

PROSPECTUS DATED 3 JUNE 2020



## 3I GROUP PLC

*(incorporated with limited liability in England and Wales with registered number 01142830)*

**£400,000,000**  
**3.750 per cent. Notes due 5 June 2040**

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**Issue Price: 99.346 per cent.**

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The £400,000,000 3.750 per cent. Notes due 5 June 2040 (the "**Notes**") will be issued by 3i Group plc (the "**Issuer**") on 5 June 2020 (the "**Issue Date**"). The Notes will be constituted by a trust deed to be dated on or about the Issue Date (such trust deed, as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**"). The terms and conditions of the Notes are set out more fully in "Terms and Conditions of the Notes" below (the "**Conditions**", and references herein to a numbered "**Condition**" shall be construed accordingly).

The Notes will bear interest from (and including) the Issue Date to (but excluding) 5 June 2040 (the "**Maturity Date**") at a fixed rate of 3.750 per cent. per annum, payable semi-annually in arrear on 5 June and 5 December each year commencing on 5 December 2020.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on the Maturity Date at their principal amount together with accrued and unpaid interest thereon. The Notes are subject to early redemption in whole (but not in part) at their principal amount together with accrued and unpaid interest thereon, subject to certain conditions, at the option of the Issuer at any time in the event of certain changes to the tax treatment of the Notes. The Notes may also be redeemed prior to their stated maturity at the option of the Issuer in whole (but not in part) at their principal amount as further described in Condition 6.3 (*Redemption at the Option of the Issuer*) and Condition 6.5 (*Clean-up Call*).

Payments in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, Taxes (as defined in the Conditions) imposed by or on behalf of the Relevant Jurisdiction (as defined in the Conditions), unless that withholding or deduction is required by law. In the event that any such withholding or deduction is made in respect of such payments, additional amounts may be payable by the Issuer, subject to certain exceptions, as more fully described in the Conditions.

This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for the Notes to be admitted to the official list maintained by the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's regulated market (the "**Regulated Market**"), which is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MIFID II**"). References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Regulated Market.

The Notes will be issued in bearer form and will be offered and sold in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. The Notes will initially be represented by a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**"), without interest coupons, on or after 16 July 2020, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in the limited circumstances described under "*Summary of provisions relating to the Notes while in Global Form*".

The Notes have not been, nor will they be, registered under the United States Securities Act 1933, as amended (the "**Securities Act**"). The Notes are being offered and sold outside the United States by the Managers (as defined in "*Subscription and Sale*" below) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from the registration requirements of the Securities Act. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person (as defined in the United States Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder), except in certain transactions permitted by U.S. Treasury regulations.

The Notes are expected to be assigned a rating of Baa1 by Moody's Investors Service Limited ("**Moody's**") and BBB by S&P Global Ratings Europe Limited ("**S&P**"). Moody's is established in the United Kingdom and S&P is established in the European Union and each is registered under Regulation (EC) No 1060/2009 as amended (the "**CRA Regulation**") and is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A 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.

**You should read the whole of this Prospectus and the documents incorporated herein by reference. In particular, your attention is drawn to the risk factors described in the section entitled "*Risk Factors*" set out on pages 14 to 26 of this Prospectus, which you should read in full.**

Certain information in relation to the Issuer has been incorporated by reference into this Prospectus, as set out in "*Documents Incorporated by Reference*".

Capitalised terms used but not otherwise defined in this Prospectus shall, unless the context requires otherwise, have the meaning given to them in the Conditions.

## **Joint Lead Managers**

Barclays

Citigroup

Deutsche Bank

### **Co-Lead Managers**

Goldman Sachs International

Société Générale  
Corporate & Investment Banking

## IMPORTANT NOTICES

This Prospectus constitutes a prospectus for the purpose of Article 6 of the Prospectus Regulation and contains the necessary information which is material to an investor for making an informed assessment of: (i) the assets and liabilities, profits and losses, financial position, and prospects of the Issuer; (ii) the rights attaching to the Notes; and (iii) the reasons for the issuance and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

None of the Managers or the Trustee has independently verified or confirmed the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made by the Managers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. None of the Managers or the Trustee accepts liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. Each Manager and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such information.

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall, under any circumstances, create any implication that the information contained in this Prospectus is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated

in the document containing the same or that there has been no change in the affairs of the Issuer since the date of this Prospectus or that there has been no adverse change in the financial position of the Issuer since the date of this Prospectus. None of the Managers or the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the Notes, or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, all documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*") when deciding whether or not to purchase the Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Managers or the Trustee represents that this Prospectus may be lawfully distributed, or that the 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 assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Managers or the Trustee which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this Prospectus or the Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes (see "*Subscription and Sale*").

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

- (a) 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 in or incorporated by reference into this Prospectus (and any applicable supplement to this Prospectus);
- (b) 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;
- (c) 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;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of the financial markets; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The Notes constitute a new issue of securities by the Issuer. Prior to this issue, there will have been no public market for the Notes. Although application has been made for the Notes to be admitted to the Official List and admitted to trading on the Regulated Market, there can be no assurance that an active public market for the Notes will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities.

This Prospectus has been prepared on the basis that any purchaser of Notes is a person or entity having sufficient knowledge and experience of financial matters as to be capable of evaluating the merits and risks of the purchase. Before making any investment decision with respect to the Notes, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider their investment decision in light of the foregoing. An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may result therefrom.

**PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA AND UNITED KINGDOM RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”) or the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. No key information document required by Regulation (EU) No 1286/2014 (the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

**MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels. For the avoidance

of doubt, references in this paragraph to "manufacturer" do not refer to the Issuer, who is not subject to MiFID II.

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE** - Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") – all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04 N12: Notice on the Sale of Investment Products and MAS Notice FAA N16: Notice on Recommendations on Investment Products).

**ALTERNATIVE PERFORMANCE MEASURES** – Certain alternative performance measures ("APMs") as described in the European Securities and Markets Authority Guidelines on Alternative Performance Measures are included or referred to in this Prospectus (including in the documents incorporated by reference). APMs are measures that are not defined under generally accepted accounting principles ("GAAP") in the United Kingdom and which are used by the Issuer and its consolidated subsidiaries within its financial publications to supplement disclosures prepared in accordance with other applicable regulations such as International Financial Reporting Standards, as endorsed by the European Union ("IFRS"). The Issuer considers that these measures provide useful information to enhance the understanding of its financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such metric's components and calculation method can be found on pages 35-39 and 47 of the consolidated financial statements of the Issuer for the year ended 31 March 2020 (incorporated by reference into this Prospectus) and pages 31-35 and 43 of the consolidated financial statements of the Issuer for the year ended 31 March 2019 (incorporated by reference into this Prospectus).

**STABILISATION** – In connection with the issue of the Notes, Citigroup Global Markets Limited (the "Stabilising Manager") (or any person acting on behalf of the Stabilising Manager) 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 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

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

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

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

**PRESENTATION OF INFORMATION** – In this Prospectus, all references to: (a) U.S. dollars, U.S.\$ and \$ refer to United States dollars; (b) sterling and £ refer to pounds sterling; (c) euro 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; and (d) the "**Group**" are to the Issuer and its consolidated subsidiaries. References in this Prospectus to the European Economic Area or the EEA shall, unless the context otherwise requires, include reference to the United Kingdom, and Member State shall be construed accordingly.



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## OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on consideration of this Prospectus as a whole, including the documents incorporated by reference herein. Capitalised terms which are defined in "Terms and Conditions of the Notes" have the same meaning when used in this overview.*

<b>Issuer:</b>	3i Group plc
<b>Legal Entity Identifier (LEI) of the Issuer:</b>	35GDVHRBMFE7NWATNM84
<b>Website of the Issuer:</b>	<a href="https://www.3i.com/">https://www.3i.com/</a>
<b>Notes:</b>	£400,000,000 3.750 per cent. Notes due 5 June 2040
<b>Issue Date:</b>	5 June 2020
<b>Issue Price:</b>	99.346 per cent. of the principal amount of the Notes
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer and shall at all times (subject as aforesaid) rank pari passu, without any preference among themselves, with all other present and future unsecured and unsubordinated obligations of the Issuer.
<b>Negative Pledge:</b>	The terms of the Notes will contain a negative pledge provision as further described in Condition 3 ( <i>Negative Pledge</i> ).
<b>Interest on the Notes:</b>	The Notes will bear interest from (and including) the Issue Date up to (but excluding) the Maturity Date at a rate of 3.750 per cent. per annum payable semi-annually in arrear on 5 June and 5 December in each year. The first payment of interest (representing a full six months' interest) will be made on 5 December 2020.
<b>Interest Payment Dates:</b>	5 June and 5 December in each year, up to (and including) the Maturity Date.
<b>Redemption at the Maturity Date:</b>	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on the Maturity Date.

<b>Early Redemption for Tax Reasons:</b>	The Notes may be redeemed prior to their stated maturity at the option of the Issuer (in whole but not in part) as described in Condition 6.2 ( <i>Redemption for Taxation Reasons</i> ).
<b>Optional Redemption by the Issuer:</b>	The Notes may be redeemed prior to their stated maturity at the option of the Issuer (in whole but not in part) as described in Condition 6.3 ( <i>Redemption at the Option of the Issuer</i> ) and Condition 6.5 ( <i>Clean-up Call</i> ).
<b>Purchase:</b>	The Issuer and any of the Issuer's Subsidiaries may at any time purchase Notes in any manner and at any price.
<b>Events of Default:</b>	<p>The Terms and Conditions of the Notes permit the acceleration of the Notes following the occurrence of certain Events of Default.</p> <p>Following an Event of Default, the Trustee may, and if so requested by holders of not less than 25 per cent. in the principal amount of the Notes outstanding or directed by an Extraordinary Resolution, shall by notice to the Issuer, declare the Notes immediately due and payable and all principal, interest and all other amounts payable on the Notes will become immediately due and payable.</p> <p>Trustee certification as to material prejudice to the interests of the Noteholders will be required before certain events will be deemed to constitute Events of Default.</p>
<b>Cross Acceleration:</b>	The terms of the Notes will contain a cross acceleration provision as further described in Condition 9.1(vi) ( <i>Events of Default</i> ), subject to an aggregate threshold of the Specified Amount.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in "Summary of Provisions Relating to the Notes While Represented by the Global Notes" below.
<b>Denomination of Notes:</b>	The Notes have denominations consisting of a minimum of £100,000 plus one or more higher integral multiples of £1,000 in excess thereof up to and including £199,000.
<b>Taxation:</b>	All payments of principal, premium and interest in respect of the Notes and Coupons will be made without withholding or deduction for or on account of

Taxes imposed by or on behalf of the Relevant Jurisdiction as provided in Condition 7 (*Taxation*) unless such withholding or deduction is required by law. In such event, the Issuer will, save in certain limited circumstances provided in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so withheld or deducted.

**Rating:**

The Notes are expected to be rated Baa1 by Moody's and BBB by S&P.

Moody's is established in the United Kingdom, S&P is established in the European Union and each of them is registered under the CRA Regulation.

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.

**Clearing and Settlement:**

Euroclear and/or Clearstream, Luxembourg.

The Notes will initially be represented by the Temporary Global Note, which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable for interests in the Permanent Global Note on or after 16 July 2020. The Permanent Global Note will be exchangeable for definitive Notes in bearer form in the limited circumstances set out in it.

**Listing and admission to trading:**

Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

**Governing Law:**

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

**Joint Lead Managers:**

Barclays Bank PLC

Citigroup Global Markets Limited

Deutsche Bank AG, London Branch

<b>Co-Lead Managers:</b>	Goldman Sachs International  Société Générale
<b>Trustee:</b>	Citicorp Trustee Company Limited
<b>Principal Paying Agent:</b>	Citibank, N.A., London Branch
<b>ISIN:</b>	XS2178611526
<b>Common Code:</b>	217861152
<b>CFI Code:</b>	DBFNFB, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
<b>FISN:</b>	3I GROUP PLC/EUR NT 20400604 RESTN, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Notes will be applied for the general corporate purposes of the Group.
<b>Selling Restrictions:</b>	The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. Particular restrictions on sales of the Notes apply in the United States, the United Kingdom, the EEA (which, for these purposes, includes the United Kingdom) and Singapore. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See " <i>Subscription and Sale</i> " below.

## **RISK FACTORS**

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

*The risk factors which the Issuer believes are material for the purposes of assessing the market risks associated with the Notes are described below.*

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

*Unless the context requires otherwise, capitalised terms which are defined in "Terms and Conditions of the Notes" have the same meaning when used herein.*

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

#### **1. Risks related to the Issuer's business activities, industry and financial situation**

##### ***Global economic and geopolitical conditions***

Economic and political conditions in the Group's core markets of northern Europe, the UK and North America and the global economy as a whole remain uncertain, especially in light of the impacts of the COVID-19 pandemic on macroeconomic conditions. The Group is exposed to economic volatility across its business lines.

Uncertain economic conditions may affect the Group's financial performance due to a decrease in investor demand for private equity and infrastructure investments. A decrease in investor demand, alongside reduced merger and acquisition volumes in a time of economic instability is likely to lead to weaker exit valuations and could have a negative effect on the Group's private equity realisations. An economic downturn may affect the profitability of the Group's portfolio companies, in turn affecting the Group's target returns on investment and net asset value.

Reduced portfolio company profitability increases portfolio company debt covenant compliance risks and macro-economic uncertainty can negatively affect the global debt markets, which become more risk-averse. This may reduce the Group's ability to refinance portfolio companies, and may lead to the Group investing additional proprietary capital to support portfolio companies.

If the Group does not adapt in a timely and appropriate manner to changes resulting from the uncertain macroeconomic environment and industry conditions, or to difficulties in the financial markets, the Issuer's ability to fulfil its obligations under the Notes may be affected.

### ***The impact of the Novel Coronavirus (COVID-19) pandemic***

The World Health Organization declared the Novel Coronavirus (COVID-19) (“**COVID-19**”) a global pandemic in March 2020. The rapid spread of COVID-19 first identified in December 2019 has resulted in a rapid deterioration of the political, socio-economic and financial environment globally. The pandemic has also resulted in an economic downturn in countries in which the Group operates and the global economy more widely, as well as causing disruption to supply chains, lower equity market valuations, increased unemployment levels and increased volatility and declines in financial markets.

In addition, the pandemic has resulted in temporary closures of many businesses and the requirements of social distancing, travel restrictions and sheltering in place to varying degrees across many countries. The Group’s business operations may also be disrupted if significant portions of its workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic. In response to the pandemic, the Group has closed or restricted access to all offices in accordance with local restrictions, adopted measures to allow for flexible working and implemented measures to manage essential processes remotely. The operational risk caused by COVID-19 on the Group could have an adverse effect on the Group’s business model, future performance, solvency and liquidity due to the potential impact on the Group’s strategic objectives.

The Group’s portfolio companies are all affected by the impact of COVID-19 to varying degrees, reflecting the geographic and sector diversity of the portfolio. Some of the Group’s portfolio companies have been affected by supply chain disruption and some are exposed to the effects of the downturn in consumer spending and travel caused by COVID-19.

The Group expects that the difficult economic and market conditions arising as a result of the COVID-19 outbreak will continue in the short to medium term and during this period, the Group’s returns from investments may decline. In addition, there can be no assurances that economic and market conditions will not worsen, further adversely affecting the Group’s investments, valuations, access to financing and overall performance. These factors may affect the level and volatility of securities prices and therefore the liquidity and value of the Group’s investments. Moreover, difficult economic and market conditions and the related impact on the debt and equity capital markets may adversely affect the Group’s investment opportunities and the Group’s ability to sell existing investments.

Whilst the Group continues to monitor and assess the impacts of COVID-19, the extent to which the COVID-19 pandemic impacts the Group’s business, results of operations, financial condition and overall performance, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

### ***Underperformance of portfolio companies***

The value and performance of the Group’s portfolio companies are influenced by prevailing market and economic conditions, including interest rate fluctuations, the availability of credit, inflation, economic uncertainty, business and consumer confidence, employment levels, currency movements and commodity and energy price changes, in addition to the business operational performance and execution of the business strategy. During periods of challenging market conditions, the Group’s portfolio companies may experience a decline in operating performance,

decreased revenues, financial losses, difficulty obtaining access to financing and increased funding costs.

The varied nature of the Group's portfolio exposes the Group to a range of sector risks, and each portfolio company may face operational issues which could affect performance.

The underperformance of any of the Group's portfolio companies could negatively impact the Group's net asset value and total return due to lower valuations and reduced dividends or interest income. Underperformance of the Group's portfolio companies could also lead to the Group investing additional proprietary capital to support portfolio companies. This could have a negative impact on the reputation of the Group as an investor of proprietary capital leading to decreased confidence and a subsequent reduction in investment.

### ***Illiquid nature of the Group's investments***

The majority of the Group's investments are in unlisted companies (as at 31 March 2020, £7,340 million of proprietary capital) which by their nature are illiquid. This creates a risk that the Group is unable to realise investments on a timely basis which could affect its ability to service the Notes.

### ***Investment rate or quality is lower than expected***

The Group aims to invest up to £750 million of proprietary capital annually in between four and seven private equity investments, and support the development of the Group's infrastructure arm and its investment in Scandlines. Although it may be prudent in certain market conditions to reduce levels of investment, if the annual investment rate falls significantly below this level on a sustained basis, it could negatively impact the Group's ability to maintain its portfolio and fee income through the cycle, and its ability to retain and attract investment professionals. An investment rate significantly above this level could expose the Group to vintage risk (i.e. an over exposure to the prevailing pricing and nature of investment opportunities at a particular point in time) or the risk of investing too heavily at the wrong point of the economic cycle. The Group has controls over vintage risk and has maintained a disciplined and selective approach to investment and expanding its portfolio with an average investment level of £633 million per annum since the Group's restructuring in 2012.

The quality of an initial investment decision may have a significant impact on the performance of the Group's portfolio. If the Group makes an investment at an over-inflated price, the Group may face difficulties realising longer term returns which could affect the Group's overall financial position and market reputation.

### ***Volatility in capital markets***

The Group is impacted by the condition and performance of global debt and equity capital markets. Global capital markets often fluctuate as a consequence of the financial condition of companies, industry market conditions and general economic factors. Global and domestic political instability, terrorism, pandemics and natural disasters may have an unforeseeable effect on capital markets. The current turbulent capital market conditions and lack of liquidity in the debt financing markets are likely to result in reduced investment opportunities. Any unforeseen or significant changes in the market conditions for initial public offerings, the level of mergers and acquisitions activity and the availability of well-priced debt finance may have a negative impact on the Group as such conditions present an increased risk for the Group in terms of its ability to



invest and the exit strategies available to its portfolio companies. Changes in market conditions and contractions in asset values could also have a material impact on the value of the Group's portfolio and therefore on returns.

The Group may also be adversely affected by volatility in the capital markets due to its quoted asset exposure. As at 31 March 2020, the Group's quoted asset exposure was £758 million, equating to 9 per cent. of its total portfolio, of which £665 million (8 per cent. of its total portfolio) was the Group's holding in 3i Infrastructure plc ("**3iN**").

Many of the Group's portfolio companies rely on leverage to finance their business operations and increase the rates of return on equity and so the absence of available debt finance for extended periods could materially adversely affect the Group's portfolio companies and the Group as a whole. Furthermore, a lack of readily available financing increases the difficulty for potential buyers to raise sufficient capital to purchase investments which may reduce the Group's opportunities to exit and realise value from its investments which could in turn, have an adverse effect on the Group's returns and cash flow, and the Issuer's ability to service the Notes.

### ***Market competition***

The Group operates in a competitive market. Competition from other private equity and infrastructure investors, as well as trade and other financial buyers, may make it challenging to obtain investments at suitable prices to allow the Group to maximise its returns. Competition for investment opportunities in the markets in which the Group operates is based on a range of factors including sector experience, pricing, terms and structure of a proposed investment, reputation of investment professionals, certainty of execution and the ability to fund further investments where necessary. The Group may face competitive disadvantages from competitors who have greater capital, lower cost capital or better access to debt finance.

The Group principally invests proprietary capital so maintains flexibility to modify the pace and level of new investments. However, it may lose investment opportunities if it does not match the investment prices, structures and terms offered by its competitors.

A competitive market can also have a positive impact on the valuation of the Group's existing portfolio and lead to potential higher realisation proceeds due to higher prices. However, over-inflation of certain markets can lead to increased, overvalued prices creating a risk that the Group overpays for investments which could impact longer-term returns and capital management and in turn have a negative impact on the Group's overall financial position and affect the Issuer's ability to fulfil its obligations under the Notes.

The Group aims to utilise its local expert teams and extensive external network to facilitate less competitive or off-market transactions at lower entry prices than might be required in an extensive auction process. A weakening of the Group's reputation and network may negatively impact its ability to access these opportunities.

### ***Foreign exchange fluctuations***

The Group reports its results in sterling whilst the majority of the Group's underlying assets are denominated in other currencies. As at 31 March 2020, 79 per cent. of the Group's net assets were denominated in euros or US dollars. The Group aims to match foreign currency cash flows to reduce the impact of currency fluctuations on its financial results, for example, the Group may

hold euros or US dollars from a realisation in anticipation of expected future investments in euros or US dollars.

The Group's exposure to currency fluctuations is generally not hedged. The Group has however, reduced its exposure to foreign exchange risk on its investment in Scandlines through the implementation of a €500 million hedging programme. The Group may also engage in short term hedging to match foreign currency cash flows across the Group's operations.

Foreign exchange rate movements can impact the Group's total return and net asset value. As at 31 March 2020, a 1 per cent. appreciation in sterling against the euro or US dollar would have a negative impact on the Group's total return of £48 million and £12 million respectively.

### ***Failure to recruit, develop, and retain key people***

Attracting, investing in and retaining high-performing investment professionals and other employees is an important part of the Group's ability to successfully originate and manage assets. The Group's future success and growth depends on the continued services, development and performance of its investment professionals and business leaders to maintain and further the quality of potential deal flow. There is no guarantee that the Group can retain its current investment professional and employees particularly due to the competitive market for qualified investment professionals.

The Group's board of directors regularly reviews succession plans, however, significant changes to the executive committee and other senior members of staff could have a negative impact on the Group.

The Group's investment professionals have significant expertise in originating, executing and managing the Group's investments. The Group could lose significant investment opportunities through the loss of its investment professionals to competitor firms. An inability to hire, develop, engage and retain a sufficient number of qualified employees could negatively affect the Group's business by potentially undermining investor and shareholder confidence and delaying the execution of strategic plans across the Group.

In order to attract and retain investment professionals, the Group attempts to maintain reward levels in line with market practice. A failure to do so would risk the Group losing key investment professionals, however, increasing reward levels could result in significant additional expenses which could adversely affect the Group's financial position.

The Group has experienced low voluntary employee turnover and, in the year to 31 March 2020, voluntary employee turnover was 9 per cent.

### ***Brexit***

Uncertainties remain concerning the economic effect of the withdrawal of the UK from the European Union on 31 January 2020, commonly referred to as "Brexit". The long-term effects of Brexit will depend on any agreements the UK makes to retain access to European markets either during a transitional period or permanently in addition to the agreements the UK makes with potential trading partners.

The Group currently has UK regulatory “passports” enabling it to conduct certain investment activities within the European Union. Following the end of the transitional period in December 2020, the Group is likely to lose its UK regulatory “passports” which would affect its ability to conduct business and adversely affect the Group’s financial position. The Group has, however, implemented an alternative regulatory structure involving an alternative investment fund manager (“AIFM”) in Luxembourg which has controlled the Group’s operations in France, Germany and the Netherlands since 1 April 2019. The Group’s French operations have been conducted by a French incorporated advisory entity since 1 May 2020. Together, these arrangements give the Group flexibility to continue its business in Europe beyond the transitional period ending in December 2020.

Depending on the final terms of Brexit, in particular those governing trade, financial and legal arrangements, economic conditions in the UK, the EU and global markets may be adversely affected by reduced growth and increased volatility. Due to a lack of precedent on withdrawals from the EU, Brexit could have other unpredictable consequences for investment activities, the EU single market and other important financial relationships, which could adversely affect the Group or its portfolio companies.

#### ***Maintenance of operating cash profit***

The Group aims to cover its operating costs with income from its portfolio and from fees generated from managing external investors’ capital, currently principally from its Infrastructure business line. If the Group’s investments underperform and are unable to pay dividends or cash interest, or the Group is unable to maintain externally managed assets under management then it may not be able to generate sufficient income to cover its operating costs.

The Group’s operating costs could increase if management relaxes the discipline and control over costs or if staff or premises or costs associated with compliance and regulation increase.

#### ***Concentration risk***

The Private Equity business line’s investment in Action, the Dutch headquartered general merchandise retailer, is one of the most successful investments in the Group’s history. The Group originally invested £106 million in 2011, and has made further investments of £618 million in aggregate since then. The value at 31 March 2020 of the Group’s investment in Action of £3,536 million accounted for 44 per cent of the Group’s total Investment portfolio and therefore represents a concentration risk should Action’s trading and/or financial performance deteriorate in the future. As a result of this exposure, the Group could suffer adverse consequences should Action’s trading and/or financial performance worsen. During the financial year ended 31 March 2020, the Group’s direct holding in Action increased to 52.6% gross and 46.2% net (i.e. before and after the ongoing carry liability).

The Group’s Chief Executive is on the board of Action, as part of the additional monitoring of this portfolio company.

Excluding the Group’s largest asset, Action, the Group has diversified its portfolio by vintage, geography and economic sector.

### ***Interest rate risk***

The Group's financial position may be adversely affected through the impact of interest rate fluctuations on the financial performance and valuation of its portfolio companies as many of the Group's portfolio companies rely on leverage to finance their business operations and increase the rate of return on their equity, increasing their sensitivity to interest rate fluctuations. A substantial increase in interest rates could adversely affect the ability of the Group's portfolio companies to service their debt and could in some circumstances potentially lead to a breach of financial covenants in their credit agreements. The impact of a substantial increase in interest rates is mitigated by interest rate hedging at the portfolio company level.

The Group's direct exposure to interest rate changes through its debt position is limited to any drawings under its committed multi-currency facility as the Group's outstanding debt is fixed rate. The Group has not drawn on its committed multi-currency facility since March 2013.

The Group is also exposed to interest rate changes through variability of interest income on its cash and deposit holdings. As at 31 March 2020, the Group had a total of £845 million cash and deposit holdings.

### ***Valuation risk***

The Group values its investment portfolio at fair value quarterly, by valuing investments on an appropriate basis, applying a consistent approach across the portfolio, and ensuring that the portfolio valuation is compliant with the fair value guidelines under IFRS and, in so doing, is also compliant with the guidelines published by the International Private Equity and Venture Capital valuation board. The determination of fair value takes into account a range of factors, including, the acquisition price of an investment, the nature of an investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, equity investments in the portfolio company since its acquisition, levels of leverage, levels of control and comparable transaction multiples. Determining fair value requires the use of management judgment.

The majority of the Group's portfolio is comprised of unquoted investments and there are no readily ascertainable market prices for these illiquid assets. Due to the uncertainty in the valuation of illiquid investments, the Group's valuations of its portfolio companies, accounted for in the Group's net asset value, do not always reflect the actual prices which would be realised by the Group upon sale of its investments. Obtaining a lower price for an investment than its valuation would negatively affect the Group's results and changes in the valuations of portfolio companies could result in volatility in the Group's returns and net asset value.

### ***Changes to the Group's credit rating***

The Group's access to financing from banks or capital markets and the associated cost of financing could be adversely affected if its credit rating was to be downgraded as a result of the weakening of the Group's financial condition.

### ***Credit risk and counterparty risk***

The Group is exposed to counterparty credit risk from its cash holdings and derivative transactions, meaning there is a risk of financial loss if the counterparty fails. The Group sets

counterparty credit limits based on counterparty credit ratings. As at 31 March 2020, 97 per cent of the Group's surplus cash was held in AAA rated same day access money market funds.

## **2. Environmental, social, and governance risks**

### ***ESG risks and reporting requirements***

The Group has been a signatory to the United Nations' Principles for Responsible Investment ("PRI") since 2011. The PRI aims to ensure that environmental, social and governance ("ESG") risks are considered during the investment process. The Group is required to report annually on its responsible investment activities. Failure to monitor developments in these external ESG reporting requirements could have a negative impact on the Group's reputation impacting its ability to raise third party capital and attract and retain employees.

The Group discloses its approach to ESG considerations in its annual sustainability report. To ensure new investments are made in accordance with the Group's ESG considerations, investments must have an ESG risk profile in line with the criteria and exclusions set out in the Group's responsible investment policy. ESG is a key consideration at the Group's semi-annual portfolio company review process. The Group's new investment and portfolio monitoring processes both include an enhanced ESG and sustainability assessment, which enables current and emerging risks and opportunities to be tracked on a systematic basis.

A failure to appropriately consider potential ESG risks could result in poor investment decisions, reputational damage and negative effects on the Group's overall performance.

## **3. Legal and regulatory risk**

### ***Legal and regulatory risk***

The Group's operations are subject to extensive regulation. Following the 2008 financial crisis, the environment in which the Group operates has become highly regulated. The Group's activities in the United Kingdom are regulated by the Financial Conduct Authority whilst its investment activities in certain other jurisdictions are regulated by similar regulatory bodies and regimes, including in particular Luxembourg and the United States. In particular, the Group has two full scope Alternative Investment Fund Managers regulated under the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) and one investment adviser regulated by the U.S. Securities and Exchange Commission.

These regulatory bodies are empowered to conduct investigations and administrative proceedings that could result in fines or other sanctions. Regulation breaches such as a breach of the Listing Rules or the Group's continuing obligations as a listed company or breaches of other regulatory obligations, such as the General Data Protection Regulation ("GDPR"), could have material adverse effects on the Group, including reputational damage, or loss of licences to operate. Breaches of competition rules applicable to merger activity could result in fines and difficulties completing investment transactions.

The Group is required to maintain minimum levels of regulatory capital on a consolidated basis and an individual basis in some of its regulated subsidiaries. A failure to maintain minimum levels of regulatory capital could result in the Group not being able to operate and execute on its strategic objectives thus having a significant adverse impact on the financial performance of the Group.

The largest regulatory capital requirement is that for the consolidated Group: at 31 March 2020 the requirement was £1,767 million and the surplus was £5,091 million.

The Group faces significant compliance challenges due to the evolving regulatory environment and greater regulatory scrutiny over financial markets and financial institutions. The Group is likely to incur additional costs monitoring regulatory developments and ensuring compliance which may increase the Group's operating costs.

### ***Tax risk***

The Issuer is an approved investment trust under section 833 of the Companies Act 2006 and HM Revenue and Customs has approved the Issuer as an investment trust under section 1158 of the Corporation Tax Act 2010 ("**CTA 2010**"). For the Issuer to remain an approved investment trust, it must continue to satisfy the relevant conditions set out in section 1158 of the CTA 2010. If the Issuer were to fail to satisfy any of those conditions, it may be subject to corporation tax on capital gains, including gains on the sale or other disposal of investments that were realised in the accounting period in which the failure occurred, which would have a material adverse effect on the Group's returns and net asset value. The Issuer operates a number of controls to ensure that the investment trust status is maintained. Other protections against the risk of taxation of capital gains currently exist in UK legislation and are available to the Issuer.

The Group could also face financial losses as a result of changes in tax legislation (including in its interpretation) or practice or in the tax treatment of investment trusts. Changes in the basis of taxation, in the UK and other jurisdictions in which the Group operates, could materially impact the Group's performance or performance of its obligations under the Notes.

## **4. Internal control risk**

### ***Operational risks***

The Group is exposed to operational risk resulting from inadequate or failed internal processes, people or systems or from external events and failure of key suppliers. The Group is highly reliant on its financial, accounting and other data processing systems, as well as business processes and procedures covering information security, change management, business continuity and disaster recovery. If any of these systems do not operate properly or are disabled, or the Group fails to keep such systems up-to-date across its businesses, the Group could suffer financial loss, disruption of businesses or damage to its reputation.

The Group is dependent on the capacity and reliability of the information and technology systems supporting its operations, whether developed, owned and operated by the Group or by third parties. A serious breakdown in the Group's information technology systems that are prolonged or occur on a regular basis could adversely affect the Group's key operations and its ability to deliver critical processes. In addition, the increasing sophistication of cyber criminality exposes the Group to the risk that the availability, confidentiality and integrity of the Group's systems and processes, especially those concerning payments and banking, are compromised, thereby damaging the Group's reputation and potentially causing significant financial loss.

Despite implementing robust risk and internal control mitigation strategies across key processes, systems and data, it is not possible to eliminate entirely each of the operational risks to which the Group is exposed.

## FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

### 1. Risks related to the Notes generally

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

***The optional redemption features of the Notes may limit the market value of the Notes and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return***

The optional redemption features contained in Conditions 6.3 (*Redemption at the Option of the Issuer*) and 6.5 (*Clean-up Call*) of the Terms and Conditions of the Notes are likely to limit the market value of the Notes.

During any period when the Issuer may elect to redeem the Notes, the market value of the 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 or if at least 80 per cent. of the Notes have previously been redeemed by the Issuer (thereby allowing the Issuer to elect to redeem the Notes in accordance with Condition 6.5 (*Clean-up Call*) of the Terms and Conditions of the Notes).

With respect to the clean-up call option of the Issuer referred to in Condition 6.5 (*Clean-up Call*), there is no obligation on the Issuer to inform investors if and when the 80 per cent. threshold of the principal amount of the Notes has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that (a) immediately prior to the serving of a notice in respect of the exercise of the clean-up call option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested; or (b) the Issuer or any of its Subsidiaries may have previously purchased some of the Notes.

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.

***The Terms and 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 Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Issuer has appointed the Trustee to represent the Noteholders. The Trustee has certain discretions to agree with the Issuer changes to the Terms and Conditions of the Notes without seeking the consent of the Noteholders. In particular, the Terms and Conditions of the Notes

provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification (other than a Basic Terms Modification) of any of the provisions of the Notes, the Trust Deed or the Agency Agreement that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven, (ii) any other modification (other than a Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes, the Trust Deed or the Agency Agreement that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders, and (iii) in certain circumstances, the substitution of certain other entities in place of the Issuer, or any previous substituted company as principal debtor, as the case may be, under the Trust Deed and the Notes.

***Investors who purchase Notes in denominations that are not an integral multiple of £100,000 may be adversely affected if definitive Notes are subsequently required to be issued***

The Notes have denominations consisting of a minimum of £100,000 plus one or more higher integral multiples of £1,000 (up to a maximum of £199,000). It is possible that the Notes may be traded in the clearing systems in amounts that are not integral multiples of £100,000. In such a case, should definitive Notes be required to be issued, holders of the Notes who, as a result of trading such amounts, hold less than £100,000 in their account in the relevant clearing system may need to purchase, a principal amount of Notes such that their holding is at least equal to £100,000, otherwise such Noteholders may not receive all of their entitlements in definitive Notes or be able to sell their holding of Notes.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

***As the Global Notes relating to the Notes will be held by or on behalf of Euroclear and/or Clearstream, Luxembourg, investors will have to rely on the procedures of those clearing systems for transfer, payment and communications with the Issuer***

The Notes will be held by investors through Euroclear and Clearstream, Luxembourg and will be represented by one or more Global Notes which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Notes in definitive form (i.e. physical securities). Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.



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

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes and any such change could materially adversely impact the value of the Notes.

**2. Risks related to the market generally**

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

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

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

***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 its Notes***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid or may become illiquid at a later stage. 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. Illiquidity may have a severely adverse effect on the market value of Notes.

***Investors may receive a lower price than the amount originally invested if the investors sells the Notes in the secondary market prior to maturity***

If an investor chooses to sell its Notes in the open market at any time prior to the maturity of the Notes, the price the investor will receive from such sale may be less than its original investment, and may be less than the amount due to be repaid at the maturity of the Notes if an investor were to hold onto the Notes until that time. Factors that will influence the price received by investors who choose to sell their Notes in the open market may include, but are not limited to, market appetite, inflation, the period of time remaining to maturity of the Notes, prevailing interest rates and the financial position of the Issuer. In addition, inflation may reduce the real value of the Notes over time which may affect what investors can buy with their investments in the future (including on the maturity of the Notes).

***If the Notes are not denominated in an investor's home currency, the investor 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 the Notes could result in an investor not receiving payments on those Notes***

The Issuer will pay principal and interest on the Notes in sterling. 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 sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or

reevaluation 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 sterling would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) 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.

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

The Issuer has been rated Baa1 by Moody's and BBB by S&P and the Notes are expected to be rated Baa1 by Moody's and BBB by S&P. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Any such revision, suspension or withdrawal could adversely affect the market value of the Notes.

In general, European (including United Kingdom) 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 or the United Kingdom 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 and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK 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). If the status of the rating agency rating the Notes changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. 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 Prospectus.

## INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

- (i) the annual report and accounts of the Issuer and its consolidated subsidiaries for the financial year ended 31 March 2020 (including the Issuer's audited consolidated financial statements for the year ended 31 March 2020 and the audit report thereon) published on the Issuer's website on 19 May 2020 (which can be accessed from the following hyperlink: [https://www.3i.com/media/4659/3i\\_group\\_ar\\_2020.pdf](https://www.3i.com/media/4659/3i_group_ar_2020.pdf)); and
- (ii) the annual report and accounts of the Issuer and its consolidated subsidiaries for the financial year ended 31 March 2019 (including the Issuer's audited consolidated financial statements for the year ended 31 March 2019 and the audit report thereon) published on the Issuer's website on 22 May 2019 (which can be accessed from the following hyperlink: [https://www.3i.com/media/4106/3i-group\\_2019\\_final\\_web.pdf](https://www.3i.com/media/4106/3i-group_2019_final_web.pdf)).

Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

## **PRESENTATION OF FINANCIAL INFORMATION**

### **FINANCIAL INFORMATION RELATING TO THE ISSUER**

The Issuer prepares its consolidated financial statements on a non-GAAP “investment basis” and reconciles its “investment basis” consolidated financial statements to IFRS basis consolidated financial statements. The “investment basis” is an APM and, unless otherwise stated, all financial information relating to the Issuer contained or incorporated by reference in this Prospectus has been prepared on an “investment basis” and reconciled to an IFRS basis. The reconciliation of the non-GAAP “investment basis” consolidated financial statements to the IFRS consolidated financial statements is explained in detail in the annual report of the Issuer for the year ended 31 March 2020 at page 43.

All financial information relating to the Issuer contained in this Prospectus, unless otherwise stated, has been extracted from either the audited consolidated financial statements of the Issuer as of and for the financial years ended 31 March 2020 and 31 March 2019 which are incorporated by reference into this Prospectus.

Percentages in tables have been rounded and accordingly may not add up to 100.0 per cent. Certain financial data have been rounded. As a result of this rounding, the totals of the data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

### **ISSUER NON-IFRS MEASURES**

The Issuer assesses the performance of its business using a variety of key financial measures. Some of these measures are termed a “non-IFRS measure” because they are calculated using financial measures that are not calculated in accordance with IFRS. The non-IFRS measures discussed in this Prospectus, and how such measures are used, are presented below. The Issuer does not regard these non-IFRS measures as substitutes for equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Issuer.

#### **Gross investment return as a percentage of opening portfolio value**

Gross investment return as a percentage of opening portfolio value is a non-IFRS measure which assesses the performance of the Group’s proprietary investment portfolio. It is calculated as the gross investment return, as shown in the investment basis consolidated statement of comprehensive income, as a percentage of the opening portfolio value, as explained on page 47 of the Issuer’s 2020 annual report.

#### **Cash realisations**

Cash realisations is a non-IFRS measure which represents the Group’s cash proceeds from its investments which can be used to support return to shareholders and the Group’s ability to invest in new opportunities. This measure calculates the cash proceeds received from the disposal of investments in the year as shown in the investment basis consolidated cash flow statement, as explained on page 47 of the Issuer’s 2020 annual report.

**Cash investments**

Cash investments is a non-IFRS measure which allows the Group to monitor its cash investments and is calculated as the cash paid for the purchase of investments in the year as shown in the investment basis consolidated cash flow statement, as explained on page 47 of the Issuer's 2020 annual report.

**Operating cash profit**

Operating cash profit is a non-IFRS measure which allows the Group to monitor and reduce the potential dilution of capital returns which could result if the Group's cash cost of running the business cannot be covered by cash income. It is calculated by measuring cash income from the Group's portfolio together with fees received from its external funds less cash operating expenses as shown in the investment basis consolidated cash flow statement, as explained on page 47 of the Issuer's 2020 annual report.

**Net cash/net (debt)**

Net cash/net (debt) is a non-IFRS measure of the available cash for investment in the business and an indicator of the financial risk in the Group's balance sheet. This is calculated on the basis of cash and cash equivalents plus deposits less loans and borrowings as shown in the investment basis consolidated statement of financial position, as explained on page 47 of the Issuer's 2020 annual report.

**Gearing**

Gearing is a non-IFRS measure of the financial risk in the Group's balance sheet. It is calculated as net debt as a percentage of the Group's net assets under the investment basis, as explained on page 47 of the Issuer's 2020 annual report.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):*

The £400,000,000 3.750 per cent. Notes due 5 June 2040 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) of 3i Group plc (the **Issuer**) are constituted by a Trust Deed dated 5 June 2020 (the **Trust Deed**) made between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the **Talons**) and the holders of the **Talons**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 5 June 2020 (the **Agency Agreement**) made between the Issuer, Citibank, N.A., London Branch as the principal paying agent (the **Principal Paying Agent**, which expression shall include its successor(s) as principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent and any additional or successor paying agents appointed pursuant to the Agency Agreement, the **Paying Agents**) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the specified office of each of the Paying Agents or may be provided electronically on request. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000 each with Coupons and one Talon attached on issue. Notes of one denomination may not be exchanged for Notes of any other denomination.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee will (except as otherwise required by applicable law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

## 2. STATUS

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## 3. NEGATIVE PLEDGE

### 3.1 Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer shall not and shall procure that no member of the Financial Group (as defined below) shall create or permit to subsist any mortgage, lien, pledge or other charge (**Security**) upon any part of their respective undertakings or assets, present or future, (including uncalled capital) as security for any Obligation (as defined below) and the Issuer shall not permit any Material Subsidiary (as defined below) to give any guarantee of or indemnity in respect of any Obligation without in each case at the same time according to the Noteholders a *pari passu* and rateable interest in the same security and/or guarantee and/or indemnity or such other security and/or guarantee and/ or indemnity or other arrangement (whether or not including the granting of security and/or a guarantee and/ or an indemnity) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders provided that any member of the Financial Group (other than the Issuer) may have outstanding Security with respect to an Obligation of such member of the Financial Group (without the obligation to secure the Notes or provide such other arrangement as aforesaid) so long as:

- (i) such Security was outstanding on the date on which such member of the Financial Group became a member of the Financial Group and was not created in contemplation of such member of the Financial Group becoming a member of the Financial Group or such Security was created in substitution for or to replace either such outstanding Security or any such substituted or replacement Security; and
- (ii) the principal amount of the Obligation secured is not increased after the date such member of the Financial Group became a member of the Financial Group.

### 3.2 Interpretation

For the purposes of these Conditions:

- (a) **Financial Group** means the Group, excluding any Investee Companies;
- (b) **GAAP** means generally accepted accounting principles in the United Kingdom;
- (c) **Group** means the Issuer and its Subsidiaries;

- (d) **Investee Company** means any company or other entity in which a member of the Group has made an investment and which forms part of the investment portfolio of the Group and, for these purposes, a company will form part of the investment portfolio of the Group from time to time if (i) the relevant investment made by the relevant member of the Group is included in the line headed "Investment portfolio" (or similar designation) in the consolidated statement of financial position in the most recent audited consolidated financial statements of the Issuer or (ii) the relevant investment made by the relevant member of the Group would be included in the line headed "Investment portfolio" (or similar designation) in the consolidated statement of financial position if audited consolidated statements of the Issuer were drawn up as of the relevant time;
- (e) **Material Subsidiary** means any member of the Financial Group whose net assets (in each case attributable to the members of the Financial Group) represent ten per cent. or more of the consolidated net assets of the Financial Group as shown in the then latest audited consolidated accounts of the Group and the then latest audited accounts of such member of the Financial Group;
- (f) **Obligation** means:
  - (i) any present or future indebtedness of the Issuer or a member of the Financial Group having a stated maturity of not less than one year and represented by bonds, notes, debentures, debenture stock, loan stock or other securities which for the time being are, or are intended to be, dealt in on a stock exchange or other securities market; and
  - (ii) any guarantee of any such indebtedness as is referred to in (i) above; and
  - (g) **Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

#### 4. INTEREST

##### 4.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their principal amount from and including 5 June 2020 at the rate of 3.750 per cent. per annum (the **Rate of Interest**), payable semi-annually in arrear on 5 June and 5 December (each an **Interest Payment Date**). The first payment (representing a full six months' interest) shall be made on 5 December 2020.

##### 4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event interest will continue to accrue as provided in the Trust Deed.



#### **4.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated by applying the Rate of Interest to each £1,000 principal amount of Notes (the **Calculation Amount**) and on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date multiplied by two. The resultant figure shall be rounded to the nearest penny, half a penny being rounded upwards. The interest payable in respect of a Note shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Note, without any further rounding.

### **5. PAYMENTS AND EXCHANGES OF TALONS**

#### **5.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

For the purposes of these Conditions, references to **principal** shall, wherever the context so admits, be deemed to include a reference to any premium payable pursuant to Condition 6.3.

#### **5.2 Method of Payment**

Payments will be made by credit or transfer to an account in pounds sterling maintained by the payee with a bank in London.

#### **5.3 Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons), failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

#### 5.4 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto (any such withholding or deduction being a **FATCA Withholding**).

#### 5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a pounds sterling account in London as referred to above), is a Business Day in London.

In this Condition, **Business Day** means, in relation to any place, 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 that place.

#### 5.6 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

#### 5.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;

- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any 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.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 5 June 2040 (the **Maturity Date**).

### **6.2 Redemption for Taxation Reasons**

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 5 June 2020, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with any unpaid interest accrued to but excluding the date on which the Notes are redeemed pursuant to this Condition 6.2, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above without enquiry or liability to any person, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

### 6.3 Redemption at the Option of the Issuer

The Issuer may, having given:

- (a) not less than 10 nor more than 30 days' notice to the Noteholders in accordance with Condition 12; and
- (b) notice to the Trustee and the Principal Paying Agent not less than 10 days before the giving of the notice referred to in (a)

(which notices shall specify the date fixed for redemption (the **Optional Redemption Date**) and shall be irrevocable; provided, however, that in the case of a redemption in accordance with paragraph (ii) below, the relevant notice may be made subject to one or more conditions precedent, in which case the relevant notice shall state that, in the Issuer's sole discretion, the relevant Optional Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion) (any such date, the **Delayed Optional Redemption Date**) (and, in such circumstances, all references in these Conditions to the Optional Redemption Date shall be construed as references to Delayed Optional Redemption Date), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the relevant Optional Redemption Date), redeem all (but not some only) of the Notes:

- (i) on any date from (and including) 5 March 2040 (the **First Par Call Redemption Date**) to (but excluding) the Maturity Date at their principal amount; or
- (ii) at any time prior to the Maturity Date at the Make Whole Amount (as defined below),

together, in each case, with interest accrued to the relevant Optional Redemption Date.

For the purposes of this Condition 6.3:

**FA Selected Bond** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable to the First Par Call Redemption Date 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 pounds sterling and of a comparable maturity to the First Par Call Redemption Date;

**Financial Adviser** means an independent financial adviser acting as an expert selected by the Issuer and approved in writing by the Trustee;

**Gross Redemption Yield** means the gross redemption yield on the FA Selected Bond, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as supplemented, amended, updated or replaced

from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places);

**Make Whole Amount** means an amount equal to the higher of:

- (a) 100 per cent. of the principal amount outstanding of the Notes; or
- (b) the sum of the then current values of the remaining scheduled payments of principal and interest on the Notes (not including any interest accrued but unpaid on the Notes to (but excluding) the relevant Optional Redemption Date and not including any interest which will accrue for the period from (and including) the First Par Call Redemption Date to (but excluding) the Maturity Date), discounted to the relevant Optional Redemption Date on an annual basis at the sum of (i) the Gross Redemption Yield (determined by reference to the middle market price at 11:00 a.m. (London time) on the Reference Date) and (ii) 0.500 per cent.,

all as determined by the Financial Adviser; and

**Reference Date** will be set out in the relevant notice of redemption referred to above.

#### **6.4 Purchases**

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

#### **6.5 Clean-up Call**

If at any time the aggregate principal amount of the Notes then outstanding is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 16 so as to be consolidated and form a single series with the Notes will be deemed to have been originally issued), the Issuer may, having given:

- (a) not less than 10 nor more than 30 days' notices to the Noteholders in accordance with Condition 12; and
- (b) notice to the Trustee and the Principal Paying Agent not less than 10 days before the giving of the notice referred to in (a)

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at their principal amount together with interest accrued to the date on which the Notes are redeemed pursuant to this Condition 6.5.

#### **6.6 Cancellations**

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold.

## 6.7 Notices Final

Upon the expiry of any notice as is referred to in Conditions 6.2, 6.3 or 6.5 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

## 7. TAXATION

### 7.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall 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 or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Notes; or
- (b) presented for payment in the United Kingdom; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to such withholding or deduction if he were to make a declaration of non-residence or other similar claim for exemption but fails to do so; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 5); or
- (e) for or on account of any FATCA Withholding.

### 7.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

- (b) **Relevant Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

### 7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## 8. PRESCRIPTION

Notes and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 5.

## 9. EVENTS OF DEFAULT

### 9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (ii) to (v) inclusive and (vii) below (other than the winding up or the appointment of an administrative or other receiver of the whole or any material part of the undertaking or assets of the Issuer), only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly thereby immediately become due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events (together with, where applicable, the certification by the Trustee as referred to above, **Events of Default**) shall occur and be continuing:

- (i) default is made for a period of seven days or more in the payment of any principal due on the Notes or any of them or 21 days or more in the payment of any interest due on the Notes or any of them; or
- (ii) an order is made or an effective resolution passed for winding up the Issuer or any Material Subsidiary (except, in the case of a Material Subsidiary, a winding up for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or a voluntary solvent winding up in connection with the transfer of all or the major part of the business, undertaking and assets

of such Material Subsidiary to the Issuer or another member of the Financial Group) or an administration order is made in relation to the Issuer or any Material Subsidiary; or

- (iii) if the Issuer or any Material Subsidiary ceases to carry on the whole of its business or a substantial part of its business or (in the case of a Material Subsidiary) substantially the whole of its business (except (1) (in each case) where such cessation is for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (2) where such cessation is in connection with the transfer of all or a substantial part (as defined below) of the business of the Issuer to a Material Subsidiary or a sale of assets of the Issuer at fair market value where the proceeds of such sale are reinvested in the business of the Issuer or (3) (in the case of a Material Subsidiary) where such cessation is in connection with a solvent winding up of such Material Subsidiary (provided such Material Subsidiary is not the Issuer) or the transfer of the whole or substantially the whole of the business of such Material Subsidiary to the Issuer or to any company which is at the time thereof or will immediately thereafter be a wholly-owned member of the Financial Group or a sale of assets of such Material Subsidiary at fair market value where the proceeds of such sale are reinvested in the business of the Issuer or any wholly-owned member of the Financial Group);
- (iv) an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Issuer or any Material Subsidiary or a distress or execution is levied or enforced upon or sued out against all or any material part of the assets of the Issuer or any Material Subsidiary and is not removed, discharged or paid out within 30 days; or
- (v) the Issuer or any Material Subsidiary stops or threatens in writing to stop making payments of its debts generally or is deemed to be unable to pay its debts within the meaning of Section 123(1)(e) and Section 123(2) of the Insolvency Act 1986; or
- (vi) any indebtedness for moneys borrowed (as defined in the Trust Deed) of the Issuer or any Material Subsidiary is not paid on its due date where there is no applicable grace period or, if there is an originally applicable grace period, by the expiry of such period or becomes due and payable prior to the stated maturity by reason of a default or any guarantee of any indebtedness for moneys borrowed of any third party given by the Issuer or any Material Subsidiary is not honoured when due and called upon or any security created by any debenture, mortgage or charge created by the Issuer or any Material Subsidiary becomes enforceable and steps are taken to enforce the same provided that no such event shall constitute an event of default unless the indebtedness for moneys borrowed or the amount so secured and in respect of which such enforcement steps are taken either alone or when aggregated with other such indebtedness for moneys borrowed and amounts so secured shall be equal to or exceed the Specified Amount; or
- (vii) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it under the Notes or the Trust Deed (other than



any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is incapable of remedy, such default continues for 30 days after written notice thereof by the Trustee to the Issuer requiring the same to be remedied has been given.

## 9.2 Interpretation

For the purposes of this Condition:

- (a) **Specified Amount** shall mean the greater of (a) £75,000,000 (or its equivalent in any other currency or currencies) and (b) such amount in pounds sterling (or its equivalent in any other currency or currencies) as is equal to one per cent. of the consolidated net assets of the Financial Group, as shown in the then latest audited consolidated accounts of the Group.

A certificate of two Directors of the Issuer or of its Auditors (as defined in the Trust Deed) as to the Specified Amount shall, in the absence of manifest error, be conclusive and binding on all parties; and

- (b) **substantial part** means 10 per cent. or more of the consolidated gross assets of the Financial Group as shown in the then latest audited consolidated accounts of the Group.

## 10. ENFORCEMENT

### 10.1 Enforcement by the Trustee

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

### 10.2 Limitation on Trustee actions

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

### **10.3 Enforcement by the Noteholders**

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails or is unable so to do within 60 days and the failure or inability shall be continuing.

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

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

## **12. NOTICES**

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London. It is expected that publication in a newspaper will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. 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, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

## **13. SUBSTITUTION**

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any other company being a Subsidiary of the Issuer, subject to:

- (a) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders; and
- (b) certain other conditions set out in the Trust Deed being complied with.

## **14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

### **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 modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one third, of the principal amount of the 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 principal amount of the 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 principal amount of the 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 Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

### **14.2 Modification, Waiver, Authorisation and Determination**

The Trustee may agree, without the consent of the Noteholders or Couponholders (i) to any modification (excluding any Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification (excluding as aforesaid) which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

### **14.3 Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or

substitution), 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 consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

#### **14.4 Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

### **15. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER**

#### **15.1 Indemnification and protection of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

#### **15.2 Trustee Contracting with the Issuer**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's 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.

## **16. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. Any further notes or bonds which are to form a single series with the Notes shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

## **17. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **17.1 Governing Law**

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

### **17.2 Submission to Jurisdiction**

- (a) Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes 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 Notes or the Coupons (a **Dispute**) and each of the Issuer, 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.

## **18. RIGHTS OF THIRD PARTIES**

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

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

### 2. Payments

On and after 16 July 2020, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal, premium (if any) and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### 3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 12, provided that, so long as the Notes are listed on any stock exchange, notices shall also be published in

accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

#### **4. Interest Calculation**

For so long as Notes are represented by one or both of the Global Notes, interest payable to the bearer of a Global Note will be calculated on the principal amount of the Global Note but otherwise shall be calculated in accordance with Condition 4. The resultant figure is rounded to the nearest penny (half a penny being rounded upwards).

#### **5. Exchange**

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as "Events of Default";
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and the Principal Paying Agent and (in the case of (c)) the Issuer may give notice to the Trustee, the Principal Paying Agent and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes. Any exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Exchanges will be made upon presentation of the Permanent Global Note to or to the order of the Principal Paying Agent on any day on which banks are open for general business in London. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

**6. Prescription**

Claims against the Issuer in respect of principal, premium (if any) and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal or premium) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

**7. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

**8. Euroclear and Clearstream, Luxembourg**

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.



## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, after deduction of commissions, fees and estimated expenses, is expected to be approximately £395,384,000. This will be used for the general corporate purposes of the Group.

## DESCRIPTION OF THE ISSUER

### General

The Issuer was incorporated on 1 November 1973 under the Companies Acts 1948 to 1967 in England and Wales under the name "Finance for Industry Limited" as a company with limited liability and re-registered as a public limited company on 24 August 1981 under the Companies Acts 1948 to 1980. On 1 July 1983 the Issuer's name was changed to "Investors in Industry Group plc" and on 29 April 1988 its name was changed to "3i Group plc".

The Issuer was formed to acquire the entire issued share capital of Finance Corporation for Industry Limited ("**FCI**") and of Industrial and Commercial Finance Corporation Limited ("**ICFC**"), each of which was formed in 1945 at the request of the UK Government to supply long term and medium term capital respectively to British industry and commerce. ICFC was formed as a specialised financing vehicle to provide share and loan capital for small and medium-sized businesses and FCI was formed as a means of supporting the post-war reconstruction of British industry by providing medium term loans to large companies.

The Issuer is now the parent of a group of companies engaged in investment and investment management activities with investment operations in six countries across northern Europe, the UK and North America, together with small non-investing offices in India and Singapore.

The ordinary shares of the Issuer are listed on the Official List of the FCA and traded on the London Stock Exchange, after originally listing in 1994. The Issuer is a member of the FTSE 100, and had a market capitalisation of £7.97 billion as at 22 May 2020. The Issuer is an Alternative Investment Fund for the purposes of the Alternative Investment Funds Managers Directive 2011/61/EU.

### Contact details

The Issuer's registered office is located at 16 Palace Street, London, SW1E 5JD. The switchboard number of its registered office is +44 (0)20 7975 3131 and its website is <https://www.3i.com/>.

### Management

As at the date of this Prospectus, the Directors of the Issuer, their functions and their principal outside activities are as follows:

<b><i>Name</i></b>	<b><i>Position</i></b>	<b><i>External Directorships</i></b>
Simon Thompson	Chairman	Chairman of Rio Tinto plc.
Simon Borrows	Chief Executive	Member of the Supervisory Board of Peer Holding I B.V., the Dutch holding company for the Group's investment in Action.
Julia Wilson	Group Finance Director	Non-executive director of Legal & General Group Plc.

Jonathan Asquith	Deputy Chairman and Senior Independent Director	Senior Independent Director of Standard Life Aberdeen plc, non-executive Director of Northill Capital Services Limited and non-executive Director of CiCap Limited, the parent company of Collier Capital.
Caroline Banszky	Independent Non-Executive Director	Non-executive Director of Gore Street Energy Storage Fund plc and IntegraFin Holdings plc.
Stephen Daintith	Independent Non-Executive Director	Chief Financial Officer and an executive director of Rolls-Royce Holdings plc.
David Hutchison	Independent Non-Executive Director	Chief Executive of Social Finance Limited.
Coline McConville	Independent Non-Executive Director	Non-executive Director of Fevertree Drinks plc and Travis Perkins plc and a member of the Supervisory Board of Tui AG.
Peter Grosch	Non-Executive Director	Chairman of Kinolt, a 3i investee company and director of Innio Jenbacher GmbH & Co OG.
Alexandra Schaapveld	Non-Executive Director	Member of the supervisory board of Société Générale S.A. and non-executive director of Bumi Armada Berhad.

The business address of each of the Directors of the Issuer is that of the registered office set out above and at the back of this Prospectus.

The Group has processes to identify actual or potential conflicts of interest between the duties to the Issuer of the Directors and their private interests and/or other duties. Any conflicts identified by such processes are managed appropriately.

The Company Secretary of the Issuer is Kevin Dunn.

## Employees

The Group employs approximately 240 individuals globally, including approximately 60 investment professionals in the Group's Private Equity business line and approximately 40 investment professionals in the Group's Infrastructure business.

## BUSINESS OPERATIONS

### Business segments

The Issuer is an investment company, with complementary private equity and infrastructure business segments, specialising in core investment markets in northern Europe, the UK and North America. Investments are made with capital from the Group's own balance sheet and/or from funds which the Group manages for third parties. Total assets under management at 31 March 2020 were £13.6 billion, including £5.5 billion managed on behalf of third parties.

The Group has two broad business segments which reflect its continuing operations:

(a) Private Equity

The Group's Private Equity business line had assets under management of £8.8 billion as at 31 March 2020 (31 March 2019: £8.3 billion), of which £6.6 billion was proprietary capital (31 March 2019: £6.0 billion) and £2.2 billion was third party capital (31 March 2019: £2.3 billion). The primary aim of the Private Equity business line is to generate capital returns and secondarily to generate portfolio income by backing entrepreneurs and management teams of mid-market businesses with an enterprise value of between €100 million and €500 million at acquisition and headquartered in its core investment markets of northern Europe, the UK and North America with a potential to grow internationally. Following the initial investment, the Private Equity business line's team works closely with portfolio companies to support them in achieving their full potential, realising investments at the appropriate time to deliver strong cash-to-cash returns (specifically with the objective of selling investments at two times the cost of the Group's initial investment over a typical period of four to five years) for the Group's shareholders and other investors. New investment is focused on the business and technology services, consumer, industrial and healthcare sectors. The Group does not make minority investments, and since 2012 has secured representation at board level in respect of each new portfolio company it has invested in and currently holds.

The Private Equity business line's proprietary capital by geography as at 31 March 2020 is as set out below:

3i office location	Number of companies	3i carrying value 2020 £m
Benelux	6	4,222
France	2	399
Germany	5	565
UK	8	486
US	7	850

Other	4	30
<b>Total</b>	<b>32</b>	<b>6,552</b>

The Private Equity business line's proprietary capital by sector as at 31 March 2020 is as set out below:

Sector	Number of companies	3i carrying value 2020 £m
Consumer	8	4,446
Healthcare	5	771
Industrial	10	724
Business and Technology Services	9	611
<b>Total</b>	<b>32</b>	<b>6,552</b>

As at 31 March 2020, the Private Equity business line's portfolio comprised 31 assets and one quoted stake (31 March 2019: 31 assets and one quoted stake). The portfolio generated an unrealised value decline of £34 million in the financial year ended 31 March 2020 (31 March 2019: £916 million value growth) and was valued at £6.6 billion at 31 March 2020 (31 March 2019: £6.0 billion). The Private Equity business line's investment in Benelux-based general merchandise discount retailer Action represents the Group's largest investment by value. Although a number of the Private Equity business line's investments experienced value growth in the financial year ended 31 March 2020, including Action, with value growth of £461 million for the year ended 31 March 2020, the unrealised value decline of £34 million was driven by performance decreases of £264 million, offset by performance increases of £203 million, multiples (£231) million, a £103 million write-down of its investment in Schlemmer, a £92 million reduction in value of its quoted stake and £8 million of other performance decreases.

The leverage in the Private Equity business line's portfolio comprises all senior debt, which is competitively priced and able to benefit from a lower interest rate environment and has a long-dated maturity profile, with over 93% of such debt not due for repayment until 2023 or later. Across the whole portfolio leverage was 4.1x at 31 March 2020 (31 March 2019: 3.9x) and able to benefit from a degree of covenant flexibility.

Private Equity portfolio by value as at 31 March 2020 can be categorised as set out below:

Office location	% split
Benelux	64%
France	6%
Germany	9%
UK	7%
US	13%
Other	1%

Sector	% split
Consumer (Action only)	54%
Consumer (excluding Action)	14%
Industrials	11%
Business and Technology services	9%
Healthcare	12%

Vintage	% split
Pre 2014	60%
2014	2%
2015	5%
2016	7%
2017	5%

2018	12%
2019	3%
2020	6%

The Private Equity business line's largest value increases and decreases greater than £20 million in the year ended 31 March 2020 are set out below:

Portfolio company	Value growth (excluding FX)	Value at 31 March 2020	Key driver of value movement
Action	£461m	£3,536m	↑ Performance/ Transaction valuation
Tato	£79m	£196m	↑ Performance
Royal Sanders	£47m	£198m	↑ Performance
Cirtec	£41m	£302m	↑ Performance

Portfolio company	Value decline (excluding FX)	Value at 31 March 2020	Key driver of value movement
Schlemmer	£(103)m	nil	Administration
ICE	£(102)m	£69m	↓ Multiple
Audley Travel	£(98)m	£124m	↓ Multiple
Basic-Fit	£(92)m	£93m	↓ Share price
Hans Anders	£(44)m	£196m	↓ Performance

Formel D	£(43)m	£141m	↓ Performance
BoConcept	£(40)m	£119m	↓ Multiple
			↓ Performance
Dynatect	£(40)m	£39m	↓ Performance
Q Holding	£(30)m	£222m	↓ Performance
Magnitude	£(24)m	£121m	↓ Performance
WP	£(21)m	£244m	↓ Performance

The Private Equity business line's proprietary capital and external funds as at 31 March 2020 are as set out below:

Vintage <sup>1</sup>	Proprietary capital value at 31 March 2020	Vintage multiple at 31 March 2020
Buyouts 2010-2012	£1,623m	9.5x
Growth 2010-2012	£20m	2.1x
2013-2016	£869m	2.2x
2016-2019	£1,472m	1.0x
2019-2022	£281m	1.0x
Other <sup>2</sup>	£2,287m	n/a
<b>Total proprietary capital value</b>	<b>£6,552m</b>	<b>-</b>



External capital	External capital value as at 31 March 2020	Gross money multiple at 31 March 2020 <sup>3</sup>	Fee income received in the year
3i Eurofund V	£26m	3.0x	-
3i Growth Capital Fund	£9m	1.9x	-
3i 2020 Co-investment vehicles	£2,024m	1.0x	£1m
Other	£145m	n/a	£1m
<b>Total external</b>	<b>£2,204m</b>	<b>-</b>	<b>£2m</b>

<sup>1</sup> Assets in these vintages are disclosed in the glossary section of the Issuer's 2020 Annual Report.

<sup>2</sup> Includes value of £1,193m held in Action through 3i Co-investment 2020 LP and 3i Group.

<sup>3</sup> Gross money multiple in external fund currency.

3i Investments plc ("**3i Investments**"), a wholly-owned subsidiary of the Issuer incorporated in England and Wales and authorised and regulated by the FCA, and 3i Investments (Luxembourg) S.A. (a wholly-owned subsidiary of the Issuer incorporated in Luxembourg and authorised and regulated by the Commission de Surveillance du Secteur Financier) ("**3i ILSA**"), act as investment managers to the Private Equity business line.

(b) Infrastructure

The Group's Infrastructure business line had assets under management of £4.4 billion as at 31 March 2020 (31 March 2019: £4.2 billion), of which £1.1 billion was proprietary capital (31 March 2019: £1.0 billion) and £3.3 billion was third party capital (31 March 2019: £3.2 billion). The primary aim of the Infrastructure business line is to generate fee and portfolio income from managing a range of funds investing principally in mid-market economic infrastructure in Europe. The Infrastructure business line invests across a range of sectors adjacent to utilities, transportation, communications and energy. Infrastructure is a defensive asset class and provides a resilient source of income and fees for the Group, enhancing returns on the Group's proprietary capital. The Infrastructure business line is also active in the deployment of proprietary capital as part of its strategy to build its North American Infrastructure platform.

The Infrastructure business line includes the following investment vehicles, funds and strategies:

- 3iN: a public company listed on the London Stock Exchange, which is a member of the FTSE 250, in which the Group holds a 30% equity stake. 3iN invests in a broad range of economic infrastructure and greenfield projects in Europe and the UK. As at

31 March 2020, 3iN had a portfolio of 20 assets. 3iN generated a total return on opening net asset value of 11% in the financial year ended 31 March 2020 (31 March 2019: 15%), exceeding its target total return of between 8% and 10% per annum to be achieved over the medium term, and has achieved a gross asset return of 19% since inception. 3iN's share price decreased by 10% in the financial year ended 31 March 2020 and closed at 247 pence on 31 March 2020 (31 March 2019: 275 pence) and the Group recognised a £76 million unrealised value loss on its 3iN investment and received £24 million of dividend income. 3iN achieved a total shareholder return of (7)% for the year ended 31 March 2020 as well a total dividend per share of 9.2 pence and investments and commitments of £376 million.

3iN's portfolio value of £1.6 billion split by asset as at 31 March 2020 is as set out below:

Asset/ Project	Sector	% split
Infinis	Utilities	17%
Tampnet	Communication	13%
TCR	Transport/logistics	12%
Ionisos	Healthcare	12%
Joulz	Utilities	11%
Oystercatcher	Transport/logistics	9%
ESVAGT	Natural resources/Energy	9%
Attero	Utilities	6%
Valorem	Utilities	5%
Operational PPP	Other	4%
India	Other	2%

3iN's portfolio value of £1.6 billion split by country as at 31 March 2020 is as set out below:

Country	% split
---------	---------

Netherlands	20%
France	18%
UK	17%
Norway	13%
Belgium	12%
Luxembourg	9%
Denmark	9%
India	2%

3iN's performance since its initial public offering in 2007 is as set out below:

Financial Year	Total return on opening net asset value	Net asset value (£m)
2008	13.1%	770
2009	8.8%	916
2010	9.3%	955
2011	9.2%	996
2012	5.6%	1,067
2013	8.6%	1,103
2014	6.6%	1,114
2015	24.6%	1,321
2016	14.0%	1,277
2017	9.4%	1,735
2018	28.6%	1,710
2019	15.4%	1,902
2020	11.4%	2,269

	3iN	FTSE 250	Beta
Year ended 31 March 2020	(7.3)%	(18.7)%	0.5
3 years	11.4%	(4.7)%	0.5
5 years	12.5%	0.3%	0.4
Since IPO	11.7%	5.2%	n/a

- BIIF: a 15 year UK public private partnership (“**PPP**”) fund invested in approximately 90 operational projects. BIIF aims to generate income yield and had assets under management of £486 million as at 31 March 2020 (31 March 2019: £528 million).
- 3i Managed Infrastructure Acquisitions: a fund managing five economic infrastructure assets with assets under management of £756 million as at 31 March 2020 (31 March 2019: £751 million).
- 3i European Operational Projects Fund (“**EOPF**”): a European operational PPP fund established in 2017 and invested in 16 operational projects (representing the deployment of approximately 52% of €456 million of committed capital). EOPF aims to generate income yield and had assets under management of €217 million as at 31 March 2020 (31 March 2019: €96 million).
- North American infrastructure: an investment strategy established in 2017 to build a platform to invest in North American infrastructure businesses. To date, the Group has made two proprietary capital investments and a number of bolt-on acquisitions for those investments, which in aggregate are valued at £370 million as at 31 March 2020.
- 3i India Infrastructure Fund: a fund invested in infrastructure in India. The fund, raised in 2008, no longer makes new investments and is managing its assets for realisation. The fund had assets under management of £102 million as at 31 March 2020 (31 March 2019: £110 million).
- Other managed accounts: the Infrastructure business line manages assets worth £308 million in respect of third party co-investor arrangements in two economic infrastructure assets.

The Infrastructure business line’s assets under management as at 31 March 2020 is as set out below:

Fund/strategy	Close date	Fund size	3i commitment / share	Remaining 3i commitment	% invested at 31 March 2020	AUM £m	Fee income earned in 2020 £m
3iN <sup>1</sup>	Mar 07	n/a	£665m	n/a	n/a	2,202	28
3i Managed Infrastructure Acquisitions LP	Jun 17	£698m	£35m	£5m	86%	756	6
3i European Operational Projects Fund	Apr 18	€456m	€40m	€18m	52%	217	2
BIIF	May 08	£680m	n/a	n/a	90%	486	4
3i India Infrastructure Fund	Mar 08	\$1,195m	\$250m	\$35m	73%	102	-
3i managed accounts	Various	n/a	n/a	n/a	n/a	308	2
US Infrastructure	Various	n/a	n/a	n/a	n/a	370	-
<b>Total</b>						<b>4,441</b>	<b>42</b>

<sup>1</sup> Assets under management based on the share price at 31 March 2020.

Each of the funds is managed by one of 3i Investments, 3i ILSA or 3i BIFM Investments Limited (a wholly-owned subsidiary of the Issuer incorporated in England and Wales and authorised and regulated by the FCA).

In addition to the Group's two business segments, the Group manages its investment in European ferry operator Scandlines separately to its Private Equity business line and its Infrastructure business line.

The Group reinvested £529 million in Scandlines following the sale and subsequent 35% reinvestment by the Group in June 2018. Scandlines delivered a gross investment return of £5 million in the year to 31 March 2020. The business completed an investment grade debt refinancing in August 2019, returning capital proceeds to the Group of £70 million and dividend income of £21 million. Scandlines also made additional dividend payments of £16 million to the Group in the year ended 31 March 2020.

The Group's 20 largest investments as at 31 March 2020 is as set out below:

Investment	Business description	3i carrying value 2020 £m
Action	General merchandise discount retailer	3,536
3i Infrastructure plc	Quoted investment company, investing in infrastructure	665
Scandlines	Ferry operator between Denmark and Germany	429
Cirtec Medical	Outsourced medical device manufacturer	302
WP	Supplier of plastic packaging solutions	244
Q Holding	Manufacturer of precision engineered elastomeric components	222
Evernex	Provider of third-party data centre infrastructure maintenance services	217
Royal Sanders	Private label and contract manufacturing producer of personal care products	198
Tato	Manufacturer and seller of speciality chemicals	196
Hans Anders	Optical retailer	196
Regional Rail	Owner and operator of short-line freight railroads and rail-related businesses	195
Havea	Manufacturer of natural healthcare and cosmetics products	182
Smarte Carte	Provider of self-serve vended luggage carts, electronic lockers and concession carts	172
AES Engineering	Manufacturer of mechanical seals and support systems	158
Lampenwelt	Online lighting specialist retailer	144
Formel D	Quality assurance provider for the automotive industry	141

Audley Travel	Provider of experiential tailor-made travel	124
Magnitude Software	Provider of unified application data management solutions	121
BoConcept	Urban living designer	119
BasicFit	Discount gyms operator	93

The Group's portfolio split by underlying exposure as at 31 March 2020 is as set out below:

Underlying exposure	Examples	% of Total Portfolio value 2020
Value-for-money	Action, Hans Anders, Basic-Fit	47%
Infrastructure	3iN, Scandlines, Regional Rail, SmarteCarte	19%
Healthcare	Cirtec, Q Holding, Bioprocessing platform	7%
Exposure to Consumer staples / essentials	WP, Royal Sanders, Havea, Tato	10%
Business to business services	Evernex, Magnitude	6%
Other	Audley, ICE	11%

The below table demonstrates the change in the risk profile of the Group between 31 March 2006 and 31 March 2020.

	Year ended 31 March 2006	Year ended 31 March 2020
Risk profile of investments (by value)	Buyouts (majority) 35%	Private Equity (88% controlled assets) 81%
	Growth Capital (minority) 31%	Infrastructure (lower risk / cash yield) 14%
	Venture Capital (minority - high risk) 20%	
	Small minority investments (minority) 14%	Scandlines (cash yield) 5%

Number of offices	21	5 core locations (Benelux, France, Germany, UK, US) and non-core in Luxembourg and India
Headcount	733	240
Number of PE assets	1,087	31 unquoted, 1 quoted
Investment	Average size: £19 million	Average size of PE new investment £138 million
	Number of investments: 58	Number of investments: 3 (total £413 million )
Operating expenses	£211 million	£116 million
Gross interest cost	£72 million	£38 million

### Business objective and strategy

The Group's objective is to generate attractive through-the-cycle returns for its shareholders and other investors by investing in and managing private equity and infrastructure assets in line with its strategic objectives, which are set out as follows:

- grow investment portfolio earnings;
- realise Private Equity investments with good cash-to-cash returns (specifically with the objective of selling investments at two times the cost of the Group's initial investment over a period of four to five years);
- maintain an operating cash profit;
- use its strong balance sheet to invest; and
- increase shareholder distributions.

The Group aims to cover its cash operating costs with income from its portfolio and from fees generated from managing external investors' capital, which at present are principally generated by the Group's Infrastructure business line.

The Group's investment strategy is to invest proprietary capital in four to seven private equity investments per year and to support the development of its Infrastructure portfolio and Scandlines. Investments are selected within its target sectors and geographies on the basis of their compatibility with the Group's return targets. The Group creates value and sustainable growth in its portfolio through leveraging its expertise, access to capital, extensive network of business



leaders and advisers, active partnership approach to portfolio company management, strong reputation, institutional culture and values, strong corporate governance, effective risk management and the responsible approach to its investment activity and the management of its operations (as explained in detail in the annual report of the Issuer for the year ended 31 March 2020 at pages 10 to 11).

The Group is committed to being a responsible investor on an ongoing basis and continues to develop and refine its responsible investment policy with the aim of implementing its policies through its investment and asset management activities. The Group believes that a responsible approach to investment and asset management will add value to its portfolio through effective assessment of environmental, social and governance risks and opportunities both at the point of investment and during the investment period. As part of the Group's responsible approach to investment decision-making and management it has been a signatory to the United Nations Principles of Responsible Investment since 2011. The Group's sustainability report can be reviewed on the Issuer's website and includes information on the Group's responsible investment approach and examples of responsible investment within the portfolio.

## **Strengths and opportunities**

### *Competitive advantages and strengths*

The Issuer believes that the Group has a number of competitive advantages and strengths, which are important factors in maintaining and further developing its business including, but not limited to, the following:

- Reputation: the Group has a 75 year investing history and a long-established and trusted reputation as a result of its strong Private Equity and Infrastructure investment and asset management capabilities, its continuity and its ability to adapt through business cycles. The Group's reputation and network are important factors in enabling it to originate new investments in less competitive processes.
- Balance sheet and liquidity management: the Group has a strong and robust balance sheet having adopted a conservative balance sheet strategy since completing a strategic review in 2012. Gross debt has been reduced from £2.5 billion in 2008 to £575 million as at 31 March 2020 and the Group maintains high cash balances, with a five year average cash balance as reported quarterly of £886 million and cash of £845 million as at 31 March 2020. The Group has recently put in place a new £400 million committed revolving credit facility ("RCF") maturing in 2025, with two one year extension options to extend to 2027, and with no financial covenants. The Group has no appetite for structural gearing at the Group level but at present has a tolerance to operate within a range of £500 million net cash to £500 million net debt and currently operates a self-imposed £1 billion gross debt limit. A Group objective is to cover its cost with income from a variety of sources, including management fee income, portfolio fee income, portfolio dividends and portfolio interest and its five year average operating cash profit is £28 million per annum. Included within the average is £46 million of operating cash profit from the Debt Management business in the year to 31 March 2016, which was sold to Investcorp. The Group has a strong track record of generating realisation proceeds through business cycles. The Group principally invests proprietary capital and therefore does not experience the same pressures to invest that a number of other alternative assets managers who raise third party funds may experience. The Group therefore maintains the flexibility to modify the

pace and level of new investments in response to lower levels of realisations, which it believes is a valuable liquidity management tool to adapt through business cycles.

- **Performance:** since the completion of the Group's strategic review in 2012 the Group has experienced high levels of operational performance and profitability, reflected in an average total return on opening net assets of 19% per annum since 2012, driven by the Group's disciplined investment process and strong track record in asset management.
- **Management:** the Group has well-established and highly effective executive and senior management teams that combine individuals with significant experience in the investment and asset management industry with a range of experience from other industries. Under the stewardship of existing key executives, the Group has performed successfully in respect of its strategic objectives since the completion of the strategic review in 2012.
- **Active asset management approach:** the Group takes an active approach to managing its portfolio companies by ensuring it maintains both appropriate representation at board level in its portfolio companies and the ability to exercise a level of control over the strategic objectives of its portfolio companies. It utilises its global network of business leaders and advisers to assist in identifying and accessing opportunities, transforming businesses and driving value. The Group has reduced the number of its portfolio companies since the completion of the strategic review in 2012, allowing for a higher degree of focus from its investment professionals in respect of the portfolio companies and a greater ability to exercise central control and oversight.

The following table illustrates the Group's investment performance since the completion of the strategic review in 2012:

	<b>Year to 31 Mar 2020</b>	Year to 31 Mar 2019	Year to 31 Mar 2018	Year to 31 Mar 2017 <sup>1</sup>	Year to 31 Mar 2016 <sup>1</sup>	Year to 31 Mar 2015 <sup>1</sup>	Year to 31 Mar 2014 <sup>1</sup>	Year to 31 Mar 2013 <sup>1</sup>	Year to 31 Mar 2012 <sup>1</sup>
<b>Total return (m)</b>	<b>£253</b>	£1,252	£1,425	£1,592	£824	£659	£478	£373	£(656)
<b>% over opening net asset value</b>	<b>3%</b>	18%	24%	36%	22%	20%	16%	14%	(20)%
<b>Cash operating profit (m)</b>	<b>£40</b>	£46	£11	£33	£37	£28	£5	£(8)	n/a

<sup>1</sup> As reported. Figures not restated to reflect the sale of Debt Management.

The following tables illustrate the Group's financial condition over the past 20 year period:

	<b>Year to 31 Mar 2020<sup>1</sup></b>	Year to 31 Mar 2019 <sup>1</sup>	Year to 31 Mar 2018 <sup>1</sup>	Year to 31 Mar 2017 <sup>1</sup>	Year to 31 Mar 2016 <sup>1</sup>	Year to 31 Mar 2015 <sup>1</sup>	Year to 31 Mar 2014 <sup>1</sup>	Year to 31 Mar 2013 <sup>2</sup>	Year to 31 Mar 2012 <sup>2</sup>	Year to 31 Mar 2011 <sup>2</sup>
<b>Cash and deposits (m)</b>	<b>£845</b>	£1,070	£1,054	£994	£1,002	£864	£697	£746	£1,159	£1,521
<b>Undrawn RCF (m)</b>	<b>£400</b>	£350	£350	£329	£350	£350	£500	£336	£494	£325

<b>Liquidity (m)</b>	<b>£1,245</b>	£1,420	£1,404	£1,323	£1,352	£1,214	£1,197	£1,082	£1,653	£1,846
<b>Gross debt (m)</b>	<b>£575</b>	£575	£575	£575	£837	£815	£857	£1,081	£1,623	£2,043
<b>Net debt/(cash) (m)</b>	<b>£(270)</b>	£(495)	£(479)	£(419)	£(165)	£(49)	£160	£335	£464	£522
<b>Purchase of investments (m)</b>	<b>£(1,279)</b>	£(859)	£(827)	£(692)	£(449)	£(474)	£(337)	£(149)	£(447)	£(561)
<b>Proceeds from investments (m)</b>	<b>£801</b>	£1,261	£1,277	£1,063	£771	£841	£677	£606	£771	£609
<b>Other cash flows<sup>5</sup> (m)</b>	<b>£253</b>	£(386)	£(390)	£(379)	£(184)	£(200)	£(389)	£(870)	£(686)	£(779)
<b>Portfolio value (m)</b>	<b>£8,098</b>	£7,553	£6,657	£5,675	£4,497	£3,877	£3,565	£3,247	£3,169	£3,993
<b>Net asset value (m)</b>	<b>£7,757</b>	£7,909	£7,024	£5,836	£4,455	£3,806	£3,308	£2,934	£2,627	£3,357
<b>Gearing</b>	<b>0%</b>	0%	0%	0%	0%	0%	5%	11%	18%	16%

<sup>1</sup> Figures prepared on investment basis.

<sup>2</sup> Figures prepared on IFRS basis.

	Year to 31 Mar 2010 <sup>3</sup>	Year to 31 Mar 2009 <sup>3</sup>	Year to 31 Mar 2008 <sup>3</sup>	Year to 31 Mar 2007 <sup>3</sup>	Year to 31 Mar 2006 <sup>3</sup>	Year to 31 Mar 2005 <sup>4</sup>	Year to 31 Mar 2004 <sup>4</sup>	Year to 31 Mar 2003 <sup>4</sup>	Year to 31 Mar 2002 <sup>4</sup>	Year to 31 Mar 2001 <sup>4</sup>	Year to 31 Mar 2000 <sup>4</sup>
<b>Cash and deposits (m)</b>	£2,252	£734	£796	£2,154	£1,955	£1,199	£819	£811	£755	£1,092	£670
<b>Undrawn RCF (m)</b>	£479	£286	£286	£491	£488	£579	£583	£634	£624	£185	£503
<b>Liquidity (m)</b>	£2,731	£1,020	£1,082	£2,645	£2,443	£1,778	£1,402	£1,445	£1,379	£1,277	£1,173
<b>Gross debt (m)</b>	£2,510	£2,656	£2,458	£2,154	£2,007	£1,725	£1,755	£1,824	£1,942	£2,190	£1,836
<b>Net debt/(cash) (m)</b>	£258	£1,912	£1,638	£(1)	£56	£527	£938	£1,015	£1,189	£1,101	£1,170
<b>Purchase of investments (m)</b>	£(190)	£(827)	£(2,072)	£(1,503)	£(1,068)	£(719)	£(756)	£(690)	£(1,037)	£(1,541)	£(1,278)
<b>Proceeds from investments (m)</b>	£1,315	£1,308	£1,824	£2,364	£2,213	£1,287	£913	£975	£1,123	£1,586	£1,162
<b>Other cash flows<sup>5</sup> (m)</b>	£393	£(543)	£(1,110)	£(662)	£(389)	£(188)	£(149)	£(229)	£(423)	£377	£325
<b>Portfolio value (m)</b>	£3,517	£4,050	£6,016	£4,362	£4,139	£4,301	£4,326	£3,939	£5,109	£5,957	£6,172

<b>Net asset value (m)</b>	£3,068	£1,862	£4,057	£4,249	£4,006	£3,637	£3,395	£2,936	£3,945	£4,973	£5,174
<b>Gearing</b>	8%	103%	40%	0%	1%	14%	28%	35%	30%	22%	23%

<sup>3</sup> Figures prepared on IFRS basis.

<sup>4</sup> Figures prepared on UK GAAP basis.

<sup>5</sup> "Other cash flows" means opening cash and deposits, less investments, plus realisations, less closing cash and deposits.

During the year to 31 March 2020 the Group generated an operating cash profit of £40 million. £160 million of cash income was generated from Private Equity (£45 million), Infrastructure (£78 million) and Scandlines (£37 million), which was offset by £120 million of operating cash expenses.

The impact of the Group's net asset exposure to the Euro, the US dollar, the Danish krone and other currencies in the year to 31 March 2020 was £142 million gain, £71 million gain, £3 million gain and £1 million loss respectively.

### *Opportunities*

The strengths outlined above, combined with the Group's expert internal resource and well developed external network, mean the Group is well-positioned to continue to deliver on its strategic objectives and invest where opportunities arise, including during periods of depressed valuations.

### **Risk management**

The board of directors of the Issuer (the "**Board**") is responsible for risk assessment, the risk management process and the protection of the Group's reputation and brand integrity, including in respect of what it considers to be the most significant risks facing the Group. The Board delegates the responsibility for risk oversight to the Chief Executive of the Issuer, who is assisted by the Group Risk Committee ("**GRC**") and guided by the Board's appetite for risk and any specific limits set. The GRC maintains the Group's risk review, which summarises the Group's principal risks, associated mitigating actions and key risk indicators, and identifies any changes to the Group's risk profile. The risk review also incorporates a watch list of new and emerging risks for monitoring purposes.

Non-executive oversight is also exercised through the Group's Audit and Compliance Committee, which focuses on upholding standards of integrity, financial reporting, risk management, going concern, viability and internal control.

The Group's Investment Committee, which is involved in and approves all material portfolio management decisions and all material steps involved in the investment and realisation processes, is fundamental to the monitoring and management of investment risk and ensures a consistent approach to investment processes across the business.

The Group's Valuation Committee has specific and primary responsibility for the valuation policy and valuation of the Group's investment portfolio. The Group's Valuation Policy is included in the annual report of the Issuer for the year ended 31 March 2020 at pages 177 to 178.

An overview of the Group's risk governance structure is set out in the annual report of the Issuer for the year ended 31 March 2020 at page 50.

### Recent developments

In response to the COVID-19 pandemic, the Group closed or restricted access to all offices in accordance with local restrictions and implemented flexible remote working policies for all its offices to ensure continued business operations. Business meetings and events are being held virtually and all international travel has been cancelled to ensure the health and safety of employees. The Group has re-opened or will re-open local offices when local regulations permit and in accordance with principles, including social distancing, designed to maintain the health and wellbeing of staff. In the meantime, the Group continues to be able to assess the investment pipeline, conduct investment due diligence and manage all other essential processes remotely.

The Group's portfolio companies are all affected by the impact of COVID-19 to varying degrees, reflecting the geographic and sector diversity of the portfolio. Some of the Group's portfolio companies have been affected by supply chain disruption caused by factory closures in China, some have been affected by the closure of their offices, stores, distribution centres and/or manufacturing facilities and some are exposed to the effects of the downturn in consumer spending and travel caused by COVID-19. The diversified nature of the Group's portfolio has resulted in a varied impact across its investments, with assets exposed to travel and/or tourism sectors such as ICE, Audley Travel and Smarte Carte, and those in the retail sector such as Action and Hans Anders experiencing greater disruption in comparison to those operating in the medical technology, personal care products and other speciality manufacturing sectors such as Cirtec, Royal Sanders and Tato which have experienced more resilient performance through the crisis.

Action has experienced continued growth represented by a 25% compound annual growth rate ("**CAGR**") in its number of stores between 2014 and 2019 and a 28% CAGR in sales and 27% CAGR in earnings before interest, tax, depreciation and amortisation ("**EBITDA**") over the same period. In 2019, Action experienced a 21% increase in revenue, 20% increase in EBITDA and opened 230 new stores. The following are recent developments in respect of Action's trading:

- sales and earnings were higher at the end of the first quarter of 2020 than the prior year;
- April 2020 sales were 41% of April 2019 sales;
- trading has been stronger in May 2020 as stores re-open across all territories;
- restricted footfall has been compensated by larger basket size;
- selected cost measures have been adopted to minimise the impact on Action's 2020 earnings;
- current expectation for new openings in 2020 of 152 stores;
- new country expansion is expected to recommence in the second half of 2020;
- cash remains significant at more than €300m as at April 2020 with a target of €500m by the end of July 2020.

For further discussion of risks associated with the COVID-19 pandemic and its potential impact on the Issuer's business, results of operations, financial condition and overall performance, see "*The impact of the Novel Coronavirus (COVID-19) pandemic*" on page 15 and page 15 of the Issuer's 2020 annual report.

## SUBSCRIPTION AND SALE

### Summary of Subscription Agreement

Barclays Bank PLC, Citigroup Global Markets Limited and Deutsche Bank AG, London Branch (together, the "**Joint Lead Managers**") and Goldman Sachs International and Société Générale (together with the Joint Lead Managers, the "**Managers**") have, pursuant to a subscription agreement dated 3 June 2020 (the "**Subscription Agreement**"), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 99.346 per cent. of their principal amount less a combined management, selling and underwriting commission payable to the Managers. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

### *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. The Notes are being offered and sold outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations promulgated thereunder.

Each Manager has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver the Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) (the "**distribution compliance period**") within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, Manager or person receiving a selling concession, fee or other remuneration 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.

Until 40 days after the commencement of the offering of the 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 and UK retail investors*

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Notes to any retail investor in the EEA or in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or both) of the following:

- (A) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (B) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **United Kingdom**

Each Manager has represented and agreed that:

- (a) 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 Financial Services and Markets Act 2000 (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
- (b) 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.

### **Singapore**

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that



trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

### **General**

None of the Issuer or any Manager has made any representation that any action will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or public materials relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Each Manager will comply, to the best of its knowledge and belief, with all applicable laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any other offering material in all cases at its own expense.

## **TAXATION**

### **General**

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those jurisdictions or elsewhere. The description assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Terms and Conditions of the Notes). It is not intended and does not constitute tax advice or legal opinion. Prospective purchasers of Notes are advised to consult their own tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any changes in law that might take effect after such date.

### **United Kingdom Taxation**

The comments below are of a general nature and reflect the understanding of the Issuer of current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice ("HMRC") (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this Prospectus, and are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer. The comments are intended as a general guide and should be treated with appropriate caution. The comments are not intended to be exhaustive. This summary does not cover any issues or taxes not expressly covered; nor should it be considered legal or tax advice to any person. The summary does not take into account the effect of any overriding anti-avoidance legislation that may apply to Noteholders in their particular circumstances or to any wider arrangements to which they may be a party. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future, possibly with retrospective effect. Each potential purchaser is advised to consult its own tax adviser as to the United Kingdom tax consequences attributable to acquiring, holding and disposing of Notes and in particular it is recommended that any Noteholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, consult their professional advisers.

#### **1. Interest**

- 1.1 While the Notes are and continue to be listed on a recognised stock exchange (designated as such by HMRC) within the meaning of Section 1005 Income Tax Act 2007, and carry a right to interest, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the London Stock Exchange if they are included in the Official List by the FCA and are admitted to trading on the London Stock Exchange.

In all other cases, interest on the Notes that has a United Kingdom source will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate

(currently 20 per cent.), subject to the availability of other reliefs under domestic law or any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

- 1.2 Interest on the Notes that constitutes United Kingdom source income for tax purposes may be chargeable to United Kingdom tax by direct assessment. Where the interest with a United Kingdom source is paid without withholding or deduction on account of United Kingdom tax, such interest will not be assessed to United Kingdom tax in the hands of holders of the Notes (other than certain trustees) who are not resident (or deemed resident for tax purposes) in the United Kingdom, except where the Noteholder carries (or is deemed to carry on) on a trade, profession or vocation in the United Kingdom through a branch or agency, or in the case of a corporate holder, carries on (or is deemed to carry on) a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment.

If interest were required to be paid under deduction of United Kingdom income tax (e.g. if the Notes lost their listing), Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The references to "interest" above mean interest as understood in United Kingdom tax law and in particular any premium element of the redemption amount of the Notes redeemable at a premium may constitute a payment of interest subject to the withholding tax discussed. In certain circumstances, the discount at which a Note is issued to its principal amount could also constitute "interest" for these purposes.

## FATCA

Pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any associated regulations or other official guidance, an agreement entered into with the U.S. Internal Revenue Service pursuant to such sections of the Code, or an intergovernmental agreement between the United States and another jurisdiction in furtherance of such sections of the Code, including any non-U.S. laws implementing such an intergovernmental agreement (collectively referred 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 is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) 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.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the 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 the Notes, proposed regulations have been issued that provide that such

withholding would not apply prior to the date that is than two years after the date on which final U.S. Treasury regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Notes that are 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 "*Terms and Conditions of the Notes—Further Issues*") 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. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## ADDITIONAL INFORMATION

### Listing

Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Regulated Market. It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Regulated Market will be granted on or about 8 June 2020, subject only to the issue of the Notes. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third business day in London after the date of the transaction.

### Expenses

The total expenses related to the admission to trading of the Notes are estimated to be £5,250.

### Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in England and Wales in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of: (a) the Board of Directors of the Issuer passed on 12 May 2020; (b) the General Purposes Committee of the Board of the Issuer passed on 22 May 2020; and (c) the Treasury Transaction Committee authorised by the Board of the Issuer passed on 25 May 2020.

### No significant/material adverse change

There has been no significant change in the financial position or financial performance of the Issuer or the Group nor, save for the potential impact of the outbreak of COVID-19 as disclosed on page 15 under "*The impact of the Novel Coronavirus (COVID-19) pandemic*" and on pages 69-70 under "*Recent developments*", any material adverse change in the prospects of the Issuer or the Group since 31 March 2020 to the date of this Prospectus.

### Legends

The Notes and Coupons will bear the following legend: "*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*".

### Clearing of the Notes

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) for the Notes is XS2178611526 and the Common Code for the Notes is 217861152, The CFI Code for the Notes is DBFNFB and the FISN is 3I GROUP PLC/EUR NT 20400604 RESTN, in each case, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

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

### **Material contracts**

There are no material contracts entered into other than in the ordinary course of the Group's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations in respect of the Notes.

### **Legal and arbitration proceedings**

There have been 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 financial position or profitability of the Issuer and/or the Group.

### **Documents available for inspection**

For so long as any Note remains outstanding, copies of the following documents will be available for inspection on the Issuer's website at <https://www.3i.com/investor-relations/debt-investors/>, save where an alternative location is stated below:

- (a) this Prospectus together with any supplement to it;
- (b) the Trust Deed;
- (c) the Agency Agreement; and
- (d) the up to date Articles of Association of the Issuer (accessible at: <https://www.3i.com/>).

This Prospectus will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

### **Independent auditors**

Ernst & Young LLP are the independent auditors of the Issuer and have audited the consolidated financial statements of the Issuer, without qualification, for the financial years ended 31 March 2020 and 31 March 2019. Ernst & Young LLP is registered to carry out audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

### **Interests of the Managers**

Certain of the Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of

the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Managers and their respective affiliates that have a lending relationship with Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Indication of Yield**

The yield of the Notes is 3.797 per cent. per annum. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### **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.

### **Third Party Information**

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

## **THE ISSUER**

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United Kingdom

## **JOINT LEAD MANAGERS**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

## **CO-LEAD MANAGERS**

### **Goldman Sachs International**

Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

### **Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

## **TRUSTEE**

### **Citicorp Trustee Company Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

## **PRINCIPAL PAYING AGENT**

### **Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom



## LEGAL ADVISERS

*To the Issuer*

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*To the Managers and the Trustee*

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United Kingdom

## AUDITORS OF THE ISSUER

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