor has one class of ordinary shares (the “**Ordinary Shares**”).

- As of the date of this Exchange Offer Memorandum and Prospectus, the total authorised share capital of the Parent Guarantor is £903,725 and the total allotted, issued and fully paid share capital of the Parent Guarantor is £903,725 divided into 903,725 Ordinary Shares of £1 each.
- The Ordinary Shares confer on the shareholders the right to attend and vote at general meetings and on a written resolution. Dividends are applied on a non-cumulative basis between the shareholders *pro rata* according to the number of such shares held by each of them respectively. On a return of capital, any surplus assets of the company remaining after the payment of its liabilities shall be applied in paying the shareholders any balance *pro rata* according to the number of Ordinary Shares held by the shareholders respectively.
- The Ordinary Shares are held solely by Bruntwood Group Limited.

Subsidiaries

- All properties owned by the Bruntwood Group are secured under the various facility agreements set out in the section below headed “*Borrowing and Funding structure*”.
- The subsidiaries of the Parent Guarantor are as listed in note 13 of the 30 September 2019 financial statements.
- As at the date of this Exchange Offer Memorandum and Prospectus, the following subsidiaries of the Parent Guarantor are Material Subsidiaries: Bruntwood 2000 Alpha Portfolio Limited; Bruntwood 2000 Beta Portfolio Limited; Bruntwood MBS Developments Limited; Bruntwood AV Limited; and Bruntwood LG Limited.

Board of Directors of the Parent Guarantor

The Directors of the Parent Guarantor, all of whose business addresses are at Union, Albert Square, Manchester M2 6LW are as follows:

Christopher Oglesby (Chief Executive Officer of the Group)

Christopher Oglesby took over as Chief Executive Officer (the “**CEO**”) of the Group at the end of 1999, in succession to his father, Mr M Oglesby. He was appointed to the Board on 4 December 2006. He previously worked in the investment team in the City of London Office of St Quintin (now CBRE), before returning to work for the Group in 1991. He has been a qualified Chartered Surveyor since 1993.

Katharine Vokes (Social Impact Director of the Group)

Katherine Vokes (née Oglesby) joined the family business in 2000. She was appointed to the Board on 4 December 2006 and is the Group’s Social Impact Director. She has previously worked at Andersen Consulting, Fayrefield Foods (Sales), Rank Hovis McDougall (Marketing) and Safeway (Buying).

Kevin Crotty (Chief Financial Officer of the Group)

Kevin Crotty joined the Group in 2002 having qualified as a Chartered Accountant with Deloitte in 2000. Kevin was head of the Group's business planning function and then moved to look after the Group's treasury and taxation functions, being appointed to the Board as Banking Director on 11 January 2007. Kevin was promoted to Chief Financial Officer of the Group in October 2011.

Peter Crowther (Property Director - Bruntwood SciTech)

Peter joined the Group in 1997 and was appointed to the as Development Director of the Group in 2004. He was appointed to the Board on 11 January 2007. Peter has historically taken the leading role in many of the Group's development projects. In September 2018 he became Property Director of Bruntwood SciTech Ltd, the Bruntwood Group's 50:50 Joint venture with Legal & General.

Christopher Roberts (Chief Development Officer of the Group)

Christopher joined the Group in 1993 and has worked on both the sales and development side of the Group's business. He was appointed as Development Director of the Group in 2004 and appointed to the Board on 15 July 2009. He has played a significant role in leading the Group's development activity in the Science and Technology sector and works closely with civic, academic and health institutions.

Richard Burgess (Chief Operating Officer of the Group)

Richard joined the Bruntwood Group in 2002 and has held various senior roles in customer services and facilities management. He was appointed to the board as Chief Operating Officer in November 2016.

Ciara Keeling (CEO – Bruntwood Works)

Chartered Surveyor Ciara joined the Bruntwood Group as a graduate in 2005 and has held various asset management and regional director roles. In December 2018 she was promoted to become Chief Executive Officer of the Bruntwood Works operational board which she represents on the Group Board.

Philip Kemp (CEO – Bruntwood SciTech)

Phil joined the Bruntwood Group as Chief Commercial Officer in 2017 and was appointed to the Group Board in the same year. Following the creation of Bruntwood SciTech in September 2018, Phil was appointed Chief Executive of Bruntwood Science Ltd, the operational board for the SciTech Joint Venture with Legal & General. Phil represents Bruntwood SciTech on the Group Board.

Jessica Bowles (Chief Strategy Officer)

Jessica joined the Bruntwood Group in 2016 having previously being Head of City Policy at Manchester City Council, where she joined following 15 years in the Civil Service. Jessica is responsible for Bruntwood's strategy, brand, customer experience, product development, community and communications.

External Positions Held:

Director	External Organisation	Position
Chris Oglesby	Corridor Board	Board member
	British Para Swimming	Board member
	Manchester Climate Change Board	Board member
	Manchester International Festival	Board member
	(Onside Youth Zone - retired)	Board member
	The Grange School	Board member
	Manchester Youth Trust	Board member
	British Council of Offices -	Board member

	Investors Group	
	Greater Manchester Foresight Group - Chair	Board member
	Young Presidents Organisation - Former Chair	Board member
	Northern Powerhouse Partnership	Board member
	Greater Manchester Local Enterprise Partnership	Board member
Chris Roberts	Cheadle Hulme School Governor	Governor
Jessica Bowles	East Manchester Academy School	Chair of Governors
	CBI NW Regional Council	Member
	GM Cycling and Walking Board	Board Member
Kate Vokes	The Oglesby Charitable Trust	Trustee
	CityCo	Chair
	Shared Health Foundation	Trustee
	The Factory Youth Zone	Board member
	The Bruntwood Charity	Trustee
	Our Manchester Forum	Member
	City Centre Accountability Board	Board member
	Cheadle Hulme School	Mentor
Kevin Crotty	North West Business Leadership Team	Board member
	Whitley Parish Council	Councillor
	PMB Charitable Foundation	Trustee
Pete Crowther	Oldham Coliseum Theatre	Trustee
	The Bruntwood Charity	Trustee

There are no potential conflicts of interest between duties to the Parent Guarantor of its Directors and their private interests and other duties.

Board practices and governance

The Parent Guarantor does not maintain an audit committee and does not otherwise comply with the United Kingdom's corporate governance regime as the Parent Guarantor is not a company with a primary equity listing and accordingly is not required to comply with the United Kingdom's corporate governance standards.

Auditors

Deloitte LLP whose address is 2 Hardman Street, Manchester M60 2AT, are the auditors of the Bruntwood Group and audited the consolidated financial statements of the Bruntwood Group for the financial year ended 30 September 2019 and the financial year ended 30 September 2018. Their reports in respect of the financial statements for each of the financial year ended 30 September 2019 and the financial year ended 30 September 2018 were unqualified. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Borrowings and funding structure

The Bruntwood Group is financed through a combination of a medium term loan facility with four banks (the "MTL Facility"), a funding arrangement with Legal & General (the "Legal & General Facility"), a funding

arrangement with Aviva (the “**Aviva Facility**”), an existing retail bond (the “**Existing 2020 Bonds**”), a North West Evergreen development Loan (the “**Ohm Building Loan**”), an overdraft facility (the “**Overdraft Facility**”), and development loans from Trafford Council in respect of Stretford Mall and Stamford Quarter (the “**Stretford and Stamford Loan**”) and the “K Site” (the “**K Site Loan**”). The Bruntwood Group has also entered into a number of interest rate hedging agreements connected to its various funding arrangements. All funding agreements have varying security arrangements attached to them, the main component of each security package being the properties held by the Bruntwood Group. As at December 2019, the Bruntwood Group’s entire property portfolio was secured in favour of its lenders under the MTL Facility, the Legal & General Facility, the Aviva Facility, the Existing 2020 Bonds, the Ohm Building Loan, the Stretford and Stamford Loan and the K Site Loan. The Overdraft Facility is unsecured.

Given its scale and shareholders, Bruntwood SciTech is financed through its own dedicated arrangements. These comprise a combination of a syndicated loan facility with four banks (the “**SciTech Facility**”), a North West Evergreen development loan (the “**Citylabs 2 Loan**”), and an investment loan from Birmingham City Council in respect of Innovation Birmingham (the “**IB Loan**”). Bruntwood SciTech has also entered into a hedging agreement connected to the SciTech Facility. Each of these funding agreements have varying security arrangements attached to them, the main component of each security package being certain properties held within the Bruntwood SciTech Group. As at 30 September 2019, Bruntwood SciTech’s entire property portfolio was secured in favour of its various lenders pursuant to the SciTech Facility, the Citylabs 2 Loan and the IB Loan.

The Bruntwood Group funds its business activities through the financing arrangements described above. If the Bruntwood Group considers that it needs further finance to fund its existing business activities, or if it determines it requires new finance to fund proposed new business activities, it could increase the size of its existing facilities or enter into further finance arrangements (subject to continued compliance with the financial covenants in its various existing financing arrangements (including those in the Bonds at Condition 5(a) of the Conditions).

As at 30 September 2019, the Bruntwood Group’s Loan to Value ratio was 48.7 per cent. (for further information on how the Loan to Value ratio is calculated, see “*Alternative Performance Measures*”).

The calculation of the Loan to Value metric presented here is as set out in “*Alternative Performance Measures*”. The calculation of this metric is similar (but not identical) to, the financial covenant included at Condition 5(a) of the “*Terms and Conditions of the Bonds*”. The difference between the two metrics is that Loan to Value includes Developments in Progress and Assets held for Resale, whereas both would be excluded from the definition of Tangible Fixed Assets for the purposes of the calculation of the covenant included in the Bonds. The reason for the distinction is that, as a general measure of the Bruntwood Group’s performance, the Bruntwood Group believes it is correct to take into account “Developments in Progress” and “Assets held for Resale”, because such developments do have an inherent value which is reflected on the Balance sheet of the Bruntwood Group and specific loans are advanced against Developments in Progress. However, for the purposes of the financial covenant at Condition 5(a), the Developments in Progress and Assets held for Resale line items have been excluded, because of the perception of increased risk in realising value in respect of developments in progress as opposed to realising value in completed buildings. The exclusion of Developments in Progress and Assets held for Resale from the financial covenant is therefore expected to be beneficial to the Bondholders, in that it makes the financial covenant more restrictive. To illustrate this, as at 30 September 2018, calculation of the relevant covenant included in the Conditions (see the section headed “*Terms and Conditions of the Bonds – Financial and Other Covenants*”), gave a ratio of 47.1 per cent., whereas Loan to Value (as calculated in the manner set out in the section headed “*Alternative Performance Measures*”), as at the same date, was 46.5 per cent.

The Bruntwood Group's exposure to interest rate risk is mitigated in two ways. Firstly, by securing low borrowing margins, and secondly by hedging the Bruntwood Group's interest rate exposure through the use of interest rate swaps.

MTL Facility

The Bruntwood Group currently has a medium-term loan facility with Barclays Bank plc, HSBC plc, Santander UK plc and The Royal Bank of Scotland plc. As at 30 September 2019, the amount outstanding under the MTL Facility was £200,490,920. The MTL Facility is guaranteed by each of Bruntwood Estates Holdings Limited, Bruntwood 2000 Alpha Portfolio Ltd, Bruntwood 2000 Beta Portfolio Ltd, Bruntwood Albert Square Ltd, Bruntwood MBS Retail Ltd, Bruntwood Estates Alpha Portfolio Ltd, Bruntwood Estates Beta Portfolio Ltd, Bruntwood 2000 (NW Regen) Ltd, Bruntwood Paragon A Ltd, Bruntwood Paragon B Ltd, Chandlers Point Management Company Ltd and Bruntwood Cornwall Street Ltd. The MTL Facility currently expires and is repayable in full on 31 March 2022.

The MTL Facility does not contain any provisions requiring it to be repaid early if any other member of the Bruntwood Group defaults in relation to other debt obligations. The MTL Facility is secured over certain of the Bruntwood Group's commercial properties (being the properties owned by the guarantors referred to in the paragraph immediately above).

Legal & General Facility

On 21 December 2012 the Bruntwood Group borrowed £120 million from Legal & General. The loan has a 10-year term and a fixed interest rate of 4.6355 per cent. per annum. In March 2016 a further £10 million was borrowed at a fixed rate of 3.84 per cent. As at 30 September 2019, the total amount borrowed and outstanding under the Legal & General Facility was £118,186,034, and it is repayable on 21 December 2022.

The Legal & General Facility is guaranteed by Bruntwood Estates Limited, Bruntwood LG Holdings Ltd and Bruntwood LG Ltd, which are wholly-owned subsidiaries of the Parent Guarantor.

The Legal & General Facility does not contain any provisions requiring it to be repaid early if any other member of the Bruntwood Group defaults in relation to other debt obligations. The Legal & General Facility is secured over certain of the Bruntwood Group's commercial properties which are owned by Bruntwood LG Ltd.

Aviva Facility

On 22 December 2016 the Bruntwood Group borrowed £115.5 million from Aviva Commercial Finance Limited. The loan has a 15-year term and a fixed interest rate of 3.46 per cent. per annum. As at 30 September 2019, the total amount borrowed and outstanding under the Aviva Facility was £113,191,979, and it is repayable on 22 December 2031.

The Aviva Facility is guaranteed by Bruntwood AV Holdings Ltd and Bruntwood AV Limited which are wholly-owned subsidiaries of the Parent Guarantor.

The Aviva Facility does not contain any provisions requiring it to be repaid early if any other member of the Bruntwood Group defaults in relation to other debt obligations. The Aviva Facility is secured over certain of the Bruntwood Group's commercial properties which are owned by Bruntwood AV Ltd.

Existing 2020 Bonds

On 24 July 2013 Bruntwood Investments Plc (the "**Existing Issuer**"), a direct subsidiary of Bruntwood Group Limited issued the Existing 2020 Bonds, being a £50 million retail eligible bond paying an annual interest rate of 6 per cent. per annum payable twice yearly. The proceeds of the Existing 2020 Bonds were on-lent to the

Bruntwood Group. As at the date of this Exchange Offer Memorandum and Prospectus the full £50 million originally issued remains outstanding and matures on 24 July 2020.

The Existing 2020 Bonds are guaranteed by the Parent Guarantor and are secured over certain of the Bruntwood Group's commercial properties which are owned by Bruntwood RB Limited.

Any holders of Existing 2020 Bonds that partake in the Exchange Offer may receive Bonds, as set out more fully in this Exchange Offer Memorandum and Prospectus. Existing 2020 Bonds owned by holders that do not partake in the Exchange Offer will be repaid on 24 July 2020. The Bruntwood Group intends to fund such repayment from any of (i) unused cash, and/or (ii) existing undrawn financing.

Ohm Building Loan

On 16 May 2018 Bruntwood (Didsbury TP) Ltd entered into a £3 million loan facility with CBRE Loan Services Ltd acting as agent for The North West Evergreen Limited Partnership and the Greater Manchester Evergreen 2 Limited Partnership to develop the Ohm Building, Didsbury, Manchester (the "**Ohm Building Loan**"). As at the date of this Exchange Offer Memorandum and Prospectus the Ohm Building has successfully reached practical completion and is fully let. The balance outstanding on the Ohm Building Loan at the date of this Exchange Offer Memorandum and Prospectus is £3 million which is repayable 8 June 2020.

The Ohm Building Loan attracts quarterly interest at a 2.8 per cent. margin above the EU Reference Rate specified at https://ec.europa.eu/competition/state_aid/legislation/reference_rates.html (the "**EU Reference rate**") (which was, as at 30 September 2019, 1.09 per cent.).

The Ohm Building Loan is secured on the Ohm Building which sits within Bruntwood (Didsbury TP) Ltd, a wholly owned subsidiary of the Parent Guarantor. The Ohm Building Loan is also guaranteed by the Parent Guarantor.

On maturity of the Ohm Building Loan, it is expected that the Ohm Building will be charged in favour of the MTL Facility lenders and borrowing increased on that facility to repay the Ohm Building Loan.

Stretford and Stamford Loan

On 1 October 2019 Bruntwood Trafford Holdings Ltd borrowed £26.9 million from Trafford Council to fund the acquisition of Stretford Mall and Stamford Quarter, Altrincham through a joint venture vehicle with Trafford Council. The loan has a 7-year term and a margin of 3.25 per cent. above the EU Reference rate (which was, as of 1 October 2019, 0.9 per cent.).

Interest is paid quarterly, and the loan is secured on a share charge and debenture over the borrower. The Stretford and Stamford Loan is also guaranteed by the Parent Guarantor.

On maturity of the Stretford and Stamford Loan, it is expected that the loan will either be refinanced with Trafford Council or alternatively, the relevant properties will be charged in favour of the MTL Facility lenders with borrowing increased on that facility to repay the Stretford and Stamford Loan.

K Site Loan

On 3 May 2018 K Site Ltd entered into a £12.3 million loan facility from Trafford Council to fund the acquisition of the K Site building and fund its initial phase of redevelopment through a joint venture vehicle with Trafford Council. The loan has a 3-year term (extendable by a further 24 months) and a margin of 4 per cent. above the EU Reference rate (which is, as of 30 September 2019, 1.09 per cent.).

Interest is paid quarterly, and the loan is secured on a share charge and debenture over the borrower, being K Site Ltd. The K Site Loan is also guaranteed by the Parent Guarantor.

On maturity of the K Site Loan, it is expected that the loan will either be refinanced with Trafford or alternatively, the relevant properties will be charged in favour of the MTL Facility lenders with borrowing increased on that facility to repay the K Site Loan.

Bruntwood SciTech funding structure

The following facilities pertain to Bruntwood SciTech. As such, whilst the Bruntwood Group is jointly and severally liable for each facility, it would only account for its 50 per cent. share of the balance on a share of net assets basis within its consolidated financial statements.

SciTech Facility

Bruntwood SciTech currently has a medium-term loan facility with Lloyds Bank plc, HSBC UK Bank plc, Santander UK plc and National Westminster Bank plc (the “**SciTech Facility**”). As at 30 September 2019, the amount outstanding under the SciTech Facility was £110 million. The SciTech Facility is guaranteed by each of Bruntwood Science Limited, Manchester Science Partnerships Limited, Bruntwood Circle Square 1 Ltd, Bruntwood Circle Square 2 Ltd, Bruntwood Circle Square 4 Ltd, Bruntwood Circle Square 12 Ltd, Bruntwood Circle Square 13 Ltd, Circle Square Green Company Ltd, Citylabs Ltd, Alderley Imaging Ltd, Alderley Park Limited, Alderley Park Holdings Ltd, Bruntwood Platform Leeds Limited and Mi Idea Limited. The SciTech Facility will, if not extended or otherwise renewed, expire and become repayable in full in July 2022.

The SciTech Facility does not contain any provisions requiring it to be repaid early if any other member of the SciTech Group defaults in relation to other debt obligations. The SciTech Facility is secured over certain of Bruntwood SciTech’s commercial properties (being the properties owned by the guarantors referred to in the paragraph immediately above).

Citylabs 2 Loan

On 19 January 2018 Citylabs 2.0 Ltd entered into a £17.5 million loan facility with CBRE Loan Services Ltd acting as agent for The North West Evergreen Limited Partnership and the Greater Manchester Evergreen 2 Limited Partnership to develop the Citylabs 2 Building, Manchester (the “**Citylabs 2 Loan**”). The Citylabs 2 Building is expected to reach practical completion in mid-2020 and has already been fully let in advance of that date. The balance outstanding on the Citylabs 2 Loan as at 30 September was £3.7 million, which is repayable December 2021.

The Citylabs 2 Loan attracts quarterly interest at a 2.8 per cent. margin above the EU Reference rate (which was, as at 30 September 2019, 1.09 per cent.).

The Citylabs 2 Loan is secured on the Citylabs 2 Building which sits within Citylabs 2.0 Ltd, a wholly owned subsidiary of Manchester Science Partnerships (“**MSP**”). Bruntwood SciTech owns 67 per cent. of MSP. The Citylabs 2 Loan is also guaranteed by the Parent Guarantor.

On maturity of the Citylabs 2 Loan, it is expected that the Citylabs 2 Building will be charged in favour of the SciTech Facility lenders, with borrowing increased on that facility to repay the Citylabs 2 Loan.

IB Loan

On 18 April 2018 Innovation Birmingham Ltd entered into a £13 million loan facility with Birmingham City Council (the “**IB Loan**”) to fund the acquisition of “Innovation Birmingham”, which is one of the UK’s leading digital campuses. The IB Loan has a 3-year term and a fixed rate of 4.5 per cent.

Interest is paid quarterly, and the loan is secured on a share charge and debenture over the borrower, being Innovation Birmingham Ltd. The IB Loan is also guaranteed by Parent Guarantor.

On maturity of the IB Loan, it is expected that the IB Loan will be refinanced by increased borrowing under the SciTech Facility, with the relevant properties being charged in favour of the SciTech Facility lenders.

Security for the Bruntwood Group's financings

1. The MTL Facility is secured by security over:

- all the commercial property and property related assets of Bruntwood 2000 Alpha Portfolio Ltd, Bruntwood 2000 Beta Portfolio Ltd, Bruntwood Albert Square Ltd, Bruntwood MBS Retail Ltd, Bruntwood Estates Alpha Portfolio Ltd, Bruntwood Estates Beta Portfolio Ltd, Bruntwood 2000 (NW Regen) Ltd Bruntwood Paragon A Ltd, Bruntwood Paragon B Ltd, Chandlers Point Management Company Ltd and Bruntwood Cornwall Street Ltd and all the other assets of each of Bruntwood 2000 Alpha Portfolio Ltd, Bruntwood 2000 Beta Portfolio Ltd, Bruntwood Albert Square Ltd, Bruntwood MBS Retail Ltd, Bruntwood Estates Alpha Portfolio Ltd, Bruntwood Estates Beta Portfolio Ltd, Bruntwood 2000 (NW Regen) Ltd, Bruntwood Paragon A Ltd, Bruntwood Paragon B Ltd, Chandlers Point Management Company Ltd and Bruntwood Cornwall Street Ltd; and
- the issued shares of each of Bruntwood 2000 Alpha Portfolio Ltd, Bruntwood 2000 Beta Portfolio Ltd, Bruntwood Albert Square Ltd, Bruntwood MBS Retail Ltd, Bruntwood Estates Alpha Portfolio Ltd, Bruntwood Estates Beta Portfolio Ltd, Bruntwood 2000 (NW Regen) Ltd, Bruntwood Paragon A Ltd, Bruntwood Paragon B Ltd, Chandlers Point Management Company Ltd and Bruntwood Cornwall Street Ltd.

2. The Legal & General Facility is secured by security over:

- all the commercial property and property related assets of Bruntwood LG Limited (“LG”);
- all the other assets of LG; and
- the issued share capital of LG.

3. The Aviva Facility is secured by security over:

- all the commercial property and property related assets of Bruntwood AV Limited (“AV”);
- all the other assets of AV; and
- the issued share capital of AV.

4. The Existing 2020 Bonds are secured by security over all the commercial property and property related assets of Bruntwood RB Limited.

5. The Ohm Building Loan is secured by security over all the commercial property and property related assets of Bruntwood (Didsbury TP) Ltd.

6. The Stretford and Stamford Loan is secured by security over all the assets of Bruntwood Trafford Holdings Ltd.

7. The K Site Loan is secured by security over all the assets of K Site Ltd.

8. The SciTech Facility is secured by security over:

- all the commercial property and property related assets of Bruntwood Science Limited, Manchester Science Partnerships Limited, Bruntwood Circle Square 1 Ltd, Bruntwood Circle Square 2 Ltd, Bruntwood Circle Square 4 Ltd, Bruntwood Circle Square 12 Ltd, Bruntwood Circle Square 13 Ltd, Circle Square Green Company Ltd, Citylabs Ltd, Alderley Imaging Ltd, Alderley Park Limited, Alderley Park Holdings Ltd, Bruntwood Platform Leeds Limited and Mi Idea Limited; and

- the issued shares of each of Bruntwood Science Limited, Manchester Science Partnerships Limited, Bruntwood Circle Square 1 Ltd, Bruntwood Circle Square 2 Ltd, Bruntwood Circle Square 4 Ltd, Bruntwood Circle Square 12 Ltd, Bruntwood Circle Square 13 Ltd, Circle Square Green Company Ltd, Citylabs Ltd, Alderley Imaging Ltd, Alderley Park Limited, Alderley Park Holdings Ltd, Bruntwood Platform Leeds Limited and Mi Idea Limited.
9. The Citylabs 2 Loan is secured by security over all the commercial property and property related assets of Citylabs 2.0 Ltd.
 10. The IB Loan is secured by security over all the assets of IB Ltd.

The commercial property provided as security by the Bruntwood Group for the MTL Facility, the Legal & General Facility, the Aviva Facility, the Existing 2020 Bonds, the Ohm Building Loan, the Stretford and Stamford Loan, the SciTech Facility, the Citylabs 2 Loan, the IB Loan and the K Site Loan, all as described above, represents all the commercial property assets of the Bruntwood Group.

Recent Developments

There have been no recent events particular to the Parent Guarantor or the Bruntwood Group that are, to a material extent, relevant to the evaluation of the Parent Guarantor's or the Bruntwood Group's solvency.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions substantially in the form to be endorsed on the Bonds in definitive form (if issued):

The issue of the sterling denominated 6.00 per cent. bonds due 25 February 2025 (the “**Bonds**”) was authorised by a resolution of the Board of Directors of Bruntwood Bond 2 plc (the “**Issuer**”) passed on 24 January 2020. A guarantee of the Bonds and the granting of future security in respect of that guarantee was authorised by a resolution of the Board of Directors of Bruntwood Limited (the “**Parent Guarantor**”) passed on 24 January 2020. A further guarantee of the Bonds was authorised by a resolution of the Board of Directors of Bruntwood Management Services Limited (the “**Subsidiary Guarantor**” and, together with the Parent Guarantor, the “**Guarantors**”) passed on 24 January 2020.

The Bonds are constituted by a Trust Deed (the “**Trust Deed**”) dated 25 February 2020 (the “**Issue Date**”) between the Issuer, the Guarantors and U.S. Bank Trustees Limited (acting in its capacities as “**Trustee**” and “**Security Trustee**” and which expressions shall include all persons for the time being the trustee or trustees, or the security trustee or security trustees, under the Trust Deed or the Security Deed, as applicable) as trustee for the holders of the Bonds (the “**Bondholders**”) and as security trustee in relation to the Secured Liabilities (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of (a) the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the “**Coupons**”) and (b) the form of Security Deed (as defined below). Security for the Parent Guarantee will, in accordance with Condition 3, be created by the Security Deed expected to be dated on or around 25 July 2020 between the Issuer, the Parent Guarantor and the Security Trustee (the “**Security Deed**”). Copies of the Trust Deed, the Security Deed (once executed and delivered pursuant to Condition 3) and of the Paying Agency Agreement dated on or around the Issue Date relating to the Bonds between the Issuer, the Guarantors, the Trustee and the initial principal paying agent named in it (the “**Paying Agency Agreement**”), are (or will be, in the case of the Security Deed) available for inspection during usual business hours by appointment at the specified office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”) and the other paying agents (if any) for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Security Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

1. Form, Denomination and Title

- (a) **Form and denomination:** The Bonds are serially numbered and in bearer form in the denomination of £100 each, with Coupons attached on issue.
- (b) **Title:** Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Guarantees, Status and Application of Moneys

- (a) **Guarantees:** The Guarantors have unconditionally and irrevocably, on a joint and several basis, guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds, the Coupons and the Transaction Documents. The Parent Guarantor’s obligations (the “**Parent Guarantee**”) and the Subsidiary Guarantor’s obligations (the “**Subsidiary Guarantee**” and,

together with the Parent Guarantee, the “**Guarantees**”) are respectively contained in the Trust Deed.

- (b) **Status of Bonds and Subsidiary Guarantee:** The Bonds and Coupons constitute direct, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons, and of the Subsidiary Guarantor under the Subsidiary Guarantee, shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.
- (c) **Status of Parent Guarantee:** The payment obligations of the Parent Guarantor under the Parent Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Conditions 3 and 4(b), at all times rank at least equally with all its other present and future unsubordinated obligations.
- (d) **Application of Moneys (*Post-Enforcement Priority of Payments*):** All moneys received by the Trustee or the Security Trustee in respect of the Bonds or Coupons or recovered by the Trustee, the Security Trustee or any Receiver following the enforcement of the First Floating Charge, despite any appropriation of all or part of any such moneys by the Issuer, either Guarantor or any other member of the Bruntwood Group (including any moneys which represent principal or interest in respect of Bonds or Coupons which have become void under the Conditions) shall be held by the Trustee or the Security Trustee, as the case may be, on trust to apply them in the following order of priority pursuant to the terms of the Trust Deed:
 - (i) *first*, in or towards satisfaction of (i) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by or payable to the Trustee and/or the Security Trustee in preparing and executing the trusts under the Transaction Documents and (ii) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to any Receiver, including in either case the costs of enforcing and/or realising any security;
 - (ii) *second*, in or towards satisfaction of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Paying Agents under the Transaction Documents;
 - (iii) *third*, in or towards payment of all arrears of interest remaining unpaid in respect of the Bonds or Coupons (including Further Issues) and all principal moneys due on or in respect of the Bonds (including Further Issues); and
 - (iv) *fourth*, the balance (if any) in payment to the Parent Guarantor, Subsidiary Guarantor or Issuer (as the case may be).

3. Floating Charge Security

- (a) **First Floating Charge:** The Parent Guarantor covenants that it shall, as soon as practicable once no Existing 2020 Bonds remain outstanding but in any event before 25 July 2020, create by way of security for the Parent Guarantor’s present and future payment obligations under the Transaction Documents and the Parent Guarantee a first floating charge (the “**First Floating Charge**”) over all of the undertaking, property, assets, rights and revenues, both present and future, wheresoever situated, of the Parent Guarantor. The First Floating Charge will be granted by the Parent Guarantor under the Security Deed in favour of the Security Trustee, on trust for

and on behalf of itself, the Trustee, the Bondholders and the other Secured Creditors on the terms of the Trust Deed and the Security Deed, as security for the Secured Liabilities. The Security Trustee, the Trustee, the Bondholders and the other Secured Creditors will share in the benefit of the First Floating Charge.

- (b) **Trustee and Security Trustee not liable for Security:** Neither the Trustee nor the Security Trustee will be liable for any failure to make any investigations in relation to the undertaking, property, assets, rights or revenues which are the subject of the First Floating Charge, and they shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Parent Guarantor to the Secured Property, whether such defect or failure was known to the Trustee or the Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will they have any liability for the limitation on the Trustee's or the Security Trustee's ability to enforce or for any other restrictions or limitations or for the validity, sufficiency, priority or enforceability of the First Floating Charge whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such First Floating Charge or otherwise.

4. **Negative Pledge and Parent Guarantor Covenant**

- (a) **Negative Pledge:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Subsidiary Guarantor will create, permit to subsist or have outstanding any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Financial Indebtedness or to secure any guarantee or indemnity in respect of any Financial Indebtedness, without at the same time or prior thereto according to the Bonds, the Coupons and the Trust Deed the same security as is created or subsisting to secure any such Financial 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 Bondholders or (ii) shall be approved by an Extraordinary Resolution of the Bondholders.

For the purposes of this Condition 4(a), "**Permitted Security Interest**" means:

- (i) any Security Interest arising by operation of mandatory provisions of law;
 - (ii) any Security Interest in existence prior to the Issue Date;
 - (iii) any cash management, netting or set off arrangement entered into by the Subsidiary Guarantor in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; and
 - (iv) any Security Interest securing indebtedness represented by the Bonds and the other Secured Liabilities.
- (b) **Parent Guarantor Covenant:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Parent Guarantor will not create, permit to subsist or have outstanding any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including, but not limited to, any uncalled capital or any Related Rights) to secure any Financial Indebtedness or any guarantee or indemnity in respect thereof which ranks in priority to, or *pari passu* with, the First Floating Charge; excluding for this purpose:
- (i) any Security Interest arising by operation of mandatory provisions of law;

- (ii) any Security Interest granted in respect of Bruntwood Investment plc's 6 per cent. bonds due 24 July 2020, provided however that any such Security Interest shall cease to be permitted on 25 July 2020;
- (iii) any Security Interest securing the ordinary shares of any Subsidiary of the Parent Guarantor (other than shares of the Subsidiary Guarantor) where such Security Interest is granted:
 - a. solely for the purpose of raising Financial Indebtedness for the Bruntwood Group; and
 - b. as a condition of the agreement or deed pursuant to which such Financial Indebtedness is evidenced;
- (iv) the First Floating Charge securing any Further Issue (including any bond, coupon, talon, receipt in relation thereto or the person in whose name the relevant bond is registered, as the case may be); or
- (v) any Security Interest that has been approved by an Extraordinary Resolution of the Bondholders.

5. Financial and Other Covenants

- (a) **Incurrence Covenant:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Parent Guarantor undertakes that it will not, and it will procure that none of its Subsidiaries will, incur any Financial Indebtedness if, immediately after the incurrence of such additional Financial Indebtedness, Consolidated Secured Financial Indebtedness would exceed 65 per cent. of Tangible Fixed Assets, in each case as at the most recent Reporting Date and as adjusted (if applicable) pursuant to the immediately following sentence.

For the purposes of this Condition 5(a), the Parent Guarantor shall take into account the following adjustments (in each case where relevant and determined by the Parent Guarantor acting in good faith and a commercially reasonable manner):

- (i) any reduction in Financial Indebtedness or increase in Financial Indebtedness (including, as described above, the proposed incurrence of such additional Financial Indebtedness) since the most recent Reporting Date; and
 - (ii) any purchases or sales of properties since the most recent Reporting Date which would be included or cease to be included (as applicable) in Tangible Fixed Assets were accounts of the Bruntwood Group to be drawn up as at the date of the proposed incurrence of such additional Financial Indebtedness.
- (b) **Financial Covenants:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Parent Guarantor shall ensure that:
 - (i) as at each Reporting Date, Financial Indebtedness of the Bruntwood Group does not exceed 75 per cent. of the Tangible Fixed Assets; and
 - (ii) as at and in respect of the 12-month period ending on any Reporting Date, the ratio of Operating Profit to Net Interest Payable is at least 1.3 : 1.0.
- (c) **Minimum Net Assets:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Parent Guarantor shall ensure that, as at each Reporting Date (i) the Parent

Guarantor Net Assets will not be less than £50,000,000; and (ii) the Consolidated Tangible Net Worth of the Bruntwood Group will not be less than £400,000,000.

- (d) **Liquidity Covenant:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Issuer and the Guarantors shall ensure that the aggregate Liquidity of the Bruntwood Group, as at each Reporting Date, is not less than the Minimum Liquidity Amount.
- (e) **Financial Reporting:** Within (i) four months of its most recent financial year-end, the Parent Guarantor shall send to the Trustee, and at the same time procure publication on the Bruntwood Group's website of, a copy of its audited annual Consolidated Financial Statements for such financial year, together with the report thereon of the Parent Guarantor's independent auditors; and (ii) three months of the end of the first half of each financial year, the Parent Guarantor shall send to the Trustee, and at the same time procure publication on the Group's website of, a copy of its semi-annual Consolidated Financial Statements as at, and for the period ending on, the end of such period.
- (f) **Compliance Certificate:** The Parent Guarantor shall, concurrently with the delivery of each of the annual and interim Consolidated Financial Statements referred to in Condition 5(e), provide to the Trustee a certificate or certificates (x) signed by two Directors of the Parent Guarantor confirming compliance with each of the covenants contained in this Condition 5 as at (or in respect of the relevant period ended, as applicable) the most recent Reporting Date or, if not compliant with such conditions, setting out the details of such non-compliance and any proposed action to be taken in connection therewith; upon which certificate the Trustee may rely absolutely without any liability to any person for so doing or further enquiry being required.
- (g) **Calculation Adjustment:** In the event that UK GAAP changes from UK GAAP applicable as at the Issue Date, the relevant line items in the Consolidated Financial Statements shall (for the purposes of the calculations in this Condition 5) be adjusted so that the relevant amounts are determined on the same basis as if UK GAAP as at the Issue Date were still applicable. So long as any Bond remains outstanding, the Parent Guarantor shall prepare and publish, in its Consolidated Financial Statements, the breakdown of specific line items that are referred to in Condition 20 and are otherwise necessary in order to calculate the amounts and ratios described in this Condition 5.

6. Interest

The Bonds bear interest from and including the Issue Date at the rate of 6.00 per cent. per annum, payable semi-annually in arrear in equal instalments of £3.00 per £100 in nominal amount of the Bonds on 25 February and 25 August in each year (each an "**Interest Payment Date**"). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of: (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due,

divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) two.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per £100 in nominal amount of the Bonds. The amount of interest payable per £100 for any period shall, save as provided above in relation to equal instalments, be equal to the product of 6.00 per cent., £100 and the day-count fraction for the relevant period as described above, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

7. Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their nominal amount on the Maturity Date. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.
- (b) **Redemption for taxation reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable), at their nominal amount, (together with interest accrued to but excluding the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it (or, if the Guarantees were called, a Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds (or the relevant Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer (or the relevant Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the relevant Guarantor, as the case may be) has or will become obliged to pay such additional amounts and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.
- (c) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 7 shall be redeemed on the date specified in such notice in accordance with this Condition 7.

- (d) **Purchase:** Each of the Issuer, the Guarantors and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 7(e) below, they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer, either Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of these Conditions.
- (e) **Cancellation:** All Bonds which are purchased by the Issuer, a Guarantor or any of their respective Subsidiaries may be held and/or subsequently resold or surrendered to the Principal Paying Agent for cancellation. Any Bonds which are redeemed or otherwise surrendered to the Principal Paying Agent for cancellation shall forthwith be cancelled together with all unmatured Coupons attached thereto or surrendered therewith, and accordingly cannot be held, reissued or sold.

8. Payments

- (a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a sterling account maintained by the payee with a bank in the United Kingdom. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.
- (b) **Payments subject to Laws:** Payments will be subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 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 any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total nominal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 20) for the relevant payment of principal.
- (d) **Payments on business days:** A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a sterling account, a London Business Day). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 8 falling after the due date.
- (e) **Paying Agents:** The initial Paying Agent(s) and their initial specified offices are listed below. The Issuer and the Guarantors reserve the right at any time with the approval in writing of the

Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that they will maintain (i) a Principal Paying Agent and (ii) a Paying Agent having a specified office in London and/or any other major European city approved by the Trustee. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders in accordance with Condition 17.

9. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantors in respect of the Bonds and the Coupons or under the Guarantees, as applicable, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders and/or the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon or
- (b) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 9 or any undertaking given in addition to or substitution for it under the Trust Deed.

10. Events of Default

If any of the following events occurs the Trustee at its discretion may, and (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) if so requested by holders of at least one-quarter in nominal amount of the Bonds then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall, give notice (an “**Acceleration Notice**”) to the Issuer that the Bonds are, and they shall immediately become, due and payable at their nominal amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** any default is made in the payment of any principal of or interest on any of the Bonds and such default continues for a period of 14 days or
- (b) **Breach of Other Obligations:** the Issuer or either Guarantor does not perform or comply with any one or more of its other obligations in the Bonds, the Trust Deed or the Security Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or a Guarantor by the Trustee or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer, a Guarantor or any Material Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the

case may be, within any originally applicable grace period, or (iii) the Issuer, a Guarantor or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds such sterling amount as is equal to three per cent. of the Consolidated Net Assets of the Group or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, a Guarantor or any Material Subsidiary and is not discharged or stayed within 30 days or
- (e) **Insolvency:** the Issuer, a Guarantor or any Material Subsidiary is (or is, or could be (other than where a demand is made for less than £1,000,000 under Section 123(1)(a) of the Insolvency Act 1986), deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee) a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, a Guarantor or any Material Subsidiary or
- (f) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, a Guarantor or any Material Subsidiary, or the Issuer or a Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and, assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or a Guarantor (as the case may be) or another of their respective Subsidiaries or
- (g) **Ownership:** (i) the Issuer ceases to be directly or indirectly wholly-owned and controlled by Bruntwood Group Limited and/or (ii) the Subsidiary Guarantor ceases to be directly or indirectly wholly-owned and controlled by the Parent Guarantor or
- (h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds and the Transaction Documents, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Transaction Documents admissible in evidence in the courts of England and Wales is not taken, fulfilled or done or
- (i) **Illegality:** it is or will become unlawful for the Issuer or a Guarantor to perform or comply with any one or more of its respective obligations under any of the Bonds or the Transaction Documents or
- (j) **Security:** the Security Deed, at any time after its execution and delivery in accordance with Condition 3(a), is not in full force and effect or does not create the First Floating Charge which it is expressed to create with the ranking and priority that it is expressed to have or

- (k) **Guarantee:** a Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 10,

provided that, in the case of paragraphs (b), (h) and (i) and so far as it relates to any of the paragraphs specifically mentioned in this *proviso*, paragraph (l) and, in respect of Subsidiaries of the Parent Guarantor (other than the Subsidiary Guarantor) only, paragraphs (d), (e) and (f), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of Bondholders.

The First Floating Charge shall become enforceable upon the delivery of an Acceleration Notice by the Trustee.

11. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 8 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

12. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in London subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantors may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

13. Meetings of Bondholders, Modification, Waiver and Substitution

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Transaction Documents. Such a meeting may be convened by the Issuer, a Guarantor, the Trustee or by Bondholders holding not less than 10 per cent. in nominal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in nominal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the nominal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the nominal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, (v) to modify or cancel a Guarantee or (vi) to modify, amend, waive or release any part of, or altering the priority of, the First Floating Charge (other than as provided for in the Conditions), in which case the necessary quorum will be two or more persons holding or representing not less than 66⅔ per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Bonds for the time being

outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

- (b) **Modification and Waiver:** The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Transaction Documents that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable in accordance with Condition 17.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or a Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Bonds if requested in writing to do so by the Issuer or the relevant Guarantor (or any previously substituted company). In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition 13) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require the Issuer or any Guarantor, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, either Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

14. Enforcement

- (a) At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer and/or the Guarantors as it may think fit to enforce the terms of the Transaction Documents, the Bonds and the Coupons and, at any time after the First Floating Charge has become enforceable the Security Trustee, may in its discretion and without further notice, take such steps, actions and proceedings as it may see fit to enforce the First Floating Charge, but it need not take any such steps, actions and proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-quarter in nominal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the

Issuer or either Guarantor (including without limitation enforcing the First Floating Charge) unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

- (b) Only the Security Trustee may enforce the First Floating Charge, in accordance with and subject to the terms of the Security Deed and the Trust Deed.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and the Guarantors and any entity related to the Issuer or a Guarantor without accounting for any profit.

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

16. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities (any such issue, a “**Further Issue**”) guaranteed by the Guarantors and secured by the First Floating Charge and either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them), and so that such Further Issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds), or otherwise upon such terms as the Issuer may determine at the time of their issue. The Parent Guarantor’s obligations in respect of such Further Issue or Further Issues shall be secured by, share in and rank *pari passu* with the First Floating Charge.

References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

17. Notices

Notices required to be given to Bondholders pursuant to the Conditions will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if the Trustee is satisfied that such publication shall not be practicable, in an English language newspaper of general circulation in the United Kingdom. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition 17.

18. Contracts (Rights of Third Parties) Act 1999

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

19. Governing Law

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

20. Definitions

“Bruntwood Group” means the Parent Guarantor and its Subsidiaries (including the Subsidiary Guarantor) taken as a whole.

“Capital Stock” of any person means any and all shares, interests, participations or other equivalents of or interests (including partnership interests) in (however designated) equity of such person, including any Preferred Stock, and all rights to purchase, warrants, options or other equivalents with respect to any of the foregoing, but excluding any debt securities convertible into or exchangeable for such equity.

“Cash Equivalents” means, as of any date of determination, any debenture, loan stock, security, note, bond, warrant, coupon, interest in any investment fund and any other investment (whether or not marketable) issued or guaranteed by Her Majesty’s Government or the European Investment Bank and, in all cases, that is sterling denominated and finally matures within one year of such date.

“Consolidated Financial Statements” means the Parent Guarantor’s audited annual consolidated financial statements or its half-year consolidated financial statements (which may be unaudited), as the case may be, including the relevant accounting policies and notes to the accounts and in each case prepared in accordance with UK GAAP, consistently applied (and, if there has been a change in accounting practices since the Issue Date, the relevant Consolidated Financial Statements shall be accompanied by a description of any change necessary in order to enable calculations contained or referred to in Condition 5 to be made as if UK GAAP as at the Issue Date remained applicable).

“Consolidated Net Assets” means, at any time, the net assets of the Parent Guarantor and its Subsidiaries as set out in the most recently prepared Consolidated Financial Statements.

“Consolidated Secured Financial Indebtedness” means, at any time, Consolidated Total Financial Indebtedness that is Secured Financial Indebtedness.

“Consolidated Tangible Net Worth” as at any date of determination, means the net assets of the Parent Guarantor and its Subsidiaries as set out in the Consolidated Financial Statements but *excluding* total goodwill and other intangible assets of the Parent Guarantor and its Subsidiaries, all calculated on a consolidated basis in accordance with UK GAAP.

“Consolidated Total Financial Indebtedness” means, as of any date of determination (and without duplication), the then aggregate outstanding amount of all Financial Indebtedness of the Bruntwood Group.

“Credit Facilities” means, with respect to any person, one or more debt facilities or similar financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans or letters of credit for such person to borrow funds.

“Extraordinary Resolution” has the meaning given to it in the Trust Deed.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Existing 2020 Bonds” means Bruntwood Investment plc’s 6.00 per cent. secured bonds due 24 July 2020 guaranteed by the Parent Guarantor.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with UK GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (h) any amount raised by the issue of shares which are expressed to be redeemable (other than at the option of the issuer thereof) before the Maturity Date or are otherwise classified as borrowings under UK GAAP;
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

“First Floating Charge” has the meaning given in Condition 3.

“Further Issue” has the meaning given in Condition 16.

“Liquidity” means, on any day, without duplication, the sum of (1) the Issuer’s and each of the Guarantor’s consolidated cash and Cash Equivalents; and (2) the aggregate of all unutilised or undrawn amounts available for drawing under Credit Facilities of either Guarantor or any Subsidiary of the Parent Guarantor, to the extent that, once drawn, such amounts are permitted to be made available to the Issuer by that Subsidiary.

“London Business Day” means a day on which commercial banks and foreign exchange markets are open for business in London.

“Material Subsidiary” shall, at any time, mean a Subsidiary of the Parent Guarantor:

(a) whose:

- (A) reported turnover (as shown in its most recent annual audited financial statements and consolidated in the case of any Subsidiary which ordinarily produces consolidated accounts) represent not less than 10 per cent. of the reported turnover of the Bruntwood Group; or
- (B) tangible fixed assets (excluding intra-group items) (as shown in its most recent annual audited financial statements and consolidated in the case of any Subsidiary which ordinarily produces consolidated accounts) represent not less than 10 per cent. of the most recently reported Tangible Fixed Assets of the Bruntwood Group on a consolidated basis,

calculated respectively by reference to the most recent annual audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary of the Parent Guarantor and the then latest Consolidated Financial Statements,

provided that in the case of a Subsidiary of the Parent Guarantor acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Parent Guarantor relate, for the purpose of applying each of the foregoing tests, the reference to the Parent Guarantor’s latest audited consolidated financial statements shall, until consolidated accounts for the financial period in which the acquisition is made have been published, be deemed to be a reference to such financial statements as if such Subsidiary of the Parent Guarantor had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the Parent Guarantor; or

- (b) to which is transferred the whole or substantially all of the business, undertaking and assets of another Subsidiary of the Parent Guarantor which immediately prior to such transfer is a Material Subsidiary, whereupon (x) the transferor Material Subsidiary shall immediately upon such transfer cease to be a Material Subsidiary and (y) the transferee Subsidiary of the Parent Guarantor shall immediately upon such transfer become a Material Subsidiary; *provided that*, such transferee Subsidiary of the Parent Guarantor shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated financial statements for the Bruntwood Group for the financial period current at the date of such transfer are published, but so that such transferor Subsidiary of the Parent Guarantor or such transferee Subsidiary of the Parent Guarantor may be a Material Subsidiary on or at any time after such date by virtue of the provisions of subparagraph (a) above.

The Trustee shall be entitled to rely upon a certificate signed by two Directors that in their opinion a Subsidiary of the Parent Guarantor is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary without liability to any person 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.

“Maturity Date” means 25 February 2025.

“Minimum Liquidity Amount” means, on any day, a sterling amount equal to 6.00 per cent. of the total nominal amount of the Bonds for the time being outstanding.

“Net Interest Payable” means, for any period, “Net interest payable” for the Bruntwood Group as shown in the Consolidated Financial Statements for such period.

“Operating Profit” means, for any period, “Operating Profit” of the Bruntwood Group as shown in the Consolidated Financial Statements for such period.

“Parent Guarantor Net Assets” means the net assets measured by reference to the line item “Net Assets” in the unconsolidated balance sheet of the Parent Guarantor appearing in the most recently prepared Consolidated Financial Statements.

“person” means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, government, or any agency or subdivision thereof or any other entity.

“Preferred Stock”, as applied to the Capital Stock of any person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such person, over shares of ordinary Capital Stock of any other class of such person.

“Receiver” means a receiver and manager or other receiver appointed under the Security Deed by the Security Trustee in respect of all or part of any Secured Property and shall, if allowed by law, include an administrative receiver.

“Related Rights” means, in relation to any asset:

- (a) all rights under any licence, agreement for sale or agreement for lease or other use in respect of all or any part of that asset;
- (b) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities in respect of any part of that asset;
- (c) the proceeds of sale, transfer or other disposal, lease, licence, or agreement for sale, transfer or other disposal, lease or licence of all or any part of that asset;
- (d) any other moneys paid or payable in respect of that asset;
- (e) any awards or judgments in favour of the Issuer or a Guarantor in relation to that asset; and
- (f) any right against any clearance system and any right under any custodian or other agreement.

“Relevant Date” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders.

“Reporting Date” means 30 September and 31 March in each year or such other dates as at which the Parent Guarantor for the time being prepares its annual audited Consolidated Financial Statements or semi-annual Consolidated Financial Statements, as the case may be.

“Secured Creditors” means each of (a) the Bondholders, (b) the Couponholders, (c) the Security Trustee, (d) the Trustee, (e) any Receiver appointed by the Security Trustee or the Trustee, (f) the Agents and (g) the holders of any Further Issue (including any bond, coupon, talon, receipt in relation thereto or the person in whose name the relevant bond is registered, as the case may be).

“Secured Financial Indebtedness” means Financial Indebtedness of any person that has the benefit of a Security Interest over any undertaking, assets or revenues (including, without limitation, any Equity Interest) owned or leased by the Parent Guarantor, the Subsidiary Guarantor, any other member of the Bruntwood Group or any Unconsolidated Affiliate, as applicable.

“Secured Liabilities” means all present and future moneys, debts and liabilities due, owing or incurred by the Issuer and/or the Guarantors, to the Secured Creditors under or in connection with the Bonds, the Coupons, any Transaction Document and any Further Issue (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, guarantor, surety or otherwise).

“Secured Property” means the undertaking, property, assets, rights and revenues from time to time subject, or expressed to be subject, to the First Floating Charge or any part of those undertaking, assets or revenues and any Related Rights.

“Security Interest” means any mortgage, lien, charge, assignment, hypothecation or security interest or any other arrangement having a similar effect under the laws of any applicable jurisdiction.

“Subsidiary” means a subsidiary or a subsidiary undertaking within the respective meanings of section 1159 and 1162 of the Companies Act 2006.

“Tangible Fixed Assets” means, on any Reporting Date, the sum of “Tangible fixed assets” for the Bruntwood Group as shown in the Consolidated Financial Statements for such Reporting Date.

“Transaction Documents” means the Trust Deed, the Security Deed and the Paying Agency Agreement.

“Unconsolidated Affiliate” means any person:

- (a) in which any member of the Bruntwood Group, directly or indirectly, holds an Equity Interest, which investment is accounted for in the Consolidated Financial Statements on an equity basis of accounting; and
- (b) whose financial results are not consolidated with the financial results of the Bruntwood Group in accordance with UK GAAP.

“UK GAAP” means the generally accepted accounting practice and principles in the United Kingdom applicable to the business that the Bruntwood Group conducts.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS

Exchange of Global Bonds for Definitive Bonds in limited circumstances

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below if the Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date (as defined below) specified in the notice.

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

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

Payments of principal and interest

Payments of principal and interest in respect of Bonds represented by the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Bond, which endorsement will be prima facie evidence that such payment has been made in respect of the Bonds. For the purpose of any payments made in respect of the Global Bond, Condition 8(d) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in London.

In the case of Bonds which are represented by the Global Bond, interest shall be calculated in respect of any period by applying the rate of interest to the aggregate outstanding nominal amount of the Bonds represented by the Global Bond, and rounding the resultant figure to the nearest penny, half a penny being rounded upwards or otherwise in accordance with applicable market convention. When interest is required to be calculated in respect of the Global Bond for a period of less than a full half-year, it shall be calculated in accordance with Condition 6.

Notices to Bondholders

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by Condition 17. Any such notice shall be deemed to have been given to Bondholders on the day after the day on which such notice is delivered to the relevant clearing system.

Prescription periods for claims against the Issuer

Claims against the Issuer and the Guarantors in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate “Relevant Date” (as defined in Condition 20).

Meetings of Bondholders

The holder of the Global Bond shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each £100 in nominal amount of Bonds at any meeting of the Bondholders.

Purchase and cancellation of the Bonds

Cancellation of any Bond at the option of the Issuer following its purchase will be effected by reduction in the nominal amount of the Global Bond by endorsement on the relevant part of the Schedule thereto.

Trustee’s powers

Notwithstanding anything in the Trust Deed, in considering the interests of Bondholders while the Global Bond is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests, and treat such accountholders, as if such accountholders were the holder of the Global Bond.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE EXISTING 2020 BONDS AND THE BONDS

Existing 2020 Bondholders should note that there are material differences between the Existing 2020 Bonds and the Bonds. Existing 2020 Bondholders should carefully consider all such differences before any decision is made with respect to the Exchange Offer.

The Conditions of the Bonds are set out above in the section headed “*Terms and Conditions of the Bonds*”.

For the convenience of Existing 2020 Bondholders, certain differences between the Existing 2020 Bonds and the Bonds are set out in the table below. The information contained in the chart is a summary only and should not be taken to be a complete description of the particular provision summarised or as an exhaustive list of all differences between the Existing 2020 Bonds and the Bonds. In particular, this chart does not set out certain differences between the Existing 2020 Conditions and the Conditions which (i) represent minor amendments to correct typographical errors, amend defined terms, reflect changes in law or generally improve drafting; and/or (ii) would not be relevant or material in the context of a decision to participate (or decline to participate) in the Exchange Offer.

The summary below is qualified by reference to the Existing 2020 Conditions, the information contained in this Exchange Offer Memorandum and Prospectus (including all the information incorporated by reference into it) and the Conditions. Existing 2020 Bondholders are advised to review such information and documents in their entirety.

	Existing 2020 Bonds	Bonds
Class:	Sterling denominated 6.000 per cent. bonds due 2020 (ISIN: XS0947705215)	Sterling denominated 6.00 per cent. bonds due 25 February 2025 (ISIN: XS2104011304)
Issuer	Bruntwood Investments plc	Bruntwood Bond 2 plc
Guarantor(s):	Bruntwood Limited	Bruntwood Limited and Bruntwood Management Services Limited
Aggregate Nominal Amount:	£50,000,000 as at the date of this Exchange Offer Memorandum and Prospectus	The aggregate nominal amount of the Bonds will be specified in the Sizing Announcement. The Exchange Ratio is 1:1.
Issue Date	24 July 2013	25 February 2020
Scheduled Maturity Date:	24 July 2020	25 February 2025
Interest Rate:	6.000 per cent. per annum	6.00 per cent. per annum
Change of Control:	If a Change of Control Put Event occurs (as defined in the Existing 2020 Conditions), an Existing 2020 Bondholder can require Bruntwood Investments plc to purchase their Existing 2020 Bonds.	There is no equivalent right for an Investor to require the Issuer to purchase their Bonds upon a change of control of the Parent Guarantor or any other entity.
Security	The Existing 2020 Bonds have the benefit of security over certain real estate assets held by the Bruntwood Group, as granted by Bruntwood RB Limited.	The Bonds will initially be unsecured. On and from the date the First Floating Charge is granted (expected to be 25 July 2020), the Bonds will benefit from floating charge security granted by the Parent Guarantor over all its assets. However, unlike the Existing 2020 Bonds, such assets will not include real estate assets or any other material tangible assets.

	Existing 2020 Bonds	Bonds
Covenants	<p>The Existing 2020 Bonds include covenants designed to prevent the Parent Guarantor from creating new security, and also certain financial covenants, with the effect that the Parent Guarantor must (a) ensure that the Net Debt of the Bruntwood Group does not exceed 75 per cent. of the Tangible Fixed Assets of the Bruntwood Group, and (b) ensure that, as at the Interest Coverage Ratio Reporting Date, the ratio of Gross Profit to Net Financing Costs (each as defined in the Existing 2020 Bonds) for the given period is at least 1.5:1.0.</p>	<p>The Bonds include covenants designed to prevent the Issuer, the Parent Guarantor and the Subsidiary Guarantor from, subject to certain customary exceptions, creating or having outstanding security over their assets without first securing the Bonds equally. The Bonds also include certain financial covenants with the effect that the Parent Guarantor (a) will not incur Financial Indebtedness if Consolidated Secured Financial Indebtedness would exceed 65 per cent. of Tangible Fixed Assets, (b) ensure that Financial Indebtedness of the Bruntwood Group does not exceed 75 per cent. of the Tangible Fixed Assets; and ensure that as at and in respect of the 12-month period ending on any Reporting Date, the ratio of Operating Profit to Net Interest Payable is at least 1.3 : 1.0, (c) ensure that the Parent Guarantor Net Assets will not be less than £50,000,000; and ensure that the Consolidated Tangible Net Worth of the Bruntwood Group will not be less than £400,000,000. The Issuer and the Guarantors are also required to ensure that the aggregate Liquidity of the Group, as at each Reporting Date, is not less than the Minimum Liquidity Amount.</p>

THE EXCHANGE OFFER

1. The Exchange Offer

The Issuer hereby invites Existing 2020 Bondholders (subject to the offer restrictions referred to in “*Offer and Distribution Restrictions relating to the Exchange Offer*”) to offer to exchange any and all of their Existing 2020 Bonds for Sterling denominated 6.00 per cent. bonds due 25 February 2025 (the “**Bonds**”) to be issued by the Issuer, with such exchange being made subject to the terms of this Exchange Offer Memorandum and Prospectus (the “**Exchange Offer**”). The nominal value of the Bonds which an Existing 2020 Bondholder will receive in exchange for tendering their Existing 2020 Bonds is set out below.

In order to participate in the Exchange Offer, an Existing 2020 Bondholder must validly offer for exchange at least £1,000 in nominal amount of Existing 2020 Bonds (the “**Minimum Submission Amount**”).

Each Existing 2020 Bondholder whose Existing 2020 Bonds are accepted for exchange will receive on the settlement of the Exchange Offer, which is expected to take place on or around 25 February 2020 (the “**Issue Date**”), (i) £100 in nominal amount of Bonds for each £100 in nominal amount of Existing 2020 Bonds validly offered and accepted for exchange by the Issuer; (ii) the Accrued Interest Payment; and (iii) the Exchange Fee (in each case as defined below – see “*Accrued Interest*” and “*Exchange Fee*” below).

From the Issue Date, each Existing 2020 Bondholder whose Existing 2020 Bonds are accepted for exchange will, upon exchange of such Existing 2020 Bonds for Bonds, cease to hold any such Existing 2020 Bonds that have been accepted for exchange and all their rights in respect of such Existing 2020 Bonds will cease.

The procedures for participating in the Exchange Offer are set out in the section of this Exchange Offer Memorandum and Prospectus headed “*Procedures for participating in the Exchange Offer*” including, importantly, how Existing 2020 Bondholders offer or arrange for their Existing 2020 Bonds to be offered in exchange for Bonds.

An Existing 2020 Bondholder’s offer to exchange will be deemed to be made at the time of receipt by the Exchange Agent of such Existing 2020 Bondholder’s valid Exchange Instruction.

Before making a decision whether to offer Existing 2020 Bonds for exchange, Existing 2020 Bondholders should carefully consider all of the information in this Exchange Offer Memorandum and Prospectus and in particular, the factors described or referred to in “Further Information Existing 2020 Bondholders should consider in relation to the Exchange Offer”.

2. Commencement and Termination of the Exchange Offer

The Exchange Offer Period commences on the date of this Exchange Offer Memorandum and Prospectus and will expire at 12 noon (London time) on 18 February 2020 (the “**Exchange Offer Deadline**”), unless extended, re-opened or terminated as provided in this Exchange Offer Memorandum and Prospectus. In order for an Existing 2020 Bondholder to participate in the Exchange Offer, Lucid Issuer Services Limited (the “**Exchange Agent**”) must have received Exchange Instructions in respect of the Existing 2020 Bonds which that Existing 2020 Bondholder intends to exchange for Bonds by the Exchange Offer Deadline.

The deadline set by any intermediary or clearing system will be earlier than this deadline.

3. Irrevocability of Exchange Instructions

The submission of a valid Exchange Instruction in accordance with the procedures set out in this section “*Procedures for Participating in the Exchange Offer*” will be irrevocable (except in the limited circumstances described in “*Amendment and Termination*”). The term “**irrevocable**” means that the submission of an Exchange Instruction cannot be revoked at a later date.

4. Rationale for the Exchange Offer

The purpose of the Exchange Offer is to extend the maturity profile of part of the Bruntwood Group's debt financing. The Exchange Offer provides Existing 2020 Bondholders with the opportunity to exchange their holdings of the Existing 2020 Bonds for the Bonds.

5. Accrued Interest

The Issuer will pay accrued and unpaid interest in cash from and including the interest payment date of the Existing 2020 Bonds immediately preceding the Issue Date to but excluding the Issue Date (the "**Accrued Interest Payment**") in respect of all Existing 2020 Bonds validly offered and delivered and accepted for exchange by the Issuer pursuant to the Exchange Offer. See "*Delivery of Bonds and payment*" below for further details on timing and mechanics relating to the Accrued Interest Payment.

6. Exchange Fee

The Issuer will pay an exchange fee to each Existing 2020 Bondholder in cash in the amount of £1.25 per £100 in nominal amount of Existing 2020 Bonds (i) validly offered and delivered by such Existing 2020 Bondholder; and (ii) accepted for exchange by the Issuer, in each case pursuant to the Exchange Offer (the "**Exchange Fee**"). See "*Delivery of Bonds and payment*" below for further details on timing and mechanics relating to the Exchange Fee.

7. Bonds

The Bonds will be issued pursuant to the Conditions as set out in this Exchange Offer Memorandum and Prospectus under the heading "*Terms and Conditions of the Bonds*". The Bonds are expected to be admitted to the official list of the Financial Conduct Authority (the "**Official List**") and to trading on the ORB on or shortly following the Issue Date.

8. Differences between the Existing 2020 Bonds and the Bonds

There are a number of material differences between the Existing 2020 Conditions and the Conditions. Existing 2020 Bondholders are advised to review both in their entirety before making a decision whether to offer their Existing 2020 Bonds for exchange. See "*Summary of Certain Differences between the Existing 2020 Bonds and the Bonds*" above.

9. Existing 2020 Bonds not exchanged

Existing 2020 Bondholders who do not participate in the Exchange Offer (including any Existing 2020 Bondholder that is not eligible to participate in the Exchange Offer, whether due to the Minimum Submission Amount required, the offer restrictions referred to in "*Offer and Distribution Restrictions relating to the Exchange Offer*" or otherwise), or whose Existing 2020 Bonds are not accepted for exchange by the Issuer, will continue to hold their Existing 2020 Bonds subject to the Terms and Conditions of the Existing 2020 Bonds.

If the Issuer accepts any Existing 2020 Bonds for exchange, the Issuer will then accept all Existing 2020 Bonds that are validly offered pursuant to the Exchange Offer Terms including, for the avoidance of doubt, paragraph 2 (*Commencement and Termination of the Exchange Offer*) and paragraph 12 (*Offers for exchange and Exchange Instructions*) of the Exchange Offer Terms.

10. Announcement of Results of Exchange Offer

The Issuer will announce on the Business Day as soon as practicable following the Exchange Offer Deadline, its decision whether to accept valid offers of Existing 2020 Bonds for exchange pursuant to the Exchange Offer and, if so accepted, the final aggregate amount of:

- (a) Existing 2020 Bonds accepted for exchange; and

(b) Bonds to be issued and delivered,
(the “**Announcement of Results**”).

“**Business Day**” means a day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.

11. Delivery of Bonds and payment

If Existing 2020 Bonds validly offered for exchange pursuant to the Exchange Offer are accepted for exchange by the Issuer, the corresponding Bonds will be delivered and the Accrued Interest Payment and Exchange Fee in respect of such accepted Existing 2020 Bonds will be paid by or on behalf of the Issuer in immediately available funds on the Issue Date.

At settlement of the Exchange Offer, the Bonds will be delivered and the Accrued Interest Payments made and Exchange Fees paid to the Clearing System accounts in which the relevant Existing 2020 Bonds are held or (in the case of holders of CDIs) to CREST International Nominees Limited (the “**CREST Nominee**”) through which CREST Depository Limited (the “**CREST Depository**”) will hold interests (if any) in the Bonds.

The delivery of such Bonds and payment of such Accrued Interest Payments and Exchange Fees to the Clearing Systems will discharge the obligation of the Issuer to all such Existing 2020 Bondholders in respect of the delivery of the Bonds and payment of the Accrued Interest Payments and Exchange Fees.

Provided the Issuer delivers, or has delivered on its behalf, the Bonds, and makes, or has made on its behalf, full payment of the Accrued Interest Payments and Exchange Fees for all Existing 2020 Bonds accepted for exchange pursuant to the Exchange Offer to the relevant Clearing Systems, on or before the Issue Date, under no circumstances will any additional distribution or interest be payable to an Existing 2020 Bondholder because of any delay in the delivery of the Bonds by, or transmission of funds from, the relevant Clearing System or any other intermediary with respect to such Existing 2020 Bonds of that Existing 2020 Bondholder.

12. Offers for exchange and Exchange Instructions

The Issuer expressly reserves the right, in its sole discretion, to delay acceptance of Existing 2020 Bonds offered for exchange pursuant to the Exchange Offer in order to comply with applicable laws. In all cases, the Issuer will only accept Existing 2020 Bonds offered for exchange pursuant to the Exchange Offer after the submission of a valid Exchange Instruction which is received prior to the Exchange Offer Deadline and in accordance with the procedures described in these Exchange Offer Terms and the “*Procedures for Participating in the Exchange Offer*”. In the case of Existing 2020 Bonds held in a Clearing System, these procedures include the blocking of the Existing 2020 Bonds offered for exchange in the relevant account in the applicable Clearing System from the date the relevant Exchange Instruction is submitted until the earlier of (i) the time of settlement on the Issue Date and (ii) the date of any termination of the Exchange Offer (including where such Existing 2020 Bonds are not accepted by the Issuer for exchange) or on which the Exchange Instruction is validly revoked, in the circumstances in which such revocation is permitted.

The Issuer will at all times have the discretion to accept any Existing 2020 Bonds offered for exchange, the offer of which would otherwise be invalid or, in the sole opinion of the Issuer, may otherwise be invalid. See also “*Risk Factors*”.

The Issuer is not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing 2020 Bonds for exchange pursuant to the Exchange Offer. Offers of Existing 2020 Bonds for exchange may be rejected in the sole discretion of the Issuer for any reason and the Issuer is not under any obligation to Existing 2020 Bondholders to furnish any reason or justification for refusing to accept an offer of Existing 2020 Bonds for exchange. For example, offers of Existing 2020 Bonds for exchange may be rejected if the

Exchange Offer is terminated, if such offer of Existing 2020 Bonds for exchange does not comply with the relevant requirements of a particular jurisdiction or for any other reason.

The Issuer may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offer at any time (subject to applicable law and as provided in this Exchange Offer Memorandum and Prospectus). Details of any such extension, re-opening, amendment, waiver or termination will be announced as provided in this Exchange Offer Memorandum and Prospectus as soon as reasonably practicable after the relevant decision is made. See “*Amendment and Termination*”. Existing 2020 Bondholders are advised that the Issuer may, in its sole discretion, accept offers of Existing 2020 Bonds for exchange pursuant to the Exchange Offer on more than one date if the Exchange Offer is extended or re-opened.

The failure of any person to receive a copy of this Exchange Offer Memorandum and Prospectus or any announcement made, or notice issued in connection with the Exchange Offer shall not invalidate any aspect of the Exchange Offer. No acknowledgement of receipt of any Exchange Instructions and/or other documents will be given by the Issuer or by Lucid Issuer Services Limited (the “**Exchange Agent**”).

13. Announcements

Unless stated otherwise, announcements in connection with the Exchange Offer will be made by publication through the RNS. Announcements will also be made by (i) the delivery of notices to the Clearing Systems for communication to Direct Participants; and (ii) the delivery of notices to CREST for communication to the Existing 2020 Bondholders of CDIs. Announcements may, at the Issuer’s discretion, also be made by the issue of a press release to a recognised financial news service or services (e.g. Reuters/Bloomberg) as selected by the Issuer (a “**Notifying News Service**”).

Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum and Prospectus. Significant delays may be experienced where notices are delivered to the Clearing Systems, and Existing 2020 Bondholders are therefore urged to contact the Exchange Agent for the relevant announcements during the course of the Exchange Offer. In addition, holders of Existing 2020 Bonds may contact the Dealer Managers for information using the contact details on the last page of this Exchange Offer Memorandum and Prospectus.

14. Governing law and jurisdiction

The Exchange Offer, each Exchange Instruction, any exchange of Existing 2020 Bonds pursuant to the Exchange Offer and any non-contractual obligations arising out of or in connection with the Exchange Offer shall all be governed by and construed in accordance with English law.

By submitting an Exchange Instruction, the relevant Existing 2020 Bondholder irrevocably and unconditionally agrees for the benefit of the Issuer, the Guarantors, the Dealer Managers and the Exchange Agent that the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Exchange Offer, such Exchange Instruction, any exchange of Existing 2020 Bonds pursuant to the Exchange Offer or any non-contractual obligations arising out of or in connection with the foregoing and that, accordingly, any suit, action or proceedings arising out of or in connection with any such dispute may be brought in such courts.

15. General

Before making a decision whether to offer Existing 2020 Bonds for exchange, Existing 2020 Bondholders should carefully consider all of the information in this Exchange Offer Memorandum and Prospectus and, in particular, the factors described or referred to in the section headed “*Further Information Existing 2020 Bondholders should consider in relation to the Exchange Offer*”.

Existing 2020 Bondholders should consult their tax advisers as to the tax consequences in the country in which they are resident for tax purposes of the Exchange Offer and of the ownership and transfer of the Bonds. See the section entitled “*Taxation*”.

Existing 2020 Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing 2020 Bonds when such intermediary needs to receive instructions from an Existing 2020 Bondholder before the deadlines specified in this Exchange Offer Memorandum and Prospectus in order for that Existing 2020 Bondholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offer. The deadlines set by each Clearing System for the submission and withdrawal of Exchange Instructions will also be earlier than the relevant deadlines specified in this Exchange Offer Memorandum and Prospectus.

Neither U.S. Bank Trustees Limited (in its capacity as trustee of the Existing 2020 Bonds and as trustee of the Bonds and as security trustee of the Bonds) (the “Trustees”) nor any of their respective directors, officers, employees or affiliates expresses any opinion on the merits of, or makes any representation or recommendation whatsoever regarding, the Exchange Offer, or this Exchange Offer Memorandum and Prospectus or makes any recommendation whether Existing 2020 Bondholders should tender Existing 2020 Bonds in the Exchange Offer or otherwise participate in the Exchange Offer. The Trustees have not reviewed, nor will it be reviewing, any documents relating to the Exchange Offer. Neither any of the Trustees nor any of their respective directors, officers, employees or affiliates have verified, or assume any responsibility for the accuracy or completeness of, any of the information concerning the Exchange Offer, the Issuer or the factual statements contained in this Exchange Offer Memorandum and Prospectus or any other documents referred to in this Exchange Offer Memorandum and Prospectus or assume any responsibility for any failure by the Issuer to disclose events that may have occurred and may affect the significance or accuracy of such information or the terms of any amendment (if any) to the Exchange Offer.

Questions and requests for assistance in connection with the (a) Exchange Offer, may be directed to the Dealer Managers, and (b) delivery of Exchange Instructions, may be directed to the Exchange Agent, the contact details for each of whom are on the last page of this Exchange Offer Memorandum and Prospectus.

Any questions or requests for information in connection with this Exchange Offer Memorandum and Prospectus may be directed to the Dealer Managers using the contact details set out on the back cover of this Exchange Offer Memorandum and Prospectus. Any questions or requests for assistance in connection with the delivery of Exchange Instructions or requests for additional copies of this Exchange Offer Memorandum and Prospectus or related documents, which may be obtained free of charge, may be directed to the Exchange Agent using the contact details provided on the back cover of this Exchange Offer Memorandum and Prospectus.

Before making a decision with respect to the Exchange Offer, Existing 2020 Bondholders should carefully consider all of the information in this Exchange Offer Memorandum and Prospectus and, in particular, the risk factors described in the section entitled “*Risk Factors*”.

16. Acknowledgements and Representations

By submitting a valid Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, an Existing 2020 Bondholder and any Direct Participant submitting such Exchange Instruction on such Existing 2020 Bondholder’s behalf agree, and acknowledge, represent, warrant and undertake, to the Issuer, the Guarantors, the Exchange Agent and the Dealer Managers the acknowledgements and representations set out in the section of this Exchange Offer Memorandum and Prospectus headed “*Acknowledgements and Representations*”. These acknowledgements and representations are made at the time of submission of such Exchange Instruction, the Exchange Offer Deadline and the time of settlement on the Issue Date (if a Holder or Direct Participant is unable to make any such agreement or acknowledgement or give any such

representation, warranty or undertaking, such Holder or Direct Participant should contact the Exchange Agent immediately).

17. Exchange Instructions

A separate Exchange Instruction must be completed on behalf of each beneficial owner and must relate to an aggregate nominal amount of the Existing 2020 Bonds of at least the Minimum Submission Amount.

18. Irregularities

All questions as to the validity, form, eligibility and valid revocation (including times of receipt) of the Exchange Instruction will be determined by the Issuer in its sole discretion, whose determination shall be final and binding.

The Issuer reserves the absolute right to reject any and all Exchange Instructions or revocation instructions not in proper form or for which any corresponding agreement by the Issuer to accept would, in the opinion of the Issuer, be unlawful. The Issuer also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Exchange Instructions or revocation instructions and to waive any such defect, irregularity or delay in respect of particular offers of Existing 2020 Bonds for exchange, whether or not the Issuer elects to waive similar defects, irregularities or any delay in respect of any other offers of Existing 2020 Bonds for exchange.

Any defect, irregularity or delay must be cured within such time as the Issuer determines, unless waived by it. Exchange Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. None of the Issuer, any Guarantor, the Dealer Managers or the Exchange Agent shall be under any duty to give notice to an Existing 2020 Bondholder of any defects, irregularities or delays in an Exchange Instruction or revocation instruction, nor shall any of them incur any liability for failure to give such notice.

19. Amendment and Termination

Notwithstanding any other provision of the Exchange Offer, the Issuer may, subject to applicable laws, at its option and in its sole discretion, at any time before (i) in the cases of (a) to (c) below, any acceptance by it of the Exchange Offer, or (ii) in the case of (d) below, the Issue Date:

- (a) extend the Exchange Offer Deadline for, or re-open, the Exchange Offer (in which case all references in this Exchange Offer Memorandum and Prospectus to “**Exchange Offer Deadline**” shall, for the purposes of the Exchange Offer unless the context otherwise requires, be to the latest time and date to which the Exchange Offer Deadline has been so extended or the Exchange Offer re-opened);
- (b) otherwise extend, re-open or amend the Exchange Offer in any respect (including, but not limited to, any increase, decrease, extension, re-opening or amendment, as applicable, in relation to the Exchange Offer Deadline, the date of the Announcement of Results or the Issue Date);
- (c) delay the acceptance of Exchange Instructions or exchange of Existing 2020 Bonds validly submitted for exchange in the Exchange Offer until satisfaction or waiver of the conditions to the Exchange Offer, even if the Exchange Offer has expired; or
- (d) terminate the Exchange Offer, including with respect to Exchange Instructions submitted before the time of such termination.

The Issuer also reserves the right at any time to waive any or all of the conditions of the Exchange Offer as set out in this Exchange Offer Memorandum and Prospectus.

The Issuer will make an announcement in respect of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after the relevant decision is made. To the extent a decision is made to waive any condition of the Exchange Offer generally, as opposed to in respect of certain offers of Existing 2020 Bonds for

exchange only, the Issuer will make a similar announcement in respect of such decision as soon as is reasonably practicable after it is made.

At any time before offers to exchange are accepted pursuant to the Exchange Offer, the Issuer may, at its sole discretion, terminate the Exchange Offer, including with respect to Exchange Instructions submitted before the time of such termination, by giving notice of such termination as described under “*Announcements*” above.

20. Revocation Rights if the Issuer:

- (a) extends, re-opens, amends or terminates the Exchange Offer (other than, in the case of an amendment, to increase the Exchange Fee) or delays acceptance of Exchange Instructions or exchange of Existing 2020 Bonds as described in “*Amendment and Termination*” above in any way that, in the opinion of the Issuer (in consultation with the Dealer Managers), is materially prejudicial to Existing 2020 Bondholders that have already submitted Exchange Instructions in respect of the Exchange Offer before the announcement of such extension, re-opening, amendment or termination (which announcement shall include a statement that in the opinion of the Issuer such amendment is materially prejudicial to such Existing 2020 Bondholders); or
- (b) publishes a supplementary prospectus in respect of this Exchange Offer Memorandum and Prospectus,

Existing 2020 Bondholder who have submitted Exchange Instructions prior to the date of any announcement of an extension, re-opening, amendment or termination as described in paragraph (a) above or prior to the date of publication of any supplementary prospectus as described in paragraph (b) above shall have the right to withdraw such Exchange Instructions. Existing 2020 Bondholders may only exercise this right prior to the end of the period of two Business Days beginning with the Business Day after the date on which the relevant announcement is made or supplementary prospectus is published. Existing 2020 Bondholders who wish to withdraw their Exchange Instructions should contact their broker, including in order to determine any earlier deadlines required by the Clearing Systems and any intermediary through which Existing 2020 hold their Existing 2020 Bonds.

Any extension or re-opening of the Exchange Offer (including any amendment in relation to the Exchange Offer Deadline, the date of the Announcement of Results and/or the Issue Date) or waiver of any condition in accordance with the terms of the Exchange Offer as described in this section “*Amendment and Termination*” shall not be considered materially prejudicial to Existing 2020 Bondholder that have already submitted Exchange Instructions before the announcement of such amendment.

Existing 2020 Bondholders wishing to exercise any right of revocation as set out above should do so in accordance with the procedures set out in “*Procedures for Participating in the Exchange Offer*” above. Beneficial owners of Existing 2020 Bonds that are held through an intermediary are advised to check with such entity when it needs to receive instructions to revoke an Exchange Instruction in order to meet the above deadline. For the avoidance of doubt, any Existing 2020 Bondholder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Exchange Instruction will remain effective.

EXPECTED TIMETABLE OF EVENTS FOR THE EXCHANGE OFFER

The times and dates below are indicative only.

Events	Times and Dates
<i>Announcement and Commencement of the Exchange Offer</i>	
Exchange Offer announced. Notice of the Exchange Offer submitted to the Clearing Systems. Exchange Offer Memorandum and Prospectus available from the Exchange Agent upon request.	28 January 2020
Notice of the Exchange Offer published via the Regulatory News Service of the London Stock Exchange (“RNS”).	
<i>Exchange Offer Deadline</i>	
Final deadline for receipt of valid Exchange Instructions by the Exchange Agent in order for Existing 2020 Bondholders to be able to participate in the Exchange Offer.	12 noon (London time) on 18 February 2020
<i>End of Exchange Period, subject to the right of the Issuer to extend, re-open, amend and/or terminate the Exchange Offer</i>	
<i>Announcement of Results and publication of Sizing Announcement</i>	Expected to be 19 February 2020
<i>Settlement</i>	
Issue Date, on which:	25 February 2020
<ul style="list-style-type: none"> • the new Bonds are issued; • delivery of Bonds in exchange for Existing 2020 Bonds validly offered for exchange by an Existing 2020 Bondholder and accepted by the Issuer; and • payment of Accrued Interest Payments and Exchange Fees 	

The above times and dates are subject to the right of the Issuer to extend, re-open, amend and/or terminate the Exchange Offer (subject to applicable law and as provided in this Exchange Offer Memorandum and Prospectus). Existing 2020 Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing 2020 Bonds whether such intermediary needs to receive instructions from an Existing 2020 Bondholder before the deadlines set out above in order for that Existing 2020 Bondholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offer. **The deadlines set by each Clearing System for the submission of Exchange Instructions will also be earlier than the deadlines above.** For further details see “*Procedures for Participating in the Exchange Offer*”.

Unless stated otherwise, announcements in connection with the Exchange Offer will be made by publication through the RNS. Announcements will also be made by (i) the delivery of notices to the Clearing Systems for communication to Direct Participants; and (ii) the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum and Prospectus. Significant delays may be experienced where notices are delivered to the Clearing Systems and Existing 2020 Bondholders are urged to contact the Exchange Agent for the relevant announcements during the course of the Exchange Offer. In addition, Existing 2020 Bondholders may contact the Dealer Managers for information using the contact details on the last page of this Exchange Offer Memorandum and Prospectus.

FURTHER INFORMATION EXISTING 2020 BONDHOLDERS SHOULD CONSIDER IN RELATION TO THE EXCHANGE OFFER

Set out below is further information relevant to Existing 2020 Bondholders to consider when determining whether to participate in the Exchange Offer.

1. Uncertainty as to the trading market for Existing 2020 Bonds not exchanged

Although the Existing 2020 Bonds that are not validly offered for exchange by Existing 2020 Bondholders or accepted by the Issuer for exchange will continue to be admitted to the Official List and to trading on the ORB, to the extent offers of Existing 2020 Bonds for exchange in the Exchange Offer are accepted by the Issuer and the Exchange Offer is completed, the trading market for the Existing 2020 Bonds that remain outstanding following such completion may be limited. Such remaining Existing 2020 Bonds may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Existing 2020 Bonds more volatile.

None of the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent has any duty to make a market in any such remaining Existing 2020 Bonds.

2. Market value of Existing 2020 Bonds and Bonds

The Exchange Offer may not reflect the market value of the Existing 2020 Bonds or the Bonds. Neither the Issuer nor the Dealer Managers has made any determination that the Exchange Offer represents a fair valuation of either the Existing 2020 Bonds or the Bonds.

3. Existing 2020 Bondholders must validly offer for exchange a nominal amount of Existing 2020 Bonds equal to or greater than the Minimum Submission Amount in order to receive Bonds pursuant to the Exchange Offer

In order to receive Bonds pursuant to the Exchange Offer, an Existing 2020 Bondholder must validly offer for exchange a nominal amount of the Existing 2020 Bonds at least equal to the Minimum Submission Amount (being £1,000 in nominal amount of Existing 2020 Bonds). An Existing 2020 Bondholder that holds Existing 2020 Bonds having a nominal amount which is less than the Minimum Submission Amount must, if they wish to receive Bonds pursuant to the Exchange Offer, first acquire such additional Existing 2020 Bonds as is necessary to enable that Existing 2020 Bondholder to be able to offer for exchange Existing 2020 Bonds equal to at least the Minimum Submission Amount.

4. Future actions

Whether or not the Exchange Offer is completed, the Issuer and its affiliates may continue to acquire, from time to time during or after the Exchange Offer, Existing 2020 Bonds other than pursuant to the Exchange Offer, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offer and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offer.

5. No obligation to accept offers to exchange

The Issuer is not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing 2020 Bonds for exchange pursuant to the Exchange Offer. Offers of Existing 2020 Bonds for exchange may be rejected in the sole and absolute discretion of the Issuer for any reason and the Issuer is not under any obligation to Existing 2020 Bondholders to furnish any reason or justification for refusing to accept an offer of Existing 2020 Bonds for exchange. For example, offers of Existing 2020 Bonds for exchange may be

rejected if the Exchange Offer is terminated, if the Exchange Offer does not comply with the relevant requirements of a particular jurisdiction or for any other reason.

6. Responsibility for complying with the procedures of the Exchange Offer

Existing 2020 Bondholders are responsible for complying with all of the procedures for offering Existing 2020 Bonds for exchange. None of the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent assumes any responsibility for informing any Existing 2020 Bondholder of irregularities with respect to their participation in the Exchange Offer.

7. Differences between the Existing 2020 Bonds and the Bonds

There are material differences between the terms and conditions on which the Existing 2020 Bonds (the “**Existing 2020 Conditions**”) were issued and the Conditions (see “*Summary of Certain Differences between the Existing 2020 Bonds and the Bonds*” below). Without prejudice to the foregoing, Existing 2020 Bondholders should review this Exchange Offer Memorandum and Prospectus, including in particular the Bond Risk Factors and the Conditions in their entirety, before making a decision whether to offer Existing 2020 Bonds for exchange pursuant to the Exchange Offer.

8. Completion, termination and amendment

Until the Issuer announces whether it has decided to accept valid offers of Existing 2020 Bonds for exchange pursuant to the Exchange Offer, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. Existing 2020 Bonds that are not successfully offered for exchange pursuant to the Exchange Offer will remain outstanding.

In addition, subject to applicable law and as provided in this Exchange Offer Memorandum and Prospectus, the Issuer may, in its sole discretion, extend, re-open, amend or terminate the Exchange Offer, and may, in its sole discretion, waive any of the conditions to the Exchange Offer, in each case at the times and as described in paragraph 19 “*Amendment and Termination*” of the terms of the Exchange Offer (the “**Exchange Offer Terms**”) which are set out in the section of this Exchange Offer Memorandum and Prospectus headed “Exchange Offer Terms”. The Issuer is furthermore entitled to terminate the Exchange Offer at any time after its commencement to (and including) the day prior to the Issue Date. (The detail of this entitlement is also set out in paragraph 19 (*Amendment and Termination*) of the Exchange Offer Terms.)

9. Exchange Instructions irrevocable

Exchange Instructions will be irrevocable except in the limited circumstances described in paragraph 20 (*Revocation rights*) of the Exchange Offer Terms below.

10. Compliance with offer and distribution restrictions

Existing 2020 Bondholders are referred to the offer and distribution restrictions in “*Offer and Distribution Restrictions relating to the Exchange Offer*” and the agreements, acknowledgements, representations, warranties and undertakings in “*Procedures for Participating in the Exchange Offer*”, which they will make on submission of an Exchange Instruction. Non-compliance with the offer and distribution restrictions could result in the unwinding of trades and/or in significant costs for Investors.

11. Responsibility to consult advisers

None of the Issuer, the Guarantors, their directors, the Dealer Managers or the Exchange Agent makes any recommendation to any Existing 2020 Bondholder as to whether the Existing 2020 Bondholder should exchange its Existing 2020 Bonds, or refrain from taking any action in the Exchange Offer with respect to any of such Existing 2020 Bondholder’s Existing 2020 Bonds, and none of them has authorised any person to make any such

recommendation. Existing 2020 Bondholders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax or accounting consequences of participating in the Exchange Offer and an investment in the Bonds. None of the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent has made or will make any assessment of the merits of the offer or of the impact of the Exchange Offer on the interests of Existing 2020 Bondholders either as a class or as individuals.

12. Restrictions on transfer of Existing 2020 Bonds

When considering whether to participate in the Exchange Offer, Existing 2020 Bondholders should take into account that restrictions on the transfer of Existing 2020 Bonds by Existing 2020 Bondholders will apply from the time of submission of Exchange Instructions. An Existing 2020 Bondholder will, on submitting an Exchange Instruction, agree that its Existing 2020 Bonds will be blocked in the relevant account in the relevant Clearing System, from the date the relevant Exchange Instruction is submitted until the earlier of:

- (a) the time of settlement on the Issue Date; and
- (b) the date of any termination of the Exchange Offer (including where such Existing 2020 Bonds are not accepted by the Issuer for exchange) or on which the Exchange Instruction is validly revoked, in the limited circumstances in which such revocation is permitted, in accordance with the applicable procedures set forth in the section “*Procedures for Participating in the Exchange Offer*” of this Exchange Offer Memorandum and Prospectus.

PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFER

Existing 2020 Bondholders who need assistance with respect to the procedures for participating in the Exchange Offer should contact the Exchange Agent, the contact details for whom are on the last page of this Exchange Offer Memorandum and Prospectus.

Summary of action to be taken

The Issuer will only accept offers of Existing 2020 Bonds for exchange pursuant to the Exchange Offer which are made by way of the submission of valid Exchange Instructions in accordance with the procedures set out in this section “*Procedures for Participating in the Exchange Offer*”.

An “**Exchange Instruction**” means the electronic exchange and blocking instruction in the form specified in the relevant “**Clearing System Notice**”, which must be submitted by (or on behalf of) as relevant an Existing 2020 Bondholder. A “**Clearing System Notice**” means the notice to be sent to Direct Participants by each of the Clearing Systems on or about the date of this Exchange Offer Memorandum and Prospectus, informing Direct Participants, of, amongst other things, the procedures to be followed in order to participate in the Exchange Offer.

“**Existing 2020 Bondholder**” means:

- (i) each person who is shown in the records of Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and, together with Euroclear, the “**Clearing Systems**” and each a “**Clearing System**”) as a holder of the Existing 2020 Bonds;
- (ii) each person who is shown in the records of Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) as a holder of a dematerialised depository interest (“**CDIs**”) issued, held, settled and transferred through CREST, representing interests in the Existing 2020 Bonds,

(the persons in (i) and (ii) above being “**Direct Participants**” and each being a “**Direct Participant**”);
and
- (iii) each beneficial owner of the Existing 2020 Bonds holding such Existing 2020 Bonds, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner’s behalf,

except that for the purposes of the exchange of any Existing 2020 Bonds for Bonds and the payment of any Accrued Interest Payment and Exchange Fee pursuant to the Exchange Offer, to the extent the beneficial owner of the relevant Existing 2020 Bonds is not a Direct Participant, the Bonds will only be delivered and such payment will only be made by or on behalf of the Issuer through the relevant Clearing System or via CREST to the relevant Direct Participant and the delivery of such Bonds and making of such payment by or on behalf of the Issuer to such Clearing System or to CREST and by such Clearing System or by CREST to such Direct Participant will satisfy the respective obligations of the Issuer and such Clearing System or by CREST in respect of the exchange of such Existing 2020 Bonds.

“**Beneficial Owner**” means a person who is the owner, either directly or indirectly, of an interest in a particular nominal amount of the Existing 2020 Bonds, as shown in the records of Euroclear or Clearstream, Luxembourg or their Direct Participants.

To offer Existing 2020 Bonds for exchange pursuant to the Exchange Offer where such Existing 2020 Bonds are held in a Clearing System, an Existing 2020 Bondholder should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Exchange Instruction that is received by the Exchange Agent by the Exchange Offer Deadline.

Existing 2020 Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing 2020 Bonds whether such intermediary needs to receive instructions from an Existing

2020 Bondholder before the deadlines specified in this Exchange Offer Memorandum and Prospectus in order for that Existing 2020 Bondholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offer. **The deadlines set by each Clearing System for the submission and withdrawal of Exchange Instructions will also be earlier than the relevant deadlines specified in this Exchange Offer Memorandum and Prospectus.**

Responsibility for delivery of Exchange Instructions

- (a) **No responsibility:** None of the Issuer, the Dealer Managers or the Exchange Agent will be responsible for the communication of any offer to exchange and corresponding Exchange Instructions by:
 - (i) Beneficial Owners to the Direct Participant through which they hold Existing 2020 Bonds; or
 - (ii) the Direct Participant to the relevant Clearing System.
- (b) **Direct Participants:** If a Beneficial Owner holds its Existing 2020 Bonds through a Direct Participant, such Beneficial Owner should contact that Direct Participant to discuss the manner in which offers to exchange and transmission of the corresponding Exchange Instructions and, as the case may be, transfer instructions may be made on its behalf.
- (c) **Inability to submit instructions:** In the event that the Direct Participant through which a Beneficial Owner holds its Existing 2020 Bonds is unable to submit an Exchange Instruction on its behalf, such Beneficial Owner should contact the Exchange Agent for assistance.
- (d) **Timely delivery:** Existing 2020 Bondholders, Direct Participants and Beneficial Owners are solely responsible for arranging the timely delivery of their Exchange Instructions.
- (e) **Service fees:** If a Beneficial Owner offers its Existing 2020 Bonds through a Direct Participant, such beneficial owner should consult with that Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offer.

Existing 2020 Bondholders should note that:

- (i) each Beneficial Owner should submit (or arrange to have submitted on its behalf) a separate Exchange Instruction in respect of such Beneficial Owner's Existing 2020 Bonds; and
- (ii) a Beneficial Owner must not submit (or arrange to have submitted on its behalf) more than one Exchange Instruction in respect of the same Existing 2020 Bonds.

Accordingly, where an intermediary intends to submit Exchange Instructions on behalf of multiple beneficial owners who hold their Existing 2020 Bonds through such intermediary, it must submit a separate Exchange Instruction in respect of each Beneficial Owner.

Exchange Instructions

The offering of Existing 2020 Bonds for exchange by an Existing 2020 Bondholder will be deemed to have occurred upon receipt by the Exchange Agent from the relevant Clearing System of a valid Exchange Instruction submitted in accordance with the requirements of such Clearing System. The receipt of such Exchange Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant Existing 2020 Bonds in the Existing 2020 Bondholder's account with the relevant Clearing System so that no transfers may be effected in relation to such Existing 2020 Bonds.

Existing 2020 Bondholders must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such blocked Existing 2020 Bonds at any time after the date of submission

of such Exchange Instruction, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Existing 2020 Bonds in the relevant Clearing System, each Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Direct Participant's identity to the Exchange Agent (and for the Exchange Agent to provide such details to the Issuer and to the Dealer Managers and their respective legal advisers).

Only Direct Participants may submit Exchange Instructions. Each Existing 2020 Bondholder that is not a Direct Participant must arrange for the Direct Participant through which such Existing 2020 Bondholder holds its Existing 2020 Bonds to submit a valid Exchange Instruction on its behalf to the relevant Clearing System before the deadlines specified by the relevant Clearing System.

It is a term of the Exchange Offer that Exchange Instructions are irrevocable except in the limited circumstances described in "*Amendment and Termination*". In such circumstances, Exchange Instructions may be revoked by an Existing 2020 Bondholder, or the relevant Direct Participant on its behalf, by submitting (for receipt before the deadline of the relevant Clearing System) a valid electronic withdrawal instruction to the relevant Clearing System. To be valid, such instruction must specify the Existing 2020 Bonds to which the original Exchange Instruction related, the nominal amount of the Existing 2020 Bonds for which the Exchange Instruction is requested to be revoked, the securities account to which such Existing 2020 Bonds are credited and any other information required by the relevant Clearing System.

ACKNOWLEDGEMENTS AND REPRESENTATIONS FOR THE EXCHANGE OFFER

By submitting a valid Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, an Existing 2020 Bondholder and any Direct Participant submitting such Exchange Instruction on such Existing 2020 Bondholder's behalf agree, and acknowledge, represent, warrant and undertake, to the Issuer, the Guarantors, the Exchange Agent and the Dealer Managers the acknowledgements and representations set out in the section of this Exchange Offer Memorandum and Prospectus headed "*Acknowledgements and Representations*" (if an Existing 2020 Bondholder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such Existing 2020 Bondholder or Direct Participant should contact the Exchange Agent immediately). These acknowledgements and representations are made at the time of submission of such Exchange Instruction, the Exchange Offer Deadline and the time of settlement on the Issue Date, except that the acknowledgement and representation in paragraph (n) below is not made for the benefit of the Issuer, the Guarantors, the Exchange Agent or the Dealer Managers at the time of the Exchange Offer Deadline or the time of settlement on the Issue Date to the extent that it would result in a violation of or conflict with Council Regulation (EC) No 2271/1996 of 22 November 1996 or any similar applicable anti-boycott law or regulation in the EEA or the United Kingdom:

- (a) it has received this Exchange Offer Memorandum and Prospectus, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors, the Conditions and other considerations of the Exchange Offer, all as described in this Exchange Offer Memorandum and Prospectus (including all information incorporated by reference which it has had access to and has reviewed and understood), and has on its own or with the help of its financial or other professional advisers, undertaken an appropriate analysis (with appropriate analytical tools) of the implications of the Exchange Offer in the context of its particular financial situation and the impact any decision to participate (or not participate) in the Exchange Offer will have on its overall investment portfolio, in each case without reliance on the Issuer, any Guarantor, the Dealer Managers or the Exchange Agent;
- (b) by blocking the relevant Existing 2020 Bonds in the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the Exchange Agent (and for the Exchange Agent to provide such details to the Issuer and to the Dealer Managers and their respective legal advisers);
- (c) upon the terms and subject to the conditions of the Exchange Offer, it offers for exchange in the Exchange Offer the nominal amount of Existing 2020 Bonds specified in the Exchange Instruction validly submitted and blocked in its account in the relevant Clearing System and, subject to and effective upon such exchange by the Issuer, it renounces all right, title and interest in and to all such Existing 2020 Bonds exchanged by or at the direction of the Issuer and waives and releases any rights or claims it may have against the Issuer or any Guarantor with respect to any such Existing 2020 Bonds and the Exchange Offer;
- (d) if the Existing 2020 Bonds offered for exchange are accepted for exchange by the Issuer, it acknowledges that: (i) any Bonds deliverable and Accrued Interest Payment and Exchange Fee payable to it in respect of the Existing 2020 Bonds so accepted will be delivered, deposited or paid (as the case may be) by or on behalf of the Issuer with or to the Clearing Systems on the relevant Issue Date; (ii) the Clearing Systems thereafter will deliver such Bonds and pay such Accrued Interest Payment and Exchange Fee promptly to the relevant account(s) in the Clearing Systems of the relevant Direct Participant; and (iii) the Bonds will be delivered and Accrued Interest Payment and Exchange Fee will be paid to the Clearing System account(s) in which the relevant Existing 2020 Bonds are held; and the delivery of such Bonds and payment of such Accrued Interest Payment and Exchange Fee to or to the order of the Clearing Systems will discharge the obligation of the Issuer to such Existing 2020 Bondholder in respect of the delivery of the Bonds and payment of the Accrued Interest Payment and Exchange Fee, and no additional amounts

shall be payable to the Existing 2020 Bondholder in the event of a delay in the transmission of the relevant Bonds and Accrued Interest Payment and/or Exchange Fee by the relevant Clearing System or an intermediary to the Existing 2020 Bondholder;

- (e) it agrees to ratify and confirm each and every act or thing that may be done or effected by the Issuer, any of its directors or any person nominated by the Issuer in the proper exercise of his or her powers and/or authority hereunder;
- (f) it agrees to do all such acts and things as shall be necessary and execute and deliver any additional documents deemed by the Issuer to be desirable, in each case to complete the transfer of the relevant Existing 2020 Bonds to the Issuer or its nominee in exchange for the relevant Bonds and/or to perfect any of the authorities expressed to be given hereunder;
- (g) (i) it has observed the laws of all relevant jurisdictions, (ii) obtained all requisite governmental, exchange control or other required consents, (iii) complied with all requisite formalities, (iv) paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and (v) it has not taken or omitted to take any action in breach of the terms of the Exchange Offer or which will or may result in the Issuer, the Guarantors, the Dealer Managers, the Exchange Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offer;
- (h) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
- (i) no information has been provided to it by the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, with regard to the tax consequences for Existing 2020 Bondholders arising from the exchange of Existing 2020 Bonds pursuant to the Exchange Offer for Bonds and the Accrued Interest Payment and Exchange Fee, or in relation to the Bonds, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offer (including the exchange of its Existing 2020 Bonds and the receipt pursuant to the Exchange Offer of the relevant Bonds and the Accrued Interest Payment and Exchange Fee) and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments;
- (j) it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offer under applicable securities laws and it has not distributed or forwarded this Exchange Offer Memorandum and Prospectus or any other documents or material relating to the Exchange Offer to any other person and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Exchange Instruction in respect of the Existing 2020 Bonds it is offering for exchange) complied with all laws and regulations applicable to it for the purposes of its participation in the Exchange Offer;
- (k) the Bonds are being offered and sold in transactions not involving a public offering in the United States within the meaning of the Securities Act, and the Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States;
- (l) either (a) (i) it is the beneficial owner of the Existing 2020 Bonds being offered for exchange; and (ii) it is located outside the United States and is participating in the Exchange Offer from outside the United States

- and it is not a U.S. person, or (b) (i) it is acting on behalf of the beneficial owner of the Existing 2020 Bonds being offered for exchange on a non-discretionary basis and has been duly authorised to so act; and (ii) such beneficial owner has confirmed to it that it is located outside the United States and is participating in the Exchange Offer from outside the United States and it is not a U.S. person;
- (m) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person to whom this Exchange Offer Memorandum and Prospectus and any other documents or materials relating to the Exchange Offer may lawfully be communicated in accordance with the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
 - (n) it is not a target of any financial or economic sanctions or trade embargoes administered or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury (OFAC), the U.S. Department of State or Commerce or any other U.S., EU, United Nations or UK economic sanctions;
 - (o) the Bonds may be offered and sold to it in compliance with each restriction set out (or incorporated by reference) in the “*Offer and Distribution Restrictions relating to the Exchange Offer*” sections;
 - (p) it has full power and authority to offer for exchange and transfer the Existing 2020 Bonds offered for exchange and, if such Existing 2020 Bonds are accepted for exchange by the Issuer, such Existing 2020 Bonds will be transferred to, or to the order of, the Issuer with full title free from all liens, charges and encumbrances and not subject to any adverse claim, together with all rights attached to such Existing 2020 Bonds, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Issuer to be necessary or desirable to complete the transfer and cancellation of such Existing 2020 Bonds or to evidence such power and authority;
 - (q) it holds and will hold, until the time of settlement on the Issue Date, the Existing 2020 Bonds blocked in the relevant Clearing System and, in accordance with the requirements of, and by the deadline required by, such Clearing System, it has submitted, or has caused to be submitted, an Exchange Instruction to such Clearing System to authorise the blocking of the Existing 2020 Bonds offered for exchange with effect on and from the date of such submission so that, at any time pending the transfer of such Existing 2020 Bonds on the Issue Date to the Issuer, or to its agent on its behalf, no transfers of such Existing 2020 Bonds may be effected;
 - (r) it understands that acceptance for exchange of Existing 2020 Bonds validly offered for exchange by it pursuant to the Exchange Offer will constitute a binding agreement between it, the issuer of the Existing 2020 Bonds and/or the Issuer in accordance with and subject to the terms and conditions of the Exchange Offer;
 - (s) it understands that the Issuer may, at its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offer at any time and that, in the event of a termination of the Exchange Offer, the Exchange Instructions with respect to the Existing 2020 Bonds will be released (and the relevant Existing 2020 Bonds returned to the Existing 2020 Bondholder);
 - (t) none of the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, has given it any information with respect to the Exchange Offer save as expressly set out in this Exchange Offer Memorandum and Prospectus nor has any of them made any recommendation to it as to whether it should offer Existing 2020 Bonds for exchange in the Exchange Offer and it has made its own decision with regard to offering Existing 2020 Bonds for exchange in the Exchange Offer based on any legal, tax or financial advice it has deemed necessary to seek;
 - (u) it acknowledges that the Issuer, the Guarantors, the Dealer Managers and the Exchange Agent will rely upon the truth and accuracy of the foregoing acknowledgments, agreements, representations, warranties and undertakings;

- (v) the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the Exchange Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such Holder in the Exchange Instruction is true and will be true in all respects at the time of the exchange on the Issue Date;
- (w) it accepts the Issuer is under no obligation to accept offers of Existing 2020 Bonds for exchange pursuant to the Exchange Offer, and accordingly such offers may be accepted or rejected by the Issuer in its sole discretion and for any reason; and
- (x) it will indemnify the Issuer, the Guarantors, the Dealer Managers and the Exchange Agent against any and all losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the acknowledgements, representations, warranties and/or undertakings given pursuant to, the Exchange Offer by any Existing 2020 Bondholder.

The receipt of an Exchange Instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant Direct Participant on the Issue Date in respect of all of the Existing 2020 Bonds that the relevant Existing 2020 Bondholder has offered for exchange, upon receipt by such Clearing System of an instruction from the Exchange Agent for such Existing 2020 Bonds to be transferred to the specified account of the Issuer or its agent on its behalf and against credit of the relevant Bonds and payment by the Issuer of the Accrued Interest Payment and Exchange Fee, subject to the automatic withdrawal of those instructions on the date of any termination of the Exchange Offer (including where such Existing 2020 Bonds are not accepted for exchange by the Issuer) or on the valid revocation of such Exchange Instruction, in the limited circumstances in which such revocation is permitted as described in this Exchange Offer Memorandum and Prospectus, and subject to acceptance of the Exchange Offer by the Issuer and all other conditions of such Exchange Offer.

IMPORTANT LEGAL INFORMATION

Authorised Offerors

If, in the context of a Public Offer (as defined below), you are offered Bonds by any person, you must check that such person has been given consent to use this Exchange Offer Memorandum and Prospectus for the purposes of making such offer before agreeing to purchase any Bonds. The following persons have consent to use this Exchange Offer Memorandum and Prospectus in connection with a Public Offer:

- City & Continental Ltd and Peel Hunt LLP (together, the “**Joint Lead Managers**”);
- any financial intermediary named in this Exchange Offer Memorandum and Prospectus as being an Initial Authorised Offeror; and
- any other financial intermediary authorised to make such offers under Directive 2014/65/EU of the European Parliament and of the Council in markets in financial instruments, including any applicable implementing measure in each relevant jurisdiction (“**MiFID II**”) who has satisfied the Authorised Offeror Terms (as defined below) and accordingly publishes the Acceptance Statement (set out below under the heading, “*Consent*”) on its website.

The persons referred to above have only been given consent to use this Exchange Offer Memorandum and Prospectus during the Offer Period and only in the United Kingdom. Other than as set out above, neither the Issuer nor the Guarantors have authorised the making of any Public Offer by any person and neither the Issuer nor any Guarantor has consented to the use of this Exchange Offer Memorandum and Prospectus by any other person in connection with any Public Offer.

This Exchange Offer Memorandum and Prospectus has been prepared on a basis that permits offers that are not made within an exemption from the requirement to publish a prospectus under Article 1.4 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) (“**Public Offers**”) in the United Kingdom and Ireland. Any person making or intending to make a Public Offer of Bonds on the basis of this Exchange Offer Memorandum and Prospectus must do so only with the Issuer’s and the Guarantors’ consent – see “*Consent given in accordance with Article 5.1 of the Prospectus Regulation*” below.

Consent given in accordance with Article 5.1 of the Prospectus Regulation

In the context of any Public Offer of Bonds in the United Kingdom and Ireland, each of the Issuer and the Guarantors accepts responsibility, for the content of this Exchange Offer Memorandum and Prospectus in relation to any person (an “**Investor**”) who purchases any Bonds in a Public Offer made by a Joint Lead Manager or an Authorised Offeror (as defined below) during the Offer Period (as defined below).

Except in the circumstances described below, none of the Issuer, the Guarantors or the Joint Lead Managers has authorised the making of any offer by any offeror and neither the Issuer nor any of the Guarantors has consented to the use of this Exchange Offer Memorandum and Prospectus by any other person in connection with any offer of the Bonds in any jurisdiction. Any offer made without the consent of the Issuer and the Guarantors is unauthorised and none of the Issuer, the Guarantors or, for the avoidance of doubt, the Joint Lead Managers accepts any responsibility or liability in relation to any such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Bonds by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Exchange Offer

Memorandum and Prospectus for the purpose of the relevant Public Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Exchange Offer Memorandum and Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

Consent

The Issuer and each Guarantor consents, and (in connection with sub-paragraph (iii) below) offers to grant its consent, to the use of this Exchange Offer Memorandum and Prospectus in connection with any Public Offer of Bonds in the United Kingdom or Ireland during the period commencing on the date of this Exchange Offer Memorandum and Prospectus to 12 noon (London time) on 18 February 2020 (the “**Offer Period**”) by:

- (i) the Joint Lead Managers;
- (ii) Equiniti Financial Services Limited (trading as Selftrade, Shareview and/or Saga Share Direct) (the “**Initial Authorised Offeror**”); and
- (iii) any other financial intermediary which (a) is authorised to make such offers under MiFID II and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) during the Offer Period (the “**Acceptance Statement**”):

*“We, [insert legal name of financial intermediary], refer to the offer of 6.00 per cent. Bonds due 25 February 2025 (the “**Bonds**”) described in the Exchange Offer Memorandum and Prospectus dated 28 January 2020 (the “**Exchange Offer Memorandum and Prospectus**”) published by Bruntwood Bond 2 plc (the “**Issuer**”). In consideration of the Issuer and the Guarantors named in the Exchange Offer Memorandum and Prospectus offering to grant their consent to our use of the Exchange Offer Memorandum and Prospectus in connection with the offer of the Bonds in the United Kingdom/Ireland during the Offer Period in accordance with the Authorised Offeror Terms (as specified in the Exchange Offer Memorandum and Prospectus), we hereby accept the offer by the Issuer and the Guarantors. We confirm that we are authorised under MiFID II to make, and are using the Exchange Offer Memorandum and Prospectus in connection with, the Public Offer accordingly. Terms used in this paragraph and otherwise not defined shall have the same meaning as given to such terms in the Exchange Offer Memorandum and Prospectus.”*

The Initial Authorised Offeror and the financial intermediaries referred to in paragraph (iii) above are together referred to herein as the “**Authorised Offerors**”.

The “**Authorised Offeror Terms**” are that the relevant financial intermediary:

- (a) is authorised to make such offers under MiFID II (in which regard, Investors should consult the register of authorised entities maintained by the FCA at www.fca.org.uk/firms/systems-reporting/register). MiFID II governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors;
- (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the FCA (including, but not limited to, its guidance for distributors in “*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*” and its sourcebook for “*Product Intervention and Product Governance*”) from time to time including, without limitation and in each case, Rules relating to both the target market for the Bonds and the appropriateness or suitability of any investment in the Bonds by an Investor and disclosure to any potential Investor;

- (c) complies with the restrictions set out under the section headed “*Subscription and Sale*” in this Exchange Offer Memorandum and Prospectus which would apply as if the relevant financial intermediary were a Joint Lead Manager;
- (d) acknowledges the relevant manufacturer’s target market and distribution channels identified under the “MiFID Product Governance” legend set out in this Exchange Offer Memorandum and Prospectus;
- (e) ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to Investors and potential Investors;
- (f) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under FSMA and/or the Financial Services Act 2012;
- (g) complies with, and takes appropriate steps in relation to, all applicable anti-money laundering, anti-bribery, prevention of corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to the initial investment in any Bonds by the Investor), and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (h) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Joint Lead Managers, the Issuer and the Guarantors or directly to the appropriate authorities with jurisdiction over the Issuer, the Guarantors and/or the Joint Lead Managers in order to enable the Issuer, the Guarantors and/or the Joint Lead Managers to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applying to the Issuer, the Guarantors and/or the Joint Lead Managers;
- (i) does not, directly or indirectly, cause the Issuer, the Guarantors or the Joint Lead Managers to breach any Rule or subject the Issuer, the Guarantors or the Joint Lead Managers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (j) agrees and undertakes to indemnify each of the Issuer, the Guarantors and the Joint Lead Managers (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantors or the Joint Lead Managers, as applicable;
- (k) immediately gives notice to the Issuer, the Guarantors and the Joint Lead Managers if at any time such Authorised Offeror becomes aware or suspects that it is or may be in violation of any Rules or these Authorised Offeror Terms, and takes all appropriate steps to remedy such violation and comply with such Rules and these Authorised Offeror Terms in all respects;

- (l) make available to each potential Investor in the Bonds this Exchange Offer Memorandum and Prospectus (as supplemented as at the relevant time, if applicable) and any information booklet provided by the Issuer or the Guarantors for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Exchange Offer Memorandum and Prospectus;
- (m) if it conveys or publishes any communication (other than this document or any other materials provided to such financial intermediary by or on behalf of the Issuer or the Guarantors for the purposes of the Public Offer) in connection with the Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer and the Guarantors, that such financial intermediary is solely responsible for such communication and that neither the Issuer, the Guarantors or, for the avoidance of doubt, the Joint Lead Managers accept any responsibility or liability for such communication and (C) does not, without the prior written consent of the Issuer, the relevant Guarantor or the relevant Joint Lead Manager (as applicable), use the legal or publicity names of the Issuer, Guarantors or Joint Lead Managers or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the Bonds and the Guarantors as guarantors of the Bonds on the basis set out in this document;
- (n) ensure that no holder of Bonds or potential Investor in Bonds shall become an indirect or direct client of the Issuer, the Guarantors or the Joint Lead Managers for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (o) co-operate with the Issuer, the Guarantors and the Joint Lead Managers in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (h) above) upon written request from the Issuer, the Guarantors or either Joint Lead Manager as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer, the Guarantors or either Joint Lead Manager:
 - (A) in connection with any request or investigation by the FCA or any other regulator in relation to the Bonds, the Issuer, the Guarantors or the Joint Lead Managers; and/or
 - (B) in connection with any complaints received by the Issuer, the Guarantors and/or the Joint Lead Managers relating to the any of them or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or
 - (C) which the Issuer, Guarantors or either Joint Lead Manager may reasonably require from time to time in relation to the Bonds and/or as to allow the Issuer, the Guarantors and/or the Joint Lead Managers fully to comply with its or their own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;
- (p) either (i) obtain from each potential Investor an executed application for the Bonds, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Bonds on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules; and

(q) agrees and accepts that:

- (i) the contract between the Issuer, the Guarantors and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer and the Guarantors' offer to use this Exchange Offer Memorandum and Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
- (ii) subject to (iv) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the English courts;
- (iii) for the purposes of (i) and (ii) above, the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute;
- (iv) to the extent allowed by law, each Joint Lead Manager may, in respect of any Dispute or Disputes, take (x) proceedings in any other court with jurisdiction; and (y) concurrent proceedings in any number of jurisdictions; and
- (v) each Joint Lead Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for its benefit, including the agreements, representations, undertakings and indemnity given by each financial intermediary pursuant to the Authorised Offeror Terms.

Investors should note that any financial intermediary who wishes to use this Exchange Offer Memorandum and Prospectus in connection with a Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website the Acceptance Statement as defined above and to confirm on its website that its use of this Exchange Offer Memorandum and Prospectus is in accordance with the consent and conditions described above.

Other than as set out above, none of the Issuer, the Guarantors or the Joint Lead Managers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Exchange Offer Memorandum and Prospectus in connection with any offer of Bonds. Any such offers are not made on behalf of the Issuer, the Guarantors or by the Joint Lead Managers or any Authorised Offeror and none of the Issuer, the Guarantors, the Joint Lead Managers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

Arrangements between investors and the financial intermediaries who will distribute the Bonds

None of the Issuer, the Guarantors nor, for the avoidance of doubt, the Joint Lead Managers has any responsibility or liability for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

An Investor intending to acquire or acquiring any Bonds from an Authorised Offeror will do so and offers and sales of the Bonds to such Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor

including as to price, allocations and settlement arrangements. Neither the Issuer nor the Guarantors will be a party to any such arrangements with any Investor in connection with the offer or sale of the Bonds and, accordingly, this Exchange Offer Memorandum and Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to the relevant Investor(s) at the relevant time. None of the Issuer, the Guarantors or the Joint Lead Managers or other Authorised Offerors has any responsibility or liability for such information.

Notice to Investors

The Bonds may not be a suitable investment for all Investors. Potential Investors must determine the suitability of any investment in light of its own circumstances. In particular, Investors may wish to consider, either on their own or with the help of their financial and other professional advisers, whether they:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Exchange Offer Memorandum and Prospectus (and any applicable supplement to this Exchange Offer Memorandum and Prospectus);
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on the Investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments (sterling) is different from the currency which the Investor usually uses;
- (d) understand thoroughly the terms of the Bonds and are familiar with the behaviour of the financial markets; and
- (e) are able to evaluate possible scenarios for economic, interest rate and other factors that may affect the Investor's investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Exchange Offer Memorandum and Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee.

Neither the publication of this Exchange Offer Memorandum and Prospectus nor the offering, sale or delivery of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or either Guarantor since the date of this Exchange Offer Memorandum and Prospectus or that there has been no adverse change in the financial position of the Issuer or the Guarantors since the date of this Exchange Offer Memorandum and Prospectus or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Joint Lead Managers nor the Trustee undertake to review the financial condition or affairs of the Issuer or any Guarantor during the life of the Bonds or to advise any Investor in the Bonds of any information coming to their attention.

Neither this Exchange Offer Memorandum and Prospectus nor any other information supplied in connection with the offering of the Bonds should be considered as a recommendation by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee that any recipient of this Exchange Offer Memorandum and Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each

potential purchaser of Bonds should determine for itself the relevance of the information contained in this Exchange Offer Memorandum and Prospectus and any purchase of Bonds should be based upon such investigation as it deems necessary.

The Joint Lead Managers and the Trustee

Neither the Joint Lead Managers nor the Trustee has independently confirmed the information contained in this Exchange Offer Memorandum and Prospectus. No representation, warranty or undertaking, express or implied, is made by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained in this Exchange Offer Memorandum and Prospectus or any other information provided by the Issuer or any Guarantor in connection with the offering of the Bonds. Neither the Joint Lead Managers nor the Trustee accepts liability in relation to the information contained in this Exchange Offer Memorandum and Prospectus or any other information provided by the Issuer or any Guarantor in connection with the offering of the Bonds or their distribution.

The Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantors and their respective affiliates in the ordinary course of business.

Forward-looking statements

This Exchange Offer Memorandum and Prospectus includes statements that are, or may be deemed to be, ‘forward-looking statements’. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’, or ‘should’ or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Exchange Offer Memorandum and Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer and the Bruntwood Group concerning, amongst other things, the Bruntwood Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Bruntwood Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Bruntwood Group’s operations, financial condition and liquidity, and the development of the countries and the industries in which the Bruntwood Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Exchange Offer Memorandum and Prospectus. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Bruntwood Group operates, are consistent with the forward-looking statements contained in this Exchange Offer Memorandum and Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These and other factors are discussed in more detail under the sections headed “*Risk Factors*” and “*Description of the Bruntwood Group*”. Many of these factors are beyond the control of the Issuer, the Guarantors and the Bruntwood Group. Should one or more of these risks or uncertainties materialise or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Exchange Offer Memorandum and Prospectus as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer and the Guarantors do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Exchange Offer Memorandum and Prospectus.

This Exchange Offer Memorandum and Prospectus is based on English law in effect as of the date of issue of this Exchange Offer Memorandum and Prospectus. Except to the extent required by laws and regulations, the Issuer and the Guarantors do not intend, and do not assume any obligation, to update this Exchange Offer Memorandum and Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Exchange Offer Memorandum and Prospectus.

CREST depository interests

In certain circumstances, Investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Existing 2020 Bondholders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Exchange Offer Memorandum and Prospectus.

MiFID Product Governance

Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in MiFID II and (ii) all channels for distribution of the Bonds are appropriate, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

SUBSCRIPTION AND SALE

Under a subscription agreement expected to be dated on or about 21 February 2020 (the “**Subscription Agreement**”), the Joint Lead Managers are expected to agree to procure subscribers for the Bonds at the issue price of 100 per cent. of the nominal amount of the Bonds, less arrangement and management fees. The Joint Lead Managers will together receive fees of 1.5 per cent. of the nominal amount of the Bonds issued. In addition, certain authorised distributors may be eligible to receive a fee as follows:

- (i) each Initial Authorised Offeror (as defined and named in the section headed “*Important Legal Information*” of this Exchange Offer Memorandum and Prospectus) may be eligible to receive a distribution fee of 0.375 per cent. of the nominal amount of the Bonds allotted to and paid for by them; and
- (ii) each additional Authorised Offeror may be eligible to receive a distribution fee of 0.375 per cent. of the nominal amount of the Bonds allotted to and paid for by them.

The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the offer and issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to the issue of the Bonds. The issue of the Bonds will not be underwritten by the Joint Lead Managers, the Authorised Offerors or any other person.

Selling restrictions

Under the terms of the Subscription Agreement, the Issuer, the Guarantors and the Joint Lead Managers will agree to comply with the selling restrictions set out below. The Authorised Offerors will also be required to comply with these restrictions during the Offer Period under the Authorised Offeror Terms. See the section headed “*Important Legal Information – Consent*”.

United States

The Bonds and the Guarantees have not been and will not be registered under the United States Securities Act of 1933 the (“**Securities Act**”) and the Bonds (which are in bearer form) are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds and the Guarantees may not be offered, sold or delivered within the United States. Each Joint Lead Manager will agree that it will not offer, sell or deliver any Bonds or the Guarantees within the United States.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantees, an offer or sale of the Bonds or the Guarantees within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager will represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of FSMA would not apply to the Issuer or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Ireland

Each Joint Lead Manager will represent and agree that:

- (a) it will not underwrite the issue of, or place the Bonds, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulation, 2017 (as amended, the “**MiFID II Regulations**”), including Regulation 5 (Requirement for Authorisation (and certain provisions concerning MTFs and OTFs)) thereof or any codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issue of, or place, the Bonds, otherwise than in conformity with the provisions of the Companies Act 2014, as amended, of Ireland (the “**CA 2014**”), the Irish Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) it will not underwrite the issue of, or place, or do anything in Ireland with respect to the Bonds otherwise than in conformity with the provisions of the Prospectus Regulation, the European Union (Prospectus) Regulations and any rules issued by the Central Bank under Section 1363 of the CA 2014; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland with respect to the Bonds, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU) 596/2014 (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the CA 2014.

Jersey

The Joint Lead Managers will represent and agree that there will be no circulation in Jersey of any offer for subscription, sale or exchange of the Bonds unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the United Kingdom without contravening the FSMA and is, *mutatis mutandis*, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Guernsey

The Joint Lead Managers will represent and agree that:

- (a) the Bonds cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;
- (b) this Exchange Offer Memorandum and Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; and
- (c) this Exchange Offer Memorandum and Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:
 - (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or
 - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law 1994, the Insurance Business (Bailiwick of

Guernsey) Law 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law 2000.

Isle of Man

The Joint Lead Managers will represent and agree that any offer for subscription, sale or exchange of the Bonds within the Isle of Man shall be made by (i) an Isle of Man financial services licenceholder licensed under Section 7 of the Financial Services Act 2008 to do so or (ii) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 or exemption contained in the Financial Services (Exemptions) Regulations 2011.

Public offer selling restriction under the Prospectus Regulation

In relation to each Member State of the European Economic Area, each Joint Lead Manager will represent and agree that it has not made and will not make an offer of Bonds which is the subject of the offering contemplated by this Exchange Offer Memorandum and Prospectus to the public in that Member State other than the offers contemplated in this Exchange Offer Memorandum and Prospectus in the United Kingdom or Ireland from the time this Exchange Offer Memorandum and Prospectus has been approved by the competent authority in the United Kingdom (or notified to the competent authority in Ireland, as the case may be) and published in accordance with the Prospectus Regulation until the Issue Date, except that it may make an offer of Bonds to the public in that Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Joint Lead Manager nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Bonds referred shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of bonds to the public**” in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

General

No action has been or will be taken by the Issuer, the Guarantors, or the Joint Lead Managers in any jurisdiction other than the United Kingdom or Ireland that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager will agree, to the best of its knowledge and belief, to comply in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Exchange Offer Memorandum and Prospectus or any amendment or supplement thereto or any other offering material, in all cases at its own expense.

OFFER AND DISTRIBUTION RESTRICTIONS RELATING TO THE EXCHANGE OFFER

This Exchange Offer Memorandum and Prospectus does not constitute an invitation to participate in the Exchange Offer in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Exchange Offer Memorandum and Prospectus in certain jurisdictions may be restricted bylaw. Persons into whose possession this Exchange Offer Memorandum and Prospectus comes are required by each of the Issuer, the Guarantors, the Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions. No action has been or will be taken in any jurisdiction in relation to the Exchange Offer that would permit a public offering of securities.

Relevant restrictions contained elsewhere in this Exchange Offer Memorandum and Prospectus

The description of restrictions on sales of any Bonds set out above under the heading “*Subscription and Sale*” are relevant restrictions for Existing 2020 Bondholders wishing to participate in the Exchange Offer, and should be interpreted as all references in such section to “Bonds” were also (as appropriate) references to the Bonds and the Exchange Offer (as applicable).

General

The distribution of this Exchange Offer Memorandum and Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum and Prospectus comes are required by the Issuer, the Guarantors, the Dealer Managers and the Exchange Agent to inform themselves about and to observe any such restrictions.

The Dealer Managers and the Exchange Agent (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this Exchange Offer Memorandum and Prospectus or the Exchange Offer. The Exchange Agent is the agent of the Issuer and owes no duty to any Existing 2020 Bondholder. None of the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent makes any recommendation as to whether or not Existing 2020 Bondholders should participate in the Exchange Offer or refrain from taking any action in the Exchange Offer with respect to any of such Existing 2020 Bondholder’s Existing 2020 Bonds, and none of them has authorised any person to make any such recommendation.

This Exchange Offer Memorandum and Prospectus does not constitute an offer to sell or buy or the solicitation of an offer to sell or buy the Existing 2020 Bonds and/or Bonds, as applicable, and offers of Existing 2020 Bonds for exchange pursuant to the Exchange Offer will not be accepted from Existing 2020 Bondholders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an exchange offer to be made by a licensed broker or dealer and any of the Dealer Managers or its affiliates is such a licensed broker or dealer in any such jurisdiction, the Exchange Offer shall be deemed to be made by the Dealer Managers or such affiliate (as the case may be) on behalf of the Issuer in such jurisdiction.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent that would permit a public offering of the Bonds.

In addition to the representations referred to above in respect of the United States, each Existing 2020 Bondholder participating in the Exchange Offer will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in “*Procedures for Participating in the Exchange Offer*”. Any offer of Existing 2020 Bonds for exchange pursuant to the Exchange Offer from an Existing 2020 Bondholder that is unable to make these representations will not be accepted. Each of the Issuer, the Dealer Managers and the Exchange Agent reserves the right, in its absolute discretion, to investigate, in relation to any offer of Existing 2020

Bonds for exchange pursuant to the Exchange Offer, whether any such representation given by an Existing 2020 Bondholder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such offer shall not be accepted.

EEA

Each Dealer Manager has represented and agreed that, other than in respect of the United Kingdom and the Ireland, no offer of any Bonds is being made to any retail investor in any Member State of the European Economic Area pursuant to this Exchange Offer Memorandum and Prospectus. 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 Directive 2014/65/EU (as amended, “**MiFID II**”);
 - (ii) a customer within the meaning of the Insurance Distribution Directive, 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 Regulation EU 2017/1129; 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 Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds or participate in the Exchange Offer.

United Kingdom

The communication of this Exchange Offer Memorandum and Prospectus by the Issuer and any other documents or materials relating to the Exchange Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of the Issuer or other persons within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and (2) to any other persons to whom these documents and/or materials may lawfully be communicated.

United States

The Exchange Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. The Bonds may not be tendered in the Exchange Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or to U.S. persons as defined in Regulation S of the Securities Act (each a “**U.S. Person**”). Accordingly, copies of this Exchange Offer Memorandum and Prospectus and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported exchange of Bonds pursuant to the Exchange Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported exchange of Bonds effected by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

This Exchange Offer Memorandum and Prospectus is not an offer of securities for sale in the United States or to U.S. persons. The purpose of this Exchange Offer Memorandum and Prospectus is limited to the Exchange Offer and this Exchange Offer Memorandum and Prospectus may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of Bonds participating in the Exchange Offer will represent that it is not a U.S. Person and it is not located in the United States and is not participating in the Exchange Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Exchange Offer from the United States. For the purposes of this and the above paragraph, “**United States**” means United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Belgium

Neither this Exchange Offer Memorandum and Prospectus nor any other documents or materials relating to the Exchange Offer have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (“**Autorité des services et marchés financiers / Autoriteit voor financiële diensten en markten**”) and, accordingly, the Exchange Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids as amended or replaced from time to time (the “**Belgian Takeover Law**”). Accordingly, the Exchange Offer may not be advertised and the Exchange Offer will not be extended, and neither this Exchange Offer Memorandum and Prospectus nor any other documents or materials relating to the Exchange Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to “**qualified investors**” in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. This Exchange Offer Memorandum and Prospectus has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offer. Accordingly, the information contained in this Exchange Offer Memorandum and Prospectus may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Exchange Offer is not being made, directly or indirectly, to the public in France. Neither this Exchange Offer Memorandum and Prospectus nor any other documents or offering materials relating to the Exchange Offer have been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*, are eligible to participate in the Exchange Offer. This Exchange Offer Memorandum and Prospectus has not been submitted to the clearance procedures (visa) of the *Autorité des marchés financiers*.

Italy

None of this Exchange Offer Memorandum and Prospectus nor any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) pursuant to Italian laws and regulations.

The Exchange Offer is being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

A holder of Bonds located in the Republic of Italy can tender Bonds through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Bonds and the Exchange Offer.

Jersey, Guernsey and Isle of Man

No financial intermediary may use this Exchange Offer Memorandum and Prospectus in connection with:

- the circulation in Jersey of any offer for subscription, sale or exchange of any Existing 2020 Bonds or Bonds unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998 and in accordance with the Control of Borrowing (Jersey) Order 1958;
- the marketing, offering for subscription, sale or exchange or sale of Existing 2020 Bonds or Bonds in or from within or to persons resident in any part of the Bailiwick of Guernsey other than in compliance with the requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, and the rules, regulations and guidance enacted or issued thereunder, or any exemption therefrom; and
- the circulation in the Isle of Man of any offer for subscription, sale or exchange of any Existing 2020 Bonds or Bonds unless such offer is made in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 or any exclusions or exemption therefrom.

Ireland

No action has been or will be take in connection with the Existing 2020 Bonds and/or the Bonds in Ireland:

- (a) otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulation, 2017 (as amended, the “**MiFID II Regulations**”), including Regulation 5 (Requirement for Authorisation (and certain provisions concerning MTFs and OTFs)) thereof or any codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) otherwise than in conformity with the provisions of the Companies Act 2014, as amended, of Ireland (the “**CA 2014**”), the Irish Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) otherwise than in conformity with the provisions of the Regulation (EU) 2017/1129, the European Union (Prospectus) Regulations 2019 and any rules issued by the Central Bank under Section 1363 of the CA 2014; and
- (d) otherwise than in conformity with the provisions of the Market Abuse Regulation (EU) 596/2014 (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the CA 2014.

TAXATION (BONDS)

General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Bonds, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Bonds). Any Bondholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Bondholders should be aware that the tax legislation of any jurisdiction where a Bondholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Bonds including in respect of any income received from the Bonds.

United Kingdom

The summary set out below describes certain taxation matters of the United Kingdom based on the Issuer's understanding of current United Kingdom tax law and Her Majesty's Revenue and Customs ("HMRC") practice (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this Exchange Offer Memorandum and Prospectus, both of which are subject to change, possibly with retrospective effect. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. The summary is intended as a general guide only and is not intended to be, nor should it be construed to be, legal or tax advice.

The summary set out below applies only to persons who are the absolute beneficial owners of Bonds who hold their Bonds as investments (regardless of whether the holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Bonds are attributable). In particular, Bondholders holding their Bonds *via* a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ to that set out below or may be subject to change in the future (possibly with retrospective effect).

If you may be subject to tax in a jurisdiction other than the United Kingdom or are unsure as to your tax position, you should seek your own professional advice. This summary only deals with the matters expressly set out below.

Interest on the Bonds

Withholding on the Bonds

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA") and therefore constitute "quoted Eurobonds" within the meaning of section 987 of the ITA. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom income tax.

If the Bonds cease to be listed, the Issuer must generally withhold an amount from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). If interest were paid under deduction of United Kingdom income tax, Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if relief is available pursuant to an appropriate provision in an applicable double taxation treaty.

Further United Kingdom income tax issues

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding, irrespective of the residence of the Bondholder.

However, interest with a United Kingdom source properly received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom income tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency or, in the case of a corporate Bondholder, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

Bondholders should note that the provisions relating to additional amounts referred to in Appendix A “*Terms and Conditions of the Bonds – Taxation*” above would not apply if HMRC sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

Payments in respect of the Guarantees

The United Kingdom withholding tax treatment of payments by the Guarantors under the terms of the Guarantees in respect of interest on the Bonds (or other amounts due under the Bonds other than the repayment of amounts subscribed for the Bonds) is uncertain. In particular, such payments by the Guarantors may not be eligible for the exemption from withholding on account of United Kingdom income tax in respect of bonds listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantors make any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.).

United Kingdom corporation tax payers

In general, Bondholders which are within the charge to United Kingdom corporation tax (including non-resident Bondholders whose Bonds are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment so long as the accounting treatment is in accordance with generally accepted accounting practice as that term is defined for tax purposes.

Other United Kingdom tax payers

Interest

Bondholders who are either individuals or trustees and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom income tax on the amount of any interest received in respect of the Bonds.

Transfer (including redemption)

The Bonds will constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains.

Accrued income scheme

On a transfer of a Bond by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the ITA, if that Bondholder is either an individual or a trustee and is resident for tax purposes in the United Kingdom or carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable.

Individual Savings Accounts

The Bonds will be qualifying investments for the stocks and shares component of an account (an “ISA”) under the Individual Savings Account Regulations 1998 (the “ISA Regulations”) provided that the Bonds are listed on the official list of a recognised stock exchange within the meaning of section 1005 of the ITA. The London Stock Exchange is a recognised stock exchange for these purposes. Individual Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to United Kingdom tax on interest or other amounts received in respect of the Bonds.

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

Stamp duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or transfer by delivery of a Bond or on its redemption.

Ireland

The following is a summary based on the laws and practices currently in force in Ireland of certain matters regarding the tax position of investors who are the absolute beneficial owners of the Bonds. Particular rules not discussed below may apply to certain classes of taxpayers holding Bonds, including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Bonds. Prospective investors in the Bonds should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Bonds and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Bonds so long as such payments do not constitute Irish source income. Interest paid on the Bonds may be treated as having an Irish source if:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which are used to fund the payments on the Bonds; or

(c) the Issuer is not resident in Ireland for tax purposes but the register for the Bonds is maintained in Ireland or (if the Bonds are in bearer form) the Bonds are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; and (iii) bearer Bonds will not be physically located in Ireland and the Issuer will not maintain a register of any registered Bonds in Ireland.

Encashment Tax

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) on any interest, dividends or annual payments payable out of or in respect of the stocks, funds, shares or securities of a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland.

Encashment tax will not apply where the holder of the Bonds is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

Stamp Duty on Transfer of Bonds

As the Issuer is not registered in Ireland, stamp duty will not arise on a document effecting a transfer of the Bonds so long as (i) the Bonds do not derive their value or the greater part of their value directly or indirectly from any non-residential immovable property situated in Ireland and (ii) the instrument of transfer of the Bonds does not relate to:

- (a) any immoveable property situated in Ireland or any right over or interest in such property; or
- (b) any stocks or marketable notes of a company which is registered in Ireland (other than a company which is (i) an investment undertaking within the meaning of section 739B of the Taxes Consolidation Act, 1997 (“TCA”) or (ii) a qualifying company within the meaning of section 110 of the TCA).

TAXATION (EXCHANGE OFFER)

In view of the number of different jurisdictions where tax laws may apply to an Existing 2020 Bondholder, this Exchange Offer Memorandum and Prospectus does not discuss the tax consequences for Existing 2020 Bondholders arising from the exchange of Existing 2020 Bonds pursuant to the Exchange Offer, in relation to the Bonds or in relation to the payment of the Accrued Interest Payment or the Exchange Fee. Existing 2020 Bondholders are urged to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the exchange of their Existing 2020 Bonds and the receipt pursuant to the Exchange Offer of Bonds and the Accrued Interest Payment and the Exchange Fee. Existing 2020 Bondholders are liable for their own taxes and have no recourse to the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent with respect to taxes arising under or in connection with the Exchange Offer.

Certain tax consequences applicable to the Bonds are described above under the heading “*Taxation (Bonds)*”.

DEALER MANAGERS AND EXCHANGE AGENT

The Issuer has retained City & Continental Ltd and Peel Hunt LLP as Dealer Managers for the Exchange Offer and has retained Lucid Issuer Services Limited as Exchange Agent. The Issuer and the Dealer Managers have entered into a Dealer Manager Agreement dated on or about 28 January 2020 which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Exchange Offer.

For the purposes of the settlement of the Exchange Offer on the Issue Date, the Issuer will calculate, or procure the calculation on its behalf of, the Accrued Interest Payment and Exchange Fee for each Existing 2020 Bondholder in respect of the Existing 2020 Bonds validly offered for exchange by such Existing 2020 Bondholder and accepted by the Issuer. All such determinations and calculations by the Issuer, or by a third party acting on its instructions and on its behalf, will, absent manifest error, be conclusive and binding on the Issuer and the Existing 2020 Bondholders.

The Dealer Managers and their respective affiliates may contact Existing 2020 Bondholders regarding the Exchange Offer and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Exchange Offer Memorandum and Prospectus and related materials to Existing 2020 Bondholders.

The Dealer Managers and their respective affiliates have provided and continue to provide certain investment banking services to the Issuer and other group companies for which the Dealer Managers and their respective affiliates have received and will receive compensation that is customary for services of such nature.

None of the Dealer Managers or the Exchange Agent or any of their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Exchange Offer, the Issuer, the Guarantors, the Existing 2020 Bonds or the Bonds contained in this Exchange Offer Memorandum and Prospectus (including this Exchange Offer Memorandum and Prospectus and any information incorporated by reference herein and therein) or for any failure by the Issuer or the Guarantors to disclose events that may have occurred and may affect the significance or accuracy of such information.

The Dealer Managers may (i) submit Exchange Instructions for its own account; and (ii) submit Exchange Instructions (subject to the offer restrictions set out in “*Offer and Distribution Restrictions relating to the Exchange Offer*”) on behalf of Existing 2020 Bondholders.

None of the Issuer, the Guarantors, the Dealer Managers, the Exchange Agent, or any director, officer, employee, agent or affiliate of any such person, is acting for any Existing 2020 Bondholder, or will be responsible to any Existing 2020 Bondholder, for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange Offer, and accordingly none of the Dealer Managers, the Exchange Agent, the Issuer, the Guarantors or any of their respective directors, employees or affiliates make any representation or recommendation whatsoever regarding the Exchange Offer, or any recommendation as to whether Existing 2020 Bondholders should offer Existing 2020 Bonds for exchange.

The Exchange Agent is the agent of the Issuer and does not owe any duty to any Existing 2020 Bondholder.

Conflicts of interest

The Dealer Managers are involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. The Dealer Managers and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Existing 2020 Bonds or the Bonds. Such activities and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, the provision of financial advisory services and the exercise of creditor rights. None of the Dealer Managers or any of their respective subsidiaries and affiliates have any obligation to disclose any such information. The Dealer Managers and any of their respective subsidiaries and affiliates and its officers and directors may engage in any such activities without regard to the Existing 2020

Bonds, the Bonds or the effect that such activities may directly or indirectly have on any of the Existing 2020 Bonds or the Bonds.

ADDITIONAL INFORMATION RELATING TO THE BONDS

Listing and admission to trading of the Bonds

It is expected that the admission of the Bonds to the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange plc's regulated market will occur on or about 26 February 2020, after the publication of the Sizing Announcement relating to the Bonds.

The estimated amount of expenses related to the admission to trading of the Bonds will be specified in the Sizing Announcement.

The London Stock Exchange plc's regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"). MiFID II governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors.

The legal entity identifier ("**LEI**") number of the Issuer is 21380034YZZ56VF4QF27. The LEI number of the Parent Guarantor is 213800ZX2CGN7UUXYC31 and the LEI number of the Subsidiary Guarantor is 2138001AEDHL6DWYG737.

Authorisation

The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 24 January 2020. Bruntwood Limited and Bruntwood Management Services Limited (the "**Guarantors**") authorised the giving of guarantees in respect of the Bonds pursuant to resolutions of their respective Boards of Directors dated 24 January 2020.

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in England and Wales in connection with the issue and performance of the Bonds, the giving of the Guarantees and (in the case of the Parent Guarantor) the granting of the First Floating Charge in relating to the Parent Guarantor's obligations under the Parent Guarantee.

Significant or material change statement

There has been no significant change in the financial performance or the financial position of either Guarantor or the Bruntwood Group since 30 September 2019 (which is the end of the last financial period covered by the available financial information of the Bruntwood Group) and there has been no material adverse change in the prospects of either Guarantor or the Bruntwood Group since 30 September 2019 (being the date of the last audited financial statements of the Bruntwood Group).

The Issuer was incorporated on 20 November 2019. There has been no significant change in the financial performance or financial position of the Issuer, and there has been no material adverse change in the prospects of the Issuer, in either case since its date of incorporation.

Litigation statement

There are no, and there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or either Guarantor is aware) during the 12 month period preceding the date of this Exchange Offer Memorandum and Prospectus which may have, or have had in the recent past, significant effects on the Issuer's, either Guarantor's and/or the Bruntwood Group's financial position or profitability.

Clearing systems information

The Bonds will initially be represented by a global bond (the “**Global Bond**”), which will be deposited with a common depository on behalf of Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and Euroclear Bank SA/NV (“**Euroclear**”) on or about the Issue Date. The Global Bond will be exchangeable for definitive Bonds (“**Definitive Bonds**”) in bearer form in the denomination of £100 not less than 60 days following the request of the Issuer or the holder in the limited circumstances set out in it. See the section headed “*Summary of Provisions Relating to the Bonds while in Global Form in the Clearing Systems*” of this Exchange Offer Memorandum and Prospectus.

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Bonds will be accepted for settlement in CREST *via* the CDI mechanism. Interests in the Bonds may also be held through CREST through the issuance of CDIs representing the underlying Bonds. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Exchange Offer Memorandum and Prospectus. The ISIN for the Bonds is XS2104011304 and the Common Code is 210401130.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

Documents available for inspection

For so long as any Bond remains outstanding, copies of the following documents will, when published, be available for inspection on the Bruntwood Group’s website (<https://bruntwood.co.uk/our-performance/disclaimer/retail-bond-information/>):

- (a) the memorandum and articles of association of the Issuer and each Guarantor;
- (b) the Trust Deed (which includes the forms of Global Bond and Definitive Bonds) and the Paying Agency Agreement;
- (c) once executed, the Security Deed;
- (d) a copy of this Exchange Offer Memorandum and Prospectus; and
- (e) any future prospectuses and supplements to this Exchange Offer Memorandum and Prospectus and any other documents incorporated therein or herein by reference.

This Exchange Offer Memorandum and Prospectus will be published on the website of the Regulatory News Service (RNS) operated by the London Stock Exchange plc at:

<http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

Auditors

The consolidated financial statements of each Guarantor for the financial years ended 30 September 2018 and 2019 have been audited without qualification in accordance with Directive 2014/56/EU and Regulation (EU) No 537/2014 by Deloitte LLP, which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Material and conflicts of interest

So far as the Issuer and the Guarantors are aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Bruntwood Group's business which could result in any member of the Bruntwood Group being under an obligation or entitlement that is material to the Issuer's, or either Guarantor's, as the case may be, ability to meet its respective obligations to Bondholders in respect of the Bonds being issued.

Yield

The yield of the Bonds is 6.00 per cent. on an annual basis. This yield is calculated as at the date the Bonds are issued on the basis of the issue price (being 100 per cent. of the nominal amount of the Bonds). It is not an indication of future yield.

Websites

The website of the Issuer and the Guarantors is: www.bruntwood.co.uk.

The Information on this website and any other website specified in this Exchange Offer Memorandum and Prospectus does not form part of this Exchange Offer Memorandum and Prospectus, except where that information has been specifically incorporated by reference into this Exchange Offer Memorandum and Prospectus.

Maximum Amount of Securities to be Offered

The Issuer will not issue in excess of £1,000,000,000 in aggregate nominal amount of the Bonds; however, this maximum nominal amount of securities being offered is not intended to be indicative of how many Bonds will be issued, and the nominal amount of Bonds to be issued will depend in part on the demand from investors during the Offer Period. The final nominal amount of Bonds to be issued may be significantly less than this.

ADDITIONAL INFORMATION RELATING TO THE EXCHANGE OFFER

Copies of this Exchange Offer Memorandum and Prospectus and the documents incorporated by reference herein are available on request, subject to applicable laws and the restrictions set out in “*Offer and Distribution Restrictions relating to the Exchange Offer*”, from the Exchange Agent, the contact details for whom appear on the last page of this Exchange Offer Memorandum and Prospectus (see “*Documents Incorporated by Reference*” for further information).

Each Existing 2020 Bondholder is solely responsible for making its own independent appraisal of all matters such Existing 2020 Bondholder deems appropriate (including those relating to the Exchange Offer, the Bonds, and those relating to the Issuer and the Guarantors) and each Existing 2020 Bondholder must make its own decision as to whether to offer any or all of its Existing 2020 Bonds for exchange pursuant to the Exchange Offer. Neither the Dealer Managers nor the Exchange Agent (or their respective directors, employees or affiliates) expresses any opinion about the terms of the Exchange Offer, or makes any representation or recommendation whatsoever regarding this Exchange Offer Memorandum and Prospectus or the Exchange Offer, and none of the Issuer and the Guarantors, the Dealer Managers or the Exchange Agent (or their respective directors, employees or affiliates) makes any recommendation as to whether holders of Existing 2020 Bonds should offer any Existing 2020 Bonds for exchange pursuant to the Exchange Offer. The Exchange Agent is the agent of the Issuer and does not owe any duty to any Existing 2020 Bondholder.

None of the Dealer Managers, the Exchange Agent and their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Exchange Offer or the Issuer or the Guarantors contained in this Exchange Offer Memorandum and Prospectus. Accordingly, no representation or warranty, express or implied, is made by the Dealer Managers or the Exchange Agent as to the accuracy or completeness of the information set forth in this Exchange Offer Memorandum and Prospectus, and nothing contained in this Exchange Offer Memorandum and Prospectus is, or should be relied upon as, a promise or representation, whether as to the past or the future. Neither the Exchange Agent nor the Dealer Managers accepts any liability in relation to the information contained in this Exchange Offer Memorandum and Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Exchange Offer, the Existing 2020 Bonds or the Bonds.

Neither the delivery of this Exchange Offer Memorandum and Prospectus nor any exchange of Existing 2020 Bonds pursuant to the Exchange Offer shall, under any circumstances, create any implication that the information contained in this Exchange Offer Memorandum and Prospectus is current as of any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of the Issuer or the Guarantors since the date of this Exchange Offer Memorandum and Prospectus.

No person has been authorised to give any information or to make any representation about the Issuer, the Guarantors, or about the Exchange Offer other than as contained in this Exchange Offer Memorandum and Prospectus (including all information incorporated by reference herein) and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, the Dealer Managers or the Exchange Agent or any of their affiliates or respective agents.

In the ordinary course of their respective businesses, the Dealer Managers and the Exchange Agent are entitled to hold positions in the Existing 2020 Bonds and the Bonds either for their own account or for the account, directly or indirectly, of third parties. The Dealer Managers and their respective affiliates may hold significant positions in the Existing 2020 Bonds or the Bonds. The Dealer Managers are entitled to continue to hold or dispose of, in any manner it may elect, any Existing 2020 Bonds it may hold as at the date of this Exchange Offer Memorandum and Prospectus or, from such date, to acquire further Existing 2020 Bonds or Bonds, subject to applicable law and may or may not submit offers to exchange in respect of such Existing 2020 Bonds. No such submission or non-submission by the Dealer Managers or the Exchange Agent should be taken by any holder of Existing 2020 Bonds

or any other person as any recommendation or otherwise by the Dealer Managers or the Exchange Agent, as the case may be, as to the merits of participating or not participating in the Exchange Offer.

This Exchange Offer Memorandum and Prospectus (including any document incorporated by reference herein) contains important information which should be read carefully before any decision is made with respect to the Exchange Offer. If any Existing 2020 Bondholder is in any doubt as to the contents of this Exchange Offer Memorandum and Prospectus or the action it should take, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Existing 2020 Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to offer Existing 2020 Bonds for exchange pursuant to the Exchange Offer.

None of City & Continental Ltd or Peel Hunt LLP (the “Dealer Managers”), Lucid Issuer Services Limited (the “Exchange Agent”), the Issuer or the Guarantors makes any recommendation as to whether Existing 2020 Bondholders should offer Existing 2020 Bonds for exchange pursuant to the Exchange Offer or expresses any opinion about the terms of the Exchange Offer.

The Exchange Offer is not being made, and any instructions relating to an Exchange Offer will not be accepted from, or on behalf of, Existing 2020 Bondholders in any jurisdiction in which the making of the Exchange Offer would not be in compliance with the laws or regulations of such jurisdictions. For further details see *“Offer and Distribution Restrictions relating to the Exchange Offer”*.

The Exchange Offer is not being made within, and this Exchange Offer Memorandum and Prospectus is not for distribution in or into, the United States of America or to any U.S. person (as defined in Regulation S (“**Regulation S**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”)). This Exchange Offer Memorandum and Prospectus is not an offer of securities for sale in the United States or any other jurisdiction. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons.

The applicable provisions of the Financial Services and Markets Act 2000, as amended, must be complied with in respect of anything done in relation to the Exchange Offer in, from or otherwise involving the United Kingdom.

Existing 2020 Bondholders who do not participate in the Exchange Offer, or whose Existing 2020 Bonds are not accepted for exchange by the Issuer, will continue to hold their Existing 2020 Bonds subject to the Existing 2020 Conditions.

For the avoidance of doubt, the invitation by the Issuer to Existing 2020 Bondholders contained in this Exchange Offer Memorandum and Prospectus is an invitation to treat by the Issuer and any references to any offer or invitation being made by the Issuer under or in respect of the Exchange Offer shall be construed accordingly.

FINANCIAL INFORMATION INCORPORATED BY REFERENCE

This Exchange Offer Memorandum and Prospectus should be read and construed in conjunction with the following:

- (a) the audited consolidated annual financial statements of the Parent Guarantor for the financial year ended 30 September 2018, together with the audit report thereon, as set out on pages 16 to 49 of the Parent Guarantor's Annual Report and Accounts for the year ended 30 September 2018 (available for viewing at: <https://bruntwood.co.uk/media/3354/searchable-2018-bruntwood-limited.pdf>);
- (b) the audited consolidated annual financial statements of the Parent Guarantor for the financial year ended 30 September 2019, together with the audit report thereon, as set out on pages 13 to 42 of the Parent Guarantor's Annual Report and Accounts for the year ended 30 September 2019 (available for viewing at: <https://bruntwood.co.uk/media/3991/searchable-2019-bruntwood-limited.pdf>);
- (c) the audited unconsolidated annual financial statements of the Subsidiary Guarantor for the financial year ended 30 September 2018, together with the audit report thereon, as set out on pages 8 to 21 of the Subsidiary Guarantor's Strategic Report, Report of the Directors and Financial Statements for the year ended 30 September 2018 (available for viewing at: <https://bruntwood.co.uk/media/4004/searchable-2018-bruntwood-management-services-limited.pdf>); and
- (d) the audited unconsolidated annual financial statements of the Subsidiary Guarantor for the financial year ended 30 September 2019, together with the audit report thereon, as set out on pages 8 to 25 of the Subsidiary Guarantor's Strategic Report, Report of the Directors and Financial Statements for the year ended 30 September 2019 (available for viewing at: <https://bruntwood.co.uk/media/3995/searchable-2019-bruntwood-management-services-limited.pdf>),

together, the “**Documents Incorporated by Reference**”.

The Documents Incorporated by Reference have been previously published or are published simultaneously with this Exchange Offer Memorandum and Prospectus and which have been approved by the UK Financial Conduct Authority or filed with it. The Documents Incorporated by Reference shall be incorporated in, and form part of, this Exchange Offer Memorandum and Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Exchange Offer Memorandum and Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Exchange Offer Memorandum and Prospectus. Those parts of the documents incorporated by reference in this Exchange Offer Memorandum and Prospectus which are not specifically incorporated by reference in this Exchange Offer Memorandum and Prospectus are either not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in this Exchange Offer Memorandum and Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Exchange Offer Memorandum and Prospectus shall not form part of this Exchange Offer Memorandum and Prospectus.

Copies of the documents incorporated by reference in this Exchange Offer Memorandum and Prospectus may be obtained (without charge) from the hyperlinks contained above and on the website of the Regulatory News Service (RNS) operated by the London Stock Exchange plc at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

For Existing 2020 Bondholders, copies of all of the above documents and information that is incorporated by reference into this Exchange Offer Memorandum and Prospectus are available, free of charge, on request from the Exchange Agent, the contact details for whom are on the last page of this Exchange Offer Memorandum and Prospectus. They are also available at <https://bruntwood.co.uk/our-performance/disclaimer/retail-bond-information/>.

ALTERNATIVE PERFORMANCE MEASURES

The Bruntwood Group uses adjusted figures which are not defined by generally accepted accounting principles in the United Kingdom (“**UK GAAP**”). The figures below are presented as additional performance measures used by management, as they provide relevant information in assessing the Bruntwood Group's performance, position and cash flows. The Bruntwood Group believes that these measures enable investors to more clearly track the core operational performance of the Bruntwood Group, while providing investors with a clear basis for assessing the Bruntwood Group's ability to raise debt and continue to trade. The Bruntwood Group's management uses these financial measures, along with UK GAAP financial measures, in evaluating its operating performance as a whole and the individual business segments. Adjusted and underlying financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with UK GAAP. The measures may not be directly comparable to similarly reported measures by other companies. The adjusted financial measures used are:

- **Loan to Value:** This is the “Total Group Debt” (as defined below) expressed as a percentage of “Adjusted Property Under Ownership” (as defined below). This is a key measure used by the property financing industry to determine whether the quantity of debt within the Bruntwood Group is at a level that the Bruntwood Group management believes is sustainable and capable of being refinanced, when compared to the value of the Bruntwood Group’s properties.

	2001	2002	2003	2004	2005	2006
Total Group Debt	122,381	158,115	190,006	301,580	322,480	379,630
Property Under Ownership	217,617	277,195	351,522	495,546	593,827	757,308
Loan to Value	56.2%	57.0%	54.1%	60.9%	54.3%	50.1%

	2007	2008	2009	2010	2011	2012
Total Group Debt	439,659	537,817	560,791	579,125	599,581	589,249
Property Under Ownership	922,722	985,943	916,734	930,258	943,431	921,678
Loan to Value	47.6%	54.5%	61.2%	62.3%	63.6%	63.9%

	2013	2014	2015	2016	2017	2018	2019
Total Group Debt	587,722	433,703	447,676	490,217	547,051	440,996	474,049
Property Under Ownership	907,110	862,597	911,642	1,032,440	1,136,875	947,953	973,664
Loan to Value	64.8%	50.3%	49.1%	47.5%	48.1%	46.5%	48.7%

- **Total Group Debt:** This is defined as “Other Loans and Bank Loans” within “Creditors, amounts due within one year” *plus* “Other Loans and Bank Loans” within “Creditors, amounts due in more than one year” *less* Cash per the Balance sheet. This metric is used as part of the calculation of “Loan to Value”.

	2001	2002	2003	2004	2005	2006
Creditors: Amounts Due within one year						
Other loans	0	850	0	1,360	563	19
Bank loans	329	195	53	2,000	1,800	0
Creditors: Amounts Due after one year						
Other loans	0	0	0	0	0	0
Bank loans	123,094	158,203	197,350	301,650	325,417	385,250
Cash	(1,042)	(1,133)	(7,397)	(3,430)	(5,300)	(5,639)
Total Group Debt	122,381	158,115	190,006	301,580	322,480	379,630

	2007	2008	2009	2010	2011	2012
Creditors: Amounts Due within one year						
Other loans	0	4,070	6,002	10,000	0	0
Bank loans	0	0	0	0	6,312	4,134
Creditors: Amounts Due after one year						
Other loans	0	0	0	0	439,288	432,324
Bank loans	456,912	547,496	568,090	587,220	163,611	170,183
Cash	(17,253)	(13,749)	(13,301)	(18,095)	(9,630)	(17,392)
Total Group Debt	439,659	537,817	560,791	579,125	599,581	589,249

	2013	2014	2015	2016	2017	2018	2019
Creditors: Amounts Due within one year							
Other loans	0	0	0	5,167	20,849	0	52,972
Bank loans	158,515	21,270	0	0	39,983	0	0
Creditors: Amounts Due after one year							
Other loans	489,312	255,839	163,207	174,450	286,721	289,748	239,315
Bank loans	0	172,044	294,359	346,447	215,870	165,293	198,903
Cash	(60,105)	(15,450)	(9,890)	(35,847)	(16,372)	(14,045)	(17,141)
Total Group Debt	587,722	433,703	447,676	490,217	547,051	440,996	474,049

- **Property Under Ownership:** This is defined as “Tangible Fixed Assets” plus “Developments in Progress” plus “Assets Held for Resale”, in each case as included in the Parent Guarantor’s Balance sheet. This metric is used as part of the calculation of “Loan to Value”.

	2001	2002	2003	2004	2005	2006
Tangible Fixed Assets	216,949	270,527	351,222	495,246	593,827	757,308
Developments in Progress	668	6,668	300	300	0	0
Assets held for resale	0	0	0	0	0	0
Property under Ownership	217,617	277,195	351,522	495,546	593,827	757,308

	2007	2008	2009	2010	2011	2012
Tangible Fixed Assets	922,722	980,147	910,938	930,258	940,189	921,552
Developments in Progress	0	0	0	0	0	0
Assets held for resale	0	5,796	5,796	0	3,242	126
Property under Ownership	922,722	985,943	916,734	930,258	943,431	921,678

	2013	2014	2015	2016	2017	2018	2019
Tangible Fixed Assets	903,892	858,023	903,572	1,010,034	1,097,828	935,736	973,664
Developments in Progress	0	1,356	4,852	22,406	39,047	12,217	0
Assets held for resale	3,218	3,218	3,218	0	0	0	0
Property under Ownership	907,110	862,597	911,642	1,032,440	1,136,875	947,953	973,664

- Adjusted Property Under Ownership: In the financial year ended 30 September 2018, £335 million of property which was previously held in “Tangible Fixed Assets” was placed into the Bruntwood Group’s joint venture with Legal & General, being ‘Bruntwood SciTech Ltd’. Joint ventures are accounted for on a single line “Share of Net Asset” basis, rather than showing the joint venture balance sheet components individually grossed out. For the purposes of this Exchange Offer Memorandum and Prospectus, the Bruntwood SciTech Tangible Fixed Assets (which can be found in note 13 of the audited consolidated financial statements of the Parent Guarantor for the financial year ended 30 September 2019) have been added back to “Property under Ownership”. The Bruntwood Group considers that this change is necessary to aid comparability of “Property Under Ownership”, as otherwise it appears that the Bruntwood Group’s “Property under Ownership” has decreased when in fact its properties under ownership have increased.

	2017	2018	2019
Property Under Ownership (above)	1,136,875	947,953	973,664
Assets held in SciTech Joint Venture	0	335,307	445,625
Adjusted Property Under Ownership	1,136,875	1,283,260	1,419,289

- Return on Equity: This is a measure of profitability which calculates how much return is generated for the shareholders in a given year as a percentage of the amount the shareholders have invested in the business. It is calculated as (i) “Shareholders’ Funds” at the end of the year *minus* “Shareholders’ Funds” at the start of the year *plus* “Dividends paid” during the year, (ii) *divided by* the “Shareholders’ Funds” at the start of the year.
- Prior to 2010, Group interests held by Mr C G Oglesby through his 100 per cent. ownership of Bruntwood 2000 Ltd (which represents approximately 50 per cent. of shareholders’ funds) were classed as minority interests because although Bruntwood 2000 Ltd was controlled by Bruntwood Limited via controlling

preference shares, and therefore 100 per cent. consolidated, there was no direct ordinary share ownership. In 2011, the Bruntwood Limited Group and Bruntwood 2000 Limited Group merged. The main accounting effect of this transaction was that in the accounts of Bruntwood Limited, the shareholders funds' relating to Bruntwood 2000 Limited were no longer classified as minority interests. In order that shareholders' funds are shown on a like for like basis, it is necessary to add back Bruntwood 2000 Limited minority interest (as shown on the face of the balance sheet) for all periods as from 2010.

	2001	2002	2003	2004	2005	2006
Shareholders' Funds	67,087	73,198	89,268	99,527	117,052	160,795
MI – Bruntwood 2000 Limited	19,543	33,700	54,779	74,995	117,898	176,156
Total Shareholders' Funds	86,630	106,898	144,047	174,522	234,950	336,951
Increase in shareholders' funds		20,268	37,149	30,475	60,428	102,001
Dividend paid	100	200	200	1,400	1,200	1,300
Total Shareholder Return		20,468	37,349	31,875	61,628	103,301
Return on Equity		23.6%	34.9%	22.1%	35.3%	44.0%

	2007	2008	2009	2010	2011	2012
Shareholders' Funds	203,174	176,630	145,240	147,365	317,961	274,987
MI – Bruntwood 2000 Limited	233,897	217,792	155,681	163,080	0	0
Total Shareholders' Funds	437,071	394,422	300,921	310,445	317,961	274,987
Increase in shareholders' funds	100,120	(42,649)	(93,501)	9,524	7,516	(42,974)
Dividend paid	2,100	3,500	2,500	1,500	3,769	21,182
Total Shareholder Return	102,220	(39,149)	(91,001)	11,024	11,285	(21,792)
Return on Equity	30.3%	-9.0%	-23.1%	3.7%	3.6%	-6.9%

	2013	2014	2015	2016	2017	2018	2019
Shareholders Funds	256,983	323,174	346,907	408,712	477,606	561,286	609,402
MI – Bruntwood 2000 Limited	0	0	0	0	0	0	0
Total Shareholders' Funds	256,983	323,174	346,907	408,712	477,606	561,286	609,402
Increase in shareholders' funds	(18,004)	66,191	23,733	61,805	68,894	83,680	48,116
Dividend paid	4,890	18,700	32,850	0	0	14,000	1,000
Total Shareholder Return	(13,114)	84,891	56,583	61,805	68,894	97,680	49,116
Return on Equity	-4.8%	33.0%	17.5%	17.8%	16.9%	20.5%	8.8%

- Adjusted Bruntwood Group Profit before Taxation

In the 2015 financial year, the group adopted FRS102 which aligned UK GAAP more closely with international accounting standards “IAS”. In order that the information in this Exchange Offer Memorandum and Prospectus presents the Bruntwood Group’s profitability on a like for like basis both pre and post the 2015 financial year, the Bruntwood Group shows profitability using two metrics, one being as if the former UK GAAP Profit before Taxation calculation had continued beyond 2015, and the other as if the Bruntwood Group had always reported under FRS102. The respective pre and post 2015 numbers are restated on a basis which can be reconciled to the published statutory accounts as follows:

- Profit before Taxation (FRS102): From the 2015 financial year onwards, this is the Profit before Taxation from the statutory accounts. For disclosure relating to the 2014 financial year and the preceding financial years, the Bruntwood Group seeks to create a substantially similar approximation to “Profit before Taxation (FRS102)” by adding back the revaluation movement from the Statement of Total Gains and Losses to the then reported “Profit before Taxation (former UK GAAP)” figure. The inclusion of revaluation movements within Profit before Taxation (FRS102) represents a substantial majority of the difference between the two profit measures for the Parent Guarantor.

	2001	2002	2003	2004	2005	2006
Profit before Taxation	3,240	4,316	10,827	7071	11,375	8,600
Revaluation movement per STRGL	12,182	16,794	28,472	26,458	58,932	96,268
Profit before taxation (FRS102)	15,422	21,110	39,299	33,529	70,307	104,868

	2007	2008	2009	2010	2011	2012
Profit before Taxation	13,520	11,547	12,598	11,096	11,204	12,351
Revaluation movement per STRGL	91,411	(46,273)	(98,497)	3,428	401	(35,687)
Profit before taxation (FRS102)	104,931	(34,726)	(85,899)	14,524	11,605	(23,336)

	2013	2014	2015	2016	2017	2018	2019
Profit before Taxation	12,375	19,311	71,237	67,928	71,973	116,331	51,811
Revaluation movement per STRGL	(25,750)	69,265	0	0	0	0	0
Profit before taxation (FRS102)	(13,375)	88,576	71,237	67,928	71,973	116,331	51,811

- Profit before Taxation (Former UK GAAP): Up to (and including) the 30 September 2014 financial year, “Profit before Taxation” is derived directly from the profit and loss statements. For the 30 September 2015 financial year onwards, the Bruntwood Group calculates “Profit before Taxation” as “Profit net of Admin Expenses”, *less* “Net interest payable”, *plus* “Profit on disposal of properties”. The Bruntwood Group considers that this creates a very close approximation to the former UK GAAP “Profit before Taxation” result. This approach extracts mark to market valuation movements which are now reflected in the Profit and loss statement.

	2001	2002	2003	2004	2005	2006
Profit before Taxation	3,240	4,316	10,827	7,071	11,375	8,600
Profit net of admin expenses						
Net interest payable						
Profit on disposal of properties						
Profit before taxation (Former UK GAAP)	3,240	4,316	10,827	7,071	11,375	8,600

	2007	2008	2009	2010	2011	2012
Profit before Taxation	13,520	11,547	12,598	11,096	11,204	12,351
Profit net of admin expenses						
Net interest payable						
Profit on disposal of properties						
Profit before taxation (Former UK GAAP)	13,520	11,547	12,598	11,096	11,204	12,351

	2013	2014	2015	2016	2017	2018	2019
Profit before Taxation	12,375	19,311					
Profit net of admin expenses			39,819	40,315	29,884	24,317	37,728
Net interest payable			(26,164)	(25,279)	(26,058)	(28,913)	(21,321)
Profit on disposal of properties			1,816	7,495	6,037	(105)	2,364
Profit before taxation (Former UK GAAP)	12,375	19,311	15,471	22,531	9,863	(4,701)	18,771

The above tables set forth reconciliations of all of the above measures to the consolidated statutory accounts of the Parent Guarantor for the years 2001 to 2019. Note that the figures pre-2006 have been extracted from Bruntwood Group Limited as Bruntwood Limited did not exist at that time.

THE ISSUER

Bruntwood Bond 2 plc

Union
Albert Square
Manchester M2 6LW

THE GUARANTORS

Bruntwood Limited

Union
Albert Square
Manchester M2 6LW

Bruntwood Management Services Limited

Union
Albert Square
Manchester M2 6LW

THE JOINT LEAD MANAGERS AND DEALER MANAGERS

City & Continental Ltd

Cheyne House
Crown Court
62/63 Cheapside
London EC2V 6AX

Peel Hunt LLP

Moor House
120 London Wall
London EC2Y 5ET

THE TRUSTEE & SECURITY TRUSTEE

U.S. Bank Trustees Limited

Fifth Floor
125 Old Broad Street
London EC2N 1AR

THE PRINCIPAL PAYING AGENT

Elavon Financial Services DAC, UK Branch

Fifth Floor
125 Old Broad Street
London EC2N 1AR

THE EXCHANGE AGENT

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

For information by telephone: +44 20 7704 0880
Attention: David Shilson
Email: bruntwood@lucid-is.com

LEGAL ADVISERS

To the Issuer and the Guarantors

Freshfields Bruckhaus Derringer LLP

65 Fleet Street
London EC4Y 1HS

To the Joint Lead Managers, the Trustee and the Security Trustee

Linklaters LLP

One Silk Street
London EC2Y 8HQ

AUDITORS

Deloitte LLP

2 Hardman Street
Manchester M60 2AT