

Program Information

CPI Property Group

PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	28 September 2018
Issuer Name:	CPI Property Group
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Type of Securities:	Notes
Scheduled Issuance Period:	28 September 2018 to 27 September 2019
Maximum Outstanding Issuance Amount:	EUR 3,000,000,000
Address of Website for Announcement:	https://www.jpx.co.jp/equities/products/tpbm/announcement/index.html
Status of Submission of Annual Securities Reports or Issuer Filing Information:	None
Name of Dealers that are Expected to Subscribe for the Notes to be Drawn-Down from this Program	Nomura International plc Société Générale

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Tousehika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "Act") (the "**Professional Investors, Etc.**"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.
2. Where this Program Information (a) contains any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Program Information, is an officer (meaning an

officer stipulated in Article 21, Paragraph 1 of the Act (meaning a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) (each an "**Officer**") of the issuer) that announced this Program Information shall be liable to compensate persons who acquired the Notes (as defined below) for any damage or loss arising from the false statement or lack of information in accordance with the provisions of Article 21, Paragraph 1, Item 1 of the Act applied mutatis mutandis in Article 27-33 of the Act and the provisions of Article 22 of the Act applied mutatis mutandis in Article 27-34 of the Act. However, this shall not apply to cases where the person who acquired the Notes was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the Notes. Additionally, the Officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information.

3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the website of Japan Exchange Group, Inc.
4. Tokyo Stock Exchange, Inc. ("**Tokyo Stock Exchange**") does not express opinions or issue guarantees, etc. regarding the content of the Program Information (including but not limited to, whether the Program Information (a) contains a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.
5. This Program Information is prepared pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of Tokyo Stock Exchange (hereinafter referred to as the "**Special Regulations**") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc. Accordingly, this Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the Act.
6. The Notes of the Issuer to be issued under this Program Information (the "**Notes**") shall not be sold, transferred or otherwise disposed of to any person other than the Professional Investors, Etc., except for the transfer of the Notes to the following:
 - (a) the Issuer or the officer (meaning directors, company auditors, executive officers, board members or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50 per cent. of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "**Voting Rights Held by All the Shareholders, Etc.**" (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the Act) of the Issuer under his/her own name or another person's name (the "**Specified Officer**" (*Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50 per cent. of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "**Controlled Juridical Person, Etc.**" (*Hi-Shihai Houjin Tou*)) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50 per cent. of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or
 - (b) a company that holds shares or equity pertaining to voting rights exceeding 50 per cent. of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name (as prescribed in Article 11-2, Paragraph 1, Item 2 (d) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)).
7. When (i) a solicitation of an offer to acquire the Notes or (ii) an offer to sell or a solicitation of an offer to purchase the Notes (collectively, "**Solicitation of the Note Trade**") is made, the following matters shall be notified from the person who makes such Solicitation of the Note Trade to the person to whom such Solicitation of the Note Trade is made:
 - (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the Act) has been filed with respect to the Solicitation of the Note Trade;
 - (b) the Notes fall, or will fall, under the Securities for Professional Investors (*Tokutei Toushika Muke*

Yukashoken) (as defined in Article 4, Paragraph 3 of the Act);

- (c) any acquisition or purchase of the Notes by such person pursuant to any Solicitation of the Note Trade is conditional upon such person (i) entering into an agreement providing for the restriction on transfer of the Notes as set forth in note 6 above, (x) with each of the Issuer and the person making such Solicitation of the Note Trade (in the case of a solicitation of an offer to acquire the Notes to be newly issued), or (y) with the person making such Solicitation of the Note Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Notes already issued), or (ii) agreeing to comply with the restriction on transfer of the Notes as set forth in note 6 above (in the case of a solicitation of an offer to acquire the Notes to be newly issued);
 - (d) Article 4, Paragraphs 3, 5 and 6 of the Act will be applicable to such certain solicitation, offers and other activities with respect to the Notes as provided in Article 4, Paragraph 2 of the Act;
 - (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the Act) with respect to the Notes and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the Act) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the web-site maintained by the TOKYO PRO-BOND Market (<https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html> or any successor website) in accordance with Articles 210 and 217 of the Special Regulations; and
 - (f) the Issuer Information, Etc. will be provided to the holders of Notes or made public pursuant to Article 27-32 of the Act.
8. The Euro Medium Term Note Programme of the Issuer (the "**Program**") under which the Notes may be issued has been rated Baa3 in respect of the Senior Notes and Ba2 in respect of the Subordinated Notes by Moody's Investors Service Limited ("**Moody's**").

Moody's has not been registered under Article 66-27 of the Act, and is not subject to supervision by the Financial Services Agency of Japan or to regulations such as information disclosure obligations applicable to registered credit rating firms, and is not obligated to disclose information on matters described in Article 313, Paragraph 3, Item 3 of the Cabinet Office Ordinance (the "**Cabinet Office Ordinance**"). Moody's has Moody's Japan K.K. (registration number: Commissioner of Financial Services Agency (*kakuzuke*) No. 2) within its group as registered credit rating firms under Article 66-27 of the Act, and Moody's is a specified affiliated corporation (as defined in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance) of the registered credit rating firm. The assumptions, significance and limitations of the credit ratings given by Moody's are made available on the website of Moody's Japan K.K., at "Basis, Meaning and Limits of Credit Ratings" posted under "Related to Explanations of Unregistered Credit Ratings" in the column titled "Use of Ratings by Unregistered Firm" on the page titled "Credit Rating Business" on its website (https://www.moodys.com/pages/default_ja.aspx), which is made available for the public on the Internet).

9. The selling restrictions set forth in notes 6 and 7 above shall prevail over those set forth in the section entitled "*Subscription and Sale—Japan*" in this Program Information.

BASE PROSPECTUS



CPI PROPERTY GROUP

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B102254

EUR 3,000,000,000 Euro Medium Term Note Programme

Under this EUR 3,000,000,000 Euro Medium Term Note Programme (the **Programme**), CPI Property Group (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes to be issued under the Programme may comprise (i) unsubordinated Notes (**Senior Notes**) or (ii) dated or undated subordinated Notes (respectively **Dated Subordinated Notes** and **Undated Subordinated Notes** and together, **Subordinated Notes**). The terms and conditions of the Senior Notes and the Subordinated Notes are set out herein under "*Terms and Conditions of the Senior Notes*" and "*Terms and Conditions of the Subordinated Notes*" respectively.

The Notes may be issued in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein).

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

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

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (the **Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU and/or that are to be offered to the public in any member state of the European Economic Area (**EEA**).

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the **Official List**) and trading on its main securities market (the **Main Securities Market**). References in this Base Prospectus to the Notes being **listed** (and all related

references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Main Securities Market.

The aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and certain other information which is applicable to each Tranche (as defined under the relevant Terms and Conditions of the Notes) will be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and, where listed, the Euronext Dublin.

Copies of Final Terms in relation to the Notes to be listed on the Euronext Dublin will also be published on the website of the Central Bank of Ireland.

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

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer has been rated Baa3 by Moody's Investors Service Limited (**Moody's**) and BBB by Standard & Poor's Credit Market Services Europe Limited (**S&P**). The Programme has been rated Baa3 in respect of the Senior Notes and Ba2 in respect of the Subordinated Notes by Moody's. Each of Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Senior Notes or Subordinated Notes will be calculated by reference to one of LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR are not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrators of LIBOR and EURIBOR are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Joint Arrangers

Deutsche Bank	J.P. Morgan	Société Générale Corporate & Investment Banking	UniCredit Bank
Dealers			
Barclays	Credit Suisse	Deutsche Bank	J.P. Morgan
Société Générale Corporate & Investment Banking	UBS Investment Bank	UniCredit Bank	

The date of this Base Prospectus is 20 April 2018.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Base Prospectus, the Prospectus Directive means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the EEA.

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

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the 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.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference. See "*Documents Incorporated by Reference*". This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

Neither the Dealers nor the Trustee (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or for any acts or omissions of the Issuer or any other person in connection with the issue and offering of the Notes under the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the

Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

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

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

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in the relevant Terms and Conditions of the Notes or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- *CZK* and *Koruna* refer to Czech koruna;
- *Euro*, *EUR* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- *Sterling* and *£* refer to pounds sterling; and
- *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Non-IFRS Measures

General

This Base Prospectus includes certain non-IFRS measures that are unaudited supplementary measures of the performance of the Issuer and its subsidiaries (together, the **Group**) that are not required by, or presented in accordance with, IFRS. The non-IFRS measures described below are alternative performance measures (**APMs**) as defined in the European Securities and Market Authority Guidelines on Alternative Performance Measures dated 5 October 2015 (the **ESMA Guidelines**). Where used, the relevant metrics are identified as APMs and accompanied by an explanation of each such metric's components and calculation method.

Although the APMs disclosed in this Base Prospectus are not measures of operating income, operating performance or liquidity derived in accordance with IFRS, the Issuer has presented these measures in this Base Prospectus because it understands that similarly titled measures may be used by some investors and analysts. In particular, the APMs used by the Group are commonly referred to and analysed by professionals participating in the real estate sector to reflect the underlying business performance and to enhance comparability both between different companies in the sector and between different financial periods. The use of APMs in the real estate sector is considered advantageous by various participants, including banks, analysts, bondholders and other users of financial information: APMs provide additional helpful and useful information in a concise and practical manner; APMs are commonly used by senior management and the Board of Directors for their decision making and setting the mid- and long-term strategy of the Group and assist in discussion with outside parties; and APMs in some cases might better reflect key trends in the Group's performance which are specific to that sector, that is, APMs are a way for management to highlight the key value drivers within the business that may not be obvious in the consolidated financial statements.

The APMs disclosed in this Base Prospectus should not, however, be considered as an alternative to, in isolation from or as substitutes for financial information reported under IFRS. The APMs disclosed in this Base Prospectus are not measures specifically defined by IFRS and the Group's use of these

measures may vary from other companies in its industry due to differences in accounting policies or differences in the calculation methodology of similar measures by other companies in its industry.

The Group calculates the APMs it uses as follows:

- "*Consolidated Adjusted EBITDA*" as the consolidated profit/(loss) of the Issuer before taxes, depreciation, amortisation, impairments and change in provisions and excluding any revaluation changes, financial income and financial expenses, net result on acquisitions and disposals and any other exceptional non-recurring and non-cash items, as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated income statement of the Issuer.
- "*Consolidated Adjusted EBITDA margin*" as the ratio of Consolidated Adjusted EBITDA to net business income.
- "*Consolidated Total Indebtedness*" as the total indebtedness of the Group (excluding deferred tax liabilities as determined by reference to the most recent consolidated statement of financial position of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS or IAS 34, as applicable.
- "*EPRA Net Asset Value*" is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations and the fair value of deferred tax liabilities are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialise. In addition, the fair value of financial instruments which the company intends to hold to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value. This performance indicator has been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).
- "*gross leasable area*" as the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
- "*loan to value*" as net debt divided by fair value of the property portfolio. Net debt is calculated as Consolidated Total Indebtedness less cash and cash equivalents. Loan to value provides a general assessment of financing risk undertaken.
- "*occupancy rate*" represents a ratio of rented or used space compared to the total amount of gross leasable area.
- "*property portfolio*" includes all properties held by the Group, irrespective of their balance sheet classification.
- "*vacancy rate*" as the ratio of vacant or unoccupied space compared to the total amount of gross leasable area.

SUITABILITY OF INVESTMENT

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

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

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

STABILISATION

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

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OVERVIEW OF THE PROGRAMME

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

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC (the **Prospectus Regulation**).

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

Issuer: CPI Property Group

Issuer Legal Entity Identifier (LEI): 222100CO2ZOTEPGJO223

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

Description: Euro Medium Term Note Programme

Joint Arrangers: Deutsche Bank AG, London Branch
J.P. Morgan Securities plc
Société Générale
UniCredit Bank AG

Dealers: Barclays Bank PLC
Credit Suisse Securities (Europe) Limited
Deutsche Bank AG, London Branch
J.P. Morgan Securities plc
Société Générale
UBS Limited
UniCredit Bank AG

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

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"), including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

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

Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
Agent Bank:	Deutsche Bank AG, London Branch
Trustee:	Deutsche Trustee Company Limited
Transfer Agent:	Deutsche Bank Luxembourg S.A.
Registrar:	Deutsche Bank Luxembourg S.A.
Programme Size:	Up to EUR 3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in Euro, Czech Koruna, Sterling, U.S. dollars, Japanese Yen and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	<p>Each of the Senior Notes and Dated Subordinated Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.</p> <p>Undated Subordinated Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem, substitute or vary the Undated Subordinated Notes pursuant to Condition 6 (Redemption) or 7 (Substitution or Variation) of the Subordinated Notes, respectively.</p>
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in either bearer or registered form in series (each a Series) consisting of one or more Tranches as described in " <i>Form of the Notes</i> ". Registered Notes will not be

exchangeable for Bearer Notes and *vice versa*.

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

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

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

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

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

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

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

Fixed Rate Resettable Subordinated Notes: Fixed Rate Resettable Subordinated Notes will bear interest on their principal amount from and including the Issue Date to but excluding the First Reset Date at the First Fixed Rate of Interest specified in the applicable Final Terms. Thereafter, this fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to a mid-market swap rate for the relevant Specified Currency or to a reference bond yield to maturity, and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the applicable Final Terms or determined pursuant to the Terms and Conditions of the Subordinated Notes.

Redemption: Subject to any purchase and cancellation and early redemption or, in the case of the Subordinated Notes only, unless the

applicable Final Terms provides that such Subordinated Notes are perpetual securities that have no fixed date for redemption, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. See "*Certain Restrictions—Notes having a maturity of less than one year*" above.

Denomination of Notes:

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

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Tax Jurisdiction as provided in Condition 8 (Taxation) of the Senior Notes or, as the case may be, Condition 12 (Taxation) of the Subordinated Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (Taxation) of the Senior Notes or, as the case may be, Condition 12 (Taxation) of the Subordinated Notes, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3 (Negative Pledge) of the Senior Notes.

Cross Default:

The terms of the Senior Notes will contain a cross default provision as further described in Condition 10.1 (Events of Default) of the Senior Notes.

Subordinated Notes will not contain any events of default or cross default allowing acceleration of the Subordinated Notes.

Status of the Notes:

Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (Negative Pledge) of the Senior Notes) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Subordinated Notes are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any

preference among themselves. The rights and claims of the Noteholders in respect of the Subordinated Notes, in each case against the Issuer, are subordinated as described in the provisions of Condition 3 (Subordination) of the Subordinated Notes.

Rating: The Issuer has been rated Baa3 by Moody's and BBB by S&P. The Programme has been rated Baa3 in respect of the Senior Notes and Ba2 in respect of the Subordinated Notes by Moody's. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing: Application has been made to the Euronext Dublin for the Notes issued under the Programme to be admitted to the Official List and to trading on the Main Securities Market or to be listed on such other stock exchange and traded on such other market as shall be specified in the relevant Final Terms.

Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except Condition 3 (Subordination) of the Subordinated Notes which will be governed by, and construed in accordance with, Luxembourg law.

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".

United States Selling Restrictions: Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

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

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

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

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

Risks related to the markets in which the Issuer and its subsidiaries (together, the Group) operate

The Group has significant investments and operations in emerging markets

Investors in emerging and developing markets such as the regions of Central and Eastern Europe (CEE), in which the Group operates, should be aware that these markets are subject to greater legal, economic, fiscal and political risks than mature markets and are subject to rapid and sometimes unpredictable change. As a result, investing in the securities of issuers with substantial operations in emerging or developing markets generally involves a higher degree of risk than investing in the securities of issuers with substantial operations in the countries of Western Europe or other similar jurisdictions.

The Group's operations in the CEE region are exposed to risks which are common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, an evolving regulatory environment, inflation, economic downturns, local market disruptions, labour unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies and other similar factors. Political or economic instability resulting from the occurrence of any of these risks may adversely affect the real estate market in the CEE region. As a result, the Group's performance could be significantly affected by events in the CEE region which are beyond its control, such as a general downturn in the economy, political instability, changes in regulatory requirements and applicable laws (including in relation to taxation), the condition of financial markets and interest and inflation rate fluctuations. Such events could reduce the Group's rental income and/or the market value of its properties, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Investors should note that since emerging economies can be subject to rapid change, the information set out herein may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

The Group faces business risks stemming from central banks' monetary policy decisions. Any rise in interest rates could have material adverse effects on real estate markets and on the Group

In recent years, central banks around the world have engaged in an unprecedented set of monetary policy measures generally referred to as quantitative easing. Such measures generally consist of central bank purchases of government and other securities held by commercial banks and other private sector entities to stimulate the economy by increasing the amount of liquidity available to banks for onward lending to businesses. By engaging in quantitative easing and pegging interest rates at historically low levels, central banks have created an environment that has affected real estate companies in a variety of ways. Among other things, this has made it easier for the Group to raise new finance and to refinance its existing liabilities. Moreover, by contributing to a rise in asset prices, including real estate, this has supported the valuation of the Group's property portfolio. Some central banks, including the European Central Bank, have already begun to gradually tighten monetary policy and others are expected to follow. Any such action is likely to eventually raise interest rates to levels that are more in line with historical averages. If that happens, the Group's business is likely to be affected in a number of ways. The cost at which the Group is able to raise new financing and refinance its existing liabilities will increase. Asset prices may decline from their current high levels, which could lead to a reduction in the value of the Group's property portfolio. Moreover, because of the dampening effect that a tighter monetary policy typically has on the general economy, private households on average are likely to have less disposable income, which may impact the performance of the Group's tenants. Therefore, if central banks begin to tighten monetary policy, the Group's business activities, results of operations, net assets, financial condition or cash flow could be materially adversely affected in a variety of ways.

Legal regimes in the CEE region differ from those in Western Europe

The legal systems of most of the countries in the CEE region have undergone dramatic changes in recent years.

In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in the promulgation of new laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. A lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's properties are generally subject to state bodies exercising their right of expropriation or directing a compulsory purchase

Under certain circumstances, properties of the Group (each a **property** and together, the **properties**) may be subject to expropriation, for example to complete public works, redevelopment or infrastructure projects. Typically, compensation must be paid to the owner of the property, however there can be no assurance that compensation in respect of any expropriation will be adequate in all circumstances. Such events could reduce the Group's rental income and/or the value of its property portfolio, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Risks related to the Group's business and industry

The Group is exposed to general commercial property risks including economic, demographic and market developments

The Group is exposed to all of the risks inherent in the business of owning, managing and using commercial and residential real estate. Its performance may be adversely affected by an oversupply or a downturn in the commercial real estate market in general, or in the commercial real estate

market in those cities in which the properties are located. For example, rental income and the market value for properties are generally affected by overall conditions in the EU and national and local economies, such as growth in gross domestic product (**GDP**), inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may affect tenants' ability to meet their rental obligations to the Group and impact the demand for premises generally. There can be no assurance that the Group will be able to maintain the current high occupancy rates, rental levels and lease terms of its properties in the future.

Other factors which could have an impact on the value of a property are more general in nature, such as national, regional or local economic conditions (including key business closures, industry slowdowns and unemployment rates, and any cyclical patterns relating to these trends); local property conditions from time to time (such as the balance between supply and demand); demographic factors; consumer confidence; consumer tastes and preferences; changes in governmental regulations including retrospective changes in building codes; planning/zoning or tax laws; potential environmental legislation or liabilities; the availability of refinancing; and changes in interest rate levels or yields required by investors in income producing commercial properties.

The demand for commercial properties and the ability of such properties to generate income and sustain market value is based on a number of factors, including:

- the economic and demographic environment;
- renovation work required on vacant units before they are re-let;
- tenant credit risk;
- workplace trends including growth rate, telecommuting and tenants' use of space sharing;
- local infrastructure and access to public transportation;
- the competitive environment; and
- tenant expectations of facility quality and upkeep.

Any deterioration in demand may result in increased pressure to offer new and renewing tenants financial and other incentives, which in turn may lead to an overall negative impact on net rental incomes as operating expenses increase. The occurrence of any one or a combination of the factors noted above may have a material adverse effect on the value of the properties, the potential to increase rent following rent reviews and the ability of the Group to sell its properties on favourable terms or at all. Any deterioration on net rental income, the value of the properties, or the Group's ability to sell its properties, could adversely affect the ability of the Issuer to make payments of interest and/or principal on the Notes.

Any decline in occupancy levels may have a direct impact on the Group's cash flows

The Group invests in real estate and derives a significant proportion of its cash flows from rental payments received from the tenants occupying its properties. Any significant decline in occupancy levels in respect of the properties could have a material adverse effect on the ability of the Issuer to make payments of interest on the Notes. Factors affecting occupancy may include, but are not limited to:

- the age, quality and design of a property relative to comparable properties in the local market;
- the property's location relative to public transportation;
- the standard of maintenance and upkeep of a property, including any work done by third-party service providers; and
- perceptions regarding the safety, convenience and attractiveness of the property.

There can be no assurance that tenants will renew their leases on terms favourable to the Group at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take-up replacement leases.

Any failure of the Group to sustain an adequate occupancy level could have a material adverse effect on any Group member's ability to collect rent payments. Further, the relevant Group member would continue to face fixed costs (subject to certain exceptions) to cover service charge contributions in respect of any vacant units, which would reduce amounts available to make payments of interest on the Notes.

The Group's strategy envisions additional selective property acquisitions, but the Group may be unable to identify suitable targets, acquire them on acceptable terms, identify all potential liabilities associated with them or complete the acquisitions

The Group has created and increased its property portfolio through selective property acquisitions. In the future, the Group plans to continue to expand its property portfolio through selective acquisitions. Its acquisition strategy includes identifying properties that meet Group's investment criteria and acquiring such properties on terms acceptable to the Group. See "*Description of the Issuer—Strategy*".

The acquisition of real estate requires, among other things, an analysis of the factors that create value, and such analysis is subject to a wide variety of factors and subjective assessments and is based on various assumptions. It is possible that the Group may overestimate the potential of target properties when making acquisition decisions and cost savings and synergies may not develop or that it may base its decision on inaccurate information or assumptions that turn out to be incorrect. The Group may also overestimate the likelihood of obtaining the required government permits and approvals for development properties. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses in its statement of income. Furthermore, the Group cannot guarantee that its due diligence when purchasing a property will identify all of the potential liabilities and risks related to the property or that it will have recourse to the seller of the property for the non-disclosure of such risks. Such risks could impact the fair value of the properties, cause a loss of the Group's rights to a property or incur significant additional costs. Any inability or failure to identify and acquire attractive properties at commercially acceptable terms or to identify potential liabilities associated with the properties, or complete the property acquisitions at all will negatively impact the Group's business strategy to focus on targeting properties with value-add potential which may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group may not be able to manage its growth successfully

The Group expects its future growth to place significant demands on its management, operations and other resources. Challenges it may face in future growth include continuing to improve its managerial, technical and operational knowledge, implementing an effective management information system, continuing to recruit and train managerial and other professional staff to satisfy its business requirements, obtaining sufficient financial resources to fund its on-going operations and its future growth, managing relationships with a greater number of tenants, suppliers, contractors, lenders and other third parties, and strengthening its internal control and compliance functions to ensure that the Group is able to comply with its regulatory and contractual obligations.

The Group has made a number of significant acquisitions in 2016, 2017 and 2018 to date across various asset classes. For example, in June 2016, the Group's property portfolio increased by more than EUR 250 million when it indirectly acquired a 97.31 per cent. stake in Orco Property Group (OPG), an investor, developer and asset manager in the Central European real estate market, based in Luxembourg. In August 2016, the Group acquired CPI Hotels, the hotel operator which operates 29 of the Group's hotels situated in Czechia, Slovakia, Poland, Hungary and Russia. In March 2017, the Group acquired a retail portfolio consisting of 11 shopping centres located in Czechia, Hungary, Poland and Romania with a total leasable area of approximately 265,000 square meters (**sqm**). The acquired portfolio consists of (i) major shopping centres Olympia Plzeň and Nisa Liberec in Czechia, Ogrody in Poland, Polus and Campona in Hungary and Felicia in Romania; (ii) multifunctional complexes Zlatý Anděl in

Prague and Andrásy Complex in Budapest; and (iii) two Interspar stores in Hungary. See "*Description of the Issuer—History*". In December 2017, the Group acquired a 94.9 per cent. stake in "ARMO Verwaltungsgesellschaft mit beschränkter Haftung", a German company which owns four commercial assets, two of which, with a total gross leasable area of approximately 76,100 sqm, are in Berlin and the remaining two of which, with a total gross leasable area of approximately 31,500 sqm, are in Karlsruhe. In December 2017, the Group also acquired (i) a historical building in Český Krumlov which it plans to refurbish into a four star boutique hotel with approximately 30 rooms by the middle of 2019; (ii) a hotel, Ibis Olomouc Centre, in Olomouc with 90 rooms and (iii) a building in central Budapest with approximately 3,700 sqm of gross leasable area, which it intends to refurbish into a three star hotel. These acquisitions may require additional management resources to ensure their successful integration into the Group's business.

There can be no assurance that the Group will not experience issues such as capital constraints, delays relating to regulatory and contractual compliance obligations, operational difficulties at new or existing locations, difficulties in integrating new acquisitions into the Group's existing business and operations and managing the training of an increasing number of personnel to manage and operate the expanded business. If the Group is unable to successfully manage the impact of its growth on its operational and managerial resources and control systems, its reputation could suffer, which may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The valuations performed on the Group's real estate portfolio represent the analysis and opinion of independent experts and are not guarantees of present or future value

The financial statements of the Group reflect property valuations performed by external valuation agents and are not guarantees of present or future value. One external valuation agent may reach a different conclusion to the conclusion that would be reached if a different external valuation agent were appraising the same property, and similarly the same external valuation agent may come to a different conclusion at different periods of time. This variation may be due to the use of different methodologies and assumptions.

Any change to valuation methodology may result in gains or losses in the Group's consolidated income statement, based on the change to each property's valuation compared with prior valuations. There can be no assurance that any revaluation could be realised in a third-party sale.

The valuations given to properties by any external appraiser and reflected in the Group's financial statements may exceed or be below the actual amount of net proceeds which would be realised on the relevant property at the time of any sale, and are subject to fluctuation over time. Such variations may be driven by factors outside the control of the Group. The net proceeds realised from any future disposal may vary from the related valuation and such variations may be material and the relevant Group member may not be able to realise the full property value reflected in any valuation report. This could have a material adverse effect on the ability of the Issuer to repay the full principal of the Notes.

The Group's consolidated income statement has been and may be significantly affected by changes in the fair market value of the properties

The Group's investment properties are generally revalued annually in accordance with IAS 40 at their respective market value on the reporting dates. Since changes in the fair value of investment property are recognised in the Group's consolidated income statement for the period in which they arise, such non-cash valuation gains or losses can materially affect the Group's consolidated income statement.

If the values of comparable commercial real estate properties decrease, the Group may experience revaluation losses in the future, and the value of its property portfolio could decrease. Such events could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Certain properties are subject to legacy restrictions incurred through historical receipt of public subsidies

GSG Berlin (as defined below) is a part of the Group and owns and operates properties of the Group in Berlin. See "*Description of the Issuer—Sectors—Office—The Group's German office portfolio*". GSG Berlin was the beneficiary of subsidies granted pursuant to the German Act on the Joint Scheme for Improving Regional Economic Structures (*Gesetz über die Gemeinschaftsaufgabe "Verbesserung der regionalen Wirtschaftsstruktur"*), which are specified by Regional Development Strategic Frameworks (*Rahmenplan*) that apply for set periods of time. The properties to which these subsidies have been applied remain subject to certain conditions and restrictions, including on rent levels and tenant requirements.

Compliance with these restrictions may limit the Group's ability to fully exploit those properties until the relevant expiration dates of such restrictions. Furthermore, there is some uncertainty as to the interpretation and period of application of these restrictions, and any breach by GSG Berlin of these obligations may lead to a full or partial revocation of the subsidies for the affected properties, which may lead to GSG Berlin being required to reimburse the relevant public authorities. There can be no assurance that any interpretations made now may not be subsequently challenged as a result of a change of interpretations or a change in the relevant agency.

The Group is exposed to risks related to the safety of consumers and tenants in shopping centres and other properties, including acts of terrorism and violence

The Group promotes the security and safety of consumers and tenants in its properties. However, due to high visibility and the presence of large numbers of people, the Group's properties may be targets for terrorism and other forms of violence. Any terror or violent attack on a property of the Group or a similar property owned by someone else may harm the condition of its tenants and may, apart from any direct losses, directly or indirectly affect the value of its properties and its development land. Moreover, any of these events could lower consumer confidence and spending in the Group's retail centres or increase volatility and uncertainty in the worldwide financial markets and economy, particularly in the event that there are further terrorist attacks across the globe following the recent attacks in a number of European cities. Adverse economic conditions resulting from these types of events could reduce demand for space in the Group's properties and thereby reduce the value of these properties and rental income and as a result may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The members of the Group may be exposed to the credit risk of their tenants and the risks of the industries in which they operate

The Group may be exposed to the credit risk of its tenants. There can be no assurance that a tenant will remain solvent and able to perform its obligations throughout the term of its lease.

Income from, and the market value of, the properties would be adversely affected if material numbers of tenants were unable to meet their lease obligations, were to become insolvent, or if, for any other reason, rental payments could not be collected.

An economic decline in the businesses operated by tenants can affect a building, including the properties, and cause one or more significant tenants to cease operations and/or become insolvent. Further, the Group faces certain fixed costs which it is obligated to pay regardless of whether or not it receives payments from tenants to fund such expenses.

The Group may not be able to successfully recover operating, maintenance and capital expenditure costs from its tenants

To maintain the properties and comply with applicable law, it is necessary to perform maintenance and/or repairs. Such measures can be time consuming and expensive, and risks can arise in the form of higher costs than anticipated or unforeseen additional expenses for maintenance, repair or

modernisation that cannot be passed on to tenants. Moreover, work can be delayed, for example, because of bad weather, poor performance or insolvency of contractors or the discovery of unforeseen structural defects. In the ordinary course of events, the Group may fund such capital expenditure out of cash flow generated by the properties. If the necessary capital expenditure is not undertaken, this could lead to a decline in the value of the relevant properties, impacting their liquidation or refinancing value and hence the ability to generate sufficient disposal refinancing proceeds. Changes in government regulations may result in additional capital expenditure requirements to modernise or maintain the properties, such as refurbishment to comply with energy efficiency standards or health and safety requirements, which may not always be possible to charge to tenants.

The Group is exposed to risks relating to hotel properties

As of 31 December 2017, 11 per cent. by value of the Group's properties are operated as hotels by the Group or by third parties. See "*Description of Issuer—Sectors—Hospitality and Hotels*". A number of factors may adversely affect the value and successful operation of a hotel property. Some of these factors include general economic conditions, the level of business and leisure travel in the local economy, the franchise affiliation of the hotel, the competition faced by the hotel and the desirability of the hotel's location.

Adverse economic and social conditions, either local or national, may limit the amount that can be charged for a room and may result in a reduction of occupancy levels. The construction or development of competing hotels can have similar effects. To meet competition in the industry and to maintain economic values, continuing expenditure is required to modernise, refurbish and maintain existing facilities throughout their anticipated useful lives. As hotel rooms are generally rented for short periods of time, hotels tend to respond more quickly to adverse economic conditions and an operator of a hotel may have an impact on the hotel's quality of service and economic performance. The hotel industry is generally seasonal in nature and this seasonality can cause periodic fluctuations in a hotel property's room and other revenues, occupancy levels, room rates and operating expenses. The demand for particular accommodations may also be affected by changes in travel patterns and other factors. In addition, as seen in recent years, acts of terrorism, outbreaks of disease and other difficulties not directly related to an economic downturn can have an adverse impact on both leisure and business travel and, therefore, should be considered as a potential factor in evaluating the performance of a hotel property.

Adverse changes in any of the factors described above could adversely affect income derived from the Group's hotel properties, which could in turn affect the ability of the Issuer to meet its obligations in respect of the Notes.

The Group's agricultural business is exposed to the risk of adverse weather, commodity prices or disease

The Group has investments in farmland and agricultural production, which are primarily focussed on high-quality and vertically integrated production of beef, lamb and chicken.

The Group's agricultural business operates in a highly competitive environment. In addition to the risk of over-supply and competition from both domestic and imported products, the Group is exposed to volatility in commodity prices, which may affect both the prices it is able to achieve for its products, and the cost of its inputs such as stock feed and fertiliser, as well as the risk of adverse weather, disease and the imposition of quarantine, import or export restrictions. Such factors may adversely affect the Group's return from its agricultural investments and therefore on its business, financial condition, prospects and results of operation.

Increasing use of online retail providers may have an adverse effect on shopping centre sales and decrease demand for commercial retail premises

The retail industry is undergoing a transformation as e-commerce grows and consumers become increasingly comfortable with Internet and mobile shopping. Shopping centres will need to adapt their

services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers in the future. A significant increase in Internet shopping could decrease shopping centre sales, demand for commercial retail premises and the value of properties, which may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group depends on its asset and property managers and other key personnel

The Group's properties require continual, active management. The Group's ability to generate revenue and profits, and therefore the Issuer's ability to make payments on the Notes, depends on the performance of its asset and property managers and certain key personnel. Were such asset or property managers or key personnel to depart, the Group may not be able to find effective replacements in a timely manner, or at all. The loss of these individuals, or of any senior member of management, or any delay in replacing a departed member of management, may result in the loss of industry and property specific knowledge as well as relationships with lenders, potential tenants and industry personnel.

The Group is dependent on co-operative relations with its employees

Any sustained labour dispute affecting the Issuer, or any of its direct or indirect subsidiaries which employ property and asset management teams, could lead to a substantial interruption of the business of the Group and could have a material effect on their operating results or financial condition and the ability of the Issuer to make payments on the Notes. Furthermore, the Group's employees are critical to the successful implementations of its business strategy. If the Group fails to retain and attract necessary and effective employees to fill management and technical roles and at economically reasonable compensation levels, this could have a material effect on its operations which may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Interruption or failure of the Group's information technology systems could damage its reputation and business

The Group is dependent on the proper functioning of its information systems and processes. The Group's systems and the systems on which it relies are vulnerable to damage or interruption from various factors, including but not limited to power loss, telecommunication failures, data corruption, network failure, computer viruses, security breaches, natural disasters, theft, vandalism or other acts. A disaster or disruption in the infrastructure that supports the Group's businesses could have a material adverse effect on its ability to continue to operate the Group's business without interruption.

The Group is also reliant on the general and timely functioning of banking systems and associated technology in order to receive and make payments. Any cessation of the ordinary functioning of the banking system or any interruption of payment systems may impact the ability to collect rents from tenants and could prejudice the ability of the Issuer to make payments in respect of the Notes.

The members of the Group may sustain losses from risks not covered by, or exceeding the coverage limits of, its insurance policies

The Group maintains insurance policies (including with respect to the properties) which it considers appropriate to the nature of its business.

However, there are certain types of losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination, ground heaving or settlement) which are or may be or become either uninsurable or not insurable at economically viable rates, or which are not covered by the Group's insurance policies for other reasons. The Issuer's ability to make payments on the Notes might be adversely affected if such an uninsured loss were to occur or the relevant insurer became insolvent or otherwise unable to satisfy any claim, and the Group was not able to shift the cost burden to the tenant or another third party.

No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. Any such uninsured loss or a loss in excess of insured limits may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Unexpected problems and unrecognised risks could arise in the Group's future conversion or development projects

The Group is engaged in development projects and may undertake further development or conversion projects in the future. The real estate construction and development business is subject to certain risks arising from the complexity of the projects, including higher than expected costs, breaches of labour laws, delays in completion, the application of regulations, health and safety or environmental constraints, the multiplicity of participants and the need to obtain permits. These risks could result in the abandonment of projects after significant feasibility study costs and management attention have been expended.

The Group's controlling shareholder's interest may differ from the interests of Noteholders

The Group is indirectly controlled by Mr Radovan Vítek, who, through his associated entities, controlled 89.17 per cent. of the Issuer's shares and 91.61 per cent. of voting rights as of 31 December 2017. See "*Description of the Issuer—Major Shareholders*". In his position, Mr Vítek has the power to influence the outcome of most material matters that require votes of the majority of board members and, subject to contractual and legal restrictions, the distribution of dividends. Mr Vítek can exercise influence over the Group's legal and capital structure, day-to-day operations and business strategies, and his interests may in some cases differ from those of the Issuer or of Noteholders.

The Issuer is a holding company with no revenue generating operations of its own

Since the Issuer is the holding and service company of its subsidiaries, it is reliant on revenue generation through its subsidiaries. Accordingly, while the other members of the Group depend on the Issuer to perform management and administration services, the ability of the Issuer to fund any payments that it might be required to make in respect of the Notes or its on-going operations is dependent on receipt by it of distributions from its subsidiaries, and it is therefore dependent on the continued operation and solvency of its subsidiaries.

EU rules relating to Centre of Main Interests

While Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (the **EU Insolvency Regulation**) provides in general that insolvency proceedings encompassing all of a debtor's assets on a European-wide basis can be commenced in the European Union Member State in which the debtor has its "centre of main interests" (**COMI**) as described in the EU Insolvency Regulation (generally presumed to be the place of the registered office in the absence of proof to the contrary), territorial proceedings against a Group member may also be opened in another EU Member State in respect of the assets situated in the territory of that other Member State in the event that Group member were to possess an establishment within that territory.

The insolvency laws of Luxembourg may not be as favourable to Noteholders as insolvency laws of jurisdictions with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes

The Issuer is incorporated and has its "COMI" for the purposes of the EU Insolvency Regulation in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer would proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favourable to investors' interests as those of other jurisdictions with which investors may be familiar and may limit the ability of Noteholders to enforce the terms of the Notes. Insolvency proceedings may have a material adverse effect on the Issuer's business and assets and its obligations under the Notes as Issuer.

The Group is exposed to risks relating to planning and environmental regulation, and municipal pre-emption rights

The properties are subject to restrictions under applicable planning, building, monument protection, environment and other laws and regulations, and may be subject to statutory encumbrances, competing

claims, pre-emption rights and other limitations, which may impact their value and/or the relevant Group member's ability to use and dispose of them as it would otherwise see fit.

As a result of the above or other restrictions, the Group may incur expenses and be prevented from charging market rents or from upgrading the affected properties in a way that would otherwise make such properties more attractive to tenants and allow the Group to increase its overall occupancy and/or rent levels. Further, non-compliance with such restrictions may have consequences ranging from fines, administrative and penal sanctions to prohibition of use or demolition orders.

Certain of the properties were historically industrial buildings, and the aftermath of their former uses may continue to constrain their current use due to the demands of applicable environmental laws. Further, it is possible that some properties contain ground contamination, hazardous materials, other residual pollution and/or wartime relics (potentially including unexploded ordnance). The discovery of such residual pollution, particularly in connection with the lease or sale of properties, can also trigger claims for rent reductions, termination of leases, damages and other breach of warranty claims, and its remediation and related additional measures could involve considerable additional costs. It may no longer be possible to take recourse against the polluter or the previous owners of the properties. Moreover, the existence or even merely the suspicion of the existence of wartime ordnance, hazardous materials, residual pollution or ground contamination can negatively affect the value of a property and the ability to lease or sell such a property.

In addition, several of the properties may be in technical violation of easement or encroachment requirements, and the Group could as a result be required to pay compensation to the relevant authorities.

The Group's financial performance relies on its ability to attract and retain tenants, which may suffer as a result of increased competition from other owners, operators and developers

The Group faces competition from other owners, operators and developers of real estate. The Group competes with local real estate developers, private investors, property funds and other retail property owners for tenants. Other than the requirement for capital, there are few other barriers to entry to the property market. Some of the Group's competitors may have properties that are newer, better located, or in superior condition compared to its properties.

The competition for tenants may also negatively affect the Group's ability to optimise the tenant mix, attract new tenants and retain existing tenants and may negatively influence the terms of the Group's lease agreements, including the amount of rent that the Group charges and the incentives that the Group provides to tenants, thereby adversely affecting the Group's business, financial condition, prospects and results of operations.

The Group's contractual rights under its leases may be limited by law

The Group may be subject to statutory restrictions on its right to modify or terminate lease agreements (particularly in respect of residential leases). This may restrict the Group's ability to let its properties at market rent levels or to manage its tenant base as it sees fit, thereby adversely affecting the Group's business, financial condition, prospects and results of operations.

Risks related to the financial condition of the Group

The Group has a substantial amount of outstanding indebtedness and may not be able to successfully renew or refinance any such indebtedness as it matures, or may only be able to renew or refinance its indebtedness on less favourable terms

The Group has a substantial amount of indebtedness and debt service obligations. As of 31 December 2017, the Group's consolidated total borrowings were EUR 3,246.9 million. The Group's business is subject to significant risks in relation to its ability to renew, extend or refinance loans and other obligations as they mature.

The ability of the Issuer to repay its indebtedness, including its indebtedness under the Notes, will depend, among other things, upon it having sufficient available cash and/or upon its ability to find a lender willing to lend to it sufficient funds to enable repayment of its indebtedness. The availability of funds in the credit market fluctuates and it is possible that at the relevant time there will be a shortage of credit to redeem the Notes or other indebtedness.

If the Issuer is unable to refinance its indebtedness, including the Notes, it may be forced, in unfavourable market conditions, into selling some or all of the properties in order to repay such indebtedness, and there can be no assurance that the assessed fair value of the properties would be realised under such circumstances. Failure by the Issuer to repay or refinance its indebtedness or by the Group to sell the properties (or any sale occurring at an unfavourable price) may result in the Issuer defaulting on the Notes and in its insolvency.

The Group must observe financial ratios and covenants under the terms of its indebtedness

All of the Group's major credit facilities and its outstanding CZK and EUR denominated notes contain restrictive covenants that require compliance with certain financial ratios and covenants. While the Group believes that the financial ratios and covenants contained in the Group's credit facilities allow sufficient flexibility for the Group to continue to conduct its business in the normal course and to meet its debt servicing obligations, the need to observe these financial ratios and covenants could nevertheless hinder the Group's ability to incur additional debt and grow its business.

Any deterioration in the Group's operating performance, including as a result of any worsening of prevailing economic conditions, or any financial, business or other factors, many of which are beyond its control, may materially adversely affect its cash flow and hinder its ability to service its indebtedness and result in covenant breaches under the Group's credit facilities. While the Group is currently in compliance with all of its credit facilities, if, in the future, the Group does not generate sufficient cash flow from operations in order to meet its debt service obligations or if it breaches covenants which are not waived by its lenders, the Group may have to refinance or restructure its debt, reduce or delay its planned development activities or sell some of its properties in order to avoid default and acceleration of its debt by lenders. Waivers by the Group's lenders may trigger higher interest rates or waiver fees. Some of the ratios and financial covenants in the Group's borrowings are calculated on the basis of the fair value of its properties. Therefore, fluctuations in the fair value of the Group's properties could have an adverse impact on its compliance with relevant financial ratios and covenants. The Group cannot guarantee that any refinancing or additional financing would be available at all or on acceptable terms in such a situation. If the Group defaults under one or more of its credit facilities and its lenders accelerate the debt, the Group may forfeit the property securing the indebtedness and its income may be substantially reduced. Any failure to meet its debt service obligations, to obtain waivers of covenant breaches or to refinance its debt on commercially acceptable terms in such a situation could lead to serious consequences for the Group, including the sale of properties to repay lenders and substantial retrenchment of its business.

A significant part of the Group's indebtedness is secured

As of 31 December 2017, 59 per cent. of the Group's indebtedness (including bonds issued and financial debts) was secured by pledges over property in its portfolio. Since the Notes are unsecured, the Notes are structurally and effectively subordinated to the extent of the value of collateral to all the Group's secured creditors. While the Terms and Conditions of the Senior Notes contain a negative pledge restriction, the negative pledge covenant contains certain carve-outs. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of the Issuer or the Group that has secured obligations, holders of secured indebtedness will have prior claims to the Group's assets that constitute the collateral for such secured indebtedness. In such a scenario, holders of the Notes may receive less, rateably, than the holders of secured indebtedness and they may lose some or all of their investment in the Notes.

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

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features, distinguishing between factors which may occur in relation to any Notes:

Risks applicable to all Notes

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

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

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

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

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

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

Risks related to Notes generally

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

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised

without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions and the Trust Deed of the Senior Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 (Reorganisation and Substitution) of the Senior Notes.

The Terms and Conditions and the Trust Deed of the Subordinated Notes also provide that the Trustee may, without the consent of the Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of the Terms and Conditions of the Subordinated Notes or of any other provisions of the Trust Deed or the Agency Agreement which is in each case, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of, any breach or proposed breach by the Issuer of, any of the Terms and Conditions of the Subordinated Notes or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders (which will not include, for the avoidance of doubt, any provision entitling the Noteholders to institute proceedings for the winding-up of the Issuer which is more extensive than those set out in Condition 11 (Enforcement Event) of the Subordinated Notes), (iii) the substitution on a subordinated basis equivalent to that referred to in Conditions 2.4 (Status) and 3 (Subordination) of the Subordinated Notes of certain other entities in place of the Issuer (or any previous substitute) as a new principal debtor under the Trust Deed and the Subordinated Notes or (iv) substitute all, but not some only, of the Subordinated Notes for Qualifying Subordinated Notes (as defined in Condition 7 (Substitution or Variation), or vary the terms of the Subordinated Notes with the effect that they remain or become (as the case may be), Qualifying Subordinated Notes at any time following the occurrence of an Accounting Event, a Capital Event, a Tax Deduction Event (subject to any such event being specified as applicable in the applicable Final Terms) or a Withholding Tax Event and subject to the receipt by the Trustee of the certificate of two Authorised Signatories (as defined in Condition 23 (Definitions)) of the Issuer referred to in Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation) of the Subordinated Notes. Whilst Qualifying Subordinated Notes are required to have terms which are not materially less favourable to Noteholders (as a class) than the terms of the Subordinated Notes, there can be no assurance that the Qualifying Subordinated Notes will not have a significant adverse impact on the price of, and/or market for, the Subordinated Notes or the circumstances of individual Noteholders.

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

The Terms and Conditions of the Notes are based on English law and, in respect of Condition 3 (Subordination) of the Subordinated Notes only, Luxembourg law, in effect as of the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, Luxembourg law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

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

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

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

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Senior Notes and Subordinated Notes which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the applicable rate of interest on Floating Rate Senior Notes or Subordinated Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Senior Notes or Subordinated Notes.

Depending on the manner in which the LIBOR rate is to be determined under the relevant Terms and Conditions of the Notes, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available or (iii) if a mid-swap rate applies, on the rate last observed on the relevant Screen Page.

Depending on the manner in which the LIBOR rate is to be determined under the relevant Terms and Conditions of the Notes, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available or (iii) if a mid-swap rate applies, on the rate last observed on the relevant Screen Page.

The fall-back provisions applicable to the Subordinated Notes where a mid-swap rate applies will include the possibility that the relevant rate of interest could be determined by reference to an alternative

rate determined by the Issuer, or an independent investment bank, commercial bank or stockbroker appointed by the Issuer, as more fully described in the Terms and Conditions of the Subordinated Notes.

No consent of the Noteholders shall be required in connection with effecting any relevant alternative rate. In certain circumstances, the ultimate fall-back of interest for a particular Reset Period may result in the rate of interest for the last preceding Reset Period being used or, in the case of the first Reset Determination Date, this may result in the effective application of a fixed rate for Subordinated Notes based on the rate which was last observed on the relevant Screen Page. In addition, due to the uncertainty concerning the availability of alternative rates and the potential involvement of an independent investment bank, commercial bank or stockbroker, the fall-back provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Subordinated Notes. Moreover, any of the foregoing or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Senior Notes or Subordinated Notes or could have a material adverse effect on the value or liquidity of, and return on, any Floating Rate Senior Notes or Subordinated Notes.

Reform and Regulation of "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Risks related to the Subordinated Notes generally

The Undated Subordinated Notes will be perpetual securities

The Undated Subordinated Notes will be perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem or repurchase the Undated Subordinated Notes at any time, and the Noteholders have no right to require redemption of the Undated Subordinated Notes. See Condition 6 (Redemption) of the Subordinated Notes. Therefore, prospective investors should be aware that they may be required to bear financial risks of an investment in the Undated Subordinated Notes for an indefinite period of time and may not recover their investment in the foreseeable future.

The Subordinated Notes will be subject to optional redemption by the Issuer including upon the occurrence of certain events

The Subordinated Notes will be redeemable, at the option of the Issuer, in whole but not in part, on any Optional Redemption Date(s) at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest (as defined in Condition 5 (Optional Interest Deferral) of the Subordinated Notes).

In addition, upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Event, a Tax Deduction Event, a Substantial Repurchase Event (subject to any such event being specified as applicable in the applicable Final Terms) or a Withholding Tax Event (each as defined in Condition 23 (Definitions) of the Subordinated Notes and as more fully described in Condition 6 (Redemption) of the Subordinated Notes), the Issuer shall have the option to redeem, in whole but not in part, the Subordinated Notes at the prices set out therein, in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. In the case of the first Change of Control Event, in the event that the Issuer does not elect to redeem the Subordinated Notes, the then prevailing Interest Rate (as defined in Condition 23 (Definitions) of the Subordinated Notes), and each subsequent Interest Rate otherwise determined in accordance with Condition 4 (Interest) of the Subordinated Notes, shall be increased by an additional 5 percentage points per annum with effect from (and including) the Change of Control Step Up Date (as defined in Condition 23 (Definitions) of the Subordinated Notes).

During any period when the Issuer may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

There is no redemption at the option of the Noteholders of the Subordinated Notes.

There is a risk that Undated Subordinated Notes are treated as equity of the Issuer for Luxembourg tax purposes

Luxembourg tax law generally follows Luxembourg civil (or commercial) law and Luxembourg GAAP when determining the nature of an instrument. Instruments such as the Undated Subordinated Notes that are considered as debt for Luxembourg legal and Luxembourg GAAP purposes are thus, as a general rule, also considered as debt for Luxembourg tax purposes. Accordingly, payments of interest made on such instruments should (i) be deductible for Luxembourg corporate income tax and (ii) not be subject

to Luxembourg withholding tax; furthermore, the principal amount of such instruments should be deductible for Luxembourg net wealth tax purposes.

Nevertheless, in certain circumstances and on the basis of legal and factual elements, it might be the case that the economic substance differs from the legal documentation, in which case, the tax analysis of the equity or debt qualification of a financial instrument must follow the "economic substance over legal form" approach. In accordance with this economic approach, or "*wirtschaftliche Betrachtungsweise*", any analysis of the equity or debt qualification of an instrument must cover different features, no single element being decisive.

Hence, there is a risk that the Undated Subordinated Notes could be treated as equity of the Issuer for Luxembourg tax purposes and accordingly, there is a risk that payments of interest under the Undated Subordinated Notes will (i) not be deductible for Luxembourg corporate income tax purposes and (ii) subject to Luxembourg dividend withholding tax; there is an additional risk that (iii) the principal amount of such Undated Subordinated Notes will no longer be deductible for Luxembourg net wealth tax purposes.

The Issuer may on a series by series basis decide to request a ruling from the Luxembourg tax authorities as to the classification of Undated Subordinated Notes for Luxembourg tax purposes. As of the date of this Base Prospectus, the Issuer has applied for a ruling in respect of a series of Undated Subordinated Notes, but such ruling may not be obtained prior to the issuance of such series of Undated Subordinated Notes.

In the event that the Undated Subordinated Notes are treated as equity from the Issue Date, payments of interest will not be deductible for Luxembourg corporate income tax and the Issuer will be obliged to pay Additional Amounts in accordance with Condition 12 (Taxation) of the Subordinated Notes subject, in each case, to such Undated Subordinated Notes being reclassified as debt, in which case see "*The Subordinated Notes will be subject to optional redemption by the Issuer including upon the occurrence of certain events*". For so long as any Undated Subordinated Notes are classified as equity, the Issuer's cost of funding could increase, which could adversely affect the ability of the Issuer to make payments of interest and/or principal on the Undated Subordinated Notes.

The interest rate on the Subordinated Notes will reset on the First Reset Date and on every Reset Date thereafter, which can be expected to affect the interest payment on the Subordinated Notes and the market value of the Subordinated Notes

Although the Subordinated Notes will earn interest at a fixed rate until (but excluding) the First Reset Date, the current market interest rate on the capital markets (the **market interest rate**) typically changes on a daily basis. Since the initial fixed rate of interest for the Subordinated Notes will be reset on the First Reset Date (as defined under Condition 4.3 (First Fixed Interest Rate) of the Subordinated Notes), and on each subsequent Reset Date (as defined in Condition 23 (Definitions) of the Subordinated Notes), the interest payment on the Subordinated Notes will also change. The Noteholders should be aware that movements in these market interest rates can adversely affect the price of the Subordinated Notes and can lead to losses for the Noteholders if they sell the Subordinated Notes.

Noteholders are exposed to the risk of fluctuating interest rate levels and uncertain interest income as the reset rates could affect the market value of an investment in the Subordinated Notes. Fluctuations in interest rates could therefore affect the levels of capital gains or losses on the Subordinated Notes and make it impossible to determine the yield of such securities in advance. During periods of rising interest rates, the prices of fixed rate securities, such as the Subordinated Notes, tend to fall and gains are reduced or losses incurred upon their sale. Therefore, investment in the Subordinated Notes involves the risk that changes in market interest rates may adversely affect the value of the Subordinated Notes.

The Issuer has the right to defer interest payments on the Subordinated Notes

The Issuer may, at its sole discretion, elect to defer any payment of interest on the Subordinated Notes, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date. See Condition 5 (Optional Interest Deferral) of the Subordinated Notes. Only upon the occurrence of a Compulsory Arrears of Interest Settlement Event (as defined in Condition 23 (Definitions) of the Subordinated Notes), in the event of a redemption of the Subordinated Notes pursuant to Condition 6 (Redemption) of the Subordinated Notes or in the event of a winding up of the Issuer in a manner falling within Condition 11 (Enforcement Event) of the Subordinated Notes will the Issuer be obliged to pay any such Arrears of Interest to Noteholders.

Any such deferral of interest payment shall not constitute an Enforcement Event (as defined in Condition 11 (Enforcement Event) of the Subordinated Notes) or a default for any purpose unless such payment is required in accordance with Condition 5.2 (Mandatory Settlement of Arrears of Interest) of the Subordinated Notes.

Any deferral of interest payments, or perceived increased likelihood of deferral of interest payments, is likely to have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Issuer's obligations under the Subordinated Notes will be subordinated

The Issuer's obligations under the Subordinated Notes will be unsecured and subordinated. In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, restructuring, reconstruction, merger, conversion, amalgamation or the substitution in place of the Issuer of a Substituted Obligor (as defined in Condition 15 (Substitution of the Issuer)) of the Issuer, (x) the terms of which reorganisation, restructuring, reconstruction, merger, conversion or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and do not provide that the Subordinated Notes shall thereby become redeemable or repayable in accordance with the Subordinated Conditions or (y) which substitution is effected in accordance with the provisions of Condition 15 (Substitution of the Issuer) and Clause 21 (Substitution) of the Trust Deed);
- (b) an administrator or receiver of the Issuer being appointed and such administrator or receiver giving notice that it intends to declare and distribute a dividend or distribution; or
- (c) any analogous event relating to the Issuer to those described in (a) and (b) above under any insolvency, bankruptcy or similar law applicable to the Issuer,

the rights and claims of the Noteholders in respect of the Subordinated Notes and the Couponholders in respect of the Coupons, in each case against the Issuer, will rank (i) junior to any present or future claims in respect of Senior Obligations, (ii) *pari passu* without any preference among themselves and with any present or future claims in respect of all Parity Obligations and (iii) senior to all present or future claims in respect of all Junior Obligations. See Condition 2.5 (Status of the Senior Notes) of the Senior Notes and Condition 3 (Subordination) of the Subordinated Notes.

By virtue of such subordination, payments to a Noteholder will, in the events described in the Terms and Conditions of the Subordinated Notes, only be made after all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Noteholder may, therefore, recover less than the holders of

unsubordinated or other prior ranking subordinated liabilities of the Issuer. Furthermore, the Terms and Conditions of the Subordinated Notes will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Subordinated Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date of the Subordinated Notes. The incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up or administration of the Issuer and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes. Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Subordinated Notes or the Trust Deed and each Noteholder shall, by virtue of his holding of any Subordinated Note, be deemed to have waived all such rights of set-off, compensation or retention.

Although subordinated debt securities, such as the Subordinated Notes, may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

Limited Remedies

The Terms and Conditions of the Subordinated Notes provide that the Undated Subordinated Notes will be perpetual securities and there is, therefore, no obligation on the Issuer to repay principal on any given date. In addition, payments of interest on the Subordinated Notes may be deferred in accordance with Condition 5.1 (Deferral of Payments) of the Subordinated Notes and interest will not therefore be due other than in the limited circumstances described in Condition 5.2 (Mandatory Settlement of Arrears of Interest) of the Subordinated Notes.

The only enforcement event in the Terms and Conditions of the Subordinated Notes is if a default is made by the Issuer for a period of 7 days or more in the payment of principal or 14 days or more in the payment of interest, in each case in respect of the Subordinated Notes and which is due.

Therefore, it will only be possible for the Noteholders to enforce claims for payment of principal or interest in respect of the Subordinated Notes when the same are due.

In addition the claims of holders of all Senior Obligations will first have to be satisfied in any winding-up or administration proceedings before the Noteholders may expect to obtain any recovery in respect of their Subordinated Notes and prior thereto Noteholders will have only limited ability to influence the conduct of such winding-up or administration proceedings. See "*—The Issuer's obligations under the Subordinated Notes will be subordinated*".

Provisions which provide for interest to be payable on interest may be unenforceable as a matter of Luxembourg law

The Subordinated Notes contain provisions which provide that any Deferred Interest Payment (or part thereof) shall itself bear interest. If it came to any proceeding before a Luxembourg court any provision relating to the payment of interest on interest may not be enforceable pursuant to Article 1154 of the Luxembourg Civil Code. There exists no published case law in Luxembourg in relation to the recognition of provisions pursuant to which a party agrees to pay to the other party an interest on interest. If a Luxembourg court had to analyse the validity and enforceability of such provisions, it may likely consider the position taken by the French *Cour de Cassation* and Belgian, French and Luxembourg legal scholars according to which Article 1154 of the Civil Code is not of international public policy and, therefore, provisions relating to the payment of interest on interest provided for in a foreign law document, such as the Terms and Conditions of the Subordinated Notes, are not affected by Article 1154 of the Civil Code. There can, however, be no guarantee that a Luxembourg court would take this approach.

Risks related to the market generally

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

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

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. In addition, liquidity may be limited if the Notes are offered to a limited number of investors. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

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

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

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

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

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

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

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the standing of the Issuer or the value of the Notes.

The expected rating(s), if any, of the Notes will be set out in the relevant Final Terms for each Series of Notes. Any rating agency may lower its rating or withdraw its rating if, in the sole judgement of the rating agency, the credit quality of the Notes has declined or is in question. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

There is no guarantee that any rating of the Issuer or the Notes will be maintained by the Issuer following the date of this Base Prospectus. If any rating assigned to the Issuer or the Notes is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

- (a) the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2017 of the Issuer (the **2017 Financial Statements**), including the information set out at the following pages in particular:

Consolidated Statement of Comprehensive Income.....	Page 106
Consolidated Statement of Financial Position	Page 107
Consolidated Statement of Changes in Equity.....	Pages 108-109
Consolidated Statement of Cash Flows	Page 110
Consolidated Notes	Pages 111-275
Audit Report	Pages 276-326

- (b) the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2016 of the Issuer (the **2016 Financial Statements**), including the information set out at the following pages in particular:

Consolidated Statement of Comprehensive Income	Page 86
Consolidated Statement of Financial Position.....	Page 87
Consolidated Statement of Changes in Equity	Pages 88-89
Consolidated Statement of Cash Flows.....	Page 90
Consolidated Notes	Pages 91-225
Audit Report.....	Pages 233-273

- (c) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 18 September 2017, pages 40 to 78 (inclusive) prepared by the Issuer in connection with the Programme.

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

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and will be available for viewing on the website of the Issuer at:

- (a) <http://cpipg.com/uploads/f7d5c0afe91494a9a05683e28f903f7fb7b963f4.pdf> for the 2016 Financial Statements;
- (b) <http://cpipg.com/uploads/1cc5a593f13bfb9ef43f55ccb60749cd6c86cf0b.pdf> for the 2017 Financial Statements; and
- (c) <http://cpipg.com/uploads/1a362bfc65c79417fee12aacac1f247efbcdcfba.pdf> for the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 18 September 2017.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

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

SELECTED FINANCIAL INFORMATION

The following tables contain selected historical consolidated financial information for the Group as of the dates and the periods indicated. The selected consolidated statement of comprehensive income data, the selected consolidated statement of cash flows and reconciliation of profit for the period to distributable earnings for the years ended 31 December 2017, 2016 and 2015, and the selected consolidated statement of financial position data as of 31 December 2017, 2016 and 2015 have been derived from the 2017 Financial Statements and the 2016 Financial Statements, respectively. The 2017 Financial Statements and the 2016 Financial Statements are incorporated by reference in, and form part of, this Base Prospectus. See "*Documents Incorporated by Reference*".

Prospective investors should read the following selected consolidated financial information in conjunction with the information contained in "*Risk Factors*", the 2017 Financial Statements and the 2016 Financial Statements, which are incorporated by reference in, and form part of, this Base Prospectus. See "*Documents Incorporated by Reference*".

Consolidated statement of comprehensive income

	Year ended 31 December		
	2017	2016	2015
	<i>(audited)</i>		
<i>€ thousands (unless otherwise indicated)</i>			
Gross rental revenue	262,066	225,809	217,787
Service revenue	10,804	9,113	13,609
Net service charge income.....	14,669	14,326	10,276
Property operating expenses.....	(55,861)	(41,935)	(35,599)
Net rental income	231,678	207,313	206,073
Development sales	3,731	2,170	10,022
Cost of goods sold.....	(3,526)	(1,627)	(7,533)
Development operating expenses.....	(522)	(2,332)	(160)
Net development income	(317)	(1,789)	2,329
Hotel revenue	112,182	69,898	13,867
Hotel operating expenses.....	(72,828)	(42,196)	(7,824)
Net hotel income	39,354	27,702	6,043
Revenue from other business operations	34,777	30,158	18,295
Cost of goods sold.....	(1,591)	(1,027)	(1,589)
Related operating expenses	(32,094)	(24,132)	(11,936)
Net income from other business operations	1,092	4,999	4,770
Total revenues	438,229	351,474	283,856
Total direct business operating expenses.....	(166,420)	(113,249)	(64,641)
Net business income	271,809	238,225	219,215
Net valuation gain	834,231	393,827	45,272
Net gain/(loss) on the disposal of investment property	2,371	(2,571)	(414)
Net gain on disposal of subsidiaries and investees	1,957	1,615	18,224
Amortization, depreciation and impairments	(83,682)	(37,402)	(22,481)
Other operating income	29,923	74,392	6,820
Administrative expenses.....	(41,679)	(37,603)	(37,360)
Other operating expenses.....	(4,130)	1,923	(19,226)
Operating result	1,010,800	632,406	210,050
Interest income	10,354	10,564	18,815
Interest expense.....	(99,056)	(93,733)	(98,146)
Other net financial result	(86,960)	(5,394)	(6,125)
Net finance costs	(175,662)	(88,563)	(85,456)
Share of profit of equity-accounted investees (net of tax)	6,217	--	--
Profit before income tax.....	841,355	543,843	124,594
Income tax expense.....	(146,844)	(84,341)	35,390
Net profit from continuing operations	694,511	459,502	89,204

<i>€ thousands (unless otherwise indicated)</i>	Year ended		
	31 December		
	2017	2016	2015
	<i>(audited)</i>		
<i>Items that may or are reclassified subsequently to profit or loss</i>			
Foreign currency translation differences - foreign operations	94,773	(5,797)	32,466
Effective portion of changes in fair value of cash flow hedges	39,170	1,086	7,116
Income tax on other comprehensive expense.....	(7,471)	(5,095)	(1,291)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment - hotels	57,864	30,181	--
Remeasurements of post employment benefit obligations.....	(485)	--	--
Income tax on other comprehensive expense.....	(9,753)	--	--
Other comprehensive income for the period, net of tax	174,098	20,375	38,291
Total comprehensive income for the period	868,609	479,878	127,495

Consolidated statement of financial position

<i>€ thousands (unless otherwise indicated)</i>	31 December		
	2017	2016	2015
	<i>(audited)</i>		
NON-CURRENT ASSETS			
Intangible assets and goodwill	120,316	117,091	73,319
Investment property	5,807,947	3,977,696	3,534,314
Property, plant and equipment	723,664	678,926	183,968
Biological Assets.....	2,099	2,004	2,042
Equity accounted investees.....	4,568	--	--
Available-for-sale financial assets	1,037	599	497
Financial assets at fair value through profit or loss	5,383	--	1,125
Loans provided	71,638	14,264	31,247
Trade and other receivables.....	4,193	460	12,161
Deferred tax asset.....	142,375	122,314	6,169
Total non-current assets.....	6,883,220	4,913,353	3,844,842
CURRENT ASSETS			
Inventories	81,793	97,854	84,783
Biological Assets.....	4,117	4,193	4,231
Current income tax receivables	4,709	4,183	5,020
Available-for-sale financial assets	--	--	1,601
Trade receivables	76,513	68,291	65,964
Derivative instruments.....	119	--	5
Loans provided.....	72,088	35,136	95,023
Cash and cash equivalents	238,907	303,733	159,052
Other financial current assets	15,408	73,523	7,908
Other non-financial current assets.....	39,713	37,662	28,352
Assets held for sale	112,645	123,981	25,942
Total current assets.....	646,012	748,556	477,881
TOTAL ASSETS.....	7,529,232	5,661,909	4,322,723
EQUITY			
Equity attributable to owners of the Company.....	3,277,449	2,258,760	1,316,526
Non-controlling interests	37,720	29,707	21,553
Total equity	3,315,169	2,288,467	1,338,079
NON CURRENT LIABILITIES			
Bonds issued.....	1,331,670	656,780	655,845
Financial debts.....	1,593,027	1,294,119	1,368,357
Derivative instruments.....	2,602	12,546	10,976
Deferred tax liabilities	710,035	503,619	410,379
Provisions	14,235	4,620	8,079
Other non-current liabilities	33,756	21,671	20,933
Total non-current liabilities.....	3,685,326	2,493,564	2,474,569
CURRENT LIABILITIES			

€ thousands (unless otherwise indicated)

	31 December		
	2017	2016	2015
	(audited)		
Bonds issued.....	157,523	50,101	59,482
Financial debts.....	164,724	582,284	321,133
Trade payables.....	74,822	65,718	42,341
Advance payments.....	60,703	72,702	48,885
Derivative instruments.....	624	2,809	6,313
Other financial current liabilities.....	26,648	24,394	14,052
Other non-financial current liabilities.....	27,769	23,480	14,896
Liabilities linked to assets held for sale.....	15,924	58,599	2,973
Total current liabilities.....	528,737	880,088	510,075
TOTAL EQUITY AND LIABILITIES.....	7,529,231	5,661,909	4,322,723

Consolidated cash flow statement

€ thousands (unless otherwise indicated)

	Year ended 31 December		
	2017	2016	2015
	(audited)		
<i>Adjusted by</i>			
Net valuation (gain) on investment property.....	(834,231)	(393,827)	(45,272)
Loss of the disposal of investment property.....	(2,371)	2,571	414
Depreciation/amortisation of tangible and intangible assets.....	28,482	17,918	5,710
Impairment of assets / (Reversal of impairment of assets).....	55,200	19,484	16,771
Gain of the disposal of property, plants and equipment.....	--	--	303
(Gain)/loss on the disposal of subsidiaries.....	(1,957)	(1,615)	(18,224)
Share of profit of equity-accounted investees.....	(6,217)	--	--
Net finance costs.....	102,605	82,788	59,986
Gain on bargain purchase.....	(22,466)	(66,651)	--
Exchange rate differences.....	75,941	(6,479)	12,021
Other non-cash adjustments.....	--	(779)	939
Profit before changes in working capital and provisions.....	236,362	197,253	157,241
(Increase) Decrease in inventories.....	(5,163)	(1,115)	874
Decrease in trade receivables.....	18,996	1,767	16,547
Decrease in trade payables.....	(27,739)	(52,234)	(27,700)
Increase (Decrease) in other liabilities.....	174	(4,046)	3,325
Income tax paid.....	(13,316)	(15,352)	(4,498)
Net Cash from operating activities.....	209,315	126,273	145,789
Acquisition of subsidiaries, net of cash acquired.....	(347,327)	(236,178)	(72,628)
Acquisition of non-controlling interest.....	--	(22,705)	--
Acquisition of investment property.....	(80,360)	(48,827)	(40,640)
Expenditure on investment property under development.....	(11,427)	(2,658)	(4,974)
Proceeds from sale of investment property.....	7,029	22,219	12,752
Proceeds from sale of property, plant and equipment.....	105	453	856
Proceeds from disposal of subsidiaries, net of cash disposed.....	60,012	18,448	17,542
Cash out flows as result of subsidiary deconsolidation.....	--	--	(1,504)
Acquisition of property, plant and equipment.....	(21,575)	(41,501)	(8,186)
Acquisition of intangible assets.....	(1,831)	(1,037)	(1,781)
Acquisition of biological assets.....	(1,247)	--	--
Acquisition of other investments.....	--	(111)	--
Proceeds from sale of biological assets.....	127	--	--
Proceeds from sale and other investments.....	--	1,601	--
Loans provided.....	(156,985)	(306,309)	(95,482)
Loans repaid.....	(7,301)	204,151	8,907
Interest received.....	8,694	10,989	5,142
Net cash used in investing activities.....	(557,087)	(401,465)	(179,995)
Proceeds from issue of share capital.....	153,397	238,021	--
Proceeds from bonds issued.....	906,904	346,642	469,148
Repayment of bonds issued.....	(156,035)	(64,899)	(440,827)

<i>€ thousands (unless otherwise indicated)</i>	Year ended 31 December		
	2017	2016	2015
	<i>(audited)</i>		
Interest paid	(96,531)	(88,839)	(83,727)
Drawings of loans and borrowings	789,118	590,352	445,385
Repayments of loans and borrowings	(1,316,985)	(599,248)	(305,294)
Drawings (repayments) of finance lease liabilities	847	(502)	424
Net cash from/(used in) financing activities	280,714	421,527	85,108
Net increase / (decrease) in cash	(62,058)	146,335	50,902
Cash and cash equivalents at the beginning of the year	303,733	159,052	108,172
Effect of movements in exchange rates on cash held	42	(3)	(22)
Less: cash and cash equivalents reclassified to assets held for sale.....	(2,809)	(1,651)	--
Cash and cash equivalents at the end of the year	238,907	303,733	159,052

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Bearer Notes

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

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

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

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

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For the purposes of the Senior Notes, **Exchange Event** means that (i) in respect of the Senior Notes, an Event of Default (as defined in Condition 10.1 (Events of Default) of the Senior Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) in respect of the Senior Notes, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (Notices) of the Senior Notes or, as the case may be Condition 18 (Notices) of the Subordinated Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

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

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

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

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depositary or, if the Registered Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depositary of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

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

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (Payments in respect of Registered Senior Notes) of the Senior Notes or, as the case may be, Condition 10.4 (Payments in respect of Registered Subordinated Notes) of the Subordinated Notes) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (Payments in respect of Registered Senior Notes) of the Senior Notes or, as the case may be, Condition 10.4 (Payments in respect of Registered Subordinated Notes) of the Subordinated Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For the purposes of the Senior Notes, **Exchange Event** means that (i) in respect of the Senior Notes an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (Notices) of the Senior Notes or, as the case may be, Condition 18 (Notices) of the Subordinated Notes, if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under the relevant Terms and Conditions of the Notes), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the

further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason to do so, and the failure or inability shall be continuing.

The Issuer may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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

[²**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Senior Notes has led to the conclusion that: (i) the target market for the Senior Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Senior Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Senior Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Senior Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

APPLICABLE FINAL TERMS FOR THE SENIOR NOTES

[Date]

CPI PROPERTY GROUP

Legal entity identifier (LEI): 222100CO2ZOTEPGJO223

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Senior Notes]
under the EUR 3,000,000,000
Euro Medium Term Note Programme**

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B102254

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2018 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been

¹ Legend to be included on front of the Final Terms if the Senior Notes potentially constitute "packaged" products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

² Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

published on the website of Euronext Dublin ([●]) [and the website of the Central Bank of Ireland (www.centralbank.ie)] / [the website of the Issuer (www.[])].

The following alternative language applies if the first tranche of an issue which is being increased was issued under Base Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 18 September 2017 and the supplement to it dated 30 November 2017 which are incorporated by reference in the Base Prospectus dated 20 April 2018. This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 20 April 2018 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of Euronext Dublin ([●]) [and the website of the Central Bank of Ireland (www.centralbank.ie)] / [the website of the Issuer (www.[])].

Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.

If the Senior Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.

1. Issuer: CPI Property Group

2. (a) Series Number: []
(b) Tranche Number: []
(c) Date on which the Senior Notes will be consolidated and form a single Series: The Senior Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Senior Note for interests in the Permanent Global Senior Note, as referred to in paragraph [] below, which is expected to occur on or about [date]][Not Applicable]

3. Specified Currency or Currencies: []

4. Aggregate Nominal Amount:
(a) Series: []
(b) Tranche: []

5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]

6. (a) Specified Denominations: []
- (N.B. Senior Notes must have a minimum denomination of €100,000 (or equivalent))*
- (Note – where Bearer multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Senior Notes in definitive form will be issued with a denomination above [€199,000].")*
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Senior Notes, for example Zero Coupon Senior Notes.)
8. Maturity Date: *Specify date or for Floating Rate Senior Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR]] +/- [] per cent. Floating Rate]
[Zero coupon]
(see paragraph [14]/[15]/[16] below)
10. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Senior Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]*
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[Issuer Maturity Par Call]
(see paragraph [18]/[19]/[21]/[21]/[22] below)

[Not Applicable]

13. (a) Status of the Senior Notes: Senior
- (b) Date Board approval for issuance of Senior Notes obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Senior Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

- Interest Payment Dates: the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [] month [LIBOR/EURIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*

- (h) Linear Interpolation: [Not Applicable/Applicable - the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using linear interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]
- (m) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- Step Up Margin: [[] per cent. per annum]
16. Zero Coupon Senior Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 7.2 (Redemption for tax reasons): Minimum period: [30] days
Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount][Make-whole Amount]
- (A) Reference Bond: []

(B) Redemption Margin: []

(C) Quotation Time: []

(c) If redeemable in part:

(i) Minimum Redemption Amount: []

(ii) Maximum Redemption Amount: []

(d) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.)

19. Issuer Maturity Par Call: [Applicable/Not Applicable]

(If not applicable delete the remaining subparagraphs of this paragraph.)

(a) Maturity Par Call Period: From (and including) [] to (but excluding) the Maturity Date.

(b) Notice periods: Minimum period: [] days
Maximum period: [] days

20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [] per Calculation Amount

(c) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may

apply, for example, as between the Issuer and the Agent or Trustee.)

21. Change of Control Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

Change of Control Redemption Amount: [] per Calculation Amount

22. Final Redemption Amount: [] per Calculation Amount

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

GENERAL PROVISIONS APPLICABLE TO THE SENIOR NOTES

24. Form of Senior Notes:

(a) Form: [Bearer Senior Notes: [Temporary Global Senior Note exchangeable for a Permanent Global Senior Note which is exchangeable for Definitive Senior Notes only upon an Exchange Event]

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

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

(N.B. The option for an issue of Senior Notes to be represented on issue by a Temporary Global Senior Note exchangeable for Definitive Senior Notes should not be expressed to be applicable if the Specified Denomination of the Senior Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].".)

Registered Senior Notes:

[Global Senior Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

(b) New Global Note: [Yes][No]

25. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of

payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)

26. Talons for future Coupons to be attached to Definitive Senior Notes: [Yes, as the Senior Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[THIRD PARTY INFORMATION]

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

Signed on behalf of CPI Property Group:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Senior Notes to be admitted to trading on the regulated market of the Euronext Dublin) and listing on the Official List of the Euronext Dublin with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Senior Notes to be admitted to trading on the regulated market of the Euronext Dublin) and the Official List of the Euronext Dublin with effect from [].]

(Where documenting a fungible issue need to indicate that original Senior Notes are already admitted to trading.)

[Not Applicable]

- (ii) Estimate of total expenses related to admission to trading: [][N/A]

2. RATINGS

Ratings: [The Senior Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Senior Notes of this type issued under the Programme generally]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of *[defined terms]* is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Senior Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Senior Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may

perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests.*]

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

4. YIELD *(Fixed Rate Senior Notes only)*

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. HISTORIC INTEREST RATES *(Floating Rate Senior Notes only)*

Details of historic [LIBOR/EURIBOR/*replicate other as specified in the Conditions*] rates can be obtained from [Reuters].

6. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) CFI [[]/Not Applicable]

(iv) FISN [[]/Not Applicable]

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

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

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

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

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Senior Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] *[include this text for Registered Senior Notes which are to be held under the NSS]* and does not necessarily mean that the Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and

intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

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

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of [Subscription] Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the Senior Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If Senior Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

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

[³**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Subordinated Notes has led to the conclusion that: (i) the target market for the Subordinated Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the Subordinated Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Subordinated Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Subordinated Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

APPLICABLE FINAL TERMS FOR THE SUBORDINATED NOTES

[Date]

CPI PROPERTY GROUP

Legal entity identifier (LEI): 222100CO2ZOTEPGJO223

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Subordinated Notes]
under the EUR 3,000,000,000
Euro Medium Term Note Programme**

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B102254

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2018 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Subordinated Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has

³Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

been published on the website of Euronext Dublin ([●]) [and the website of the Central Bank of Ireland (www.centralbank.ie)] / [the website of the Issuer (www.[])].

Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.

1. Issuer: CPI Property Group

2. (a) Series Number: []
(b) Tranche Number: []
(c) Date on which the Subordinated Notes will be consolidated and form a single Series: The Subordinated Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [] below, which is expected to occur on or about *[date]*][Not Applicable]

3. Specified Currency or Currencies: []

4. Aggregate Nominal Amount:
(a) Series: []
(b) Tranche: []

5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]

6. (a) Specified Denominations: []

(N.B. Subordinated Notes must have a minimum denomination of €100,000 (or equivalent))

(Note – where Bearer multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Subordinated Notes in definitive form will be issued with a denomination above [€199,000].")

(b) Calculation Amount (in relation to calculation of interest in global form see Conditions): []

(If only one Specified Denomination, insert the Specified Denomination. If more than one

Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
8. Maturity Date: [*specify*/Undated]
9. Interest Basis: [] per cent. Fixed Rate until [], then calculated in accordance with paragraph [13] below
- (further particulars specified below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Subordinated Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount][Not Applicable]
(*Specify 'Not Applicable' for Undated Subordinated Notes*)
11. Call Options: [Issuer Call]
[Redemption upon a Tax Deduction Event]
[Redemption upon a Capital Event]
[Redemption upon an Accounting Event]
[Redemption upon a Substantial Repurchase Event]
[Redemption for Change of Control Event]
- (further particulars specified below)
12. (a) Status of the Subordinated Notes: [Dated/Undated] Subordinated Notes
- (b) Date Board approval for issuance of Subordinated Notes obtained: [] [and [], respectively]]
- (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Subordinated Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Reset Note Provisions
- (a) First Fixed Rate of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year from and including [] [up to and including the Maturity Date]
- (*Amend appropriately in the case of irregular coupons*)
- (c) Fixed Coupon Amount(s) for [] per Calculation Amount

Subordinated Notes in definitive form (and in relation to Subordinated Notes in global form see Conditions) and in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date:

- (d) Broken Amount(s) for Subordinated Notes in definitive form (and in relation to Subordinated Notes in global form see Conditions): per Calculation Amount, payable on the Interest Payment Date falling in/on [Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): in each year [Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (g) First Reset Date:
- (h) Reset Date(s): [The First Reset Date and each date falling on the anniversary of the First Reset Date]/
- (i) Subsequent Reset Reference Rate(s) and Relevant Financial Centre: Subsequent Reset Reference Rate: [Mid Swaps/Reference Bond]
Relevant Financial Centre:
- (j) Margin: [In respect of (a) the Reset Period ending on (but excluding) 20[], [*the initial credit spread*] per cent.; (b) each Reset Period which falls in the period commencing on (and including) 20[and ending on (but excluding) 20[], [*the initial credit spread plus bps*] per cent.; and (c) each Reset Period which falls on or after 20[], [*the initial credit spread plus bps*] per cent.]/
- (k) Subsequent Reset Reference Rate Screen Page:
- (l) Mid Swap Maturity:
- (m) Reset Determination Date(s):
- (n) Subsequent Reset Reference Rate Time:

- (o) Step Up after Change of Control Event: Applicable
- (p) Step Up Margin after Change of Control Event: 5 per cent. per annum

PROVISIONS RELATING TO REDEMPTION

14. Notice periods for Condition 6 (Redemption): Minimum period: 30 days
Maximum period: 60 days
- (a) Issuer Call: Applicable
 - Optional Redemption Date(s): [Any of the [] days up to and including]/[T/t]he First Reset Date and any Interest Payment Date thereafter
 - (b) Redemption upon a Tax Deduction Event: [Applicable/Not Applicable]
 - (c) Redemption upon a Capital Event: [Applicable/Not Applicable]
 - Capital Rating Agency: [Fitch Ratings Limited]
[Moody's Investors Services Limited]
[Standard & Poor's Rating Services]
 - (d) Redemption upon an Accounting Event: [Applicable/Not Applicable]
 - (e) Redemption upon a Substantial Repurchase Event: [Applicable/Not Applicable]
 - Substantial Repurchase Threshold Amount: [] per cent.
 - (f) Redemption for Change of Control Event: [Applicable/Not Applicable]

[The following text does not form part of the Conditions: The Issuer intends (without thereby assuming a legal or contractual obligation) that for so long as the Notes remain outstanding, if (i) a Change of Control Event occurs and (ii) the Issuer elects to redeem the Notes pursuant to Condition 6.8 (Redemption for Change of Control Event), it will launch a tender offer for all outstanding unsubordinated debt securities (which do not contain a contractual right of the holders of such debt securities for such securities to be redeemed or repurchased as a result of the events giving rise to the Change of Control Event) at a price equal to not less than their aggregate principal amount plus accrued and unpaid interest as soon as reasonably practicable following such event. The Issuer also intends (without thereby

assuming a legal or contractual obligation) to launch such tender offer in such a way as to ensure that the repurchase of any unsubordinated debt securities tendered to it will be effected prior to any redemption of the Notes pursuant to Condition 6.8 (Redemption for Change of Control Event).]

15. Final Redemption Amount: [] per Calculation Amount]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE SUBORDINATED NOTES

16. Form of Subordinated Notes:

(a) Form: [Bearer Subordinated Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Subordinated Notes only upon an Exchange Event.

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

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

(N.B. The option for an issue of Subordinated Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Subordinated Notes should not be expressed to be applicable if the Specified Denomination of the Subordinated Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")

Registered Subordinated Notes:

[Global Subordinated Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

(b) New Global Note: No

17. Additional Financial Centre(s): [Not Applicable/give details]

(Note that this paragraph relates to the date of payment)

18. Talons for future Coupons to be attached to Definitive Subordinated Notes: [Yes, as the Subordinated Notes have more than 27 coupon payments, Talons may be required if,

on exchange into definitive form, more than 27
coupon payments are still to be made/No]

[THIRD PARTY INFORMATION

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

Signed on behalf of CPI Property Group:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Subordinated Notes to be admitted to trading on the regulated market of the Euronext Dublin) and listing on the Official List of the Euronext Dublin with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Subordinated Notes to be admitted to trading on the regulated market of the Euronext Dublin) and the Official List of the Euronext Dublin with effect from [].]

(Where documenting a fungible issue need to indicate that original Subordinated Notes are already admitted to trading.)

[Not Applicable]

- (ii) Estimate of total expenses related to admission to trading: [][N/A]

2. RATINGS

Ratings: The Subordinated Notes to be issued [[have been]/[are expected to be]] rated:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of *[defined terms]* is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Subordinated Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Replacement Intention: For the avoidance of any doubt, the following text does not form part of the Conditions: Unless (a) the rating assigned by S&P to the Issuer is at least [] (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or (b) the Subordinated Notes are not assigned an "equity credit" (or such

similar nomenclature then used by S&P), at the time of such redemption or repurchase; or (c) in the case of a repurchase, such repurchase is in an amount necessary to allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to remain below the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing methodology, the Issuer intends (without thereby assuming a legal obligation), during the period from and including the issue date of the Subordinated Notes to but excluding the Reset Date falling on [insert the date that is the twentieth anniversary of the First Reset Date], in the event of:

- (a) an early redemption of the Subordinated Notes pursuant to Condition 6.2 (Issuer's Call Option) of the Subordinated Notes; or
- (b) a repurchase of the Subordinated Notes of more than (a) [] per cent. of the aggregate principal amount of the relevant Subordinated Notes originally issued in any period of 12 consecutive months or (b) [] per cent. of the aggregate principal amount of the relevant Subordinated Notes originally issued in any period of ten consecutive years,

to redeem or repurchase such Subordinated Notes only to the extent that such part of the aggregate principal amount of the relevant Subordinated Notes to be redeemed or repurchased as was characterised as equity by S&P at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Subordinated Notes) does not exceed such part of the net proceeds which is received by the Issuer or any Subsidiary of the Issuer prior to or on the date of such redemption or repurchase from the sale or issuance by the Issuer or any Subsidiary of the Issuer to third party purchasers (other than Subsidiaries of the Issuer) of securities as is characterised by S&P, at the time of sale or issuance, as equity, such that the replacement securities represent an aggregate amount of S&P equity credit that is at least equal to the aggregate amount of equity credit assigned to the Subordinated Notes by S&P that are to be redeemed or repurchased at such time.]

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

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Subordinated Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests.*]

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

4. YIELD

Indication of yield: []

The yield is calculated at the Issue Date for the period until the First Reset Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) CFI: [[]/Not Applicable]
- (iv) FISN: [[]/Not Applicable]

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

- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

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

- (vii) Names and addresses of additional Paying Agent(s) (if any): []

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of [Subscription] Agreement: []

- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: Applicable

TERMS AND CONDITIONS OF THE SENIOR NOTES

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

This Senior Note is one of a Series of Senior Notes issued by CPI Property Group, a société anonyme with its registered office at 40, rue de la Vallée, L-2661 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B102254 (the **Issuer**) constituted by an amended and restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 20 April 2018 made between the Issuer and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee).

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

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

The Senior Notes (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 20 April 2018 and made between the Issuer, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the other Transfer Agents are together referred to as the **Agents**.

The final terms for this Senior Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Senior Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Senior Note.

Interest bearing definitive Bearer Senior Notes have interest coupons (**Coupons**) and, in the case of Bearer Senior Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or

talons. Registered Senior Notes and Global Senior Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Senior Notes) the holders of the Senior Notes and (in the case of Registered Senior Notes) the persons in whose name the Senior Notes are registered and shall, in relation to any Senior Notes represented by a Global Senior Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee and at the specified office of each of the Paying Agents. If the Senior Notes are to be admitted to trading on the regulated market of the Euronext Dublin the applicable Final Terms will be published on the website of Euronext Dublin: <http://www.ise.ie/>. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

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

1. FORM, DENOMINATION AND TITLE

The Senior Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Senior Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Senior Notes of one Specified Denomination may not be exchanged for Senior Notes of another Specified Denomination and Bearer Senior Notes may not be exchanged for Registered Senior Notes and *vice versa*.

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

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

Subject as set out below, title to the Bearer Senior Notes and Coupons will pass by delivery and title to the Registered Senior Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Senior Note or Coupon and the registered holder of any Registered Senior Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Senior Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Senior Notes is represented by a Global Senior Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Senior Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Senior Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Senior Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Senior Notes, for which purpose the bearer of the relevant Bearer Global Senior Note or the registered holder of the relevant Registered Global Senior Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Senior Notes in accordance with and subject to the terms of the relevant Global Senior Note and the expressions **Noteholder** and **holder of Senior Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Senior Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

2. TRANSFERS OF REGISTERED SENIOR NOTES

2.1 Transfers of interests in Registered Global Senior Notes

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

2.2 Transfers of Registered Senior Notes in definitive form

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Senior Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Senior Note for registration of the transfer of the Registered Senior Note (or the relevant part of the Registered Senior Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 2 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Senior Note in definitive form of a like aggregate nominal amount to the Registered Senior Note (or the relevant part of the Registered Senior Note) transferred. In the case of the transfer of part only of a Registered Senior Note in definitive form, a new Registered Senior Note in definitive form in respect of the balance of the Registered Senior Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

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

2.4 Costs of registration

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

2.5 Status of the Senior Notes

The Senior Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (Negative Pledge)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

So long as any Senior Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest, including without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction (which,

for the avoidance of doubt, shall not include a guarantee, suretyship or indemnity, or a similar undertaking under the laws of any jurisdiction to reimburse loss or damage) (each a **Security Interest**), other than a Permitted Security Interest, upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital), to secure any Relevant Indebtedness (as defined below) of the Issuer and/or any of its Subsidiaries, unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Senior Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Relevant Indebtedness means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness, *excluding, for the avoidance of doubt*, any present or future indebtedness (whether being principal, premium, interest or other amounts) incurred in respect of loans or facilities (which are not in the form specified in (i) and (ii)) to finance the ordinary course activities of the Issuer or its Subsidiaries.

Permitted Security Interest means (A) a Security Interest in respect of notes or bonds denominated in CZK only (**Secured CZK Notes**) *provided that* (X) the aggregate principal amount of Secured CZK Notes outstanding at any time shall not exceed the equivalent of EUR 300 million, and (Y) the aggregate principal amount of Secured CZK Notes outstanding under any single series at any time shall not exceed the equivalent of EUR 200 million (in each case, calculated based on the relevant official central bank currency exchange rate in effect on the date of determination thereof and including Secured CZK Notes outstanding as of the date of this Base Prospectus) and (B) a Security Interest on the undertaking or assets of a company acquired by the Issuer or any of its Subsidiaries after the Issue Date, provided that such Security Interest was not created in contemplation of such acquisition and the principal amount secured by such Security Interest has not been increased in contemplation of or since such acquisition.

Subsidiary means in relation to any person (the **first person**) at any particular time, any other person (the **second person**):

- (a) whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

4. COVENANTS

4.1 Financial Covenants

So long as any Senior Note remains outstanding, the Issuer undertakes that:

- (a) the Consolidated Leverage Ratio shall not exceed 0.60 on any Measurement Date;

- (b) the Consolidated Coverage Ratio shall be at least 1.90 on any Measurement Date; and
- (c) the Consolidated Secured Leverage Ratio shall not exceed 0.45 on any Measurement Date, save that the Issuer shall not be in breach of this Condition 4.1(c) if, on no more than two consecutive Measurement Dates, the Consolidated Secured Leverage Ratio is greater than 0.45 but does not exceed 0.50.

The Issuer shall engage an external, reputable independent valuation company and/or real estate consultant, having an appropriately recognised professional qualification and recent experience in the respective locations and categories of real estate assets being valued, to value at least 90 per cent. (by market valuation) of the Group's standing investments and land at least once per calendar year (which, for the avoidance of doubt, may include a company or consultant meeting such criteria and which is engaged to value the Group's standing investments and land for purposes of its IFRS financial statements).

The Issuer will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the undertakings in this Condition 4.1 is breached at any time.

For so long as any Senior Note remains outstanding, the Issuer will deliver a certificate to the Trustee on each Reporting Date signed by two duly Authorised Signatories of the Issuer, certifying that the Issuer is and has been in compliance with the undertakings set out in this Condition 4.1 at all times during the relevant period. Such certificate may be relied on by the Trustee 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.

4.2 Equity Cure

- (a) Subject to the provisions of this Condition 4.2, in the event that the Issuer fails to comply, or would otherwise fail to comply, with any of its obligations under subparagraph (a) and (c) of Condition 4.1 (Financial Covenants), the Issuer shall have the right, and may elect by written notice to the Trustee (in accordance with paragraph (b) below), to cure an actual or anticipated breach of the Consolidated Secured Leverage Ratio in Condition 4.1 (Financial Covenants) by applying net amounts received in respect of any new equity issued by the Issuer and/or Subordinated Shareholder Debt received by the Issuer to remedy any actual or anticipated non-compliance and by having such amounts included in the calculation or recalculation of the financial covenant contained in Condition 4.1 (Financial Covenants) subparagraph (a) and (c).
- (b) A notice to the Trustee under paragraph (a) above will not be regarded as having been delivered unless:
 - (A) it is signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer and delivered before the date which is 30 Business Days after the applicable Reporting Date on which the compliance certificate for the calendar year to which the non-compliance relates would have been required to be delivered pursuant to Condition 4.1 (Financial Covenants);
 - (B) it certifies the aggregate amounts received by the Issuer in respect of any equity issued by the Issuer and/or Subordinated Shareholder Debt;
 - (C) it specifies the calendar year to which the non-compliance relates and in relation to which the equity issued by the Issuer and/or Subordinated Shareholder Debt is to be applied; and

- (D) if the Issuer makes an election under paragraph (a) above during the period of 30 Business Days after the Reporting Date on which the compliance certificate for the calendar year to which the non-compliance relates would have been required to be delivered pursuant to Condition 4.1 (Financial Covenants), it is accompanied by a revised compliance certificate indicating compliance with the ratios in Condition 4.1 (Financial Covenants) after taking into account the amounts used to remedy the non-compliance.
- (c) For the purposes of this Condition 4.2, the net amounts received in cash in respect of any equity issued by the Issuer and/or Subordinated Shareholder Debt shall be deemed to be received on the Measurement Date in respect of which they are to be taken into account to remedy the non-compliance with any ratios set out in Condition 4.1 (Financial Covenants).
- (d) If, after giving effect to the recalculation referred to in the paragraphs above, the financial covenants are complied with, the Issuer shall be deemed to have satisfied the requirements of Condition 4.1 (Financial Covenants) as of the relevant Measurement Date as though there had been no failure to comply with such obligations, and the applicable breach shall be deemed to have been cured for the purposes hereof.

4.3 Payment of dividends

The Issuer and its Subsidiaries may pay dividends at any time provided that, in the case of dividends paid by the Issuer, no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing at the time of, or would result following, the payment of such dividend by the Issuer.

4.4 Financial reporting

So long as any of the Senior Notes remains outstanding, the Issuer shall deliver to the Trustee:

- (a) not later than six months after the end of the Issuer's financial year, copies or the electronic versions of the audited consolidated financial statements of the Group for such financial year, prepared in accordance with IFRS and applicable Luxembourg law, consistently applied, and accompanied by the report of the independent auditors of the Issuer thereon;
- (b) not later than 120 days after the end of the semi-annual period, copies or the electronic versions of the unaudited condensed consolidated financial statements of the Group for such semi-annual period, prepared in accordance with IAS 34 consistently applied; and
- (c) in the case of every other item referred to below, not later than 20 days after their initial distribution to any of the persons referred to below, three copies in English of every statement of financial position, statement of income and, to the extent permitted by applicable law, every report or other notice, statement or circular issued, or which legally should be issued, to the members or holders of securities (generally) of the Issuer or any holding company thereof generally in their capacity as such; provided that, in case of this subparagraph (c), if such other item is published on the Issuer's website, no such delivery is required.

In these Conditions:

Consolidated Adjusted EBITDA means the consolidated profit/(loss) of the Issuer before taxes, depreciation, amortisation, impairments and change in provisions and excluding any revaluation changes, financial income and financial expenses, net result on acquisitions and

disposals and any other exceptional non-recurring and non-cash items, as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated income statement of the Issuer.

Consolidated Coverage Ratio means, in respect of any Measurement Date, (i) the aggregate amount of Consolidated Adjusted EBITDA for the period of the most recent two consecutive semi-annual periods ending on such Measurement Date divided by (ii) the Consolidated Net Interest Expense for such two semi-annual periods.

Consolidated Net Interest Expense means, for any period, all charges, interest, commission, fees, discounts, premiums and other finance costs in respect of Indebtedness (but excluding such interest on Subordinated Shareholder Debt) incurred by the Group, less total interest income received by the Group, each as shown in the most recent consolidated statement of comprehensive income of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS or IAS 34, as applicable.

Consolidated Leverage Ratio means, in respect of any Measurement Date, the Consolidated Total Indebtedness divided by Consolidated Adjusted Total Assets.

Consolidated Secured Leverage Ratio means, in respect of any Measurement Date, the Secured Consolidated Total Indebtedness divided by Consolidated Adjusted Total Assets.

Consolidated Adjusted Total Assets means the total assets (excluding intangible assets and goodwill) of the Group as shown in the most recent consolidated statement of financial position of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS or IAS 34, as applicable.

Consolidated Total Indebtedness means the total Indebtedness of the Group (excluding deferred tax liabilities as determined by reference to the most recent consolidated statement of financial position of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS or IAS 34, as applicable.

Group means the Issuer and its Subsidiaries taken as a whole;

IAS means International Accounting Standards issued by the International Accounting Standards Board;

IFRS means International Financial Reporting Standards as adopted by the European Union, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

Indebtedness means, with respect to any person at any date of determination (without duplication) any debt of such person (excluding Subordinated Shareholder Debt), including:

- (a) all indebtedness of such person for borrowed money in whatever form;
- (b) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all obligations of such person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, except to the extent any such reimbursement obligations relate to trade payables);

- (d) all obligations of such person to pay the deferred and unpaid purchase price of property, assets or services which purchase price is due more than 90 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services excluding:
 - (i) any trade payables or other liability to trade creditors; and
 - (ii) any post-closing payment adjustments in connection with the purchase by the Issuer or any Subsidiary of the Issuer of any business to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing and **provided that** (x) the amount of any such payment is not determinable at the time of closing and, (y) to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter;
- (e) all capitalised lease obligations of such person, to the extent treated as indebtedness in the financial statements of such person under IFRS;
- (f) all obligations of the type referred to in paragraphs (a) to (e) of other persons guaranteed by such person to the extent such obligation is guaranteed by such person; and
- (g) any obligations of the type referred to in paragraphs (a) to (f), where a Security Interest has been granted over any asset of such person (including where the underlying obligation has been assumed by a third party). The amount of such obligation shall be deemed to be the lesser of: (i) the book value of such asset as shown in the most recent audited annual or unaudited semi-annual financial statements of such person and (ii) the amount of the obligation so secured,

always provided that, for the avoidance of doubt, indebtedness in respect of any non-speculative derivative transactions entered into in connection with protection against fluctuations in any rate or price shall not be deemed to be Indebtedness for the purpose of these Conditions.

For the purpose of determining the euro-equivalent of Indebtedness denominated in a foreign currency, the euro-equivalent principal amount of such Indebtedness pursuant thereto shall be calculated based on the relevant official central bank currency exchange rate in effect on the date of determination thereof.

The amount of Indebtedness of any person at any date shall be the outstanding balance at such date of all unconditional obligations as described above provided that (i) with respect to contingent obligations as described above, the amount of Indebtedness will be the value of the contingency, if any, giving rise to the obligation as reported on the balance sheet in that person's financial statements and (ii) in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time;

Measurement Date means each day which is (i) the last day of the Issuer's financial year in any year (the **Annual Measurement Date**) or (ii) the last day of the first half of the Issuer's financial year in any year (the **Semi-Annual Measurement Date**).

Reporting Date means a date falling no later than 30 days after (i) the publication of the Group's audited annual consolidated financial statements, prepared in accordance with IFRS, with respect to an Annual Measurement Date, or (ii) the publication of the Group's unaudited

condensed semi-annual consolidated financial statements, prepared in accordance with IAS 34, with respect to a Semi-Annual Measurement Date.

Secured Consolidated Total Indebtedness means such amount of Consolidated Total Indebtedness that is secured by a Security Interest granted by the Issuer or a Subsidiary of the Issuer.

Subordinated Shareholder Debt means Indebtedness of the Issuer directly or indirectly held by one or more of its shareholders; provided that such Indebtedness (and any security into which such Indebtedness is convertible or for which it is exchangeable at the option of the holder) (i) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the stated final maturity of the Senior Notes, (ii) does not pay cash interest, (iii) contains no change of control provisions and has no right to declare a default or event of default or take any enforcement action prior to the first anniversary of the stated final maturity of the Senior Notes, (iv) is unsecured and (v) is fully subordinated and junior in right of payment to the Senior Notes.

5. INTEREST

5.1 Interest on Fixed Rate Senior Notes

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

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

In these Conditions:

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

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

5.2 Interest on Floating Rate Senior Notes

(a) Interest Payment Dates

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

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

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

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

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

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars

shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

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

(i) ISDA Determination for Floating Rate Senior Notes

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

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

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

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

(ii) Screen Rate Determination for Floating Rate Senior Notes

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

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

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

there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

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

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

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that

portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

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

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

where:

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

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

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

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

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

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

(e) Linear Interpolation

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

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Senior Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Senior Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (Notices). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Certificates to be final

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

5.3 Accrual of interest

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

- (a) the date on which all amounts due in respect of such Senior Note have been paid; and
- (b) as provided in the Trust Deed.

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

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

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

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

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

Where:

Rating Agency, Fitch, Moody's, S&P and Substitute Rating Agency have the meanings given to such terms in Condition 7.6 (Redemption at the option of the Noteholders upon a change of control (Change of Control Put));

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

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

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

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

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

Payments in respect of principal and interest on the Senior Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (Taxation)) any law implementing an intergovernmental approach thereto. No Commissions or expenses shall be charged to the Noteholders by the Registrar in respect of any payments of principal or interest in respect of the Registered Senior Notes.

6.2 Presentation of definitive Bearer Senior Notes and Coupons

Payments of principal in respect of definitive Bearer Senior Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and

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

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

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

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

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

6.3 Payments in respect of Bearer Global Senior Notes

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

6.4 Payments in respect of Registered Senior Notes

Payments of principal in respect of each Registered Senior Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Senior Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Senior Note appearing in the register of holders of the Registered Senior Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Senior Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Senior Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Senior Note on redemption will be made in the same manner as payment of the principal amount of such Registered Senior Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Senior Notes.

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

6.5 General provisions applicable to payments

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

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

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

6.6 Payment Day

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Senior Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

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

- (a) any Additional Amounts which may be payable with respect to principal under Condition 8 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Senior Notes;
- (c) the Early Redemption Amount of the Senior Notes;

- (d) the Optional Redemption Amount(s) (if any) of the Senior Notes;
- (e) in relation to Zero Coupon Senior, the Amortised Face Amount (as defined in Condition 7.7 (Early Redemption Amounts)); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Senior Notes.

Any reference in these Conditions to Interest Payments and/or any other amount in respect of interest in respect of the Senior Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 8 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

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

7.2 Redemption for tax reasons

Subject to Condition 7.7 (Early Redemption Amounts), the Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Senior Note is not a Floating Rate Senior Note) or on any Interest Payment Date (if this Senior Note is a Floating Rate Senior Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14 (Notices), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Senior Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (Taxation) as a result of any change in, or amendment to, the laws or regulations of a Relevant Tax Jurisdiction (as defined in Condition 8 (Taxation)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Senior Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to

accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Senior Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 (Early Redemption Amounts) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

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

In this Condition:

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

Determination Agent means a leading investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

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

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

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

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

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

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

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

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

Remaining Term Interest means, with respect to any Senior Note, the aggregate amount of scheduled payment(s) of interest on such Senior Note for the remaining term of such Senior Note determined on the basis of the rate of interest applicable to such Senior Note from and including the date on which such Senior Note is to be redeemed by the Issuer pursuant to this Condition 7.3. In the case of a partial redemption of Senior Notes, the Senior Notes to be redeemed (**Redeemed Senior Notes**) will (i) in the case of Redeemed Senior Notes represented by definitive Senior Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Senior Notes represented by a Global Senior Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Senior Notes represented by definitive Senior Notes, a list of the serial numbers of such Redeemed Senior Notes will be published in accordance with Condition 14 (Notices) not less than 15 days prior to the date fixed for redemption.

7.4 Redemption at the option of the Issuer (Issuer Maturity Par Call)

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (Notices) (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Senior Notes then outstanding in whole, but not in part, at any time during the Maturity Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

7.5 Redemption at the option of the Noteholders (Investor Put)

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

To exercise the right to require redemption of this Senior Note the holder of this Senior Note must, if this Senior Note is in definitive form and held outside Euroclear and Clearstream,

Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Senior Notes) or the Registrar (in the case of Registered Senior Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Senior Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Senior Notes so surrendered is to be redeemed, an address to which a new Registered Senior Note in respect of the balance of such Registered Senior Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (Transfers of Registered Senior Notes in definitive form). If this Senior Note is in definitive bearer form, the Put Notice must be accompanied by this Senior Note or evidence satisfactory to the Paying Agent concerned that this Senior Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Senior Note is represented by a Global Senior Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Senior Note the holder of this Senior Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice (or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Senior Note pursuant to this Condition 7.5) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Senior Notes to be due and payable pursuant to Condition 10 (Events of Default and Enforcement), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5.

7.6 Redemption at the option of the Noteholders upon a change of control (Change of Control Put)

If Change of Control Put is specified as being applicable in the applicable Final Terms, then this Condition 7.6 shall apply.

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

- (a) any person or any persons acting in concert (other than Mr Radovan Vitek, any member of his immediate family or any entity directly or indirectly controlled by him or them) shall acquire a controlling interest in (A) more than 50 per cent., of the issued or allotted ordinary share capital of the Issuer or (B) shares in the issued or allotted ordinary share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being, a **Change of Control**); and
- (b) on the date (the **Relevant Announcement Date**) that is the earlier of (x) the date of the earliest Potential Change of Control Announcement (if any) and (y) the date of the first public announcement of the relevant Change of Control, the Senior Notes carry:
 - (i) an investment grade credit rating (*Baa3/BBB-/BBB- or equivalent or better*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is

within the Change of Control Period either downgraded to a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or

- (ii) a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
- (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,

and

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

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and this Condition 7.6 shall be construed accordingly.

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

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred and, in any event, within 5 days of the occurrence of the relevant Change of Control Put Event, the Issuer shall and, at any time upon the Trustee becoming similarly so aware, the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a **Change of Control Put Event Notice**) to the Noteholders in accordance with Condition 14 (Notices) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the option set out in this Condition .

If this Senior Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the option to require redemption or purchase of this Senior Note under

this Condition 7.6, the holder of this Senior Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Senior Notes) or the Registrar or any Transfer Agent (in the case of Registered Senior Notes) at any time during normal business hours of such Paying Agent or the Registrar or such Transfer Agent falling within the Change of Control Put Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (in the case of Bearer Senior Notes) or the Registrar (in the case of Registered Senior Notes) (a **Change of Control Put Option Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Senior Note and, in the case of Registered Senior Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Senior Notes so surrendered is to be redeemed, an address to which a new Registered Senior Note in respect of the balance of such Registered Senior Notes is to be sent subject to and in accordance with Condition 2.2 (Transfers of Registered Senior Notes in definitive form).

If this Senior Note is represented by a Global Senior Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of this Senior Note under this Condition 7.6 the holder of this Senior Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent (in the case of Bearer Senior Notes) or the Registrar (in the case of Registered Senior Notes) of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and/or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent (in the case of Bearer Senior Notes) or the Registrar (in the case of Registered Senior Notes) by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg from time to time.

Any Change of Control Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Senior Note pursuant to this Condition 7.6 shall be irrevocable except where, prior to the due date of redemption or purchase, an Event of Default has occurred and the Trustee has declared the Senior Notes to be due and payable pursuant to Condition 10 (Events of Default and Enforcement), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.6 and instead treat its Senior Notes as being forthwith due and payable pursuant to Condition 10 (Events of Default and Enforcement).

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

In these Conditions:

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

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

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

Fitch means Fitch Ratings Limited;

Moody's means Moody's Investors Services Limited;

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

a reference to a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;

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

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

S&P and Standard & Poor's means Standard & Poor's Credit Market Services Europe Limited.

7.7 Early Redemption Amounts

For the purpose of Condition 7.2 above (Redemption for tax reasons) and Condition 10 (Events of Default and Enforcement):

- (a) each Senior Note (other than a Zero Coupon Senior Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Senior Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

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

7.8 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Senior Notes (provided that, in the case of definitive Bearer Senior Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Senior Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to a Paying Agent or the Registrar for cancellation.

7.9 Cancellation

All Senior Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Senior Notes so cancelled and the Senior Notes purchased and cancelled pursuant to Condition 7.8 above (Purchases) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.10 Late payment on Zero Coupon Senior Notes

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

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

8. TAXATION

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

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

As used herein:

- (i) **Relevant Tax Jurisdiction** means Luxembourg or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Senior Notes become generally subject; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (Notices).

9. PRESCRIPTION

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

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

The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**) requires that any amount that is payable under the Definitive Bearer Senior Notes and Coupons before opposition to such payment under the Senior Notes and Coupons that has been filed (by the relevant holder) but

not yet been paid to the holder of these Definitive Bearer Senior Notes and Coupons is paid to the *Caisse de Consignations* in Luxembourg until the opposition to such payment under the Definitive Bearer Senior Notes and Coupons has been withdrawn or elapsed.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in relation only to a Material Subsidiary, in the case of the happening of any of the events described in paragraphs 10.1(c) to (g) inclusive and (k) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) **Non-payment**: if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Senior Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) **Breach of other obligations**: if the Issuer fails to perform or observe any of (A) its obligations under Condition 4.1 (Financial Covenants) and in respect of Condition 4.1(a) (Financial Covenants) and (c) only such failure has not been cured within the cure period set out in Condition 4.2 (Equity Cure) and (B) its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) **Cross-acceleration**: if (i) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness on the due date for payment; (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness becomes enforceable; or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person; provided that no event described in this subparagraph 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €35,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Enforcement Proceedings**: if a distress, attachment, execution or other legal process, the award or decision in respect of which, in each case, is final and not subject to further appeal, is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries in an amount which exceeds 10 per cent. of the Consolidated Adjusted Total Assets of the Group and is not discharged or stayed within 30 days; or

- (e) **Security enforced:** if any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries in respect of an amount which exceeds 15 per cent. of the Consolidated Adjusted Total Assets of the Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or
- (f) **Insolvency:** if (i) the Issuer or any of its Material Subsidiaries is insolvent or (ii) any of the Issuer or any of its Material Subsidiaries is unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial 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 or any of its Material Subsidiaries except for the purposes of and pursuant to a reconstruction, amalgamation, reorganisation, merger or consolidation (x) pursuant to Condition 16 (Reorganisation and Substitution), (y) on terms approved by an Extraordinary Resolution of the Noteholders or (z) 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 another Material Subsidiary (or a Subsidiary of the Issuer which, upon such transfer or vesting, will become a Material Subsidiary); or
- (g) **Winding-up:** if (A) an administrator, liquidator, receiver or any other similar officer is appointed through an irrevocable resolution for the opening of insolvency proceedings in respect of the Issuer or any of its Material Subsidiaries; (B) an irrevocable resolution is passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries; or (C) the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself, in each of the cases (A), (B) or (C) above except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) pursuant to Condition 16 (Reorganisation and Substitution, (ii) on terms approved by an Extraordinary Resolution of the Noteholders or (iii) 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 another Material Subsidiary (or a Subsidiary of the Issuer which, upon such transfer or vesting, will become a Material Subsidiary); or
- (h) **Nationalisation:** if the assets of the Group in an amount which exceeds 15 per cent., of the Consolidated Adjusted Total Assets of the Group are expropriated, seized or nationalised by any person; or
- (i) **Authorisation and Consents:** if 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 ensure that those obligations are legally binding and enforceable, or (ii) to make the Senior Notes, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Luxembourg is not taken, fulfilled or done; or
- (j) **Illegality:** if it is unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes, the Trust Deed or the Agency Agreement; or
- (k) **Analogous Events:** if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (d) to (j) above.

In these Conditions:

Total Revenues means the sum of the gross rental revenue, service revenue, net service charge income, development sales, hotel revenue and revenue from other business operations *less* any revaluation charges, net result on acquisitions and disposals and any other exceptional or non-recurring items.

Material Subsidiary means any Subsidiary of the Issuer whose total assets (excluding intangible assets) (consolidated in the case of a Subsidiary which itself has Subsidiaries) or Total Revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) ((i) each as determined by reference to the relevant Subsidiary's most recent audited annual, or unaudited semi-annual (as the case may be) financial statements prepared in accordance with IFRS or IAS 34, as applicable, and (ii) excluding any intra-Group Indebtedness and related receivables eliminated in the consolidated financial statements of the Issuer) exceed 7.5 per cent., of the Consolidated Adjusted Total Assets or Total Revenues of the Group, as the case may be (each as determined by reference to the Issuer's most recent audited annual, or unaudited semi-annual (as the case may be) consolidated financial statements). The Issuer will deliver on each Reporting Date a certificate addressed to the Trustee and signed by two Authorised Signatories confirming, in their opinion, which Subsidiaries of the Issuer are Material Subsidiaries of the Issuer as of each Measurement Date and such certificate may be relied on by the Trustee 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.

In these Conditions, where it relates to the Issuer or to any other company incorporated under the laws of the Grand Duchy of Luxembourg, a reference to:

- (i) a **winding-up, administration or dissolution** or similar references includes, without limitation, any procedure or proceeding in relation to an entity becoming bankrupt (*faillite*), insolvency, voluntary or judicial liquidation, composition with creditors (*concordat préventif de faillite*), moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement with creditors, reorganisation or any other similar proceedings affecting the rights of creditors generally under Luxembourg law, and shall be construed so as to include any equivalent or analogous liquidation or reorganisation proceedings;
- (ii) a **liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrator receiver, administrator** or similar officer includes any:
 - (A) *juge-commissaire* or insolvency receiver (*curateur*) appointed under the Luxembourg Commercial Code;
 - (B) *liquidateur* appointed under Articles 1100-1 to 1100-15 (inclusive) of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the **Luxembourg Companies' Act 1915**);
 - (C) *juge-commissaire* or *liquidateur* appointed under Article 1200-1 of the Luxembourg Companies' Act 1915;
 - (D) *commissaire* appointed under the Grand-Ducal decree of 24 May 1935 on the controlled management regime or under Articles 593 to 614 (inclusive) of the Luxembourg Commercial Code; and

- (E) *juge délégué* appointed under the Luxembourg act of 14 April 1886 on the composition with creditors to avoid bankruptcy, as amended; and
- (iii) a person being **unable to pay its debts** includes, without limitation, that person being in a state of cessation of payments (*cessation de paiements*).

10.2 Enforcement

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

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason to do so, and the failure or inability shall be continuing.

11. REPLACEMENT OF SENIOR NOTES, COUPONS AND TALONS

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

The replacement of Senior Notes, Talons and Coupons in bearer form in the case of loss or theft is subject to the procedure of the Involuntary Dispossession Act 1996, which provides that the person who lost bearer notes may, subject to certain conditions, request the issuer of the notes to deliver new Senior Notes, Talons and Coupons.

12. AGENTS

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

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

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

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

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

13. EXCHANGE OF TALONS

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

14. NOTICES

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

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

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

the Senior Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

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

15. MEETINGS OF NOTEHOLDERS, AND MODIFICATION, WAIVER

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Senior Notes and the Coupons or any of the provisions of the Trust Deed and/or Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Senior Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Senior Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Senior Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Senior Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Senior Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Senior Notes or altering the currency of payment of the Senior Notes or the Coupons in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Senior Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Senior Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Senior Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Senior Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

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

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders, except to the extent already provided for in Condition 8 (Taxation) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (Taxation) pursuant to the Trust Deed.

16. REORGANISATION AND SUBSTITUTION

The Trust Deed contains provisions under which a legal entity:

- (a) formed by any consolidation or merger of the Issuer with or into any other corporation or corporations (whether or not affiliated with the Issuer), or successive consolidations or mergers into which the Issuer or its successor or successors shall have been merged or consolidated; or
- (b) to which the Issuer has sold, conveyed or leased all or substantially all of the property of the Issuer (whether or not affiliated with the Issuer),

(any such legal entity, a **Substituted Obligor**) may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed, the Senior Notes and Coupons *provided that*:

- (i) the Substituted Obligor takes direct or indirect ownership of at least 80 per cent., of Consolidated Adjusted Total Assets;
- (ii) the Substituted Obligor is a legal entity incorporated in a Member State of the European Economic Area;
- (iii) the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders; and
- (iv) certain further conditions specified in the Trust Deed are fulfilled.

No Noteholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder, except to the extent provided for in Condition 9 (Prescription) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

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

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

18. FURTHER ISSUES

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

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Trust Deed, the Agency Agreement, the Senior Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Senior Notes and the Coupons are governed by, and construed in accordance with English law. For the avoidance of doubt, the provisions of articles 470-1 to 470-19 of the Luxembourg Companies' Act 1915 are expressly excluded.

20.2 Submission to jurisdiction

- (a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Senior Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Senior Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Other documents

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

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

This Subordinated Note is one of a Series of Dated Subordinated Notes or Undated Subordinated Notes (as specified in the applicable Final Terms) issued by CPI Property Group a *société anonyme* with its registered office at 40, rue de la Vallée, L-2661 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B102254 (the **Issuer**) constituted by an amended and restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 20 April 2018 made between the Issuer and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee).

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

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

The Subordinated Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 20 April 2018 and made between the Issuer, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent and the agent bank (the **Principal Paying Agent** and the **Agent Bank**, respectively, which expressions shall include any successor thereto) and the other paying agents named therein (together with the Principal Paying Agent and the Agent Bank, the **Paying Agents**, which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the other Transfer Agents are together referred to as the **Agents**.

The final terms for this Subordinated Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Subordinated Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Subordinated Note.

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

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Subordinated Notes) the holders of the Subordinated Notes and (in the case of Registered Subordinated Notes) the persons in whose name the Subordinated Notes are registered and shall, in relation to any Subordinated Notes represented by a Global Subordinated Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee and at the specified office of each of the Paying Agents. If the Subordinated Notes are to be admitted to trading on the regulated market of Euronext Dublin the applicable Final Terms will be published on the website of Euronext Dublin (<http://www.ise.ie/>). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

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

1. FORM, DENOMINATION AND TITLE

The Subordinated Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Subordinated Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Subordinated Notes of one Specified Denomination may not be exchanged for Subordinated Notes of another Specified Denomination and Bearer Subordinated Notes may not be exchanged for Registered Subordinated Notes and *vice versa*.

The Subordinated Notes are Fixed Rate Resettable Subordinated Notes.

Definitive Bearer Subordinated Notes are issued with Coupons attached.

Subject as set out below, title to the Bearer Subordinated Notes and Coupons will pass by delivery and title to the Registered Subordinated Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Subordinated Note or Coupon and the registered holder of any Registered Subordinated Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Subordinated Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Subordinated Notes is represented by a Global Subordinated Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Subordinated Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Subordinated Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Subordinated Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Subordinated Notes, for which purpose the bearer of the relevant Bearer Global Subordinated Note or the registered holder of the relevant Registered Global Subordinated Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Subordinated Notes in accordance with and subject to the terms of the relevant Global Subordinated Note and the expressions **Noteholder** and **holder of Subordinated Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Subordinated Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

2. TRANSFERS OF REGISTERED SUBORDINATED NOTES

2.1 Transfers of interests in Registered Global Subordinated Notes

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

2.2 Transfers of Registered Subordinated Notes in definitive form

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Subordinated Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Subordinated Note for registration of the transfer of the Registered Subordinated Note (or the relevant part of the Registered Subordinated Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 2 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Subordinated Note in definitive form of a like aggregate nominal amount to the Registered Subordinated Note (or the relevant part of the Registered Subordinated Note) transferred. In the case of the transfer of part only of a Registered Subordinated Note in definitive form, a new Registered Subordinated Note in definitive form in respect of the balance of the Registered Subordinated Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Costs of registration

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

2.4 Status of the Subordinated Notes

The Subordinated Notes and any relative Coupons are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in respect of the Subordinated Notes and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in the provisions of Condition 3 (Subordination).

3. SUBORDINATION

3.1 General

In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, restructuring, reconstruction, merger, conversion, amalgamation or the substitution in place of the Issuer of a Substituted Obligor (as defined in Condition 15 (Substitution of the Issuer)) of the Issuer, (x) the terms of which reorganisation,

restructuring, reconstruction, merger, conversion or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and do not provide that the Subordinated Notes shall thereby become redeemable or repayable in accordance with these Conditions or (y) which substitution is effected in accordance with the provisions of Condition 15 (Substitution of the Issuer) and Clause 21 (Substitution) of the Trust Deed);

- (b) an administrator or receiver of the Issuer being appointed and such administrator or receiver giving notice that it intends to declare and distribute a dividend or distribution; or
- (c) any analogous event relating to the Issuer to those described in (a) and (b) above under any insolvency, bankruptcy or similar law applicable to the Issuer,

the rights and claims of the Noteholders in respect of the Subordinated Notes and the Couponholders in respect of the Coupons, in each case against the Issuer, in respect of or arising under the Subordinated Notes will rank (i) junior to any present or future claims in respect of Senior Obligations, (ii) *pari passu* without any preference among themselves and with any present or future claims in respect of all Parity Obligations and (iii) senior to all present or future claims in respect of all Junior Obligations.

Accordingly, the claims of holders of all Senior Obligations will first have to be satisfied in any winding-up or administration or any other proceeding described in (a) through (c) above before the Noteholders and Couponholders may expect to obtain any recovery in respect of their Subordinated Notes and Coupons, respectively, and prior thereto Noteholders and Couponholders will have only limited ability to influence the conduct of such winding-up or administration. See the section entitled "Risk Factors—Risks related to the Subordinated Notes generally—Limited Remedies".

*The Issuer does not have any Preferred Shares outstanding. For so long as any of the Subordinated Notes remain outstanding, the Issuer does not intend to issue any Preferred Shares. **Preferred Shares** means any shares in the Issuer which constitute "capital without voting rights" issued in accordance with Article 430-9 of the Luxembourg law of 10 August 1915 on Commercial Companies, as amended (the **Luxembourg Companies' Act 1915**), and which confer a preferential right with respect to the reimbursement of contributions.*

3.2 Set-off

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Notes, the Coupons or the Trust Deed and each Noteholder and Couponholder shall, by virtue of his holding of any Subordinated Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4. INTEREST

4.1 Interest Payment Dates

Each Subordinated Note bears interest on their principal amount at the applicable Interest Rate from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest.

Subject to Condition 5 (Optional Interest Deferral), such interest will be payable in arrear on the Interest Payment Date(s) in each year from (and including) the first Interest Payment Date.

Any Interest Payment may be deferred in accordance with Condition 5 (Optional Interest Deferral).

4.2 Interest Accrual

The Subordinated Notes (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 (Redemption) or the date of substitution thereof pursuant to Condition 7 (Substitution or Variation), as the case may be, unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Subordinated Note have been paid; and
- (b) as provided in the Trust Deed.

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this (Condition 4.2 (Interest Accrual)):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Subordinated Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Subordinated Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - I. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x)

the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

II. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

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

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

4.3 First Fixed Interest Rate

For each Interest Period ending on or before the First Reset Date (as specified in the applicable Final Terms) and subject to Condition 5 (Optional Interest Deferral), each Subordinated Note bears interest at the rate per annum equal to the First Fixed Interest Rate (as specified in the applicable Final Terms), subject to Condition 4.9 (Step Up after Change of Control Event).

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

4.4 Subsequent Reset Rates

For each Interest Period which commences on or after the First Reset Date and subject to Condition 5 (Optional Interest Deferral), each Subordinated Note bears interest at the relevant Subsequent Reset Rate as determined, and notified in writing to the Agent and the Issuer, by the Agent Bank on the relevant Reset Determination Date in accordance with this Condition 4.4, subject to Condition 4.9 (Step Up after Change of Control Event).

As used in these Conditions:

Margin means the rate(s) specified in the applicable Final Terms.

Mid Swap Benchmark Rate means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro.

Mid Swap Maturity has the meaning specified in the applicable Final Terms.

Mid Swap Rate means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Subordinated Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined, and notified in writing to the Agent and the Issuer, by the Agent Bank) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term of equal to the relevant Reset Period and commencing on the relevant Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined, and notified in writing to the Agent and the Issuer, by the Agent Bank) or, if the Mid Swap Benchmark Rate is no longer being calculated or administered as at the relevant Reset Determination Date, any alternative rate which has replaced Mid Swap Benchmark Rate in customary market usage for the purposes of determining floating rates of interest in respect of securities denominated in the Specified Currency, as notified by the Agent Bank to the Issuer, and promptly thereafter by the Issuer to the Noteholders in accordance with Condition 18 (Notices), provided however that if the Agent Bank determines, in good faith and following consultation with the Issuer, that there is no clear market consensus as to whether any rate has replaced the relevant Mid Swap Benchmark Rate in customary market usage, the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) shall determine (acting in good faith and a commercially reasonable manner) an appropriate alternative rate, and the decision of the Issuer shall be notified to the Agent Bank.

Reference Bond means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Subordinated Notes and of a comparable maturity to the relevant Reset Period.

Reference Bond Price means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if fewer than four, but more than one, Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations.

Reference Government Bond Dealer means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues.

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined, and notified in writing to the Agent and the Issuer, by the Agent Bank, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Reference Rate Time on the relevant Reset Determination Date quoted in writing to the Agent Bank by such Reference Government Bond Dealer.

Reset Determination Date means for each Reset Period the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined.

Subsequent Reset Rate for any Reset Period means the sum of (i) the applicable Subsequent Reset Reference Rate and (ii) the applicable Margin (rounded down to four decimal places, with 0.00005 being rounded down).

Subsequent Reset Reference Rate Screen Page has the meaning specified in the applicable Final Terms.

Subsequent Reset Reference Rate Time has the meaning specified in the applicable Final Terms.

Subsequent Reset Reference Rate means either:

- (A) if **Mid Swaps** is specified in the Final Terms, the Mid Swap Rate displayed on the Subsequent Reset Reference Rate Screen Page at or around the Subsequent Reset Reference Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (B) if **Reference Bond** is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

4.5 **Subsequent Reset Reference Rate Screen Page**

If the Subsequent Reset Reference Rate Screen Page is not available, the Issuer (or an independent investment bank, commercial bank or stockbroker appointed by the Issuer) shall request each of the Reference Banks (as defined below) to provide the Issuer or the Agent Bank with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Reference Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Issuer or the Agent Bank with offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Margin (if any), all as determined, and notified in writing to the Agent, by the Issuer or the Agent Bank. If on any Reset Determination Date only one or none of the Reference Banks provides the Issuer or the Agent Bank with an offered quotation as provided in the foregoing provisions of this paragraph, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date less the Margin applicable as from the last preceding Reset Date plus the Margin applicable as from the current Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Reference Rate shall be equal to the last Subsequent Reset Reference Rate available on the Subsequent Reset Reference Rate Screen Page as determined by the Agent Bank.

Reference Banks means the principal office in the Relevant Financial Centre of five major banks in the swap, money, securities or other market most closely connected with the Subsequent Reset Reference Rate as selected by the Issuer on the advice of an investment bank of international repute.

Relevant Financial Centre means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, London, or (ii) in the case of a determination of EURIBOR, Brussels.

4.6 Publication of Subsequent Reset Rates

The Issuer shall cause notice of each Subsequent Reset Rate determined in accordance with this Condition 4 in respect of each relevant Interest Period to be given to the Trustee, the Registrar, the Paying Agents, any stock exchange on which the Subordinated Notes are for the time being listed or admitted to trading and, in accordance with Condition 18 (Notices) the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

4.7 Agent Bank and Reference Banks

With effect from the Reset Determination Date relating to the First Reset Date, the Issuer will maintain an Agent Bank and five Reference Banks where the Interest Rate is to be calculated by reference to them. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written consent of the Trustee, from time to time replace the Agent Bank with another leading financial institution in London or Luxembourg. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine a Subsequent Reset Rate in respect of any Interest Period as provided in Condition 4.4 (Subsequent Reset Rates), the Issuer shall forthwith appoint another leading financial institution in London or Luxembourg approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

4.8 Determinations Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Agent Bank or the Reference Banks, as the case may be, shall (in the absence of manifest error) be binding on the Issuer the Agent Bank, the Trustee, the Registrar, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or negligence) no liability to the Noteholders, the Couponholders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.9 Step Up after Change of Control Event

If Change of Control Event is specified as being applicable in the applicable Final Terms, then this Condition 4.9 shall apply.

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Subordinated Notes in accordance with Condition 6.8 (Redemption for Change of Control Event) on or before the end of the Exercise Period following the occurrence of the first Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Subordinated Notes shall be increased by an additional 5 percentage points per annum with effect from (and including) the Change of Control Step Up Date.

5. OPTIONAL INTEREST DEFERRAL

5.1 Deferral of Payments

The Issuer may, at its sole discretion, elect to defer any Interest Payment (a **Deferred Interest Payment**), in whole but not in part, which is otherwise scheduled to be paid on an Interest

Payment Date by giving notice (a **Deferral Notice**) of such election to the Noteholders in accordance with Condition 18 (Notices), the Trustee, the Registrar and the Paying Agents not more than 14 nor fewer than seven Business Days prior to the relevant Interest Payment Date.

Subject to Condition 5.2 (Mandatory Settlement of Arrears of Interest), if the Issuer elects to so defer any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute an Enforcement Event (as defined in Condition 11 (Enforcement Event)) or any other breach of its obligations under the Subordinated Notes or for any other purpose.

Arrears of Interest (as defined below) may be satisfied at the option of the Issuer in whole but not in part at any time (the **Optional Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Noteholders in accordance with Condition 18 (Notices), the Trustee, the Registrar and the Paying Agents not more than 14 nor fewer than seven Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election to so satisfy such Arrears of Interest and specifying the relevant Optional Deferred Interest Settlement Date.

Any Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being **Arrears of Interest**), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Optional Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 5.2 (Mandatory Settlement of Arrears of Interest), in each case such further interest being compounded on each Interest Payment Date on which such interest remains unpaid.

The deferral of interest on any Interest Payment Date or the non-payment of Arrears of Interest shall not constitute a default by the Issuer under the Subordinated Notes or for any other purpose, unless such payment is required in accordance with Condition 5.2 (Mandatory Settlement of Arrears of Interest). For the avoidance of doubt, payment of Arrears of Interest shall not be required other than in accordance with Condition 5.2 (Mandatory Settlement of Arrears of Interest).

5.2 Mandatory Settlement of Arrears of Interest

Notwithstanding the provisions of Condition 5.1 (Deferral of Payments) relating to the ability of the Issuer to defer Interest Payments, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Noteholders in accordance with Condition 18 (Notices), the Trustee, the Registrar and the Paying Agents not more than 14 and no fewer than seven Business Days prior to the relevant Mandatory Settlement Date.

6. REDEMPTION

6.1 Redemption at Maturity

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

- (b) Undated Subordinated Notes are perpetual subordinated notes in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3.1 (Subordination – General)) only have the right to repay them in accordance with the following provisions of this Condition 6.
- (c) Subordinated Notes are not redeemable at the option of the Noteholders at any time.

6.2 Issuer's Call Option

If Issuer Call is specified as being applicable in the applicable Final Terms, then this Condition 6.2 shall apply.

The Issuer may, by giving not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Subordinated Notes on any Optional Redemption Date(s) at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

6.3 Redemption upon a Tax Deduction Event

This Condition 6.3 shall not apply if the Subordinated Notes are treated as equity for Luxembourg tax purposes from the Issue Date and are not subsequently re-classified as debt, save that if the Subordinated Notes are re-classified as debt for Luxembourg tax purposes this Condition 6.3 shall apply from the date of such re-classification.

If Tax Deduction Event is specified as being applicable in the applicable Final Terms, then this Condition 6.3 shall apply.

If, immediately prior to the giving of the notice referred to below, a Tax Deduction Event has occurred and is continuing, then the Issuer may, subject to having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation), redeem in accordance with these Conditions at any time all, but not some only, of the Subordinated Notes at:

- (a) 101 per cent. of their principal amount, where such redemption occurs prior to the first Optional Redemption Date; or
- (b) their principal amount, where such redemption occurs on or after the first Optional Redemption Date,

together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

6.4 Redemption upon a Capital Event

If Capital Event is specified as being applicable in the applicable Final Terms, then this Condition 6.4 shall apply.

If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation), redeem in accordance with these Conditions at any time all, but not some only, of the Subordinated Notes at:

- (a) 101 per cent. of their principal amount, where such redemption occurs prior to the first Optional Redemption Date; or
- (b) their principal amount, where such redemption occurs on or after the first Optional Redemption Date

together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

6.5 Redemption upon an Accounting Event

If Accounting Event is specified as being applicable in the applicable Final Terms, then this Condition 6.5 shall apply.

If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation), redeem in accordance with these Conditions at any time all, but not some only, of the Subordinated Notes at:

- (a) 101 per cent. of their principal amount, where such redemption occurs prior to the first Optional Redemption Date; or
- (b) their principal amount, where such redemption occurs on or after the first Optional Redemption Date,

together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

6.6 Redemption upon a Withholding Tax Event

This Condition 6.6 shall not apply if the Subordinated Notes are treated as equity for Luxembourg tax purposes from the Issue Date and are not subsequently re-classified as debt, save that if (i) the Subordinated Notes are re-classified as debt for Luxembourg tax purposes, this Condition 6.6 shall apply from the date of such re-classification, and (ii) the Subordinated Notes are treated as equity and there is a Tax Law Change resulting in an increase in Additional Amounts payable by the Issuer, this Condition 6.6 shall apply.

If, immediately prior to the giving of the notice referred to below, a Withholding Tax Event has occurred, then the Issuer may, subject to having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with

Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation), redeem in accordance with these Conditions all, but not some only, of the Subordinated Notes at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

6.7 Redemption upon a Substantial Repurchase Event

If Substantial Repurchase Event is specified as being applicable in the applicable Final Terms, then this Condition 6.7 shall apply.

If, immediately prior to the giving of the notice referred to below, a Substantial Repurchase Event has occurred, then the Issuer may, subject to having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation), redeem in accordance with these Conditions all, but not some only, of the Subordinated Notes at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

6.8 Redemption for Change of Control Event

If Change of Control Event is specified as being applicable in the applicable Final Terms, then this Condition 6.8 shall apply.

If, immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation), redeem in accordance with these Conditions all, but not some only, of the Subordinated Notes at any time at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.

If applicable, the Issuer may elect to include a statement of intention in the applicable Final Terms with respect to launching a tender offer for all of its outstanding unsubordinated debt securities that do not contain a contractual right of the holders of such debt securities for such securities to be redeemed or repurchased as a result of the events giving rise to the Change of Control Event.

7. SUBSTITUTION OR VARIATION

If an Accounting Event, a Capital Event, a Tax Deduction Event (subject to any such event being specified as applicable in the applicable Final Terms) or a Withholding Tax Event (each a **Substitution or Variation Event**) has occurred and is continuing, then the Issuer may, subject to Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation) (without any requirement for the consent or approval of the Noteholders or Couponholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this

Condition 7 have been complied with, and having given not fewer than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 18 (Notices), the Noteholders (which notice shall be irrevocable), at any time either:

- (a) substitute all, but not some only, of the Subordinated Notes for Qualifying Subordinated Notes; or
- (b) vary the terms of the Subordinated Notes with the effect that they remain or become (as the case may be), Qualifying Subordinated Notes,

and the Trustee shall (subject to the following provisions of this Condition 7 and subject to the receipt by it of the certificate of two Authorised Signatories of the Issuer referred to in Condition 8 (Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation)) agree to such substitution or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Subordinated Notes in accordance with this Condition 7.

The Trustee shall, at the expense of the Issuer, use reasonable endeavours to assist the Issuer in the substitution of the Subordinated Notes for, or the variation of the terms of the Subordinated Notes so that they remain, or as appropriate, become, Qualifying Subordinated Notes, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Subordinated Notes or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If the Trustee does not participate or assist as provided above, the Issuer may redeem the Subordinated Notes as provided in Condition 6 (Redemption).

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Subordinated Notes are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions following a Substitution or Variation Event shall only be permitted if it does not give rise to any other Substitution or Variation Event with respect to the Qualifying Subordinated Notes.

Any such substitution or variation in accordance with the foregoing provisions following a Substitution or Variation Event shall only be permitted if it does not result in the Qualifying Subordinated Notes no longer being eligible for the same, or a higher amount of, "equity credit" (or such other nomenclature that the Capital Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as is attributed to the Subordinated Notes on the date notice is given to Noteholders of the substitution or variation.

In these Conditions:

Qualifying Subordinated Notes means subordinated notes that:

- (a) are issued by the Issuer or any wholly-owned direct or indirect finance subsidiary of the Issuer with a guarantee of such obligations by the Issuer;
- (b) rank and (save in the case of a direct issue by the Issuer) benefit from a guarantee that ranks in relation to the obligations of the Issuer under such subordinated notes and/or such guarantee (as the case may be), equally with the Subordinated Notes and *pari passu* in a winding-up or liquidation of the Issuer with any Parity Obligations;

- (c) contain terms not materially less favourable to Noteholders than the terms of the Subordinated Notes (as reasonably determined by the Issuer) and which:
 - (i) provide for the same Interest Rate from time to time as applied to the Subordinated Notes immediately prior to such substitution or variation and preserve the same Interest Payment Dates;
 - (ii) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to principal and as to redemption of the Subordinated Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption;
 - (iii) preserve any existing rights under these Conditions to any accrued interest, any Deferred Interest Payments, any Arrears of Interest and any other amounts payable under the Subordinated Notes which, in each case, has accrued to Noteholders and not been paid;
 - (iv) do not provide for the mandatory deferral or cancellation of payments of interest and/or principal;
 - (v) do not provide for loss absorption through principal write down or conversion to ordinary shares; and
 - (vi) may include a feature which contains a term for the mandatory repayment of such subordinated notes on a specified date which shall not be earlier than the date on which the next Call Date would have fallen under the Subordinated Notes (and the inclusion of such feature shall be deemed not to be materially less favourable to Noteholders as compared with the terms of the Subordinated Notes);
- (d) are (i) listed on the official list of the Euronext Dublin and admitted to trading on its regulated market or (ii) listed on such other internationally recognised exchange platform in an OECD country as is selected by the Issuer and approved by the Trustee; and
- (e) will, immediately after such substitution or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Subordinated Notes at the invitation of the Issuer immediately prior to such substitution or variation.

8. PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL EVENT REDEMPTION, SUBSTITUTION AND VARIATION

Prior to the publication of any notice of redemption pursuant to Condition 6 (Redemption) (other than redemption pursuant to Condition 6.2 (Issuer's Call Option)) or any notice of substitution or variation pursuant to Condition 7 (Substitution or Variation), the Issuer shall deliver to the Trustee:

- (a) a certificate signed by two Authorised Signatories of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer taking such measures. In relation to a substitution or variation pursuant to Condition 7 (Substitution or Variation), such certificate shall also include further certifications that the criteria specified in paragraphs (a) to (e) of the definition

of Qualifying Subordinated Notes will be satisfied by the Qualifying Subordinated Notes upon issue and that such determinations were reached by the Issuer in consultation with an independent investment bank of international repute, an independent financial adviser with appropriate expertise or independent counsel of recognised standing;

- (b) in the case of a Tax Deduction Event and a Withholding Tax Event only, an opinion (addressed to the Trustee) of independent legal advisers of recognised standing to the effect that Condition 6.3 or 6.6, as the case may be, apply and a Tax Deduction Event or a Withholding Tax Event, as the case may be, has occurred;
- (c) in the case of an Accounting Event only, a copy of a letter or report from a recognised international accounting firm confirming that an Accounting Event has occurred;
- (d) in the case of a substitution or variation pursuant to Condition 7 (Substitution or Variation) only, an opinion from independent legal advisers of recognised standing confirming:
 - (i) that the Issuer has capacity to assume all rights and obligations under the Qualifying Subordinated Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations (either as primary debtor or as a guarantor of a wholly-owned direct or indirect finance subsidiary of the Issuer that assumes the role of primary debtor in respect of the Qualifying Subordinated Notes) and, in the case of a wholly-owned direct or indirect finance subsidiary of the Issuer that assumes the role of primary debtor in respect of the Qualifying Subordinated Notes, that such finance subsidiary has capacity to assume all rights and obligations under the Qualifying Subordinated Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations; and
 - (ii) the legality, validity and enforceability of the Qualifying Subordinated Notes,

and the Trustee may rely absolutely upon and shall be entitled to accept such certificate and any such opinions without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs in which event it shall be conclusive and binding on the Noteholders.

Any redemption of the Subordinated Notes in accordance with Conditions 6.2 (Issuer's Call Option), 6.3 (Redemption upon a Tax Deduction Event), 6.4 (Redemption upon a Capital Event), 6.5 (Redemption upon an Accounting Event), 6.6 (Redemption upon a Withholding Tax Event), 6.7 (Redemption upon a Substantial Repurchase Event), 6.8 (Redemption for Change of Control Event) shall be conditional on all outstanding Arrears of Interest being paid in full in accordance with the provisions of Condition 5 (Optional Interest Deferral) on or prior to the date thereof, together with any accrued and unpaid interest up to (but excluding) such redemption, substitution or, as the case may be, variation date.

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

9. PURCHASES AND CANCELLATION

9.1 Purchases

The Issuer and any of its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Subordinated Notes (provided that, in the case of definitive Bearer Subordinated Notes, all matured Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price.

9.2 Cancellation

All Subordinated Notes redeemed or substituted by the Issuer pursuant to Condition 6 (Redemption) or 7 (Substitution or Variation), in each case, together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith at the time of redemption, will forthwith be cancelled. All Subordinated Notes purchased by the Issuer or any of its Subsidiaries may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to the Registrar. Subordinated Notes so surrendered shall be cancelled forthwith. Any Subordinated Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Subordinated Notes shall be discharged.

10. PAYMENTS

10.1 Method of payment

Subject as provided below:

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

Without prejudice to the terms of Condition 12 (Taxation), all payments in respect of principal, premium and interest on the Subordinated Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 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 Noteholders by the Registrar in respect of any payments of principal, premium or interest in respect of Registered Subordinated Notes.

10.2 Presentation of definitive Bearer Subordinated Notes and Coupons

Payments of principal and premium in respect of definitive Bearer Subordinated Notes will (subject as provided below) be made in the manner provided in Condition 10.1 (Method of payment) above only against presentation and surrender of definitive Bearer Subordinated Notes, and payments of interest in respect of definitive Bearer Subordinated Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which

expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Subordinated Notes in definitive bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), and all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

Upon any Subordinated Note in definitive bearer form becoming due and repayable on the due date for redemption of which notice hereunder may be given, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13 (Prescription)).

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

10.3 Payments in respect of Bearer Global Subordinated Notes

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

10.4 Payments in respect of Registered Subordinated Notes

Payments of principal and premium in respect of each Registered Subordinated Note (whether or not in global form) will be made against presentation and surrender of the Registered Subordinated Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Subordinated Note appearing in the register of holders of the Registered Subordinated Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand

dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest (including, for the avoidance of doubt Arrears of Interest) in respect of each Registered Subordinated Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Subordinated Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Subordinated Note on redemption will be made in the same manner as payment of the principal amount of such Registered Subordinated Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal, premium or interest in respect of Registered Subordinated Notes.

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

10.5 General provisions applicable to payments

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

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

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

10.6 Payment Day

If the date for payment of any amount in respect of any Subordinated Note or Coupon is not a Payment Day, the Noteholder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 13 (Prescription)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Subordinated Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

10.7 Interpretation of principal and interest

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

- (a) any Additional Amounts which may be payable with respect to principal under Condition 12 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed; and
- (b) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Subordinated Notes.

Any reference in these Conditions to Interest Payments, Deferred Interest Payments, Arrears of Interest and/or any other amount in respect of interest in respect of the Subordinated Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 12 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

11. ENFORCEMENT EVENT

11.1 Proceedings

If a default is made by the Issuer for a period of 7 days or more in the payment of principal or 14 days or more in the payment of interest, in each case in respect of the Subordinated Notes and which is due (an **Enforcement Event**), then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Subordinated Notes and the Coupons and

the Trustee at its sole discretion may, and if so requested in writing by the Noteholders of at least one-fifth in principal amount of the Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 11.3 (Entitlement of the Trustee)), institute proceedings for the winding-up of the Issuer.

Subject to the next paragraph, in the event of a winding-up of the Issuer, (whether instituted by the Trustee as aforesaid or otherwise), the Undated Subordinated Notes will become immediately due and payable at their principal amount together with all accrued and unpaid interest in respect thereof, and the Trustee may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 11.3 (Entitlement of the Trustee)), prove and/or claim in such winding-up in respect of the Subordinated Notes, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3 (Subordination).

A **winding-up** includes, without limitation, any procedure or proceeding in relation to an entity becoming bankrupt (*faillite*), insolvency, voluntary or judicial liquidation, composition with creditors (*concordat préventif de faillite*), moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement with creditors, reorganisation or any other similar proceedings affecting the rights of creditors generally under Luxembourg law, and shall be construed so as to include any equivalent or analogous liquidation or reorganisation proceedings.

11.2 Enforcement

The Trustee may at its discretion (subject to Condition 11.3 (Entitlement of the Trustee)) and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Subordinated Notes or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, steps or actions, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

11.3 Entitlement of the Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 11.1 (Proceedings) or 11.2 (Enforcement) above to enforce the terms of the Trust Deed, the Subordinated Notes or any other action or step under or pursuant to the Trust Deed or the Subordinated Notes unless (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least one-fifth in principal amount of the Subordinated Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.4 Right of Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed, institute, prove or claim, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights in respect of its Subordinated Notes against the Issuer as those which the Trustee is entitled to exercise in respect of such Subordinated Notes as set out in this Condition 11.

11.5 Extent of Noteholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 11 shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Subordinated Notes, the Coupons or under the Trust Deed or in respect of any other breach by the Issuer of any of its other obligations under or in respect of the Subordinated Notes, the Coupons or under the Trust Deed.

Nothing in this Condition 11 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

12. TAXATION

All payments of principal, premium and interest in respect of the Subordinated Notes and Coupons by or on behalf of the Issuer in respect of the Subordinated Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Tax Jurisdiction, unless such withholding or deduction of such Taxes is required by law. In such event, the Issuer will pay such additional amounts (**Additional Amounts**) as shall be necessary in order that the net amounts received by the Noteholders or the Couponholders after such withholding or deduction shall equal the respective amounts of principal, premium and interest which would otherwise have been receivable in respect of the Subordinated Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that, only in the case of Subordinated Notes that are treated as debt for Luxembourg tax purposes, no such Additional Amounts shall be payable with respect to any Subordinated Note or Coupon:

- (a) the Noteholder of which is liable for such Taxes in respect of such Subordinated Note or Coupon by reason of his having some connection with a Relevant Tax Jurisdiction other than the mere holding of such Subordinated Note or Coupon;
- (b) presented for payment in Luxembourg; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the Noteholder thereof would have been entitled to such Additional Amount on presenting such Subordinated Note or Coupon for payment on such thirtieth day assuming that day to have been a Payment Day as defined in Condition 10.6 (Payment Day).

13. PRESCRIPTION

The Subordinated Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal, premium and/or interest are made within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) after the Relevant Date (as defined in Condition 23 (Definitions) therefor).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 10.2 (Presentation of definitive Bearer Subordinated Notes and Coupons) or any Talon which would be void pursuant to Condition 10.2 (Presentation of definitive Bearer Subordinated Notes and Coupons).

The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**) requires that any amount that

is payable under the Definitive Bearer Subordinated Notes and Coupons before opposition to such payment under the Subordinated Notes and Coupons that has been filed (by the relevant holder) but not yet been paid to the holder of these Definitive Bearer Subordinated Notes and Coupons is paid to the Caisse de Consignations in Luxembourg until the opposition to such payment under the Definitive Bearer Subordinated Notes and Coupons has been withdrawn or elapsed.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Subordinated Notes and the Coupons or any of the provisions of the Trust Deed and/or Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in principal amount of the Subordinated Notes for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in principal amount of the Subordinated Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Subordinated Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Subordinated Notes or the Coupons or the Trust Deed (including modifying any redemption date of the Subordinated Notes, reducing or cancelling the nominal amount payable upon redemption, reducing or cancelling the amount payable or modifying any date for payment of interest or the method of calculating the rate thereon and altering the currency of payment of the Subordinated Notes or the Coupons in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the Subordinated Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount of the Subordinated Notes for the time being outstanding.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the Noteholders of not less than three-fourths in principal amount of the Subordinated Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than three-fourths in principal amount of the Subordinated Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The agreement or approval of the Noteholders shall not be required in the case of any variation of the Subordinated Notes, the Coupons or the Trust Deed which is required to be made in the circumstances described in Condition 7 (Substitution or Variation) in connection with the substitution or variation of the terms of the Subordinated Notes so that they become Qualifying Subordinated Notes under Condition 7 (Substitution or Variation).

14.2 Modification and Waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Subordinated Notes or the Trust Deed where it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 18 (Notices) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination or substitution pursuant to Condition 15 (Substitution of the Issuer)), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders, except to the extent already provided for in Condition 12 (Taxation) and/or any undertaking or covenant given in addition to, or in substitution for Condition 12 (Taxation), pursuant to the Trust Deed.

15. SUBSTITUTION OF THE ISSUER

The Trust Deed contains provisions under which a legal entity:

- (a) formed by any consolidation or merger of the Issuer with or into any other corporation or corporations (whether or not affiliated with the Issuer), or successive consolidations or mergers into which the Issuer or its successor or successors shall have been merged or consolidated; or
- (b) to which the Issuer has sold, conveyed or leased all or substantially all of the property of the Issuer (whether or not affiliated with the Issuer),

(any such legal entity, a **Substituted Obligor**) may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer on a subordinated basis equivalent to that referred to in Conditions 2.4 (Status of the Subordinated Notes) and 3 (Subordination) in place of the Issuer (or of any previous substitute under this Condition 15) as principal debtor under the Trust Deed, the Subordinated Notes and the Coupons *provided that*:

- (i) the Substituted Obligor takes direct or indirect ownership of at least 80 per cent. of Consolidated Adjusted Total Assets;
- (ii) the Substituted Obligor is a legal entity incorporated in a Member State of the European Economic Area;
- (iii) the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders; and

(iv) certain further conditions specified in the Trust Deed are fulfilled.

No Noteholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder, except to the extent provided for in Condition 13 (Prescription) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

16. REPLACEMENT OF SUBORDINATED NOTES, COUPONS AND TALONS

Should any Subordinated Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Subordinated Notes or Coupons) or the Registrar (in the case of Registered Subordinated Notes) or such other Paying Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Subordinated Notes, Coupons or Talons must be surrendered before replacements will be issued.

The replacement of Subordinated Notes, Talons and Coupons in bearer form in the case of loss or theft is subject to the procedure of the Involuntary Dispossession Act 1996, which provides that the person who lost bearer Subordinated Notes may, subject to certain conditions, request the issuer of the Subordinated Notes to deliver new Subordinated Notes, Talons and Coupons.

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

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

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

18. NOTICES

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

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

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

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

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further subordinated notes ranking *pari passu*, and having terms and conditions the same as the Subordinated Notes, in all respects (or in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue) and so that the same shall be consolidated and form a single Series with the outstanding Subordinated Notes.

20. AGENTS

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

The Issuer is entitled, without the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Subordinated Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the

case of Bearer Subordinated Notes) and a Transfer Agent (in the case of Registered Subordinated Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and
- (d) whenever a function expressed in these Conditions to be performed by the Agent Bank or by the Reference Banks fails to be performed, the Issuer will appoint and (for so long as such function is required to be performed) there will at all times be an Agent Bank and/or, as appropriate, Reference Banks.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 10.5 (General provisions applicable to payments).

Notice of any variation, termination, appointment or change in the specified offices of the Trustee, the Registrar or any of the Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 18 (Notices). If any of the Registrar, the Agent Bank or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, an independent financial institution to act as such in its place. All calculations and determinations made by the Agent Bank or the Principal Paying Agent in relation to the Subordinated Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the other Agents and the Noteholders.

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

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

21.1 Governing law

The Trust Deed, the Agency Agreement, the Subordinated Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Subordinated Notes and the Coupons are governed by, and construed in accordance with English law save for the provisions contained in Condition 3 (Subordination) which shall, subject to the provisions of Condition 15 (Substitution of the Issuer), be governed by Luxembourg law. For the avoidance of doubt, the provisions of articles 470-3 to 470-19 of the Luxembourg Companies' Act 1915 are excluded.

21.2 Submission to jurisdiction

- (a) Subject to Condition 21.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Subordinated Notes and/or the Coupons including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Subordinated Notes and/or the Coupons (a Dispute) and accordingly, each of the Issuer and the Trustee and any Noteholders or

Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

21.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21.4 Other documents

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

23. DEFINITIONS

In these Conditions:

an **Accounting Event** shall be deemed to occur if, as a result of a change in accounting principles which becomes effective on or after the Issue Date (as specified in the applicable Final Terms), but not otherwise, the obligations of the Issuer under the Subordinated Notes must not or may no longer be recorded as "equity" in the next following audited annual consolidated financial statements of CPI Property Group prepared in accordance with IFRS or any other accounting standards that CPI Property Group may adopt in the future for the preparation of its audited annual consolidated financial statements in accordance with Luxembourg company law;

Additional Amounts has the meaning given to it in Condition 12 (Taxation);

Agency Agreement has the meaning given to it in the preamble to these Conditions;

Agent Bank has the meaning given to it in the preamble to these Conditions;

Agents means the Agent Bank, the Registrar, the Paying Agents and the Principal Paying Agent or any of them;

Arrears of Interest has the meaning given to it in Condition 5.1 (Deferral of Payments);

Authorised Signatory means any person who is represented by the Issuer as being for the time being authorised to sign (whether alone or with another person or other persons) on behalf of the Issuer and so as to bind it;

Business Day means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

Call Date means any Optional Redemption Date(s);

a **Capital Event** shall be deemed to occur if the Issuer has received, and notified the Noteholders in accordance with Condition 18 (Notices) that it has so received, confirmation from any Capital Rating Agency of an amendment to, clarification of or change in its assessment criteria or a change in the interpretation thereof which becomes effective on or after the Issue Date (or, if later, effective after the date on which the Subordinated Notes are assigned "equity credit" by a Capital Rating Agency for the first time) and as a result of which, but not otherwise, the Subordinated Notes will no longer be eligible for the same, or a higher amount of, "equity credit" (or such other nomenclature that the Capital Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Subordinated Notes at the Issue Date (or if "equity credit" is not assigned to the Subordinated Notes by the relevant Capital Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Capital Rating Agency for the first time);

Capital Rating Agency means such rating agency(ies) specified as applicable in the applicable Final Terms; or any of their respective subsidiaries and their successors;

a **Change of Control Event** will be deemed to occur if:

- (a) any person or any persons acting in concert (other than Mr Radovan Vitek, any member of his immediate family or any entity directly or indirectly controlled by him or them) shall acquire a controlling interest in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the issued or allotted ordinary share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being a Change of Control); and
- (b) on the date (the Relevant Announcement Date) that is the earlier of (x) the date of the earliest Potential Change of Control Announcement (if any) and (y) the date of the first

public announcement of the relevant Change of Control, the Issuer's senior unsecured obligations carry:

- (i) an investment grade credit rating (Baa3/BBB-/BBB- or equivalent or better) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
 - (ii) a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period, and
- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn).

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (b) of the definition of "Change of Control Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and paragraph (b) shall be construed accordingly;

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

Change of Control Step Up Date shall be the date which is five days after the date following the expiry of the Exercise Period;

a **Compulsory Arrears of Interest Settlement Event** shall have occurred if:

- (a) a dividend (either interim or final), other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Obligations, except where (x) such dividend, other distribution or payment was required to be resolved on, declared, paid or made in respect of any stock option plans or employees' share schemes of the Issuer or any other member of the Group or (y) the Issuer is obliged under the terms of such securities to make such dividend, distribution or other payment or (z) such dividend,

distribution or payment is made (or to be made) only to the Issuer and/or any other entity in the Group; or

- (b) a dividend (either interim or final), other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Obligations, except where such dividend, distribution or payment was required to be declared, paid or made under the terms of such Parity Obligations or except where such dividend, distribution or payment is made (or to be made) only to the Issuer and/or any other entity in the Group; or
- (c) the Issuer has redeemed, repurchased or otherwise acquired any of its Junior Obligations, except where (x) such redemption, repurchase or acquisition was undertaken in respect of any stock option plans or employees' share schemes of the Issuer, or any other member of the Group, (y) the Issuer is obliged under the terms of such securities to make such redemption, repurchase or acquisition or (z) any payment in respect of such redemption, repurchase or acquisition is made (or to be made) only to the Issuer and/or any other entity in the Group; or
- (d) the Issuer, or any Subsidiary of the Issuer, has redeemed, repurchased or otherwise acquired any Parity Obligations, except where (x) such redemption, repurchase or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value or (y) the Issuer or any Subsidiary of the Issuer is obliged under the terms of such securities to make such redemption, repurchase or acquisition, or (z) any payment in respect of such redemption, repurchase or acquisition is made (or to be made) only to the Issuer and/or any other entity in the Group;

Consolidated Adjusted Total Assets means the total assets (excluding intangible assets and goodwill) of the Group as shown in the most recent consolidated statement of financial position of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS or IAS 34, as applicable;

Dated Subordinated Note means any Note so specified in the applicable Final Terms;

Day Count Fraction has the meaning given to it in Condition 4.2 (Interest Accrual);

Deferred Interest Payment has the meaning given to it in Condition 5.1 (Deferral of Payments);

Designated Account has the meaning given to it Condition 6.4 (Payments in respect of Registered Subordinated Notes);

EURIBOR means the month Euro Interbank Offered Rate;

Exercise Period means the period from the date on which the Change of Control Event occurred to the day which is the earlier of (a) 60 days after such date and (b) the last day on which holders of senior indebtedness of the Issuer, which have a right to put (a **Put Option**) such senior indebtedness for redemption exercisable upon the occurrence of a Change of Control Event, and to the extent they have exercised such Put Option within any applicable put option redemption period (howsoever described), have received the redemption proceeds;

Extraordinary Resolution has the meaning given to it in the Trust Deed;

First Fixed Interest Rate has the meaning given to it in Condition 4.3 (First Fixed Interest Rate);

Fitch means Fitch Ratings Limited;

Group means the Issuer and its Subsidiaries taken as a whole;

IAS means International Accounting Standards issued by the International Accounting Standards Board;

IFRS means International Financial Reporting Standards as adopted by the European Union, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

Interest Payment means, in respect of an interest payment on an Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 4 (Interest);

Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

Interest Rate means the First Fixed Interest Rate and/or each Subsequent Reset Rate, as the case may be;

Junior Obligations means (a) any class of share capital of the Issuer; (b) all obligations of the Issuer issued or incurred directly or indirectly by it, which rank or are expressed to rank *pari passu* with any class of share capital of the Issuer; or (c) any obligations of any Subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the securities referred to in (a) or (b);

LIBOR means the London interbank offer rate;

Mandatory Settlement Date means the earlier of:

- (a) as soon as reasonably practicable (but not later than the fifteenth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs; or
- (b) the date on which the Subordinated Notes are redeemed or repaid in accordance with Condition 3 (Subordination), Condition 6 (Redemption) or Condition 11 (Enforcement Event);

Moody's means Moody's Investors Services Limited;

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

OECD means the Organisation for Economic Co-operation and Development;

Parity Obligations means (if any) (a) any obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Subordinated Notes and (b) any obligations of any Subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the Subordinated Notes;

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

Principal Paying Agent has the meaning given to it in the preamble to these Conditions;

Paying Agents has the meaning given to it in the preamble to these Conditions;

Qualifying Subordinated Notes has the meaning given to it in Condition 7 (Substitution or Variation);

Rating Agency means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Services Limited or Fitch Ratings Limited; or any of their respective subsidiaries and their successors or any other rating agency (each a **Substitute Rating Agency**) of equivalent international standing specified by the Issuer from time to time and approved by the Trustee in writing;

Record Date has the meaning given to it in Condition 10.4 (Payments in respect of Registered Subordinated Notes);

Relevant Date means (a) in respect of any payment other than a sum to be paid by the Issuer in a winding-up or administration of the Issuer, the date on which such payment first becomes due and payable except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such date, it means the date on which the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 18 (Notices), and (b) in respect of a sum to be paid by the Issuer in a winding-up or administration of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

Relevant Tax Jurisdiction means Luxembourg or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal, premium and interest on the Subordinated Notes become generally subject;

Reset Date means the date(s) specified in the applicable Final Terms;

Reset Period means the period from one Reset Date to (but excluding) the next following Reset Date up to but excluding the Maturity Date (if any);

S&P means Standard & Poor's Rating Services or any of its subsidiaries and their successors;

Senior Obligations means all obligations of the Issuer, issued or incurred directly or indirectly by it, other than Parity Obligations and Junior Obligations;

Special Event means any of an Accounting Event, a Capital Event, a Substantial Repurchase Event, a Tax Deduction Event or a Withholding Tax Event or any combination of the foregoing;

Subsequent Reset Rate has the meaning given to it in Condition 4.4 (Subsequent Reset Rates);

Subsidiary means, in relation any person (the **first person**) at any particular time, any other person (the **second person**): (a) whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;

Substantial Repurchase Event shall be deemed to occur if prior to the giving of the relevant notice of redemption the Issuer repurchases (and effects corresponding cancellations) or redeems a principal amount of the Subordinated Notes equal to or greater than the Substantial Repurchase Threshold Amount, as specified in the applicable Final Terms, of the aggregate principal amount of the Subordinated Notes initially issued (which shall for this purpose include any further Subordinated Notes issued pursuant to Condition 19 (Further Issues));

Substitution or Variation Event has the meaning given to it in Condition 7 (Substitution or Variation);

a **Tax Deduction Event** shall be deemed to have occurred if as a result of a Tax Law Change in respect of the Issuer's obligation to make any Interest Payment on the next following Interest Payment Date, the Issuer would no longer be entitled to claim a deduction in respect of computing its taxation liabilities in Luxembourg, or such entitlement is materially reduced compared to such entitlement as at the Issue Date and the Issuer cannot avoid the foregoing in connection with the Subordinated Notes by taking measures reasonably available to it;

Tax Law Change means a change in or amendment to, the laws or regulations of a Relevant Tax Jurisdiction or any political subdivision or any authority thereof or therein having the power to tax, including any treaty to which a Relevant Tax Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after the Issue Date;

Undated Subordinated Note means any Note so specified in the applicable Final Terms; and

a **Withholding Tax Event** shall be deemed to occur if, as a result of a Tax Law Change, in making any payments on the Subordinated Notes, the Issuer has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts on the Subordinated Notes and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

If applicable, the Issuer may elect to include a statement of intention with respect to replacement subordinated notes in Part B of the applicable Final Terms.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, including acquisitions and property developments.

MARKET OVERVIEW

The Group is a leading long-term investor in income-generating real estate, predominantly in Czechia and Berlin. The Group's four key segments are Czechia, Berlin, Hotels and Resorts and Value-add. While the largest sectors of the Group are office space and retail, the Group also has hotels, residential, industrial, agricultural and logistics properties and holds a land bank primarily in Czechia, of which the largest segment is in Prague. Approximately 78 per cent. of the Group's properties are located in Czechia and Berlin, with the remaining properties in Hungary, Poland, Croatia and Slovakia and to a lesser extent France, Switzerland, Italy, Romania and Russia. The Group has an asset management team which actively manages the portfolio to improve occupancy rates, and tenant mix.

Below is an overview of the real estate market in these key segments.

Czechia

Retail

Management believes that the retail market in Czechia has a positive outlook due to prevailing low rates of inflation and unemployment, plus positive GDP and private consumption growth. As of 31 December 2017, total retail stock in Czechia exceeded 3,900,000 sqm, of which shopping centres and retail parks occupied approximately 70 per cent. and 27 per cent., respectively.

Substantial demand and limited development led to a decline in prime yields from 6.25 per cent. in 2013 to 4.75 per cent. in 2017. Nevertheless, prime shopping centre rents grew by 7.4 per cent. in 2017 compared to 2016 and management expects a further 4 per cent. increase in 2018.

The Group is primarily focused on retail outside of Prague, where according to management, the Group has the dominant portfolio and is able to capture returns which are more attractive than prime yields currently offer.

Office

The Group's office portfolio in Czechia is primarily located in Prague, followed by Brno.

In 2017, 136,000 sqm of new office space was added in Prague. High demand activity decreased the vacancy rate to 7.5 per cent. in the fourth quarter of 2017, the lowest level since 2008. In 2017, gross office take-up in Prague reached a new record of 536,000 sqm, representing a 29 per cent. increase compared to 2016. Management expects that an increase in newly completed office space will be insufficient to raise the vacancy rate, which will fluctuate around 7 per cent. during 2018.

Brno, which is known as a research and development centre of Czechia, has the second largest office market in the country. As a result of Czech economic growth in 2017, there was strong demand for office space in Brno, which led to growth in rental prices. Although the low level of new developments together with high take-up pushed the vacancy rate below 10 per cent. in 2017, management expects that a high amount of new supply in 2018 will increase the vacancy rate above 12 per cent.

Residential

The real estate price index has shown a sharp increase in prices in the residential real estate market since 2014. In the fourth quarter of 2017, according to the real estate price index, prices of residential real estate recorded an increase of 4.4 per cent. from 31 December 2016 to 31 December 2017.

Berlin

According to Eurostat, German GDP increased by 2.2 per cent. in 2017. Berlin continues to outperform the rest of Germany, in terms of growth. Demand for office space in Berlin with full year take-up totalled 939,500 sqm. Compared to the fourth quarter in 2016, prime office yields fell by 30 basis points to 3.1 per cent. in the fourth quarter of 2017. Prime office rents increased by 9.1 per cent. during the

same period. Management expects this increasing trend to persist due to a robust demand and a shortage of modern space, which is also reflected in the low market vacancy rate of 2.2 per cent. in 2017. The Group has been successful in increasing rents and occupancy in the Berlin office portfolio, benefiting from strong demand.

Hotels and Resorts

Prague

Prague continues to experience increasing tourist demand and is becoming one of the most popular destinations in Europe. This increase in tourists mostly consists of foreigners, with an annual average growth rate of overnight stays of 5.4 per cent. since 2000. The occupancy ratio in Prague reached 80.1 per cent. in 2017, which exceeded Czechia's average of 75 per cent. Key performance indicators improved during 2016 and 2017, including revenue per available room increasing by 11.6 per cent.

Croatia

The number of foreign tourists increased by 6.8 per cent. in 2016. Hvar, a popular tourist destination, experienced a 10.4 per cent. growth in tourist arrivals and an 11.3 per cent. increase in overnight stays compared to 2015. During January-September 2017, the occupancy rate of beds in hotels in Croatia was 67.5 per cent., which represents a 2.5 per cent. increase compared to the corresponding period of 2016. The Croatian tourism market is rapidly growing as demand from Western European travellers increased to a new historical record due to tourist arrivals in 2016. Management believes that this trend will continue as tourist infrastructure develops.

Budapest

Budapest is the most popular tourist destination in Hungary. Between January and July 2017, domestic overnight stays increased by 5.9 per cent. and international overnight stays increased by 10.4 per cent. compared to the corresponding period of 2016. According to management, total gross revenue of hotels in Budapest grew by 22.4 per cent. in the period from January to July 2017.

Value-add

Hungary

Office

The Hungarian office market is concentrated in Budapest. During 2017, gross take-up volume reached 475,070 sqm in Budapest, which represents a 2 per cent. growth compared to 2016. Management estimates that 270,000 sqm will be added to the market in 2018. In 2017, the vacancy rate was 7.5 per cent. which is much lower than its long-term average of 16 per cent.

Retail

In 2017, Hungary experienced a strong growth in private consumption of 4.8 per cent. due to a tight labour market, increasing real earnings and consumer confidence. Strong occupier demand and weak development activity resulted in a decline in vacant office space and an increase of approximately 14 per cent. in shopping centre rents in the first three quarters of 2017. In the period from January to September 2017, the vacancy rate dropped to 7.7 per cent. from 10.9 per cent. in the corresponding period of 2016.

Poland

Office

Gross take up of office space in Warsaw amounted to approximately 820,000 sqm in 2017. As a result of a decrease in the supply of new space in 2017 compared to 2016, the vacancy rate dropped to 11.6 per cent. and reached its lowest level since 2013. While prime rents in Warsaw central locations

remained unchanged, prime rents in non-central areas of Warsaw declined slightly. The volume of space under construction totalled to 750,000 sqm as of 31 December 2017, but the completion of the most part of it is scheduled for 2019-2020.

Retail

The development of the Polish retail market was driven primarily by high GDP growth, falling unemployment and rising private consumption. Retail sales increased by 7.8 per cent. in 2017. The prime yield in Warsaw of 4.75 per cent. in the fourth quarter of 2017 was below the regional levels of between 5.00 per cent. and 5.25 per cent. Approximately 200,000 sqm space is under construction and is scheduled to be completed during 2018-2019. As in Czechia, the Group is focused on regionally dominant shopping centres in Poland where the demand dynamics and lack of competing supply result in more favourable yields relative to prime.

DESCRIPTION OF THE ISSUER

General

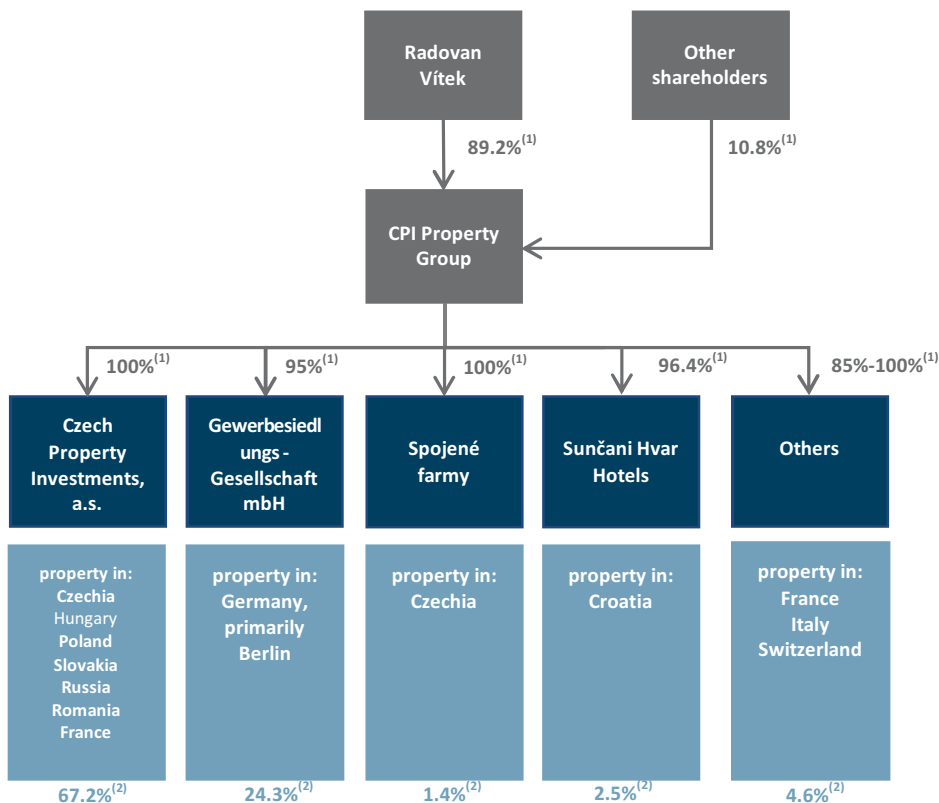
The Group is a leading long-term investor in income-generating real estate, predominantly in Czechia and Berlin. The Group's four key segments are Czechia, Berlin, Hotels and Resorts and Value-add. While the largest sectors of the Group are office space and retail, the Group also has hotels, residential, industrial, agricultural and logistics properties and holds a land bank primarily in Czechia, of which the largest segment is in Prague. Approximately 78 per cent. of the Group's properties are located in Czechia and Berlin, with the remaining properties in Hungary, Poland, Croatia and Slovakia and to a lesser extent France, Switzerland, Italy, Romania and Russia.

Management believes that the Group is the largest real estate company in the CEE region and Berlin, with a diversified property portfolio worth over EUR 6.7 billion. The Group has minimal development exposure, with development assets comprising approximately 1 per cent. of the Group's total property value (including assets that are being refurbished).

The Group has an asset management team which actively manages the portfolio to improve occupancy rates, and tenant mix. The Group conducts asset management at the headquarters level, and at the local level for all key segments and geographies.

The Issuer's management team has on average more than 15 years of experience in the property industry, mainly in the CEE region, with particular expertise in asset and property management, finance, leasing and development. The Group benefits from the local knowledge and expertise of its regional managers, whose input is integral to the business.

The Group's summarised holding structure as of 31 December 2017 is presented below:



Notes:

- (1) Voting rights as of 31 December 2017.
- (2) Percentage of property portfolio.

The Issuer was incorporated on 22 July 2004 under the laws of the Grand Duchy of Luxembourg in the form of a public limited liability company (*société anonyme*). The Issuer is registered with the Luxembourg trade and companies register under number B 102 254. The registered office of the Issuer is located at 40 rue de la Vallée, L-2661 Luxembourg, the Grand Duchy of Luxembourg. The telephone number of the Issuer is +352 26 47 67 58.

Mr Radovan Vitek is the majority shareholder of the Group. Mr Vitek has been active as an investor in the real estate market for more than 20 years and became the majority owner of the Issuer in 2014 through the incorporation of the Czech CPI Group into the GSG Group in 2014. See "*—Major Shareholders*".

Competitive Strengths

Management believes that the Group's key competitive strengths are its:

- ***Market leading position in Czechia, Berlin and the CEE region, benefiting from scale and diversity of income.*** The Group is a leading long-term investor in income-generating real estate, predominantly in Czechia and Berlin. Management believes the Group is the largest real estate company in the CEE region, with a diversified portfolio worth over EUR 6.7 billion, including approximately 420 commercial properties, 12,400 residential units and more than 10,480 hotel beds. In particular, the Group is the clear market leader in commercial real estate and the second largest residential landlord in Czechia, the leading provider of office property in Berlin, and has a solid market position with high-quality office and retail assets in Hungary, Poland and Slovakia.
- ***Well diversified business by geography, segment, asset portfolio and tenants.*** The Group's real estate business is well diversified by geography, segment, asset portfolio and tenants. The Group's largest sectors are retail, offices and hotels. The Group also has residential, industrial, agricultural and logistics properties and holds a land bank primarily located in Czechia, the largest segment of which is in Prague. Approximately 78 per cent. of the Group's properties are located in Czechia and Berlin, with the remaining properties located in Hungary, Poland, Croatia and Slovakia and to a lesser extent France, Switzerland, Italy, Romania and Russia. As of 31 December 2017, the Group's top ten properties represented 17.8 per cent. of the total property portfolio by value. In recent years, the CEE region has benefited from strong GDP growth, declining unemployment rates and significant yield compression on real estate and rental growth underpinned by positive inflation expectations.
- ***Robust occupancy rates supported by long leases and a track record of renewals.*** Occupancy rates in the Group are high and have shown an improving trend, at 93 per cent. and 90 per cent. as of 31 December 2017 and 31 December 2016, respectively. The Group generally maintains a long-dated lease profile which is carefully managed to mitigate against the risk of re-leasing and provides the Group with resilient income streams. The Group has selectively used shorter leases in its Berlin office portfolio in order to capture higher market rents.
- ***High quality property portfolio augmented by acquisitions and refurbishments.*** The Group's properties were valued in aggregate at EUR 6,722 million as of 31 December 2017, having grown from EUR 4,865 million as of 31 December 2016. The growth in valuation between these dates was primarily due to acquisitions, including the EUR 625 million acquisition of a retail portfolio consisting of 11 shopping centres located in Czechia, Hungary, Poland and Romania in March 2017, the EUR 59 million acquisition of a shopping centre in Brno, Czechia in July 2017, the EUR 168 million acquisition of a 94.9 per cent. stake in "ARMO Verwaltungsgesellschaft mit beschränkter Haftung", a German company which owns four commercial assets in December 2017, the acquisition of three hotels in Czechia and Hungary in December 2017 and a revaluation gain of EUR 834 million that was recorded in the year ended 31 December 2017, primarily reflecting higher valuations in Czechia and Berlin.
- ***Prudent financial policy and robust credit metrics.*** The Group maintains a prudent financial

policy. Foreign exchange risks are effectively managed by shifting risks associated with movements in exchange rates to its tenants in most of its Euro-denominated contracts in order to hedge exposure to currency risks in its loans; it uses interest rate swaps to hedge against interest rate risks and uses a credit rating scorecard to manage credit risk associated with its tenants. The Group is also able to draw on a diverse range of capital and liquidity sources including international capital markets issuances, domestic bonds in Czechia, Luxembourg and Slovakia, secured loans from its relationship banks and equity investment from its majority shareholder. The Group's land bank accounts for 9 per cent., or EUR 612 million, of its total property portfolio, representing a source of flexibility and liquidity for the Group. The Group also has strong credit metrics, which management believes provide it with the capacity to further de-lever. As of and for the year ended 31 December 2017, the Group's ratio of gross debt to total assets was 43 per cent., net loan to value was 44.9 per cent. and the interest coverage ratio was 2.6x.

- Experienced management team backed by strong shareholder support.*** The Issuer's management has on average more than 15 years of experience in the property industry, mainly in the CEE region, with particular expertise in asset and property management, finance, leasing and development. The Group benefits from the local knowledge and expertise of its regional managers, whose input is integral to the business. The Issuer is committed to the continued and progressive implementation of best practices with respect to corporate governance and continues to adjust and improve its internal practices in order to meet evolving standards. The Issuer aims to communicate regularly with its shareholders and stakeholders regarding corporate governance and follows the principles and recommendations of the Luxembourg Stock Exchange as a reference for its corporate governance rules. This management team is backed by strong shareholder support. The majority shareholder, Mr Radovan Vitek, has been active as an investor in the Czech real estate market for more than 25 years and became the majority owner of the Issuer in 2014. Mr Radovan Vitek and entities owned by him have invested more than EUR 1,900 million in the Issuer. This includes cash contributions of EUR 50.0 million in April 2018, EUR 100.0 million in November 2017 and EUR 51.5 million in June 2017; an in-kind contribution of EUR 4.45 million in December 2016; a cash contribution of EUR 130 million in November 2016; a cash contribution of EUR 55 million in June 2016; a EUR 297 million bond contribution in exchange for shares in April 2016; and a EUR 149 million bond and loan contribution in exchange for shares in December 2014. The Group has not historically paid dividends but has reinvested retained earnings in the business. The Group does not have any current plans to commence dividend payments.

Strategy

The Group's strategy is focused on:

- growing net operating income and long term property value*** by (i) reinvesting the Group's profits in upgrades and refurbishment of its properties, and (ii) opportunistic acquisitions of stable, income-generating assets in local markets where the Group has a competitive advantage and which have asset management or redevelopment up-side potential, such as prime shopping centres in Hungary, and shopping centres, retail parks and convenience stores in Czechia. The Group's sector priorities for growth include retail, office and hotel assets;
- active asset management in capital cities and large regional cities to increase net rental income*** by expanding occupancy rates, increasing rent per square metre, offering new services and spaces to satisfy and retain existing tenants, reducing operational costs and divesting non-core assets which do not contribute to the Group's strategy;
- expanding the Group's debt financing portfolio and utilising opportunities created by the Group's credit rating and the low-interest environment*** to reduce its financing costs, consolidate debt at the holding company level and attract new investors; and

- ***maintaining a disciplined approach to pricing and leverage***, which demonstrates the Group's commitment to strong investment grade credit ratings and draws on the Group's ability to buy property assets from short-term investors or over-leveraged sellers, and manage its leverage through the use of external sources of financing and its well-established relations with financial institutions.

History

The Issuer was founded in 2004 as an investor, developer and asset manager in the real estate market.

In 2007, the Issuer acquired a majority interest in *Gewerbesiedlungs-Gesellschaft mit beschränkter Haftung (GSG)*. GSG and its respective subsidiaries (GSG, together with its subsidiaries, **GSG Berlin**) is a real estate group with a property portfolio located exclusively in Berlin. The roots of GSG Berlin can be traced back to 1965, with its incorporation as a joint venture by the Government of the Federal State of Berlin, the Berlin Chamber of Skilled Crafts (*Handwerkskammer Berlin*) and the Berlin Chamber of Commerce and Industry (*Industrie- und Handelskammer Berlin*) to establish a state-backed commercial development company to promote the development of regional economic infrastructure in what was then West Berlin by developing or redeveloping suitable office and commercial space to offer to small and medium sized enterprises (**SMEs**), start-ups and nascent companies at affordable, often subsidised, rents. Also in 2007, the shares of the Issuer were admitted to trading on the regulated market of the Frankfurt Stock Exchange.

In 2014, Mr Radovan Vitek acquired a majority interest in the Issuer in exchange for 100 per cent. of the issued shares in Czech Property Investments, a.s. (**CPI**). CPI is a real estate group concentrating on long-term investments and the lease of real estate, mainly in the CEE region. CPI has been operating in the real estate market since the late 1990s and was active across Czechia, Hungary, Poland, Slovakia and Romania. The Group's acquisition of CPI brought not only a valuable real estate portfolio comprising a diverse range of assets in the CEE region, but also more than 20 years of investment experience of operating in the CEE markets.

In 2015, the Group acquired the Ullsteinstrasse 73 industrial complex in Berlin-Tempelhof, and entered the mountain resort sector by acquiring a majority stake in Remontées Mécaniques Crans-Montana-Aminona, a Swiss entity owning and operating cable cars in the Crans-Montana ski resort, and CMA Immobilier SA, a Swiss entity owning real estate and rights to develop a high-end hotel complex and car park in Crans-Montana.

In 2016, the Group acquired a majority stake in Sunčani Hvar d.d. (**SHH**), a hotel company operating on the island of Hvar, Croatia; a majority stake in Orco Property Group (**OPG**) and CPI Hotels, a.s. (**CPI Hotels**), a hotel operator which operates 29 of the Group's hotels situated in Czechia, Slovakia, Poland and Hungary.

Also in 2016, the Group launched the revitalisation of a 20-hectare of brownfield site in central Brno in Czechia, which is expected to comprise 800 apartments and 30,000 sqm of office space, with total investments planned to exceed EUR 150 million; and increased its share capital by over EUR 500 million.

In 2017, the Group acquired a retail portfolio of 11 shopping centres located in Czechia, Hungary, Poland and Romania with a total leasable area of approximately 265,000 sqm from CBRE Global Investors. The acquired portfolio consists of: (i) major shopping centres Olympia Plzeň and Nisa Liberec in Czechia, Ogrody in Poland, Pólus and Campona in Hungary and Felicia in Romania; (ii) two multifunctional complexes (Zlatý Anděl in Prague and Andrássy Complex in Budapest); and (iii) two Interspar stores in Nyíregyháza and Zalaegerszeg (Hungary). It also disposed of the Lozorno logistics park, located outside Bratislava in Slovakia.

In December 2017, the Group acquired a 94.9 per cent. stake in "ARMO Verwaltungsgesellschaft mit beschränkter Haftung", a German company which owns four commercial assets, two of which, with a total gross leasable area of approximately 76,100 sqm, are in Berlin and the remaining two of which,

with a total gross leasable area of approximately 31,500 sqm, are in Karlsruhe. In December 2017, the Group also acquired (i) a historical building in Český Krumlov which it plans to refurbish into a four star boutique hotel with approximately 30 rooms by the middle of 2019; (ii) a hotel, Ibis Olomouc Centre, in Olomouc with 90 rooms and (iii) a building in central Budapest with approximately 3,700 sqm of gross leasable area, which it intends to refurbish into a three star hotel.

As of 31 December 2017, the Group comprised the Issuer and 356 subsidiaries (in which the Issuer has more than 50 per cent. of the equity).

Overview of the Property Portfolio

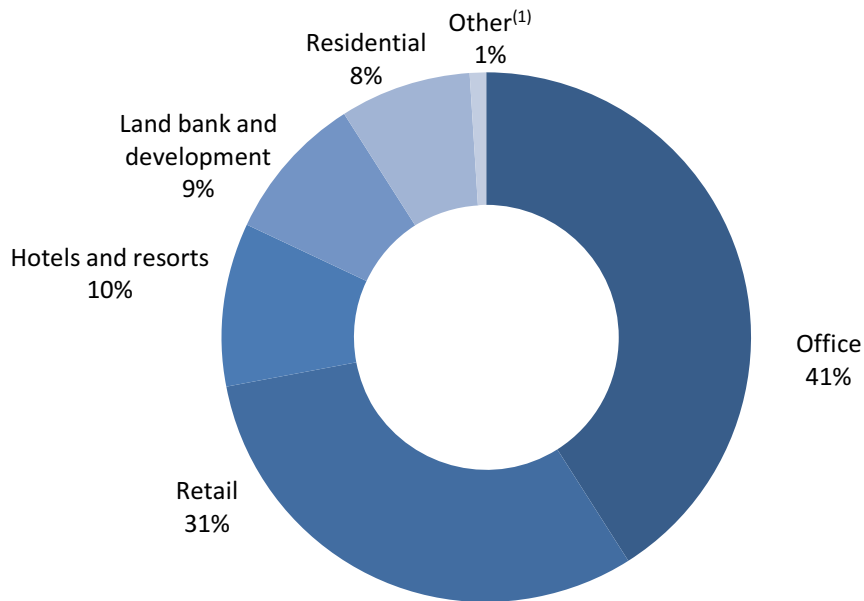
The Group is a leading long-term investor in income-generating real estate, predominantly in Czechia and Berlin. The Group's four key segments are Czechia, Berlin, Hotels and Resorts and Value-add, which generated revenue of EUR 138 million, EUR 54 million, EUR 38 million and EUR 42 million in 2017, respectively. While the largest sectors of the Group are office and retail, the Group also has hotels, residential, industrial, agricultural and logistics properties and holds a land bank primarily in Czechia, of which the largest segment is in Prague. Approximately 78 per cent. of the Group's properties are located in Czechia and Berlin, with the remaining properties in Hungary, Poland, Slovakia and Croatia and to a lesser extent Switzerland, France, Italy, Romania and Russia.

Management believes that the Group is the largest real estate company in the CEE region and Berlin, with a diversified property portfolio worth over EUR 6.7 billion. The Group has minimal development exposure, with development assets comprising approximately 1 per cent. of the Group's total property value (including assets that are being refurbished).

The following table provides certain information on the Group's property portfolio as of the dates indicated:

	As of 31 December			
	2017		2016	
	Asset value <i>EUR (millions)</i>	Share of total asset value <i>per cent.</i>	Asset value <i>EUR (millions)</i>	Share of total asset value <i>per cent.</i>
Czechia	3,323	49	2,359	48
retail	1,444	21	919	19
office	817	12	712	15
land bank	472	7	303	6
residential	420	6	287	6
other	170	3	138	3
Berlin	1,638	24	1,048	22
office	1,629	24	1,039	21
other	9	0	9	0
Hotels and resorts	728	11	700	14
Value-add	1,033	15	757	16
retail	497	7	160	3
office	300	4	272	6
land bank	49	2	103	2
other	188	1	280	(33)
The Group	6,722	100	4,865	100

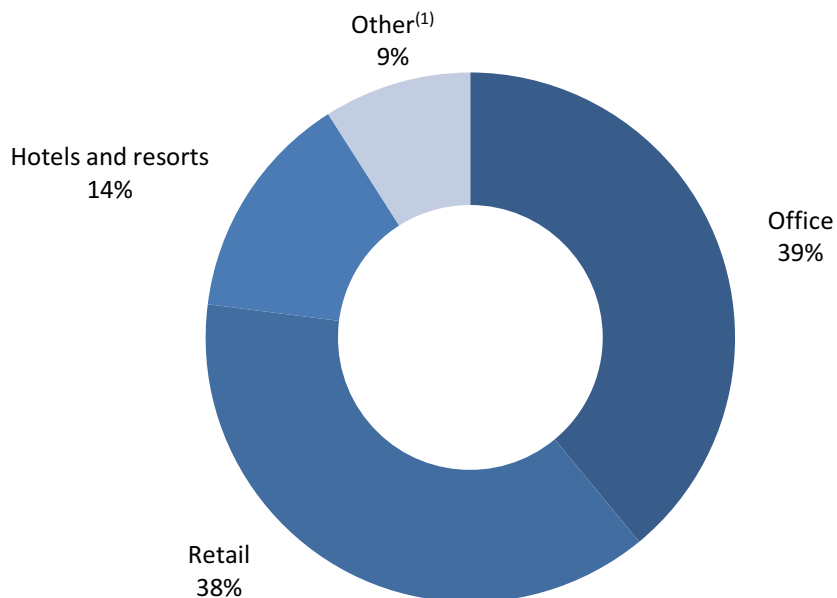
The following chart provides a breakdown of the Group's asset value by each property type as of 31 December 2017:



Note:

(1) Includes industry and logistics, agriculture and mountain resorts.

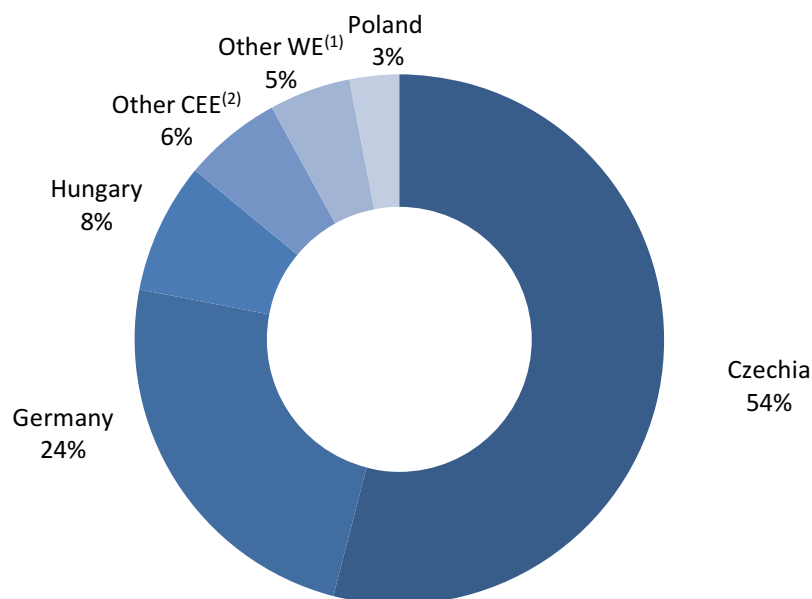
The following chart provides a breakdown of the Group's net business income by each property type as of 31 December 2017:



Note:

(1) Includes residential, industry and logistics, agriculture, mountain resorts, land bank and development.

The following chart provides a geographical breakdown of the Group's asset value as of 31 December 2017:

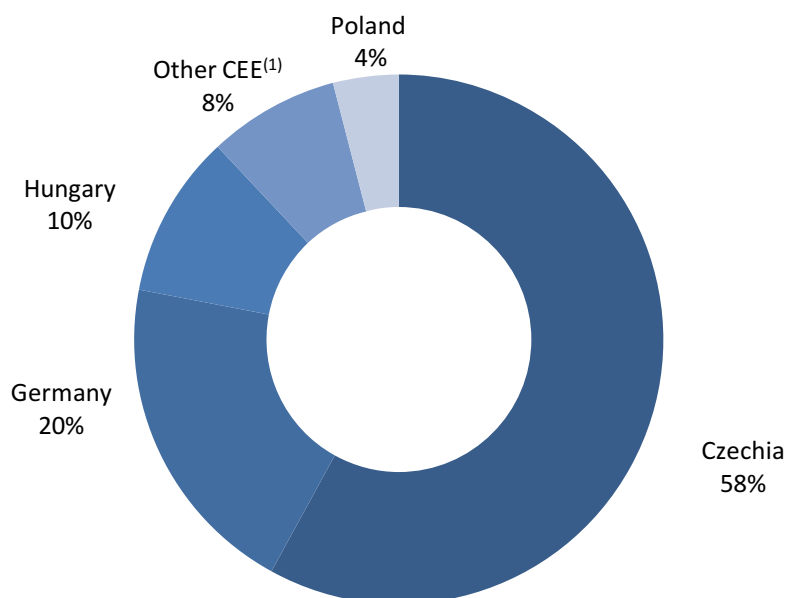


Notes:

(1) Includes France, Switzerland and Italy.

(2) Includes Croatia, Romania, Slovakia and Russia.

The following chart provides a geographical breakdown of the Group's net business income as of 31 December 2017:



Note:

(1) Includes Croatia, Romania, Slovakia and Russia.

The Group's properties were valued in aggregate at EUR 6,722 million as of 31 December 2017, compared to EUR 4,865 million as of 31 December 2016. The growth in valuation between these dates was mostly due to the EUR 625 million acquisition of a retail portfolio consisting of 11 shopping

centres located in Czechia, Hungary, Poland and Romania in March 2017, the EUR 59 million acquisition of a shopping centre in Brno, Czechia in July 2017, the EUR 168 million acquisition of a 94.9 per cent. stake in a German company which owns four commercial assets in December 2017, the acquisition of three hotels in Czechia and Hungary in December 2017 and a net valuation gain of EUR 834 million that was recorded in the year ended 31 December 2017 as a result of the overall performance improvements of the project, current situation on the Group's core markets in Czechia and Germany and the acquisitions made in late 2016 as described above.

The Group's properties were valued in aggregate at EUR 4,865 million as of 31 December 2016, as compared to EUR 3,822 million as of 31 December 2015. The growth in valuation between these dates was primarily attributable to acquisitions of new properties and additions to existing properties of EUR 236 million in the year ended 31 December 2015, and acquisitions and additions of EUR 718 million and a change in fair value of the properties of EUR 394 million (principally due to a EUR 343 million revaluation of properties in Germany) in the year ended 31 December 2016. The Group believes that the changes in fair value of its property portfolio are due to a combination of strong underlying markets and the Group's successful asset management strategy to improve occupancy and rents.

The Group's portfolio mostly comprises income-generating assets. As of 31 December 2017, 91 per cent. or EUR 6,110 million of the portfolio comprised income-generating assets and the land and development bank accounted for the remaining 9 per cent., or EUR 612 million (2016: 9 per cent. or EUR 456 million; 2015: 8 per cent. or EUR 310 million). The land bank mostly comprises non-income generating assets. As of 31 December 2017, 85 per cent. or EUR 521 million of the land bank consisted of non-income generating assets and none of the land bank assets were encumbered under any financing arrangements.

Property value

As of 31 December 2017, the Group's top ten income-generating properties by value represented 17.9 per cent. of the total property portfolio. The following table sets out certain information on the Group's top ten properties by value as of 31 December 2017:

	Location	Value as of	Value as of	GLA
		31 December 2017	31 December 2017	
		<i>EUR (millions)</i>	<i>per cent.</i>	<i>sqm (thousands)</i>
Quadrio.....	Prague, Czech Republic	207	3.1	27
Olympia Plzen	Plzen, Czech Republic	149	2.2	41
Zlaty Andel.....	Prague, Czech Republic	123	1.8	21
Ogrody	Elblag, Poland	120	1.8	42
City Park.....	Jihlava, Czech Republic	113	1.7	29
Reuchlin	Berlin, Germany	104	1.6	49
Nisa	Liberec, Czechia	102	1.5	50
Clarion Congress Hotel Prague.....	Prague, Czech Republic	98	1.5	35
Schlesische Strasse.....	Berlin, Germany	93	1.4	51
Franklinstraße	Berlin, Germany	90	1.3	31
Total		1,199	17.9	351

Occupancy rates and lease maturity profile

The Group experiences high levels of occupancy in its properties overall. In the year ended 31 December 2017, the Group's property portfolio's average vacancy rate decreased to 7 per cent., compared to 10 per cent. and 11 per cent. in the years ended 31 December 2015 and 2016, respectively. This decrease was due to the Group's strong underlying markets, consistent investment in the portfolio, and its active asset management strategy to improve occupancy and rents while maintaining strong tenant relationships and continuing to improve the Group's tenant mix.

The following table sets out information on the occupancy levels in the Group's properties during the periods indicated:

	As of 31 December		
	2017	2016	2015
		<i>per cent. of occupancy</i>	
The Group	93	90	89
Czech Republic.....	94	94	92
Berlin.....	90	88	85

The following table sets out the lease maturity profile of the Group's properties as of 31 December 2017:

	2018	2019	2020	2021	2022	2023	2024+	Indefinite
				<i>per cent.</i>				
The Group	14	19	16	14	14	7	12	4
Czech Republic.....	12	18	14	10	12	15	14	5
Berlin.....	41	22	10	7	6	6	4	5

The weighted average unexpired lease term in the Group's properties was 3.85 years for the Group overall; it was 4.07 years in Czechia and 3.35 years in Berlin, in each case as of 31 December 2017. The shorter-dated lease profile in Berlin is designed to capture rising rents in the market.

Tenant base

The Group has a diverse tenant base. In the year ended 31 December 2017, the aggregate amount of rent paid by the Group's top ten tenants amounted to 14.1 per cent. of the total rental income received by the Group. The following table sets out certain information on the Group's top tenants by amount of rent paid as of and in the year ended 31 December 2017:

	31 December 2017		
	Total rent from the Group's properties	Rent	Weighted average unexpired lease term
	<i>per cent.</i>	<i>EUR (millions)</i>	<i>years</i>
AHOLD Czech Republic	5.4	14.0	4.5
Tesco.....	2.3	6.1	7.4
Česká pojišť'ovna	2.3	6.0	5.7
Siemens.....	1.9	4.9	2.4
ČEZ	1.8	4.6	9.3
Penny Market	1.4	3.6	6.3
OBI Czech Republic	1.2	3.2	7.2
BILLA	1.2	3.1	3.6
Continental Auto	0.9	2.4	10.6
Takko Fashion	0.8	2.0	3.4
Total.....	14.1	50.0	5.7

Sectors

Czechia

As of 31 December 2017, the Group's Czechia portfolio, with a carrying value of EUR 3,323 million (31 December 2016: EUR 2,359 million), represented the most significant part of the Group's property portfolio. The Group invests in a wide range of assets but its primary investment focus is on the retail and office sectors, which together, in the year ended 31 December 2017, comprised 69.4 per cent. of the carrying value of the Czechia property portfolio and approximately 1.15 million sqm of lettable area.

The following table provides certain information on the Group's Czechia properties as of 31 December 2017:

As of 31 December 2017

	Number of properties ⁽¹⁾	Carrying value	Carrying value	Occupancy	Land area
		<i>EUR (millions)</i>	<i>sqm (thousands)</i>	<i>per cent.</i>	<i>sqm (thousands)</i>
Retail.....	244	1,444	730	94.1	—
Office ⁽¹⁾	39	862	420	97.0	—
Development.....	6	502	—	—	19,558
Residential.....	—	420	705	89.6	—
Agriculture.....	—	95	—	—	232,510
The Group.....	289	3,323	1,855	94.4	252,068

Note:

(1) Includes Logistics properties which have elements of office.

Czechia Retail Portfolio

The Group's Czechia retail portfolio focuses on shopping centres, convenience shopping, retail parks and supermarkets. While the Group has a meaningful number of properties in Prague, the largest portion of the Czechia retail portfolio is located outside of Prague with a focus on regionally dominant schemes. The following table provides certain information on the Group's Czech retail portfolio as of 31 December 2017:

As of 31 December 2017

	Number of properties	Carrying value	GLA	Net rental income	Occupancy
		<i>EUR (millions)</i>	<i>sqm (thousands)</i>	<i>EUR (millions)</i>	<i>per cent.</i>
Prague	41	265	101	11	86.5
Major cities.....	26	754	305	35	94.2
Other	177	425	324	29	98.0
The Group.....	244	1,444	730	75	94.1

The gross leasable area of the Group's Czechia retail portfolio increased by 128,000 sqm due to property acquisitions and the completion of the IGY shopping centre refurbishment in 2017. The value of the Czechia retail portfolio increased by 6 per cent., or EUR 524 million, during the year. The key drivers were the acquisition of new assets amounting to EUR 401 million and the increase in their fair value by EUR 112 million.

Czechia Office Portfolio

The Group primarily invests in income-generating office buildings in prime locations, and has historically undertaken limited development activities in Prague and in regional cities of Czechia, primarily in Brno. The Group's development activities primarily relate to utilising the Group's land bank to develop office or multi-purpose complexes. In cases where the Group undertakes development projects, the Group expects to develop and hold for the long term.

The following table provides certain information on the Group's Czech office portfolio as of 31 December 2017:

As of 31 December 2017

	Number of properties	Carrying value	GLA	Net rental income	Occupancy
		<i>EUR (millions)</i>	<i>sqm (thousands)</i>	<i>EUR (millions)</i>	<i>per cent.</i>
Prague	21	775	303	42	97.7
Major cities.....	5	42	27	3	94.4

As of 31 December 2017

	Number of properties	Carrying value	GLA	Net rental income	Occupancy
		EUR (millions)	sqm (thousands)	EUR (millions)	per cent.
Other	—	—	—	—	—
The Group	26	817	330	45	97.5

The gross leasable area of the Group's Czech office portfolio increased by 4,000 sqm while its value increased by 14 per cent. or EUR 103 million during the year. The key drivers were the acquisition of new assets amounting to EUR 40 million and the increase in their fair value by EUR 39 million.

Czechia Residential Portfolio

The Group's Czechia residential portfolio is the second largest residential portfolio in Czechia. The business is stable, with revenues growing from EUR 18 million in 2016 to EUR 20 million in 2017. The Group's strategy is to maintain the portfolio as a source of steady cash flow. Although the gross leasable area declined by 14,000 sqm during 2017 due to the sales of certain apartments, the carrying value of the Czechia residential portfolio grew by EUR 104 million due to revaluation gain during the same period. The following table provides certain information on the Group's Czechia residential portfolio as of 31 December 2017:

As of 31 December 2017

	Number of units	Carrying value	GLA	Net rental income	Occupancy
		EUR (millions)	sqm (thousands)	EUR (millions)	per cent.
Prague	484	70	30	1	99.0
Ostrava region.....	4,323	168	264	2	75.3
Ústí region	5,486	111	279	5	100.0
Liberec region.....	2,019	66	127	1	89.8
Central Bohemia	77	5	5	0.3	88.7
The Group	12,389	420	705	9	89.6

Czechia Development Portfolio

The Group's development portfolio consists of a land bank that was acquired and is held by the Group for future development and includes assets under development. Once work on a development project is commenced, the area is presented in the Group's accounts either as a potential gross saleable area or a potential leasable area. The following table provides certain information on the Group's Czechia development portfolio as of 31 December 2017:

As of 31 December 2017

	Land bank		Development		
	Total area	Carrying value	Potential GLA	Potential gross saleable area	Occupancy
	sqm (thousands)	EUR (millions)	sqm (thousands)	EUR (millions)	per cent.
Prague	1,313	285	8	22	26
Major cities.....	401	38	—	—	—
Other	17,844	149	—	—	4
The Group	19,558	472	8	22	30

Berlin

The Group's Berlin portfolio is held by GSG Berlin. GSG Berlin is a leading provider of office and commercial space with approximately 975,000 sqm in total lettable area as of 31 December 2017. GSG Berlin's real estate business has been in operation for more than 50 years. See "*—History*". GSG Berlin is one of the largest operators of *Gewerbehof* properties in Berlin, which are typically highly integrated and multi-functional property complexes, comprising a mixture of office buildings, light industrial properties, value-added service facilities, community space and infrastructure, typically targeted towards SMEs, together with a small number of residential units. GSG Berlin's tenant base is comprised of approximately 1,900 tenants, many of which are SMEs. The following table provides certain information on the Group's Berlin portfolio as of 31 December 2017:

As of 31 December 2017				
	Number of properties	Carrying value	Net rental income	Occupancy
		<i>EUR (millions)</i>		<i>per cent.</i>
Rest-West	16	753	26	92.4
X-Berg.....	25	619	16	89.6 ⁽¹⁾
Econoparks	5	234	11	81.6
Ettlingen	2	23	—	100.0
Wupperstraße.....	1	9	1	100.0
The Group.....	49	1,638	54	89.7

Notes:

- (1) Includes the effect of acquisitions completed at the end of 2017, where the Group intends to take measures to grow occupancy rates going forward.
- (2) Based on estimated rental value.

The Group's Berlin portfolio is divided into three main clusters:

- **Kreuzberg**, which includes assets located in Friedrichshain-Kreuzberg – a central business district with a high demand for premises;
- **Rest-West**, which includes assets located in several western districts of Berlin, most of which were popular among industrial tenants in the past, but where the buildings have undergone a change of use during the past ten years as manufacturing sector tenants have declined; and
- **Econoparks**, which includes assets in the eastern parts of Berlin with good inner city connections and plenty of space enabling tenants to adjust their areas to match their business and development needs.

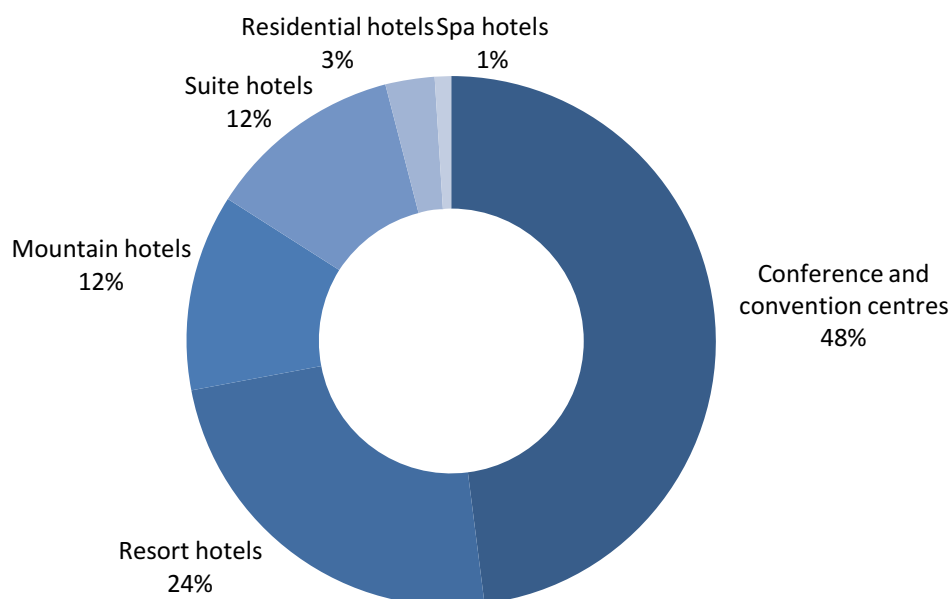
GSG Berlin operates as a full-service real estate provider that offers a range of high-margin value-added services (such as construction, office decoration and bespoke IT software) to its tenants, thereby enhancing the attractiveness of its properties. GSG Berlin's overall strategy is to focus on its existing portfolio and continue the optimisation of rent and occupancy levels for this portfolio. In addition to its core property investment activities, GSG Berlin has established a number of key subsidiaries which provide support services, including GSG Solar Berlin GmbH (GSG Solar), which leases space on roof surfaces of various real estate assets of GSG Berlin and erects solar panels to generate solar energy which it resells to the public grid. Once fully implemented, GSG Berlin expects that GSG Solar will become Berlin's biggest producer of solar energy, generating approximately 5.5 million kilowatts per hour each year.

Hotels and Resorts

The Group is one of the largest owners and developers of hotels in Czechia. The hotel portfolio currently includes 35 hotels and one property in the Swiss Alps. The diverse portfolio includes a network of four-star Clarion conference and convention centres as well as resort hotels, of which 21 hotels are of the four star category and three hotels are of the five star category. The resort hotels are located on Croatia's premier resort island of Hvar, while the other hotels are located in the capital and

major cities of Czechia, Hungary, Poland and Italy.

The following chart provides a breakdown of the Group's Hotels and Resorts by type of property as of 31 December 2017:



The following table provides certain information on the Group's Hotels and Resorts portfolio as of 31 December 2017:

	As of 31 December 2017				
	Number of properties	Carrying value	Hotel beds	Revenue per available room change	Average daily rate change
		EUR (millions)		per cent.	
Czech Republic.....	20	330	7,250	9	3
Croatia.....	7	171	1,646	9	4
Hungary.....	4	52	666	8	13
Italy ⁽¹⁾	1	38	634	—	—
Poland.....	2	26	124	3	5
Russia.....	1	23	168	2	2
Switzerland.....	1	88	—	—	—
The Group.....	36	728	10,488	7	2

Note:

(1) Hotel in Italy is operated by a third party.

In 2017, the Group's hotel portfolio increased by 4 per cent., while the revenue per available room increased by 7 per cent. and the average daily rate increased by 2 per cent., in each case compared to 2016. A significant increase in revenue per available room in the table above indicates that the occupancy rate also increased.

In 2017, the Group acquired two hotels. Hotel Vladimír in Ústí nad Labem has 86 rooms and 172 beds. It offers a base and services for conferences, seminars and social and family events. Hotel IBIS in Olomouc, a major regional city in Czechia, is located in close proximity of the historic old town with UNESCO monuments and city parks. The hotel, operated under the Ibis brand, has 90 rooms, five fully equipped conference rooms and onsite parking. These acquisitions further enhance the Group's hotel portfolio targeted specifically at the congress client base. The Group also disposed of the two star hotel

Rhea in Prague for EUR 8 million.

In December 2017, the Group also acquired (i) a historical building in Český Krumlov which it plans to refurbish into a four star boutique hotel with approximately 30 rooms by the middle of 2019 and (ii) a building in central Budapest with approximately 3,700 sqm of gross leasable area, which it intends to refurbish into a three star hotel.

Value-add

The Value-add segment comprises the Group's assets located in Hungary, Poland, Slovakia, Romania, France and Italy. The majority of assets are retail and commercial income-generating properties; the remainder comprises residential properties and land bank. This segment complements the Group's largest segments, Czechia and Berlin, by utilising the Group's expertise in office and retail asset management.

The following table provides certain information on the Group's Value-add portfolio as of 31 December 2017:

	As of 31 December 2017			
	Number of properties	Carrying value	Net rental income	Occupancy
		<i>EUR (millions)</i>		<i>per cent.</i>
Hungary.....	19	509	23	91.8
Slovakia.....	18	117	7	86.9
Poland	6	206	9	95.2
France.....	1	151	1	—
Romania	1	38	2	94.3
Italy	1	12	—	—
The Group.....	46	1,033	40	92.1

In 2017, the Group's Value-add property portfolio value increased by 36 per cent. while net rental income increased by 21 per cent. compared to 2016, mostly due to the Group's acquisition of a retail portfolio consisting of 11 shopping centres located in Czechia, Hungary, Poland and Romania in March 2017. The occupancy rate grew to 92.1 per cent. from 85.1 per cent. in 2016, mostly due to the Group's acquisition of a property in Romania with an occupancy rate above 94 per cent. and the Group's disposal of a property in Luxembourg with below 90 per cent. occupancy.

Overview of Financial and Operational Results

The Group maintains a prudent financial policy. Foreign exchange risks are effectively managed by shifting risks associated with movements in exchange rates to its tenants in most of its Euro-denominated contracts in order to hedge exposure to currency risks in its loans; it uses interest rate swaps to hedge against interest rate risks and uses a credit rating scorecard to manage credit risk associated with its tenants.

The Group is also able to draw on a diverse range of capital and liquidity sources including international capital markets issuances under the Issuer's EUR 1.25 billion Euro medium term note programme (the **EMTN Programme**), domestic bonds in Czechia, Luxembourg and Slovakia, secured loans from its relationship banks and equity investment from its majority shareholder. The Group's land bank comprises 9 per cent. or EUR 49 million of total property portfolio representing a source of flexibility and liquidity for the Group.

The Group has strong credit metrics, and intends to maintain a conservative credit profile and strong investment grade ratings. As of and for the year ended 31 December 2017, the Group's ratio of gross debt to total assets was 43 per cent. (compared to 47 per cent. and 57 per cent. as of 31 December 2016 and 2015, respectively), net loan to value was 45 per cent. and the interest coverage ratio was 2.6x. Notably, the interest coverage of 2.6x only partially reflects the impact of the Group's refinancing

activities, which lowered the Group's overall cost of debt but occurred in October and December 2017.

Management aims to continue increasing the proportion of unencumbered assets in its portfolio by gradually refinancing its currently outstanding secured debt with unsecured bonds. The Group has not historically paid dividends but has reinvested retained earnings in the business. The Group does not have any current plans to commence dividend payments.

Management is committed to maintaining a net loan to value below 45 per cent., and to maintaining an interest coverage ratio above 3x over the long term, in support of a strong investment grade profile.

The following tables provide certain information on the Group's financial results in the periods and as of the dates under review:

Selected consolidated statement of comprehensive income data

<i>€ thousands (unless otherwise indicated)</i>	Year ended 31 December		
	2017	2016	2015
	<i>(audited)</i>		
Net rental income	231,678	207,313	206,073
Net business income	271,809	238,225	219,215
Operating result	1,010,800	632,406	210,050
Profit before income tax	841,355	543,843	124,594

Selected consolidated statement of financial position data

<i>€ thousands (unless otherwise indicated)</i>	31 December		
	2017	2016	2015
	<i>(audited)</i>		
Total assets	7,529,232	5,661,909	4,322,723

Selected additional information

<i>€ millions (unless otherwise indicated)</i>	As of and for the year ended 31 December		
	2017	2016	2015
	<i>(unaudited)</i>		
Consolidated Adjusted EBITDA.....	228	200	182
Consolidated Adjusted EBITDA margin.....	84 per cent.	84 per cent.	83 per cent.
Consolidated total indebtedness	3,257	2,583	2,408
Property portfolio value	6,722	4,865	3,822
Net loan to value	45 per cent.	48 per cent.	59 per cent.
Interest coverage ratio	2.6x	2.4x	2.3x
Secured leverage ratio	26 per cent.	36 per cent.	42 per cent.
Unencumbered assets	43 per cent.	23 per cent.	22 per cent.
Vacancy rate ⁽¹⁾	7 per cent.	10 per cent.	11 per cent.
EPRA Net asset value	3,934	2,729	1,732
Gross leasable area (thousand sqm)	3,329	3,094	2,977
Average cost of debt	2.6 per cent.	2.9 per cent.	3.3 per cent.

Note:

(1) Excluding hotels and calculated on the basis of EPRA vacancy.

The Group has been growing in the periods under review.

In the year ended 31 December 2017, net rental income increased by 12 per cent. to EUR 232 million (31 December 2016: EUR 207 million). This increase was driven primarily by the Group's acquisition in 2017 of the shopping centres, commercial properties and hotels described above. The increase in net rental income was partially offset by disposals of non-core assets such as the Lozorno Logistic Park in

Slovakia.

In the year ended 31 December 2017, the operating result increased by 60 per cent. to EUR 1,011 million (31 December 2016: EUR 632 million). This increase was primarily driven by a valuation gain of EUR 834 million, reflecting the overall performance improvement of the Group's projects, current situation in the Group's Czech and German markets and the Group's successful acquisitions in 2017.

In the year ended 31 December 2017, profit before taxes increased by 54.6 per cent. to EUR 841 million (31 December 2016: EUR 544 million). This increase was primarily driven by a substantial gain from the revaluation of the Group's properties partially offset by a growth in net finance costs.

In the year ended 31 December 2017, the Group's net business income and Consolidated Adjusted EBITDA increased to EUR 272 million and EUR 228 million, respectively (31 December 2016: EUR 238 million and EUR 200 million, respectively). In the year ended 31 December 2016, net business income and Consolidated Adjusted EBITDA increased to EUR 238 million and EUR 200 million, respectively (31 December 2015: EUR 219 million and EUR 182 million, respectively).

In the year ended 31 December 2017, Consolidated Adjusted EBITDA increased by 14.0 per cent. to EUR 228 million (31 December 2016: EUR 200 million). This increase was primarily due to the ongoing robust growth in rental and hotel net income. In the year ended 31 December 2017, the Consolidated Adjusted EBITDA margin remained flat at 84 per cent. compared to the year ended 31 December 2016.

Total assets increased by 33.0 per cent. to EUR 7,529 million as of 31 December 2017 (31 December 2016: EUR 5,662 million). This increase was primarily due to an increase in the size of the Group's property portfolio, which increased by EUR 1,857 million to EUR 6,722 million as of 31 December 2017 (31 December 2016: EUR 4,865 million).

The net loan to value ratio decreased to 45 per cent. as of 31 December 2017 (31 December 2016: 48 per cent.). This decrease was primarily driven by higher property portfolio valuations due to strong underlying markets and successful efforts of the asset management team to improve occupancy and rents, along with an equity contribution of EUR 150 million from the Group's primary shareholder.

The ratio of secured debt decreased to 59 per cent. as of 31 December 2017 (31 December 2016: 77 per cent.). The ratio of unencumbered assets increased to 43 per cent. as of 31 December 2017 (31 December 2016: 23 per cent.). These improvements were achieved as the proceeds from the EUR 825 million bond offerings were used to refinance high-cost secured debt.

In the year ended 31 December 2017, the interest coverage ratio increased to 2.6 (31 December 2016: 2.4). This increase reflects the partial effects of the Group's refinancing operations which resulted in significant reduction in the cost of bond financing and a smaller reduction in the cost of bank financing in late 2017.

As of 31 December 2017, the overall vacancy rate decreased to 7 per cent. (31 December 2016: 10 per cent.). This decrease was driven primarily by active asset management, strong demand and low levels of new supply.

Debt Overview

The Group's sources of funding comprise senior unsecured Eurobonds issued to international investors under the Programme, senior unsecured and secured bonds issued prior to the establishment of the Programme and primarily sold to investors in the local markets of Czechia, Luxembourg and Slovakia, secured loans from its relationship banks and equity investment from its majority shareholder.

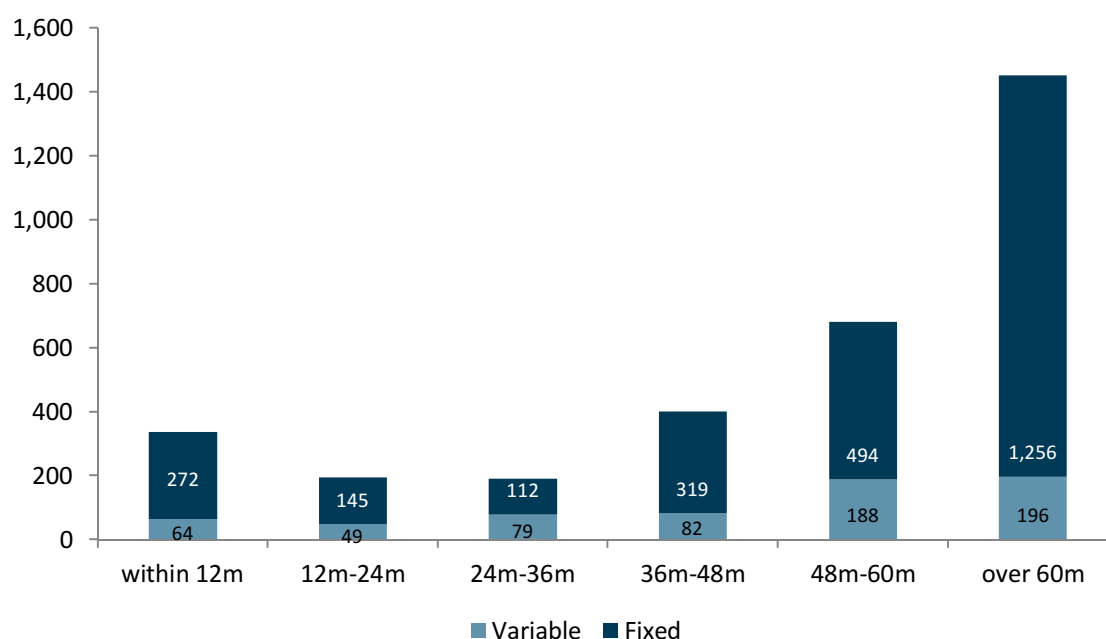
Total debt increased by EUR 664 million, or 23.0 per cent., to EUR 3,247 million as of 31 December 2017 (31 December 2016: EUR 2,583 million). Long-term debt increased by EUR 973 million, or by 49.9 per cent., to EUR 2,925 million as of 31 December 2017 (31 December 2016: EUR 1,951 million). Short-term debt (that is, short-term borrowings and the current portion of long-term debt) decreased by

EUR 310 million, or 49.1 per cent., to EUR 322 million as of 31 December 2017 (31 December 2016: EUR 632 million), mainly due to the disposal of assets held for sale and related liabilities. The Group's weighted average debt maturity increased from 5.1 years as of 31 December 2016 to 5.9 years as of 31 December 2017.

Secured debt decreased by EUR 317 million to EUR 1,700 million as of 31 December 2017 (31 December 2016: EUR 2,017 million). Unsecured debt increased by EUR 924 million to EUR 1,547 million as of 31 December 2017 (31 December 2016: EUR 623 million).

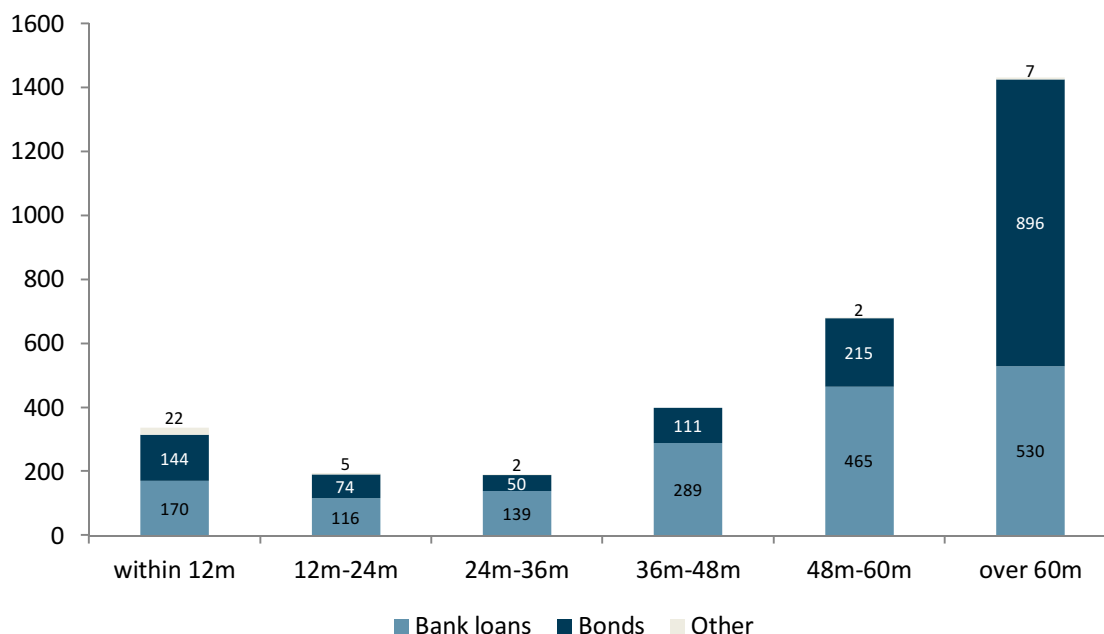
The floating rate debt portfolio decreased by EUR 1,002 million to EUR 658 million as of 31 December 2017 (31 December 2016: EUR 1,660.1 million). The fixed rate debt portfolio increased by EUR 1,618 million to EUR 2,598 million as of 31 December 2017 (31 December 2016: 979.9 million). As a result the ratio of fixed-rate debt increased from approximately 71 per cent. as at 31 December 2016 to approximately 82 per cent. as at 31 December 2017.

The following graph illustrates the maturity profile of the Group's external financing as of 31 December 2017, broken down by type of interest rate in millions of EUR).



As of 31 December 2017, the total value of unsecured bonds issued by members of the Group amounted to EUR 1,326 million (31 December 2016: EUR 542.4 million). These bonds are denominated in EUR and CZK and were primarily issued by the Issuer, Czech Property Investments, a.s., CPI Finance Slovakia, a.s., Spojené farmy, a.s., CPI Property Group S.A., CPI Finance Slovakia II, a.s., ORCO PROPERTY GROUP S.A. and CPI Finance Slovakia, a.s.

The following graph illustrates the maturity profile of the Group's external financing as of 31 December 2017, broken down by type of funding source (in millions of EUR).



In September 2017, the Issuer established the EMTN Programme and in October 2017, the Issuer issued EUR 600 million of senior unsecured notes maturing in October 2024 with a fixed coupon of 2.125 per cent. per annum under the EMTN Programme. In November 2017, the Issuer completed a EUR 225 million tap of the 2.125 per cent. notes due 2024 which were consolidated to form a single series with the EUR 600 million 2.125 per cent. notes due 2024. Proceeds of the 2.125 per cent. notes due 2024 were used primarily to refinance high-cost secured and priority debt.

As of 31 December 2017, bonds in the amount of EUR 163 million (31 December 2016: EUR 165 million) represented secured financing. These secured bonds are denominated in CZK and were primarily issued by CPI BYTY, a.s., CPI Alfa, a.s. and CPI RETAIL PORTFOLIO I, a.s.

The majority of the Group's secured loans are secured by liens over property owned by the Group's individual special purpose vehicles.

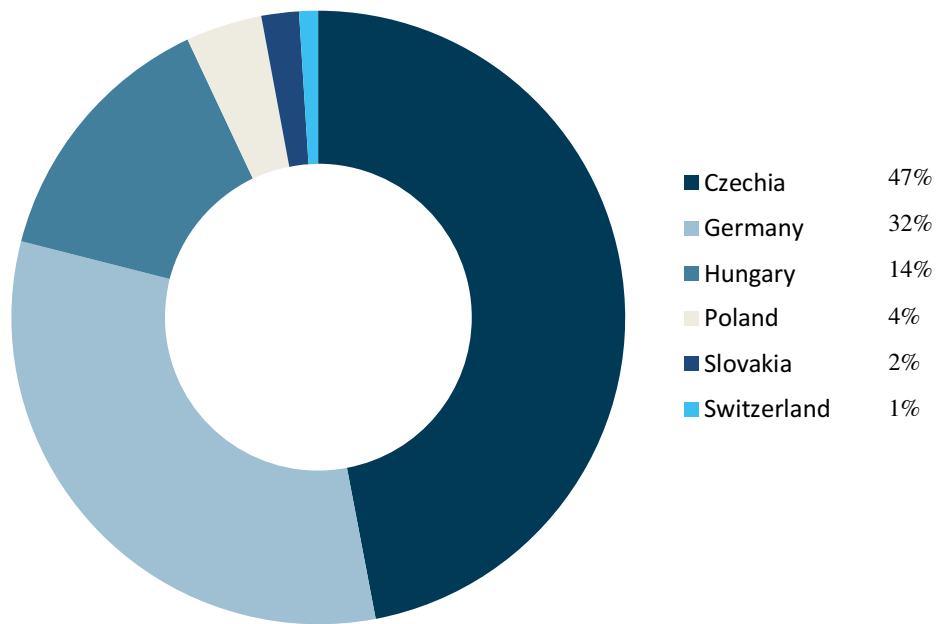
On 7 September 2017, GSG Berlin signed a new secured loan in the amount of EUR 510 million, with a seven year maturity. The loan refinanced an existing bank loan amounting to EUR 282 million and which was scheduled to mature in December 2017. The drawdown, which is subject to certain conditions precedent, is expected to occur on or around 20 September 2017.

In February 2018 the Issuer signed a five year EUR 114.8 million loan agreement with UniCredit Bank to refinance Quadrio.

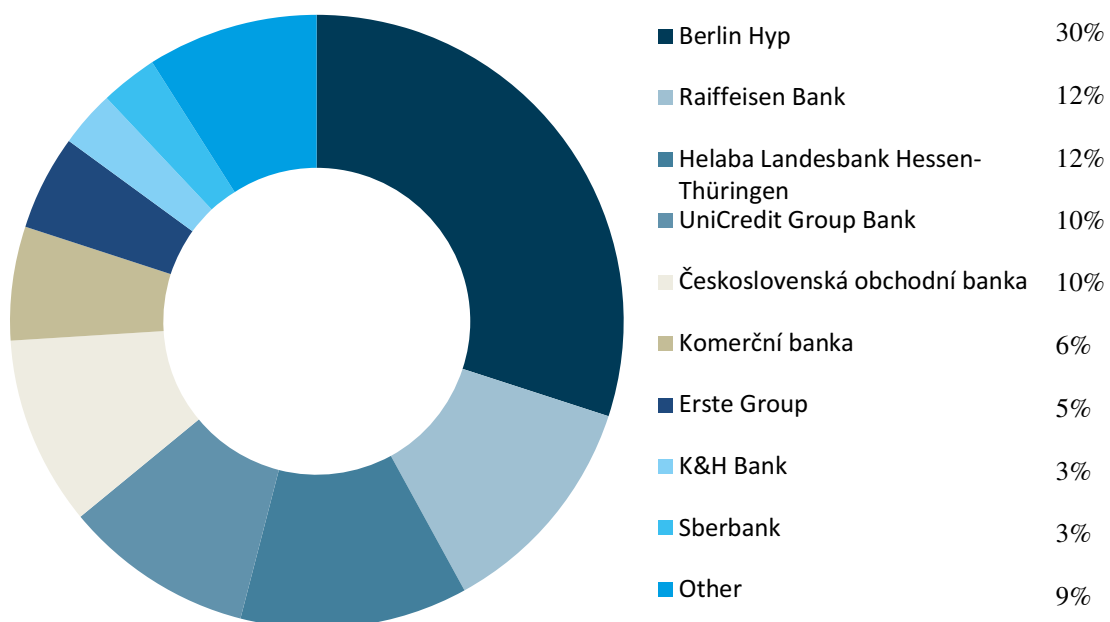
In March 2018, the Issuer entered into a EUR 150 million two year revolving credit facility with a group of leading international and regional banks, including Barclays, Credit Suisse, Deutsche Bank, JP Morgan, Komerční banka and UniCredit Bank.

The Group benefits from strong underlying markets in Czechia, Germany, Hungary and other European countries. The pricing available for secured loans in the Group's key markets remain attractive.

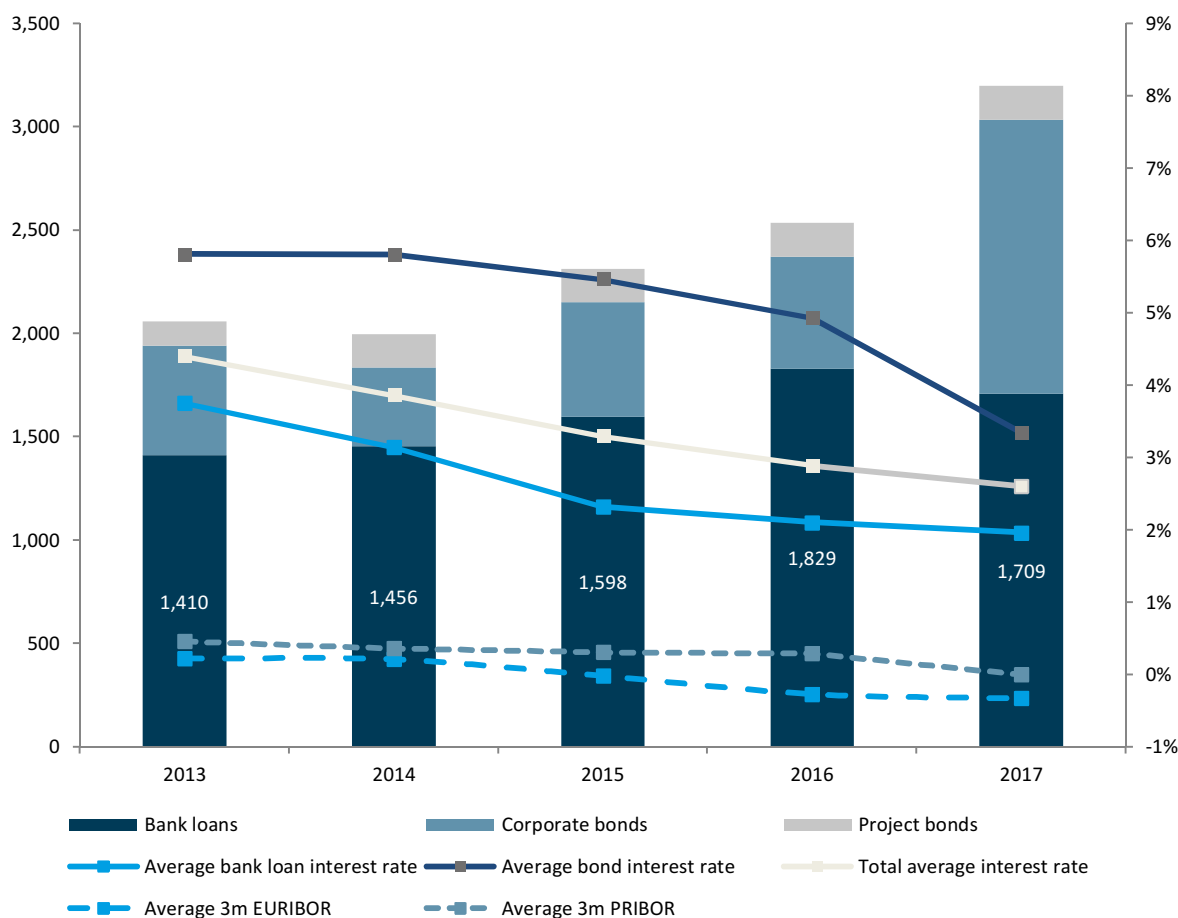
The following graph illustrates secured bank debt breakdown by geography as at 31 December 2017:



81 per cent. or EUR 1,380 million of outstanding secured bank loans are drawn from six large banking groups who are active in the Group's core regions. In total, the Group has secured loans from 17 banks active in the CEE region and Germany. The following graph illustrates the secured bank debt breakdown by lender as at 31 December 2017:



The following graph illustrates the average cost of debt for the Group for the periods indicated:



Major Shareholders

The Issuer's issued share capital consists of 9,488,722,610 ordinary shares as of 31 December 2017. The shares are governed by the laws of Luxembourg.

Mr Radovan Vitek and entities owned by him have invested more than EUR 1,900 million in the Issuer. This includes cash contributions of EUR 50.0 million in April 2018, EUR 100.0 million in November 2017 and EUR 51.5 million in June 2017; an in kind contribution of EUR 4.45 million in December 2016; a cash contribution of EUR 130 million in November 2016; a cash contribution of EUR 55 million in June 2016; a EUR 297 million bond contribution in exchange for shares in April 2016; and a EUR 149 million bond and loan contribution in exchange for shares in December 2014. Mr Radovan Vitek has indicated that he may, from time to time, purchase Notes, including Undated Subordinated Notes, issued under the Programme as part of their initial offering or otherwise, as another means of continuing to support the Group, although there is no assurance he will make any such investment.

The following table sets forth the ownership of the Issuer's shares, as of 31 December 2017, in so far as it is known to the Issuer:

Owner	Number of ordinary shares owned	Share of total number of ordinary shares per cent.	Share of voting rights
Radovan Vitek	8,461,043,946	89.17 per cent.	91.61 per cent.
Others	775,376,416	8.17 per cent.	8.39 per cent.
Treasury.....	252,302,248	2.66 per cent.	0.00 per cent.
Total shares outstanding	9,488,722,610	100.00 per cent.	100.00 per cent.

Note:

- (1) As of the date of this Base Prospectus, Mr Radovan Vitek owned 7,986,189,994 shares representing 81.53 per cent. of total number of ordinary shares and 90.89 per cent. share of voting rights.

Property Valuation

The annual consolidated financial statements of the Group are prepared in compliance with IFRS, which includes the application of fair value methods. The properties are regularly valued by independent experts. The valuation reports are prepared in accordance with RICS Standards. The Group conducts an open tender process annually in order to select its external valuation providers.

The following table provides certain information on the valuation providers used by the Group in the periods indicated:

	As of 31 December 2017
	per cent. share in relation to the Group's total property portfolio
Jones Lang LaSalle	46
Savills.....	24
Cushman & Wakefield.....	15
RSM TACOMA; CBRE; Knight Frank	10
Other	5

	As of 31 December 2016
	per cent. share in relation to the Group's total property portfolio
Cushman & Wakefield	49
Savills	21
Jones Lang LaSalle; Mazars	12
RSM TACOMA; CBRE; Knight Frank	11
Other.....	7

	As of 31 December 2015
	per cent. share in relation to the Group's total property portfolio
DTZ.....	47
CBRE.....	21
Knight Frank; Jones Land LaSalle; Cushman and Wakefield.....	15
RSM TACOMA	11
Other.....	6

In the year ended 31 December 2017, the Group realised a revaluation gain of EUR 834 million, primarily reflecting the better performance of the Group's properties and improved market conditions in the Group's core markets, Czechia and Berlin, which amounted to EUR 778 million of the revaluation gain. The share of office and retail segments represented 74 per cent. of the revaluation gain. The Group realised a revaluation gain of EUR 394 million in the year ended 31 December 2016, primarily due to the revaluation of the Group's Berlin properties, which amounted to EUR 344 million, compared to EUR 32 million in the year ended 31 December 2015.

Directors of the Issuer and Group Executive Management

General

The Issuer is committed to the continual and progressive implementation of the real estate industry's best practices with respect to corporate governance and continues to adjust and improve its internal practices in order to meet evolving standards. The Issuer aims to communicate regularly with its shareholders and stakeholders regarding corporate governance. The Issuer follows the Ten Principles and their Recommendations of the Luxembourg Stock Exchange as a reference for its Corporate Governance Rules. The security instruments of the Issuer and its respective subsidiaries are listed on

several European regulated markets, including stock exchanges in Bratislava, Dublin, Frankfurt, Luxembourg, Prague and Warsaw. As such, the rules and regulations applicable to these trading venues are applicable to the Issuer or its respective subsidiaries.

Board of Directors

The Issuer's Board of Directors (the **Board**) has seven members (the **Directors**). The members of the Board are elected at the general meeting of shareholders for a term not exceeding six years. They are eligible for re-election and may be removed at any time. As of 31 December 2017, the Board consists of the following Directors:

Name	Age	Current position	Position held since
Edward Hughes	51	Chairman, Independent Non-Executive Director	10 March 2014
Martin Němeček	42	CEO and Managing Director	10 March 2014
Tomáš Salajka	42	Director of Acquisitions, Asset Management & Sales	10 March 2014
Philippe Magistretti	61	President and CEO of CMA s.a. Crans Montana	28 May 2014
Oliver Schlink	47	CFO & Managing Director of GSG Berlin	28 May 2014
Radovan Vitek	47	Director	10 March 2014
Marie Vítková	41	Director	26 May 2017

This team has overseen the Group's growth generation, capital raising and leverage reduction.

The roles of Chairman of the Board and CEO are clearly separated to ensure a balance of power and prevent any director from exercising unfettered powers of decision making.

The business address of the directors is 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg.

The following are short profiles of the members of the Board:

Edward Hughes, Chairman of the Board of CPI Property Group, was appointed in March 2014. Edward has also been a member of the Board of ORCO Property Group since 27 June 2013. He has been engaged in real estate investment, consultancy and brokerage activities in Czechia and other Central European countries for more than 20 years. Through his finance and real estate background Edward is an experienced professional and has significant experience in asset acquisition, project preparation and developments. In 1996, he established Lexxus and developed it to become the leading real estate agency in Prague and Bratislava. Prior to establishing Lexxus, in 1996, Edward was Associate Director of GE Capital Europe, responsible for Central European business development and subsequently, in 1997, he became Finance Director of Multiservis, a GE consumer finance company in Czechia. Edward started his career in Arthur Andersen in London in 1988, qualifying as a Chartered Accountant in 1991. In September 1991 he transferred to work for Arthur Andersen in Prague. Edward is a graduate of Trinity College, Dublin where he majored in Business and Economics with Honours (1988).

Philippe Magistretti, President and CEO of CMA s.a. Crans Montana, and Board Member of CPI Property Group. Before joining CPI Property Group, Philippe acted as Chairman of Seveeast, a private wealth management firm in Switzerland, from 2009 to 2015. He was a Member of the Executive Committee and Head of Wealth Management at Renaissance Investment Management in Moscow from August 2006 to January 2008. Prior to joining Renaissance Investment Management, Philippe worked with UBP for two years where he was a Member of the Executive Committee and Head of Private Banking. Philippe worked for Lazard Group for more than ten years, as a General Partner of Lazard Frères & Co., New York (from January 1994 to January 2002), Managing Director of Lazard Brothers, London (from January 2002 to February 2004) and CEO of Crédit Agricole Lazard Financial Products

Bank, London, a derivatives subsidiary of Lazard Group (from April 1995 to June 2003). Prior to that, Philippe held executive positions at AIG Financial Products, Credit Suisse First Boston and Solomon brothers in New York. Philippe was a member of the board of Fellows at Harvard Medical School for ten years (1992-2002). He holds an MBA from IMD (Lausanne) and a Doctorate in Medicine from the University of Geneva (1982-1984) (Nuclear Medicine), is Fellow of the Harvard Medical School (1978-1981), received an MD degree from the University of Geneva in 1980 and holds a Masters in Philosophy from the University of Geneva.

Martin Němeček, CEO and Board Member of CPI Property Group, was appointed in March 2014. Martin has recently led the acquisition by CPI Property Group of CPI Group and integration of two groups. Before joining CPI Property Group, Martin was the Deputy CEO of CPI Group, where he was responsible for the real estate acquisitions and had managed transactions with total values over EUR 1.5 billion, including the foreign expansion of the group and acquisition of Ablon and Endurance Fund. Martin also oversaw the bank project financing and legal affairs of CPI Group. From 2001 to 2011, he worked for Salans (today Dentons), Linklaters and Kinstellar law firms. Martin graduated from the Faculty of Law of the Charles University in Prague and from the University of Economics, Prague.

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales and Board Member of CPI Property Group, was appointed in June 2014. Before joining CPI Property Group, Tomáš was CEO of Orco Property Group and also was working over the last 10 years for GE Real Estate Germany/CEE where his latest position was the Head of Asset Management & Sales CEE and before that for CSOB in the Restructuring Department. He studied foreign trade at the University of Economics in Prague, Czech Republic (VSE).

Oliver Schlink, CFO and Managing Director of GSG Berlin and Board Member of CPI Property Group, has been working for GSG Berlin for approximately six and a half years. Oliver is solely responsible for finance areas (accounting, controlling, tax, financing), legal, HR and financially driven communication of GSG Berlin and has shared responsibility, with the other GSG Berlin managing directors, for the areas of IT and development. Oliver started his career at KPMG in 1998, where he worked for four years. In 2001 he joined Deutsche Annington (today Vonovia), where he worked for almost ten years, mostly as the Head of Controlling. In 2001, Oliver was responsible for managing one of the four regions of the Deutsche Annington group, comprising 43,000 flats in Westphalia. Oliver holds a dual degree in Business Administration and Engineering from TU Berlin, where he graduated as *Diplom-Wirtschaftsingenieur* in 1997.

Radovan Vítek, Board Member of CPI Property Group, was appointed in March 2014. Radovan is an entrepreneur, investor and founder of CPI. He started his investment career in Slovakia in the early 1990s' voucher privatisation, before moving his business activities to Czechia to focus on real estate investments in Prague. In 1996, Radovan acquired an investment fund, Boleslavsko, which he transformed into his key real estate investment vehicle (now CPI). In the early 2000s, CPI acquired a wide portfolio of real properties and land in Czechia and Slovakia. His primary focus was the quickly developing retail sector, as Czechia was preparing to join the European Union in May 2004. During the economic downturn, in the absence of competitive bidders, Radovan significantly increased his investment into the office segment. In 2014, Radovan established the Issuer in its current format by the combination of CPI and GSG Group (the leading owner-operator of commercial real estate in Berlin), creating a platform that has become one of the largest CEE real estate groups.

Marie Vítková, Board Member of CPI Property Group, was appointed in May 2017. Between 2012 and 2016 she worked at CPI as a Strategic Financial Manager. Previously she managed the ZIBA Glass Experience Museum, an extensive glass exhibition project in Prague. Currently, Marie oversees investments in Crans Montana in Switzerland. Before joining CPI Property Group, she worked for Wotan Invest as the Director of Acquisitions and Project Financing. Marie gained further years of experience with her own company focused on organising golf tournaments and economic congresses and finally as an advisor to Heineken during its years of expansion. Marie graduated from the Faculty of Business and Management at the University of Technology in Brno Management.

Management

The following are short profiles of the members of the Issuer's executive management team:

Martin Němeček, Chief Executive Officer of CPI Property Group, was appointed in March 2014. His biography is above. See "*—Board of Directors*".

Zdeněk Havelka, Executive Director of CPI Property Group, was appointed in June 2014. Before joining CPI Property Group, Zdeněk led the CPI Group as CEO. He joined the CPI Group in 2002 as a senior accountant. Later, he was appointed the Chief Financial Officer. In 2005, he was appointed the Chief Executive Officer and his direct subordinates were directors of departments of internal audit, development, asset management, acquisitions, property management and operations. He attended the milestones most important for the growth of the real estate group that has already expanded beyond Czechia borders long ago. Zdeněk is a graduate of the Faculty of Agriculture, the University of South Bohemia in České Budějovice.

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales of CPI Property Group, was appointed in June 2014. His biography is above. See "*—Board of Directors*".

David Greenbaum, Chief Financial Officer of CPI Property Group, was appointed in February 2018. Before joining the Issuer, he worked for nearly 16 years at Deutsche Bank, where he was most recently co-head of debt capital markets for the CEEMEA region. David began his career at Alliance Capital Management in 1999. In 2000 he joined Credit Suisse First Boston before moving to Deutsche Bank in 2002. David graduated magna cum laude from Cornell University with a degree in English language and literature.

Pavel Měchura, Group Finance Director of CPI Property Group, was appointed in February 2018. Pavel began his career at KPMG in 2004 before joining CPI Group as an IFRS specialist in 2010. Pavel has 11 years of real estate experience, including eight years with CPI Property Group where he is now responsible for the Group's accounting and reporting, consolidation, valuations and strategic planning. Pavel graduated from Technical University of Liberec with a degree in Economics and Managerial Informatics.

Potential Conflicts of Interests

There are no potential conflicts of interest between the duties owed by the Directors to the Issuer and their private interests or other duties.

Risk Management

Management considers that the main risks to which the Group is exposed relate to property and finance. The Group's overall approach to risk is conservative. There are inherent risks determined by the nature of the business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of probability and magnitude and are closely managed. Analysis of sensitivity to these key risks is conducted at Group level.

Management considers re-financing risks to be limited. Risks of potential breaches of loan covenants are managed through a conservative financing policy and a close review of compliance indicators.

The Group has internal risk management and control systems. Key elements of the internal control systems are: a management structure designed to enable effective decision making; scheduled periodical reviews of key performance indicators, such as retail tenants' turnovers, vacancies, rent collection, arrears and doubtful debtors, and review of performance against budgets; and internal audit and cost control functions. Strict procedures are also observed for the periodic production of quarterly and annual figures on the basis of the adopted policies. There are clearly defined guidelines and approval limits for

capital and operating expenditure and other key business transactions and decisions. The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in detail and approved by the Board of Directors where appropriate.

The Group makes use of electronic data processing within automated information systems. Offsite data back-up and recovery measures are in place.

Note 7 to the 2017 Financial Statements contains a further discussion of financial risk management. The 2017 Financial Statements are incorporated by reference in, and form part of, this Prospectus. See "*Documents Incorporated by Reference*".

Litigation

Other than as described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

Kingstown

In January 2015, Kingstown Partners Master Ltd., Kingstown Partners II and Ktown LP (together **Kingstown**) filed a claim with the Luxembourg District Court. Kingstown claims to be a shareholder of OPG and demands damages in the amount of approximately EUR 14.5 million and compensation for moral damage in the amount of EUR 5.0 million. The Luxembourg District Court issued a judgement on 19 February 2016, which required Kingstown to place a legal deposit of EUR 90,000 with the *Caisse de Consignation* in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017.

Hagibor

In March 2016, an insolvency administrator of Hagibor Office Building (**Hagibor**), filed a lawsuit requesting OPG to repay an amount of USD 16.49 million that Hagibor had lent to OPG in 2012. In August 2016, the litigation was stayed until the resolution of separate litigation relating to the ownership of the Radio Free Europe building. In December 2016, OPG filed a lawsuit disputing the existence of pledges registered on the Radio Free Europe building in favour of the financing bank.

Capital Expenditures

The Group had capital commitments of EUR 29.9 million in respect of capital expenditures contracted as of 31 December 2017.

Insurance

The Group insures all of its income-producing properties with all-risk property insurance at reconstruction cost, business interruption (revenues for 24 months) and third party liability insurance. Some properties are also insured against terrorist acts. Properties under development have construction all-risk insurance. Insurance is contracted from reputable international firms such as Kooperativa, Česká pojišťovna and AIG Lincoln.

Employees

The Group had 3,920 employees as of 31 December 2017 compared with 3,170 employees as of 31 December 2016 and 1,293 employees as of 31 December 2015. This growth reflects the Group's expansion and extension of its real estate portfolio. All these employees are engaged in the core business activities of the Group.

Recent Developments

On 17 April 2018, the Issuer announced the acquisition of a portfolio of five retail parks in Poland. The portfolio, totalling 19,000 sqm of gross leasable area, consists of four existing retail parks and one retail park under development. The retail parks are operated under HopStop brand and are located in Warsaw and regional cities of Poland.

On 10 April 2018, the Issuer issued 250,000,000 new ordinary shares for a global subscription price of EUR 50 million. The new shares with a par value of EUR 0.10 each were issued at a subscription price of EUR 0.20 per new share. All new shares were subscribed by RINDOSTERN S.à.r.l., an entity closely associated with Mr Radovan Vitek and fully paid up by a cash contribution.

On 6 April 2018, the Issuer announced the acquisition of Futurum Hradec Kralove Shopping Centre from Meyer Bergman, a privately held real estate management firm. Futurum Shopping Centre, located in Hradec Kralove, Czechia, was opened in 2000 and was substantially extended and modernised in 2012. The centre, with a total floor area of 39,000 square meters and 1,350 parking spaces, consists of 110 stores including an anchor Tesco hypermarket and a multiplex cinema. Futurum Shopping Centre is the dominant shopping centre in the Hradec Kralove administrative region.

On 16 March 2018, the Issuer entered into a EUR 150 million two year revolving credit facility with a group of leading international and regional banks, including Barclays, Credit Suisse, Deutsche Bank, JP Morgan, Komerční banka and UniCredit Bank.

On 1 March 2018, the shareholders of the Issuer approved the terms of a share buy-back programme enabling the Issuer to repurchase up to 1,000,000,000 shares of the Issuer. On 5 March 2018, the Issuer repurchased 724,853,952 shares under this programme for approximately EUR 145 million. The shares were bought back from an entity affiliated with the major shareholder. The shares represent a direct holding of 7.64 per cent. of the Issuer's share capital and 7.64 per cent. of the voting rights in the Issuer. The share buy-back programme was not set up for purposes of an employee stock option plan.

On 8 February 2018, the Issuer signed a five year EUR 114.8 million loan agreement with UniCredit Bank to refinance Quadrio.

In February 2018, the Group announced the disposal of Budaör's Office Park in Budapest comprised of a building with 18,512 sqm of gross leasable area and 23,941 sqm of land. The sale price amounted to EUR 9.4 million.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's consolidated capitalisation as of 31 December 2017. This table should be read in conjunction with "Use of Proceeds", the 2017 Financial Statements and the 2016 Financial Statements incorporated by reference or referred to elsewhere in this Base Prospectus.

<i>€ millions</i>	As of 31 December 2017
Bonds issued.....	1,332
Financials debts.....	1,593
Deferred tax liabilities	710
Other non-current liabilities.....	50
Total non-current liabilities	3,685
Bonds issued.....	158
Financial debts.....	165
Trade payables.....	75
Other current liabilities.....	131
Total current liabilities.....	529
Equity attributable to owners of the Company	3,277
Non-controlling interests	38
Total equity	3,315
Total capitalisation.....	7,529

TAXATION

Luxembourg Taxation

General

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Base Prospectus. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It has been prepared on the basis that the Notes qualify as debt for Luxembourg tax purposes and sets out in a non-exhaustive manner the main Luxembourg tax consequences triggered in the case where the Notes were to be considered as equity for Luxembourg tax purposes that are different from the tax treatment of Notes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should consult their professional advisers with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

The residence concept used under the respective headings below applies for Luxembourg tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Corporate investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Tax residency

A holder of the Notes will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding tax

Resident investors

Under the Luxembourg law of 23 December 2005, as amended (the "**Law**"), payments of interest or similar income made by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. This withholding tax also applies on accrued or capitalised interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of tax in application of the Law is assumed by the Luxembourg paying agent within the meaning of the Law.

Non-resident investors

Under Luxembourg tax law currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident holders of the Notes. There is

also no Luxembourg withholding tax, upon repayment of the principal or, subject to the application of Luxembourg tax law, upon redemption, repurchase or exchange of the Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent. If the individual Noteholder holds the Notes in the course of the management of his or her private wealth, the aforementioned 20 per cent. withholding tax will operate a full discharge of income tax due on such payments. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 20 per cent.

If the Notes qualify as equity under Luxembourg tax law:

A 15 per cent. withholding tax would generally apply to payments made under the Notes, subject to available withholding tax exemptions or withholding tax rate reductions.

Income tax

Resident investors

Any investor who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on the Notes. Specific exemptions may be available for certain taxpayers benefiting from a specific tax regime.

Resident individual investors

A Luxembourg resident individual acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at the ordinary rates in respect of interest received, redemption premiums or issue discounts under the Notes, except if (i) a final withholding tax has been levied by the Luxembourg paying agent on such payments in accordance with the Law, or (ii) in case of a non-resident paying agent established in a Member State of the European Union or in a Member State of the EEA, if such Luxembourg resident individual investor has opted for the levy of the 20 per cent. final tax in full discharge of income tax in accordance with the Law. The option for the 20 per cent. final tax must cover all interest payments made by such paying agents to the beneficial owner during the full fiscal year.

Under Luxembourg domestic tax law, gains realised upon the sale, disposal or redemption of Notes by a Luxembourg resident individual who acts in the course of the management of his/her private wealth, are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Notes.

Interest derived from as well as gains realised upon a sale or disposal, in any form whatsoever, of the Notes by a Luxembourg resident individual holder acting in the course of the management of a professional or business undertaking to which the Notes are attributable are subject to Luxembourg income taxes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

If the Notes qualify as equity under Luxembourg tax law:

Under Luxembourg domestic tax law, gains realised upon the sale, disposal or redemption of Notes by a Luxembourg resident individual who acts in the course of the management of his/her private wealth may remain subject to Luxembourg income tax under certain conditions in the case where this sale or disposal took place more than six months after the acquisition of the Notes.

Resident corporate investors

Interest derived from as well as gains realised by a Luxembourg resident corporate entity, which is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Notes are subject to Luxembourg income taxes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

Resident investors benefiting from a special tax regime

Luxembourg residents who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment governed by the amended law of 17 December 2010, (ii) specialised investment funds governed by the amended law of 13 February 2007, (iii) family wealth management companies governed by the amended law of 11 May 2007, or (iv) reserved alternative investment funds treated as specialised investment funds for Luxembourg tax purposes and governed by the law of 23 July 2016 are exempt from income taxes in Luxembourg and thus income derived from the Notes, as well as gains realised thereon, are not subject to Luxembourg income taxes.

Non-resident investors

Non-resident investors, who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Notes are attributable, are not subject to Luxembourg income tax on interest received or accrued on the Notes. A gain realised by such non-resident investor, on the sale or disposal, in any form whatsoever, of Notes is further not subject to Luxembourg income tax.

Non-resident corporate investors or non-resident individual investors acting in the course of the management of a professional or business undertaking, and who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, are subject to Luxembourg income tax on interest accrued or received on the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, on the Notes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

If the Notes qualify as equity under Luxembourg tax law:

Non-resident investors, who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Notes are attributable, may be subject to Luxembourg with respect to a gain realised by such non-resident investor, on the sale or disposal, in any form whatsoever, of Notes under certain conditions and subject to the provisions of applicable double tax treaties.

Net wealth tax

Luxembourg resident investors or non-resident investors who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, except if the investor is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment governed by the amended law of 17 December 2010, (iii) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the amended law of 13 February 2007, (vi) or a family wealth management company governed by the amended law of 11 May 2007, (vii) a professional pension institution governed by the amended law of 13 July 2005, or (viii) a reserved alternative investment fund governed by the law of 23 July 2016. However, (i) a securitisation company governed by the amended law of 22 March 2004 on securitisation, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (iii) a professional pension institution governed by the

amended law of 13 July 2005, and (iv) a reserved alternative investment fund treated as venture capital vehicle for Luxembourg tax purposes and governed by the law of 23 July 2016, remain subject to a minimum net wealth tax. In this respect, a flat annual minimum net wealth tax of EUR 4,815 would be due assuming the Luxembourg company's financial assets, transferable securities and cash deposits represent (i) at least 90 per cent. of its total balance sheet and (ii) a minimum amount of EUR 350,000 (the "**Asset Test**"). Alternatively, should the Asset Test not be met, a progressive annual minimum net wealth tax ranging from EUR 535 to EUR 32,100 depending on the Luxembourg company's total gross assets would be due.

Other taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes.

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes.

Under present Luxembourg tax law, where an individual holder of the Notes is a resident for inheritance tax purposes of Luxembourg at the time of his/her death, the Notes are included in his or her taxable estate for inheritance tax purposes. On the contrary, no estate or inheritance taxes are levied on the transfer of the Notes upon death of an individual holder of the Notes in cases where the deceased was not a resident of Luxembourg at the time of his/her death. Gift tax may be due on a gift or donation of the Notes, if the gift is recorded in a Luxembourg deed or otherwise registered in Luxembourg.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Further Issues*" in the relevant Terms and Conditions) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an Amended and Restated Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 20 April 2018 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and in the relevant Terms and Conditions of the Notes. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. In addition, the Programme Agreement provides that the obligations of the Dealers to subscribe for Notes may be subject to certain conditions precedent, including (among other things) receipt of legal opinions from counsel.

SELLING RESTRICTIONS

United States

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

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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

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

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the

offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any

jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

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

GENERAL INFORMATION

Authorisation

The establishment of the Programme, the update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 12 September 2017 and 16 April 2018.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 20 April 2018.

Documents Available

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

- (a) the Articles of Association of the Issuer (with an English translation thereof);
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2016, in each case together with the audit reports prepared in connection therewith;
- (c) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (d) a copy of this Base Prospectus; and
- (e) any future Base Prospectus, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

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

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

Conditions for determining price

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

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 31 December 2017 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2017.

Litigation

Save as disclosed in "*Description of the Issuer—Litigation*", neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The statutory auditors of the Issuer are KPMG Luxembourg, Société coopérative (KPMG), who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2017 and 31 December 2016. KPMG is a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Dealers transacting with the Issuer

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

Trustee's action

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

Listing agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to Notes issued under the Programme and is not itself seeking admission of Notes issued under the Programme to the Official List of the Euronext Dublin or to trading on the regulated market of the Euronext Dublin for the purposes of the Prospectus Directive.

Language of the Base Prospectus

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

ISSUER

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**Deutsche Bank AG, London
Branch**
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United Kingdom

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UBS Limited
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United Kingdom

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Arabellastrasse 12
81925 Munich
Germany

LEGAL ADVISERS

To the Issuer as to English law

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom

*To the Dealers and the Trustee as to English
law*

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Issuer as to Luxembourg law

Baker & McKenzie Luxembourg
10-12 Boulevard Roosevelt
Luxembourg 2450
Grand Duchy of Luxembourg

*To the Dealers and the Trustee as to Luxembourg
law*

Allen & Overy
société en commandite simple
(inscrite au barreau de Luxembourg)
33 avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Tax advisers to the Issuer as to Luxembourg tax law

Hogan Lovells (Luxembourg) LLP
52, Boulevard Marcel Cahen
L-1311 Luxembourg
Grand Duchy of Luxembourg

TRUSTEE

Deutsche Trustee Company Limited

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EC2N 2DB
United Kingdom

REGISTRAR

Deutsche Bank Luxembourg S.A.

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L-1115 Luxembourg
Luxembourg

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

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London EC2N 2DB
United Kingdom

TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

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Luxembourg

AUDITOR

To the Issuer

KPMG Luxembourg, Société Coopérative

39, Avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

LISTING AGENT

Arthur Cox Listing Services Limited

Arthur Cox
Ten Earlsfort Terrace,
Dublin 2,
Ireland