

## OFFERING CIRCULAR

# MOTABILITY OPERATIONS GROUP PLC

*(incorporated with limited liability in England and Wales with registered number 06541091)*

**£5,000,000,000**

**Euro Medium Term Note Programme**

**unconditionally and irrevocably guaranteed by**

**MOTABILITY OPERATIONS LIMITED**

*(incorporated with limited liability in England and Wales with registered number 01373876)*

Under this £5,000,000,000 Euro Medium Term Note Programme (the **Programme**), Motability Operations Group plc (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payment of all amounts due in respect of the Notes issued under the Programme on or after the date hereof will be unconditionally and irrevocably guaranteed by Motability Operations Limited (the **Original Guarantor**) and each (if any) additional guarantor (each an **Additional Guarantor** and, together with the Original Guarantor, the **Guarantors**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

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

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (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 London Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

The Issuer has senior long-term debt ratings of A1 by Moody’s France SAS (**Moody’s**) and A+ by S&P Global Ratings, acting through S&P Global Ratings Europe Limited, UK Branch (**S&P**). Each of Moody’s and S&P is established in the European Union and is registered under the Regulation (EC) No 1060/2009, as amended (the **CRA Regulation**). Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will be specified in the applicable Final Terms and will not necessarily be the same as the ratings specified above. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arranger  
Barclays  
Dealers**

**Barclays  
Lloyds Bank Corporate Markets**

**HSBC  
NatWest Markets**

The date of this Offering Circular is 20 December 2018 and replaces the Offering Circular dated 21 December 2017.

## IMPORTANT INFORMATION

Unless otherwise specified, all references in this Offering Circular to the *Prospectus Directive* refer to Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in the relevant Member State of the European Economic Area.

This Offering Circular together with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”) comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

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

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below) and are also expected to be published on the website of the London Stock Exchange through a regulatory information service.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantors in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or any of the Guarantors in connection with the Programme.

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

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

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

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

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantors, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantors, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, Belgium, the United Kingdom, Japan and Singapore, see “*Subscription and Sale*”.

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

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

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

All references in this document to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars, all references to *Sterling* and *£* refer to pounds sterling and to *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.

## Forward-Looking Statements

Certain statements in this Offering Circular, including those under the captions “Risk Factors”, “Description of the Issuer” and “Description of the Original Guarantor” constitute “forward-

looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including terms “believe”, “estimate”, “anticipate”, “intend”, “may”, “will”, or “should” or in each case their negative, or other variations or comparable terminology. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations, changes in business strategy or development, political and economic uncertainty and other risks described in “Risk Factors”. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Offering Circular will, in fact, occur.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer and the Guarantors will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Offering Circular except as required by law or by any appropriate regulatory authority.

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## STABILISATION

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

## MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Notes will include a legend entitled “*MiFID II Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a *distributor*) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, *MiFID II*) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

## **PRIIPs REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

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

## **NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE**

Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) 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).

## **BENCHMARKS REGULATION**

Amounts payable on Floating Rate Notes to be issued under the Programme may be calculated by reference to certain reference rates such as the London Interbank Offered Rate (*LIBOR*) or the Euro Interbank Offered Rate (*EURIBOR*) as specified in the applicable Final Terms. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the *Benchmarks Regulation*). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any applicable Final Terms to reflect any change in the registration status of the administrator.

## DESCRIPTION OF THE PROGRAMME

*The following general description of the Programme does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole including all documents incorporated by reference.*

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

<b>Issuer:</b>	Motability Operations Group plc
<b>Guarantors:</b>	The Issuer’s obligations under the Notes will be jointly and severally guaranteed by Motability Operations Limited as Original Guarantor and each (if any) Additional Guarantor (as defined in the Conditions).
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme and there are also certain factors that may affect each Guarantor’s ability to fulfil its obligations under the Guarantees. These are set out under “ <i>Risk Factors</i> ” below and include risks relating to the Issuer being a holding company, risks relating to lower than anticipated residual values of assets, risks relating to dependence on major suppliers and risks relating to dependence on an exclusive right to provide services under the Scheme (as defined on page 6). In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	Barclays Bank PLC HSBC Bank plc Lloyds Bank Corporate Markets plc NatWest Markets Plc and any other Dealers appointed in accordance with the Programme Agreement (as defined on page 60).
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Offering Circular.  <b>Notes having a maturity of less than one year</b> Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”.
<b>Trustee:</b>	HSBC Corporate Trustee Company (UK) Limited

## Description of the Programme

<b>Issuing and Principal Paying Agent:</b>	HSBC Bank plc
<b>Programme Size:</b>	Up to £5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantors may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
<b>Redenomination:</b>	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.
<b>Maturities:</b>	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"><li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li><li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.</li></ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>



## Description of the Programme

- Zero Coupon Notes:** Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
- Redemption:** The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following notice of termination of the Service Agreement or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
- Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see “*Certain Restrictions — Notes having a maturity of less than one year*” above.
- Denomination of Notes:** The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as at the Issue Date of such Notes) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions — Notes having a maturity of less than one year*” above.
- Taxation:** All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantors will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
- Negative Pledge:** The terms of the Notes will contain a negative pledge provision as further described in Condition 3.1.
- Cross Default:** The terms of the Notes will contain a cross default provision as further described in Condition 10.
- Status of the Notes:** The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
- Guarantees:** The Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors. The obligations of each Guarantor under its guarantee will be direct, unconditional and (subject to the provisions of Condition 3.1) unsecured obligations of such Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of such Guarantor from time to time outstanding.

## Description of the Programme

<b>Rating:</b>	Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms. 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.
<b>Listing and admission to trading:</b>	<p>Application has been made to the UK Listing Authority for Notes issued under the Programme 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.</p> <p>The applicable Final Terms will state whether application has been made or will be made for the relevant Notes to be listed and/or admitted to trading.</p>
<b>Governing Law:</b>	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
<b>Selling Restrictions:</b>	<p>There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, Belgium, the United Kingdom, Japan, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "<i>Subscription and Sale</i>".</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended, unless the applicable Final Terms states otherwise.</p> <p>The Notes will be issued in compliance with United States Treasury regulations section 1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "<i>D Rules</i>") unless (i) the applicable Final Terms states that Notes are issued in compliance with United States Treasury regulations section 1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "<i>C Rules</i>"); or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("<i>TEFRA</i>"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.</p>

## RISK FACTORS

*Each of the Issuer and the Original Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and none of the Issuer or the Original Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

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

*Each of the Issuer and the Original Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Original Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Original Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

**The Issuer's obligations under the Notes will be guaranteed by the Original Guarantor (the Issuer and the Original Guarantor being, together, the "Group") and, unless otherwise specified, the following factors that are described as factors that may affect the Group are factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and the Original Guarantor's ability to fulfil its obligations under its Guarantee.**

### **The Issuer is a holding company**

The Issuer is a holding company and is completely dependent on the performance of its operating subsidiaries, the Original Guarantor and MO Reinsurance Limited (**MORL**). As a holding company, the Issuer does not engage in, or conduct, any operating business itself. Its principal assets are the shares in its two wholly-owned operating subsidiaries, one of which is the Original Guarantor, and the other, MORL. Consequently, the Issuer is dependent on the economic, financial and operating results of its operating subsidiaries and is therefore indirectly exposed to the same risks as those faced by its operating subsidiaries. Any deterioration in the business, financial condition or results of operations of the Issuer's operating subsidiaries or their ability or willingness to pay dividends to the Issuer would also materially adversely affect the Issuer and its ability to service its payment obligations under the Notes.

### **Risk of lower than anticipated residual values**

The Group is the largest sole vendor supplier of used vehicles in the United Kingdom. Residual values of these vehicles are exposed to an adverse movement in second-hand vehicle prices, which can be the result of a number of factors, including general economic conditions, the supply of second hand vehicles, new vehicle market prices, model changes and legislative requirements (for example, changes to environmental legislation). The Group's exposure to unforeseen and material movements in the market for second-hand vehicles is measured as the difference between the forecast values used for pricing and the market value at disposal. If unmanaged, such movements in second-hand vehicle prices may severely hinder the Group's ability to sell these vehicles and could adversely affect the Group's results. The Group has developed an in-house residual value forecasting model to help manage this risk, but, if there is exceptional downward pressure on residual values, then additional depreciation and disposal losses above planned levels may be incurred. The Group's operations are also concentrated in the UK and, therefore, the Group is particularly exposed to downturns in UK second-hand vehicle market prices.

### **Poor re-marketing performance could lead to a failure to realise benchmark values**

There is also an associated risk of differences arising between the benchmark market value and the net proceeds that are realised on disposal of vehicles. Given the large volumes of used vehicles being sold and given also the large concentrations that sometimes occur in particular vehicle types and models, the effectiveness of the Group's remarketing performance can significantly impact the extent to which benchmark market values may be realised.

## Risk Factors

### **Risk of higher than anticipated insurance costs**

Assumptions are made in the lease price of a vehicle as to the expected costs of insurance over the course of the lease, based on an actuarial assessment provided by the Group's long term insurance partner RSA and forecasts developed by the Group's actuary. All new leases (beginning after 1 October 2013) are subsequently reinsured by the Issuer's captive insurance subsidiary, MORL which is domiciled in the Isle of Man. If forecast insurance costs turn out to be incorrect, the lease will either be over or under priced. An increase in insurance costs could have an adverse impact on the affordability of vehicle leases.

### **Risk of higher than anticipated maintenance costs**

Assumptions are made in the lease price of a vehicle as to the expected costs of maintenance over the course of the lease. If these forecasts turn out to be incorrect, the lease will either be over or under priced. An increase in parts and labour prices could have an adverse impact on the affordability of vehicle leases.

### **A decline in general economic activity could adversely affect the Group's business**

The Group is the operator of a scheme which enables disabled people to use their Government-funded mobility allowances to obtain a vehicle, powered wheelchair or scooter through a lease contract (the **Scheme**). The Group's results are affected by various economic factors, including the level of general economic activity. Potential drivers of unfavourable general economic activity include political and geopolitical events, such as the uncertainty caused by the result of the UK referendum to leave the European Union. A decline in general economic activity, including as a result of a disorderly settlement between the UK and the European Union with respect to future trade, may lead to unforeseen movements in the market value of second-hand vehicles and fleet revaluation, as well as customers wishing to terminate their leases early or fewer customers applying to join the Scheme. Vehicle resale figures may also be affected by a lack of availability of credit in the used vehicle market.

### **The Group's relationship with its major suppliers and service providers is important to its business and the failure or loss of a major supplier or service provider or a material change of the terms on which the Group obtains its key products and services could adversely affect its business**

The Group secures significant discounts on the purchase of new vehicles. If manufacturers move to reduce production capacity and/or choose not to supply vehicles through the Scheme, then the ability of the Group to maintain high discounts may be eroded. Although such effects may also flow through into increased second-hand vehicle values, lease pricing could be adversely affected.

The Group's suppliers are key to its success, with many providing essential frontline services and handling vital contact points with customers, providing vehicle insurance, roadside assistance, and tyre and windscreen replacement services. The Group has engaged with third parties who have a strong record in customer service. Each of those major services (vehicle insurance, roadside assistance and tyre and windscreen replacement, respectively) is provided to the Group by one relevant provider. This allows the Group to negotiate favourable terms as a result of the substantial volume of business referred to the relevant supplier or service provider. However, the failure or loss of a key supplier or service provider or a material change of the terms on which the Group obtains its key products and services could adversely affect the Group's business, detrimentally impacting on customer service and potentially could have significant financial implications as the Group sought alternative arrangements.

### **The Group could be harmed by a severe decline in the results of operations or financial condition of vehicle manufacturers supplying the Group's fleet**

The Group is also at risk from the failure of one or more of its key manufacturers. Such a failure could lead to impaired residual values, invalid warranties, non-availability of parts and maintenance providers, and potential withdrawal or renegotiation of discounts. The Issuer is subject to a concentration risk resulting from its high reliance on certain manufacturers. Ford and Vauxhall represented some 33.1 per cent. of the car fleet on 30 September 2018.

### **Social Security Regulations and UK legislation**

The Group operates the Scheme pursuant to the Social Security (Claims and Payments) Regulations 1987 (the **Social Security Regulations**), section 44 as amended. Under the Social Security Regulations the Secretary of State may arrange for the Higher Rate Mobility Component (**HRMC**) of the Disability Living Allowance or the new Personal Independence Payment payable to a beneficiary to be paid direct in settlement of their payments due under the Scheme. Representatives of a Disability Benefit Centre or the Disability Contract and Processing Unit approve claims for the HRMC, and arrange for the sum to be paid direct to the Original Guarantor. Under the Social Security Regulations the Secretary of State has the power at any time to prevent such payments being made to the Original Guarantor, and if this power were to be exercised the Scheme could no longer operate.

The Secretary of State or Parliament and/or further devolvement of power for Scotland could alter existing legislation or introduce new legislation (including the replacement of the current Disability Living Allowance with a Personal Independence Payment for 16 to 64 year olds) or exercise its rights under existing legislation to remove the relevant concessions from the Charity or to otherwise remove the Group from the Scheme. This could have a material adverse effect on the Group's business.

There is also the risk that the Government may not increase the allowance in line with the Group's pricing assumptions, resulting in lower than anticipated income projections.

### **Taxation**

Unexpected movements in the corporation tax rates and capital allowance rules, or changes to the current VAT and Insurance Premium Tax relief that the Group benefits from, compared to those priced into the leases could have an adverse effect on the Group. The extent of any effect depends on the nature of any change in taxation, significantly the extent to which it affects existing leases, the reserves position of the existing fleet or the affordability of new business. Such a change in taxation could potentially erode the competitiveness of the Group.

### **Changes to, or non-compliance with, governmental laws, regulations or policies could adversely affect the Group's and/or MORL's business or subject the Group or MORL to possible additional funding, revocation of licences, liability for penalties or damages**

Changes to the laws, regulations or policies in the UK or the Isle of Man may have a negative impact on the Group's and/or MORL's business. The failure to comply with applicable laws, regulations or policies in the UK or the Isle of Man could result in significant penalties or monetary damages, additional funding requirements, possible revocation of licences and damage to reputation, brand and valued customer relationships. The Group is expected to comply with health and safety laws, as well as legislation such as the Consumer Credit Act 1974 and the Data Protection Act 2018. In particular, the Original Guarantor is authorised and regulated by the Financial Conduct Authority (the **FCA**) and is thereby required to satisfy and comply with a range of consumer credit legislative and regulatory requirements. If the Original Guarantor is unable or fails to satisfy or comply with such requirements in the future, the FCA could revoke the authorisation and permission of the Original Guarantor and, consequently, render the Group unable to trade within the consumer credit market. There could also be legislation introduced in the future that may affect the Group's ability to run the Scheme under current conditions. If any of the Group's businesses was found to be in breach of such legislation, it could be subject to significant penalties or damages claims. Serious breach of the Health and Safety at Work etc Act 1974 could lead to suspension of operations until the breach is rectified. This could also result in adverse publicity for the Group.

### **Risks relating to the funding of the Group**

#### ***The availability of funding for the Group's operation***

The availability of sustainable funding and liquidity is critical to the Group's ongoing operation. The Group is exposed to the risk of the lack of available liquidity and funding or the risk that the cost of funding impacts on the competitiveness of the Group's "contract hire" lease agreements. If the Group is unable to fund on commercially acceptable terms, its current business, future prospects, financial condition and results of operations may be adversely affected.

## **Risk Factors**

### ***Fluctuations in interest rates could adversely affect the Group's financial results***

The Group has an exposure to movements in interest rates on its floating rate debt. To manage this risk, the Group enters into interest rate swaps to ensure that the majority of its interest costs are fixed rate to match the Group's fixed rental income. The Group's policy is that at least 90 per cent. of the borrowings at the balance sheet date are fixed interest rate. To the extent that the Group has not successfully hedged the risk associated with interest rate movements, fluctuations in interest rates could adversely affect the Group's financial results.

### **Failure of internal or external systems, processes and policies**

A failure of, or interruption in, the communications and information systems on which the Group or MORL is heavily reliant in the conduct of its business could adversely affect its revenues and profitability. The Group or MORL could be subjected to cyber-attacks that could result in slow performance and loss or temporary unavailability of its information systems. Information security risks have increased because of new technologies, the use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions, and the increased sophistication and activities of organised crime, perpetrators of fraud, hackers, terrorists, and others. Major and sustained disruption to business activities could also be caused by fire, flood, extreme weather, contamination in addition to business systems or telecommunication failure etc. The occurrence of any of these events could result in fewer customer applications being received, slower processing of applications and reduced efficiency in servicing.

Inadequate process management could lead to poor decision-making which may have an adverse impact on the Group's business or MORL's business. Poor planning and ineffective policies could result in the inability of the current infrastructure (building, systems) or resources (employees, dealer network) to cope with business expansion as fleet volumes grow and stretch existing capacities.

A failure in internal processes such as loss of or inappropriate use of data could have the effect of damaging the Group's reputation.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List.

### **Breach of Service Agreement**

The Original Guarantor has exclusive rights under the Service Agreement with the Charity to provide contract hire lease services subject to seven years' written notice or termination. There is a risk that if the Original Guarantor breaches the Service Agreement or fails to meet performance targets the Charity may serve notice of termination. There are provisions within the Service Agreement for early termination, providing the Original Guarantor is in a position to prepay all its borrowings and indebtedness.

### **Fraud**

Financial and other controls play an important part in the Group's and MORL's ability to prevent and detect inappropriate and unethical behaviour. This includes fraud, and despite the Group's and MORL's control systems to prevent the incidence of fraud, there remains a risk of fraudulent activity perpetuated internally or externally (but not including disability benefit fraud which falls outside the remit of the Group) to misappropriate Group or MORL assets or circumvent company policy or legislation. To the extent that substantial amounts were misappropriated and remained undetected for a significant time period, the financial and reputational impact on the Issuer and/or the Original Guarantor and/or MORL could be considerable.

### **Risk from credit default**

The Group's principal source of income is received from the UK Government (the Department for Work and Pension (**DWP**), the Service Personnel and Veterans Agency (**SPVA**) and the Northern Ireland Social Security Agency (**NISSA**)) through the allowances assigned by the Group's customers. Since this income is effectively received from the British Government, the credit risk is low. However there remains residual credit risk from sources including miscellaneous customer billings, investments, reinsurers, monies due from dealers, auction houses and vehicle manufacturers. MORL has exposure to financial institutions through investments or financial instruments. In addition, the Group has

## Risk Factors

exposure to reinsurers who may build up substantial premium rebate balances that are owed to the Group. The failure of any of the financial institutions, reinsurers and other counterparties to which the Group has exposure, directly or indirectly, to perform their contractual obligations, and any losses resulting from its failure, may materially and adversely affect the Group's current business, prospects and results of operations.

### **The Group's operations are dependent to a significant extent on its ability to retain and attract key personnel and high-quality employees**

The Group believes that a principal driver for its future success will be the experience and the active involvement of employees at all levels in initiatives to improve the business. The recruitment, retention and engagement of such personnel is critical to the Group's long-term profitability and commercial success. Should the Group encounter any significant employee relations issues or lose key personnel, the Group's current business, prospects and results of operations might be adversely affected.

### **Reputational risk**

The financial performance of the Group could be adversely affected by damage to its reputation. Any adverse event that manifests itself through media coverage, civil action, criminal prosecution, or any other such outcome could result in a loss of business which would have an adverse impact on the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme and/or the ability of the Original Guarantor to fulfil its obligations under its Guarantee.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

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

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

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

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

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

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

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

## Risk Factors

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

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

### ***Uncertainty about the future of “benchmarks” may adversely affect the value of, and return on, any Notes linked to a “benchmark” and the trading market for such Notes***

LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed “benchmarks” are the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms may cause such “benchmarks” to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have an adverse effect on any Notes linked to such a “benchmark”.

The Benchmarks Regulation was published in the official journal on 29 June 2016 and has applied since 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical “benchmarks”) that came into effect from 30 June 2016).

The Benchmarks Regulation could have an adverse impact on any Notes linked to LIBOR, EURIBOR or another “benchmark” rate or index, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the “benchmark”. In addition, the Benchmarks Regulation stipulates that each administrator of a “benchmark” regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain “benchmarks” will fail to obtain a necessary licence, preventing them from continuing to provide such “benchmarks”. Other administrators may cease to administer certain “benchmarks” because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”. Uncertainty about the future of “benchmarks”, any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have an adverse effect on the value of, and return on, any Notes linked to a “benchmark” and the trading market for such Notes.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is impossible to predict whether, and to what extent, banks will continue to provide LIBOR submissions to the administrator of LIBOR.

The “*Terms and Conditions of the Notes*” provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, becomes unavailable. Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Notes which reference LIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under “*Terms and Conditions of the Notes*”, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be



## **Risk Factors**

available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Notes which reference LIBOR.

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

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

***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 matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

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

***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 relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

***Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

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

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

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

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes

## Risk Factors

generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If the level of global credit market conditions experienced during 2008 were to recur at the same level or worsen, whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes, such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer.

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

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

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

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

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms and will not necessarily be the same as the ratings of the Issuer's senior long-term debt ratings.

## INFORMATION INCORPORATED BY REFERENCE

The following documents (excluding all information incorporated by reference in any such documents either expressly or implicitly) which have previously been published or are published simultaneously with this Offering Circular and have been approved by the Financial Conduct Authority or filed with it shall be incorporated in, and form part of, this Offering Circular:

- (a) the Annual Report and Accounts 2018 of the Issuer for the financial year ended 30 September 2018 (including the audit report issued in respect thereof);
- (b) the Annual Report and Accounts 2017 of the Issuer for the financial year ended 30 September 2017 (including the audit report issued in respect thereof);
- (c) the Annual Report and Financial Statements of Motability Operations Limited for the financial year ended 30 September 2018 (including the audit report issued in respect thereof);
- (d) the audited financial statements of Motability Operations Limited for the financial year ended 30 September 2017 (including the audit report issued in respect thereof);
- (e) the “Terms and Conditions of the Notes” section from each of the Offering Circulars published by (among others) the Issuer and the Original Guarantor and dated:
  - (i) 22 December 2016 (on pages 22 – 47 inclusive);
  - (ii) 7 April 2015 (on pages 22 – 46 inclusive);
  - (iii) 7 April 2014 (on pages 22 – 45 inclusive);
  - (iv) 8 April 2011 (on pages 29 – 54 inclusive); and
  - (v) 8 April 2010 (on pages 29 – 53 inclusive),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

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

Copies of information incorporated by reference in this Offering Circular are available on the website of the London Stock Exchange plc at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and may also be obtained from (i) the registered office of the Issuer and/or (ii) the specified office of HSBC Bank plc, the Issuing and Principal Paying Agent for the time being in London, at 8 Canada Square, London E14 5HQ.

## FORM OF THE NOTES

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

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

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

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

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

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an

## Form of the Notes

Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The applicable Final Terms will specify whether the Notes will be represented upon issue by:

- (i) a Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event; or
- (ii) a Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date; or
- (iii) a Permanent Global Note exchangeable for definitive Notes only upon an Exchange Event.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

The applicable Final Terms will specify whether or not talons for future interest coupons are to be attached to definitive Notes where the Notes have more than 27 coupon payments, as talons may be required if, on exchange of such Notes into definitive form, more than 27 coupon payments remain to be made.

The following legend will appear on all Notes (other than Temporary Global Notes) which have an original maturity of more than one year and on all interest coupons relating to such Notes:

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

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

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

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

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits (but not in the case of any NGN), be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

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

## APPLICABLE FINAL TERMS

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the 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 Directive 2014/65/EU (as amended, **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 manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

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

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified 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).]

Final Terms dated [ ]

**MOTABILITY OPERATIONS GROUP PLC**  
**Legal Entity Identifier (LEI): AZ3NL8JCZDCNUXFWI720**  
Issue of [ ] [ ]  
**Guaranteed by Motability Operations Limited**  
**under the £5,000,000,000**  
**Euro Medium Term Note Programme**

### PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated 20 December 2018 [and the supplement[s] to it dated [ ] [and [ ]], including all documents incorporated by reference ([the Offering Circular as so supplemented,] the **Offering Circular**) which constitutes a base prospectus for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and is available for viewing during normal business hours at City Gate House, 22 Southwark Bridge Road, London SE1 9HB, and 8 Canada Square, London E14 5HQ, and copies may also be obtained from these addresses.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in, and extracted from, the Offering Circular dated [22 December 2016/7 April 2015/7 April 2014/8 April 2011/8 April 2010] and which are incorporated by reference in the Offering Circular dated 20 December 2018. This document constitutes the Final Terms of the Notes

## Applicable Final Terms

described herein for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated 20 December 2018, including the Conditions which are incorporated by reference in the Offering Circular dated 20 December 2018 [and the supplement[s] to it dated [ ] [and [ ]], including all documents incorporated by reference ([the Offering Circular as so supplemented,] the **Offering Circular**) which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and is available for viewing during normal business hours at City Gate House, 22 Southwark Bridge Road, London SE1 9HB and 8 Canada Square, London E14 5HQ, and copies may be obtained from these addresses.]

1. (a) Issuer: Motability Operations Group plc
- (b) Guarantor: Motability Operations Limited
2. (a) Series Number: [ ]
- (b) Tranche Number: [ ]
- (c) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [ ] on [ ]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] below [which is expected to occur on or about [ ]]]
3. Specified Currency: [ ]
4. Aggregate Nominal Amount:
  - (a) Series: [ ]
  - (b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus [ ] days' accrued interest in respect of the period from, and including, [ ] to, but excluding, [ ]]
6. (a) Specified Denominations: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]]. Definitive Notes will not be issued in denominations in excess of [ ]
- (b) Calculation Amount: [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]/[Issue Date]/[Not Applicable]
8. Maturity Date: [ ]/[the Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[[ ] month][LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]
10. Redemption: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[ ] per cent. of their nominal amount]/[par]
11. Change of Interest Basis: [Not Applicable]/[ ]

**Applicable Final Terms**

12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Issuer Maturity Par Call]  
[Issuer Make-Whole Call]  
[Not Applicable]  
  
[(further particulars specified below in paragraph [17/18/19/20])]

13. [Date [Board] approval for issuance of [ ] [and [ ], respectively]  
Notes [and Guarantee] obtained:

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

14. Fixed Rate Note Provisions [Applicable]/[Not Applicable]
- (a) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually]/  
[semi-annually]/[quarterly] in arrear] on each Interest  
Payment Date[. There will be a short first coupon  
from and including [ ] to but excluding [ ]]
- (b) Interest Payment Date(s) and Business Day Convention for  
Payment: [ ] in each year up to and including the Maturity  
Date [adjusted in accordance with the [Following  
Business Day Convention]/[Modified Following  
Business Day Convention] [with the Additional  
Business Centres for the definition of “Business Day”  
being [ ]] [[adjusted]/[no adjustment] for period  
end dates]
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount (applicable to the  
Notes in definitive form) and [ ] per Aggregate  
Nominal Amount of the Notes (applicable to the  
Notes in global form), payable on each Interest  
Payment Date[, except for the amount of interest  
payable on the first Interest Payment Date falling on  
[ ]]
- (d) Broken Amount(s): [[ ] per Calculation Amount (applicable to the  
Notes in definitive form) and [ ] per Aggregate  
Nominal Amount of the Notes (applicable to the  
Notes in global form), payable on the Interest  
Payment Date falling on] [ ]/[Not Applicable]
- (e) Day Count Fraction: [Actual/Actual (ICMA)]/  
[30/360]
- (f) Determination Date(s): [[ ] in each year]/[Not Applicable]
15. Floating Rate Note Provisions [Applicable]/[Not Applicable]
- (a) Specified Period(s): [ ]
- (b) Specified Interest Payment Dates: [ ]
- (c) First Interest Payment Date: [ ]
- (d) Business Day Convention: [Floating Rate Convention]/  
[Following Business Day Convention]/  
[Modified Following Business Day Convention]/  
[Preceding Business Day Convention]  
  
[[adjusted]/[no adjustment] for period end dates]
- (e) Additional Business Centre(s): [ ]
- (f) Manner in which the Rate of Interest and Interest Amount [Screen Rate Determination]/



## Applicable Final Terms

- is/are to be determined: [ISDA Determination]
- (g) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (h) Screen Rate Determination: [Applicable]/[Not Applicable]
- Reference Rate and Relevant Financial Centre: Reference Rate: [ ] month [LIBOR]/[EURIBOR]  
Relevant Financial Centre: [London]/[Brussels]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (i) ISDA Determination: [Applicable]/[Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (j) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the [long/short]/[first/last] [Specified]/[Interest] Period shall be calculated using Linear Interpolation]
- (k) Margin(s): [+/-] [ ] per cent. per annum/[Not Applicable]
- (l) Minimum Rate of Interest: [zero]/[ ] per cent. per annum
- (m) Maximum Rate of Interest: [ ] per cent. per annum/[Not Applicable]
- (n) Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
16. Zero Coupon Note Provisions [Applicable]/[Not Applicable]
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]/[Actual/360]/[Actual/365]

### PROVISIONS RELATING TO REDEMPTION

17. Issuer Call [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [[ ] per Calculation Amount]/[Not Applicable]
  - (ii) Maximum Redemption Amount: [[ ] per Calculation Amount]/[Not Applicable]

## Applicable Final Terms

Amount:

- (d) Notice periods (if other than as set out in the Conditions): [Minimum period: [ ] days]/[Not Applicable]  
[Maximum period: [ ] days]/[Not Applicable]
18. Issuer Maturity Par Call [Applicable]/[Not Applicable]  
Notice periods (if other than as set out in the Conditions): [Minimum period: [ ] days]/[Not Applicable]  
[Maximum period: [ ] days]/[Not Applicable]
19. Issuer Make-Whole Call [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [ ]/[At any time that is more than 90 days prior to the Maturity Date]
- (b) Optional Redemption Amount(s) of each Note: [[ ] per Calculation Amount]/[Special Redemption Amount]
- (c) Specified Time for Special Redemption Amount: [ ]/[Not Applicable]
- (d) Redemption Margin: [[ ] per cent.]/[Not Applicable]
- (e) If redeemable in part:
- (i) Minimum Redemption Amount: [[ ] per Calculation Amount]/[Not Applicable]
- (ii) Maximum Redemption Amount: [[ ] per Calculation Amount]/[Not Applicable]
- (f) Calculation Agent (if not the Agent) (the “Calculation Agent”): [Not Applicable]/[ ]
- (g) Notice periods (if other than as set out in the Conditions): [Minimum period: [ ] days]/[Not Applicable]  
[Maximum period: [ ] days]/[Not Applicable]
20. Investor Put [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
- (c) Notice periods (if other than as set out in the Conditions): Minimum period: [ ] days  
Maximum period: [ ] days
21. Final Redemption Amount: [ ] per Calculation Amount
22. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [ ] per Calculation Amount
23. Redemption following notice of termination of the Service Agreement (pursuant to Condition 7.3): [Applicable]/[Not Applicable]  
Reference Stock: [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for

**Applicable Final Terms**

Definitive Notes only upon an Exchange Event]/

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

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

- (b) New Global Note: [Yes]/[No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable]/[ ]
26. Talons for future Coupons to be attached to Definitive Notes: [Yes]/[No]
27. Redenomination applicable: Redenomination [not] applicable  
[Applicable Day Count Fraction: [ ]]
28. Relevant Benchmark: [[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation]/[Not Applicable]

Signed on behalf of Motability Operations Group plc:

Signed on behalf of Motability Operations Limited:

By: \_\_\_\_\_

By: \_\_\_\_\_

*Duly authorised*

*Duly authorised*

## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: Application [has been]/[is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and for admission to the Official List of the UK Listing Authority with effect from [ ].
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: [The Notes to be issued [have been]/[are expected to be] rated:  
[Moody's France SAS (**Moody's**): [ ]]  
[S&P Global Ratings, acting through S&P Global Ratings Europe Limited, UK Branch (**S&P**): [ ]]  
[The Issuer has not applied to Moody's France SAS or S&P Global Ratings, acting through S&P Global Ratings Europe Limited, UK Branch for ratings to be assigned to the Notes.]

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

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

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

Indication of yield: [ ]

### 5. REASONS FOR THE OFFER

[As set out in "Use of Proceeds" in the Offering Circular dated 20 December 2018]/[ ]

### 6. OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) CFI Code: [Not Applicable]/ [ ]
- (iv) FISN: [Not Applicable]/ [ ]
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/ [ ]
- (vi) Delivery: Delivery [against]/[free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [Not Applicable]/ [ ]

**Applicable Final Terms**

- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]/[Not Applicable]
- [Note that the designation “yes” means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. (the **ICSDs**) as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[Note that the designation “no” means that should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting such criteria, the Notes may then be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. (the **ICSDs**) as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

**7. DISTRIBUTION**

- (i) Method of distribution: [Syndicated]/[Non-syndicated]
- (ii) If syndicated:
- (A) Names of Managers: [Not Applicable]/[ ]
- (B) Stabilising Manager(s) (if any): [Not Applicable]/[ ]
- (iii) If non-syndicated, name of Dealer: [Not Applicable]/[ ]

**8. U.S. SELLING RESTRICTIONS/TEFRA RULES**

- U.S. Selling Restrictions/TEFRA Rules: [Reg. S Compliance Category [1/2]]; [TEFRA D/TEFRA C/TEFRA Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the London Stock Exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note.*

This Note is one of a Series (as defined below) of Notes issued by Motability Operations Group plc (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 8 April 2009 made between, inter alia, the Issuer and Motability Operations Limited as guarantor (the **Original Guarantor**) and HSBC Corporate Trustee Company (UK) Limited (the **Trustee**, which expression shall include any successor as Trustee).

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

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 8 April 2009 and made between, inter alia, the Issuer, the Original Guarantor, the Trustee, HSBC Bank plc as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

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

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being 8 Canada Square, London E14 5HQ and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and are expected to be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Note bearing interest on a fixed rate basis (**Fixed Rate Note**), a Note bearing interest on a floating rate basis (**Floating Rate Note**), a Note issued on a non-interest bearing basis (**Zero Coupon Note**), or a combination of any of the foregoing, depending upon the interest basis specified in the applicable Final Terms.

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

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantors (as defined in Condition 3.5), the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

## **2. Status of the Notes and the Guarantees**

### **2.1 Status of the Notes**

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

## 2.2 Status of the Guarantees

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors pursuant to joint and several guarantees (the **Guarantees**) in the Trust Deed. The obligations of each Guarantor under its Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1) unsecured obligations of such Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of such Guarantor, from time to time outstanding.

## 3. Covenants

### 3.1 Negative Pledge

- (a) For so long as any Note remains outstanding (as defined in the Trust Deed) no Obligor shall (and the Issuer shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) For so long as any Note remains outstanding no Obligor shall (and the Issuer shall ensure that no other member of the Group will) sell, transfer or otherwise dispose of any of its receivables on recourse terms or enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Subparagraphs (a) and (b) above do not apply to:
  - (i) any cash management, netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debt and credit balances;
  - (ii) any lien arising by operation of law in the ordinary course of business;
  - (iii) any Security over or affecting any asset acquired by a member of the Group after the date on which agreement is reached to issue the first Tranche of the Notes if:
    - (A) the Security was not created in contemplation of the acquisition of that asset by a member of the Group;
    - (B) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
    - (C) the Security is removed or discharged within six months of the date of acquisition of such asset;
  - (iv) any Security over or affecting any asset of any company which becomes a member of the Group after the date on which agreement is reached to issue the first Tranche of the Notes, where the Security is created prior to the date on which that company becomes a member of the Group, if:
    - (A) the Security was not created in contemplation of the acquisition of that company;
    - (B) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
    - (C) the Security is removed or discharged within six months of that company becoming a member of the Group;
  - (v) any title transfer or retention of title arrangement entered into by any member of the Group on the vendor's standard terms and in the ordinary course of business;
  - (vi) any Security replacing any Security permitted under subparagraphs (i) to (v) above or this subparagraph (vi) and securing indebtedness or obligations whose principal amount does not exceed the maximum principal amount secured or which could be secured, by the replaced Security when it is replaced; or



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- (vii) any Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under subparagraphs (i) to (iv) above) does not exceed 10 per cent. of Total Group Assets (or its equivalent in another currency or currencies).

### 3.2 Guarantor Coverage

For so long as any Note remains outstanding the Issuer shall procure that:

- (a) the aggregate gross assets of members of the Group that are Obligor (in each case calculated on an unconsolidated basis and excluding intra-group items and investments in any member of the Group) shall account for not less than 75 per cent. of Total Group Assets; and
- (b) each entity which, at any time, provides some or all of the Services (as defined in the Service Agreement) pursuant to the Service Agreement shall, at the relevant time, be an Obligor, except where the principal business of such entity is the provision of insurance.

If, in order for the Issuer to comply with its obligations under subparagraphs (a) and (b) above, it becomes necessary to appoint an Additional Guarantor, the Issuer shall as soon as practicable after it has become aware of such necessity notify the Trustee in writing of such circumstances and shall procure that such member of the Group becomes a Guarantor by duly executing and delivering to the Trustee a joint and several guarantee (in terms substantially similar to the Guarantees) contained in a deed supplemental to the Trust Deed (or in such other form as may be necessary or appropriate to comply with any applicable law, rule or regulation).

### 3.3 Service Agreement and Shareholders' Agreement

For so long as any Note remains outstanding each Obligor will comply with the terms of, and enforce its rights under, each of the Service Agreement and the Shareholders' Agreement.

### 3.4 Service Agreement Termination

For so long as any Note remains outstanding the Issuer shall ensure that:

- (a) no amendment is made to the notice period requirements in relation to the termination provisions contained in the Service Agreement;
- (b) no material amendment is made to the other termination provisions contained in clause 14 of the Service Agreement; and
- (c) no material amendment is made which would have the effect of changing the way that the termination provisions of the Service Agreement operate (including inserting any new provisions by which the Service Agreement may be terminated).

### 3.5 Definitions

In these Conditions, the following expressions shall have the following meanings:

**Additional Guarantor** means a company which becomes an Additional Guarantor in accordance with the Trust Deed.

**Applicable Cash and Cash Equivalents** means the aggregate of cash at bank and Cash Equivalents in each case to which only members of the Group are beneficially entitled and which are:

- (a) realisable on demand (and not contingently on any condition); and
- (b) not subject to any Security other than that securing Financial Indebtedness forming part of Total Debt and freely available to be applied against that Financial Indebtedness.

**Cash Equivalents** means:

- (a) securities issued or unconditionally guaranteed by the government of the United States or a member of the European Union (other than any country which is not a member at the date on which agreement is reached to issue the first Tranche of Notes) or by any agency of such a government having an equivalent credit rating;
- (b) commercial paper in euro, Sterling or US Dollars not issued or guaranteed by a member of the Group, for which a recognised active trading market exists and maturing within one year of

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being acquired and having a rating of at least A-1 from Standard and Poor's Corporation or at least P-1 from Moody's Investor Services Inc. or, if unrated, whose issuer has an equivalent rating in respect of its long term debt obligations; and

- (c) certificates of deposit or bankers' acceptances maturing within one year of being acquired issued by any bank or financial institution having a long term unsecured debt rating of at least A-1 from Standard and Poor's Corporation or at least P-1 from Moody's Investor Services Inc.

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) which is required, in accordance with IFRS, to be shown as indebtedness or as a borrowing;
- (g) for the purpose of Condition 10.1(c) only, any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) for the purpose of Condition 10.1(c) only, any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in subparagraphs (a) to (h) above.

**GAAP** means generally accepted accounting principles in the United Kingdom, including IFRS.

**Group** means the Issuer and its Subsidiaries for the time being.

**Guarantor** means both the Original Guarantor and an Additional Guarantor, unless it shall have ceased to be a Guarantor in accordance with these Conditions, and **Guarantors** means the Original Guarantor and the Additional Guarantors (except any which have so ceased to be Guarantors).

**IFRS** means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**Motability** means Motability, a company incorporated by Royal Charter and a Registered Charity (Registered Number 299745), whose registered office is at Warwick House, Roydon Road, Harlow, Essex CM19 5PX.

**Obligor** means the Issuer or a Guarantor.

**Security** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**Service Agreement** means the scheme agreement between Motability Operations Limited and Motability dated 25 September 2003 and the side letter to that scheme agreement dated 30 June 2008, as each may be amended from time to time.

**Shareholders' Agreement** means the agreement between the Issuer and the shareholders of the Issuer dated 30 June 2008, as amended from time to time.

**Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

**Total Debt** means, at any time, the aggregate outstanding principal or capital amount of all Financial Indebtedness.

**Total Group Assets** means the consolidated gross assets of the Group in accordance with the latest consolidated financial statements excluding (to any extent included) any Applicable Cash and Cash Equivalents.

## 4. Redenomination

### 4.1 Redenomination

If the Notes are Fixed Rate Notes and where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders but after prior consultation with the Trustee, on giving prior notice to the Agent, Euroclear and Clearstream and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the London Stock Exchange on which the Notes are admitted to trading and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes held (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the denomination of euro 100,000 and/or such higher amounts as the Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (f) if interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

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- (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
- (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

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

### 4.2 Definitions

In the Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

## 5. Interest

### 5.1 Interest on Fixed Rate Notes

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

If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) applies in the case of Notes represented by a global Note, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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

Unless specified otherwise in the applicable Final Terms, the **Following Business Day Convention** will apply to the payment of all Fixed Rate Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5.2(a) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the **Modified Following Business Day Convention** is specified in the applicable Final Terms for any Fixed Rate Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5.2(a) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the

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immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.

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

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

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

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

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

In the Conditions:

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

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

## 5.2 Interest on Floating Rate Notes

### (a) Interest Payment Dates

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

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

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

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

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

In the Conditions, **Business Day** means a day which is both:

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

### (b) Rate of Interest

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

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(i) ISDA Determination for Floating Rate Notes

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

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

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

(ii) Screen Rate Determination for Floating Rate Notes

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

- (A) the rate or offered quotation (if there is only one rate or offered quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or offered quotations,

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

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

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

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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



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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**(e) *Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period or Specified Period in the applicable Final Terms, the Rate of Interest for such Interest Period or Specified Period shall be calculated by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) by straight line linear interpolation by reference to two rates based on the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms, where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity (as defined below) were the period of time for which rates are available next shorter than the length of the relevant Interest Period or Specified Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period or Specified Period, provided however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall determine such

rate at such time and by reference to such sources as it determines appropriate. For the purposes of this paragraph, the expression **Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms).

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

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

*(g) Determination or Calculation by Trustee*

If for any reason at any relevant time the Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) and/or (e) above, the Trustee (or its duly appointed agent) shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

*(h) Certificates to be final*

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

**5.3 Accrual of interest**

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

**6. Payments**

**6.1 Method of payment**

Subject as provided below:

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

## **6.2 Presentation of definitive Notes and Coupons**

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

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

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

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

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

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

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

## **6.4 General provisions applicable to payments**

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

## Terms and Conditions of the Notes

or Clearstream, as the case may be, for the holder's share of each payment so made by the Issuer or, as the case may be, the Guarantors to, or to the order of, the holder of such Global Note.

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

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

### 6.5 Payment Day

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

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

### 6.6 Interpretation of principal and interest

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

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

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## 7. Redemption and Purchase

### 7.1 Redemption at maturity

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

### 7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice in writing to the Trustee and the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, either the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or no Guarantor would be able for reasons outside its control to procure payment by the Issuer and in making payment itself be able to make such payment without being required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, any Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the relevant Guarantor(s) 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 Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the relevant Guarantor(s) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will or, as the case may be, the relevant Guarantor(s) have or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

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

### 7.3 Redemption following notice of termination of the Service Agreement

If, at any time while any Note remains outstanding, a notice (a **Service Agreement Termination Notice**) is given to terminate the Service Agreement in accordance with its terms the Issuer shall promptly give notice thereof to the Noteholders in accordance with Condition 14 and, thereafter:

- (a) *Issuer call*: the Issuer may, at its option, redeem all or some only of the Notes at any time, on giving not less than 30 nor more than 60 days' notice in writing to the Trustee and the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable); and
- (b) *Noteholder put*: where the Service Agreement Termination Notice has been given by Motability Operations Limited, the holder of any Note may, upon giving not less than 15 nor more than 30 days' notice to the Issuer in accordance with Condition 14, require the Issuer to redeem such Note on the date specified in such notice, whereupon the Issuer shall be obliged to effect such redemption; and

## Terms and Conditions of the Notes

- (c) *Mandatory redemption*: any Note outstanding on the Service Agreement Termination Early Redemption Date (as defined below) shall become due and repayable on the Service Agreement Termination Early Redemption Date.

Notes redeemed pursuant to this Condition 7.3 will be redeemed at the Applicable Early Redemption Price (as defined below) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

The provisions of Condition 7.4 and 7.7 below shall apply, *mutatis mutandis*, to the exercise by the Issuer or any Noteholder, as the case may be, of any option to redeem the Notes pursuant to paragraph (a) or (b) above.

Where any Notes are to be redeemed in accordance with paragraph (c) above, the Issuer shall give not less than 30 nor more than 60 days' notice thereof to the Trustee in writing, the Agent and, in accordance with Condition 14, the Noteholders (which notice shall specify the Service Agreement Termination Early Redemption Date and the Applicable Early Redemption Price).

In this Condition 7.3, the following expressions shall have the following meanings:

**Applicable Early Redemption Price** means:

- (i) where either (A) the Service Agreement Termination Notice has been given by Motability Operations Limited or (B) the Notes are being redeemed at the option of the Issuer in accordance with paragraph (a) above, the Spens Price; and
- (ii) in any other case, the Modified Spens Price.

**Gross Redemption Yield** means, with respect to the Notes and the Reference Stock, a yield expressed as a percentage and calculated on the basis set out by the United Kingdom Debt Management Office in the paper "*Formulae for calculating Gilt Prices from Yields*" page 12, 3rd Edition published 16 March 2006 (as supplemented, amended or replaced from time to time) or on such other basis as the Trustee may approve.

**Modified Spens Price** means whichever is the higher of:

- (i) 100 per cent. of the principal amount of the Notes being redeemed; and
- (ii) that price, expressed as a percentage of the principal amount of the Notes being redeemed rounded to three decimal places (0.0005 being rounded upwards), at which the Gross Redemption Yield on the Notes being redeemed, if they were to be purchased at such price on the Reference Date, would be equal to the sum of (A) the Gross Redemption Yield on the Reference Date of the Reference Stock on the basis of the middle market price of the Reference Stock prevailing at or about 3.00 p.m. (London time) on the Reference Date, as determined by a financial adviser in London selected by the Issuer and approved by the Trustee plus (B) 0.5 per cent.

**Reference Date** means the second dealing day prior to the date of publication of the relevant notice of redemption by the Issuer pursuant to this Condition 7.3.

**Reference Stock** means the stock specified as such in the applicable Final Terms or, if such stock is no longer in issue, such other HM Government stock as the Trustee, with the advice of three brokers and/or gilt edged market makers (or such other three persons operating in the gilt edged market as the Issuer, after consultation with the Trustee, may select), shall determine to be appropriate.

**Service Agreement Termination Early Redemption Date** means the date that is the thirtieth calendar day before the date on which the Service Agreement is to terminate pursuant to the Service Agreement Termination Notice (or, if such day is not a Business Day, the next following Business Day).

**Spens Price** means whichever is the higher of:

- (i) 100 per cent. of the principal amount of the Notes being redeemed; and
- (ii) that price, expressed as a percentage of the principal amount of the Notes being redeemed rounded to three decimal places (0.0005 being rounded upwards), at which the Gross Redemption Yield on the Notes being redeemed, if they were to be purchased at such price on the Reference Date, would be equal to the Gross Redemption Yield on the Reference Date of the Reference Stock on the basis of the middle market price of the Reference Stock prevailing

## Terms and Conditions of the Notes

at or about 3.00 p.m. (London time) on the Reference Date, as determined by a financial adviser in London selected by the Issuer and approved by the Trustee.

### 7.4 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice in writing to the Trustee and to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

### 7.5 Redemption at the option of the Issuer (Issuer Maturity Par Call)

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Trustee and to the Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

### 7.6 Redemption at the option of the Issuer (Issuer Make-Whole Call)

If Issuer Make-Whole Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Trustee and to the Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date(s) (that is, if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, more than 90 days prior to the Maturity Date) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if appropriate) with interest accrued but unpaid to (but excluding) the relevant Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, both as indicated in the applicable Final Terms.

If the Special Redemption Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount with respect to the Notes shall be equal to the higher of:

- (a) 100 per cent. of the principal amount of the Notes being redeemed; or

## Terms and Conditions of the Notes

- (b) the price (as reported to the Issuer and the Calculation Agent by the Financial Adviser and expressed as a percentage) that provides for a Gross Redemption Yield on such Notes on the Reference Date equal (after adjusting for any difference in compounding frequency) to the Gross Redemption Yield provided by the Reference Bonds based on the Reference Bond Rate at the Specified Time on the Reference Date plus the Redemption Margin (if any).

Where:

**Financial Adviser** means a financial adviser selected by the Issuer.

**Gross Redemption Yield** means a yield expressed as a percentage and calculated by the Financial Adviser in accordance with generally accepted market practice.

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

**Reference Bonds** means, as at the Reference Date, the then current on-the-run government securities that would be utilised in pricing new issues of corporate debt securities denominated in the same currency as the Notes, as determined by the Financial Adviser.

**Reference Bond Rate** means the actual or, where there is more than one Reference Bond, interpolated rate per annum calculated by the Financial Adviser in accordance with generally accepted market practice by reference to the arithmetic mean of the middle market prices provided by three Reference Dealers for the Reference Bond(s) having an actual or interpolated maturity equal to the remaining term of the Notes (if the Notes were to remain outstanding to the Maturity Date).

**Reference Date** means the fifth London Business Day prior to the Optional Redemption Date.

**Reference Dealer** means a bank selected by the Issuer or its affiliates in consultation with the Financial Adviser which is (A) a primary government securities dealer, or (B) a market maker in pricing corporate bond issues.

**Specified Time** shall be as set out in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.6 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.6, by the Financial Adviser, shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantors, the Agent, Calculation Agent (if applicable), the Trustee, any other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantors, the Noteholders or the Couponholders shall attach to the Financial Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to the provisions of this Condition 7.6.

### 7.7 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.



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To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream (which may include notice being given on his instruction by Euroclear or Clearstream or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream from time to time and, if this Note is represented by a Global Note the terms of which require its presentation for recording changes to its nominal amount, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

### 7.8 Early Redemption Amounts

For the purpose of Condition 7.2 and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note (other than a Zero Coupon Note) at the amount specified in the applicable Final Terms or, if no such amount is so specified in the applicable Final Terms, at its nominal amount; or
- (b) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

**RP** means the Reference Price;

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

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

### 7.9 Purchases

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

### 7.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.9 above (together with all unmatured

Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

#### 7.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4, 7.5, 7.6 or 7.7 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.8(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

### 8. Taxation

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

- (a) where presentation of the Note or Coupon is required, presented for payment in the United Kingdom;
- (b) where the withholding or deduction in question is required solely by virtue of the Noteholder or Couponholder having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon;
- (c) where presentation of the Note or Coupon is required, presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5); or
- (d) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations, agreements or undertakings thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Tax Jurisdiction** means (A) with respect to payments made by the Issuer, the United Kingdom or any political subdivision or any authority thereof or therein having power to tax and (B) with respect to payments made by each Guarantor, the place of incorporation of the relevant Guarantor or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. Prescription

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10. Events of Default and Enforcement

### 10.1 Events of Default

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

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if an Obligor fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer or a Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) if:
  - (i) any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period; or
  - (ii) any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
  - (iii) any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described); or
  - (iv) any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Event of Default will occur under this paragraph (c) if the aggregate amount of Financial Indebtedness falling within subparagraphs (i) to (iv) above is less than £25,000,000 (or its equivalent in any other currency or currencies); or

- (d) if:
  - (i) an Obligor is unable or admits inability to pay its debts as they fall due or unilaterally suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or
  - (ii) the value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or

## Terms and Conditions of the Notes

- (iii) a moratorium is declared in respect of any indebtedness of any Obligor; or
- (e) if:
  - (i) a shareholders' or board resolution is passed or an order is made for the winding-up or dissolution of, or a liquidator, administrator, compulsory manager or other similar officer is appointed in respect of, an Obligor, other than for a solvent winding-up, dissolution or liquidation of an Obligor (other than the Issuer or Motability Operations Limited); or
  - (ii) a shareholders' resolution is passed, or an order is made, or an agreement is entered into or proposed by an Obligor, for the suspension of payments by, a moratorium of any indebtedness of, or a general composition or assignment for the benefit of the creditors of, an Obligor; or
  - (iii) the directors of any Obligor pass a resolution for that Obligor's administration or otherwise request the appointment of an administrator for that Obligor; or
  - (iv) a creditors' voluntary arrangement in relation to any of the Obligors is approved; or
  - (v) a petition is presented for the winding-up or dissolution of an Obligor and such petition is not discharged or struck out within 14 days; or
  - (vi) a receiver, administrative receiver, compulsory manager or other similar officer is appointed in respect of an Obligor or any of its assets, or any Security is enforced over an Obligor's assets, having an aggregate value of and in respect of indebtedness aggregating not less than £25,000,000 (or its equivalent in any other currency or currencies),  
or any analogous procedure or step is taken in any jurisdiction; or
- (f) if any expropriation, attachment, sequestration, distress or execution affects any asset or assets of an Obligor having an aggregate value of not less than £25,000,000 and is not discharged within 30 days; or
- (g) if an Obligor (other than the Issuer) is not or ceases to be a Subsidiary of the Issuer; or
- (h) if the Service Agreement is not or ceases to be legal, valid or binding on any party to it or is repudiated by any party to it.

### 10.2 Enforcement

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

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

### 11. Replacement of Notes, Coupons and Talons

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

### 12. Paying Agents

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

## Terms and Conditions of the Notes

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

- (a) there will at all times be an Agent;
- (b) so long as the Notes are admitted to trading on the regulated market of the London Stock Exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the London Stock Exchange; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or any Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

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

### 13. Exchange of Talons

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

### 14. Notices

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

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

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

## 15. Meetings of Noteholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantors or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

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

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

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Guarantors, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Subject to Condition 3.2, the Trustee may, without the consent of the Noteholders, agree with the Issuer that a Guarantor (other than Motability Operations Group plc or Motability Operations Limited) shall cease to be a Guarantor where such Guarantor is the subject of a disposal or a solvent winding-up, dissolution or liquidation.

## **16. Indemnification of the Trustee and Trustee Contracting with the Obligors**

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

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

## **17. Further Issues**

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

## **18. Contracts (Rights of Third Parties) Act 1999**

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

## **19. Governing Law and Submission to Jurisdiction**

### **19.1 Governing law**

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

### **19.2 Submission to jurisdiction**

The Issuer irrevocably agrees, for the benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Trust Deed, the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **USE OF PROCEEDS**

Unless otherwise specified in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.



## DESCRIPTION OF THE ISSUER

### Overview of the Scheme

The Issuer together with the Original Guarantor (the **Group**) provides a wide range of affordable vehicles, powered wheelchairs and scooters to disabled customers through lease schemes. As the largest fleet operator in the UK, and owned by affiliates of investor banks Barclays Bank PLC, Bank of Scotland plc, HSBC Bank plc, Lloyds Banking Group plc and NatWest Markets Plc (together the **Investor Banks**), the Group is part of a unique business model including a three-way partnership between the UK Government, the Motability charity (registered charity number 299745) (the **Charity**) and private sector financing and expertise.

The Group is the operator of a scheme which enables disabled people to use their Government-funded mobility allowances to obtain a vehicle, powered wheelchair or scooter, through a lease contract (the **Scheme**). The vehicle part of the Scheme is underpinned by a scheme agreement between the Original Guarantor and the Charity dated 25 September 2003 and the side letter to that scheme agreement dated 30 June 2008, as each may be amended from time to time (the **Service Agreement**) which contains a seven year notice provision. The Group was awarded the contract to operate the powered wheelchair and scooter part of the Scheme (**PWSS**) from 1 July 2010. Subsequently the Group acquired Route2mobility Limited, the incumbent operator of the PWSS, on 1 October 2010, bringing responsibility for the delivery of the entire PWSS under the control of the Group. The Service Agreement assigns to the Group the exclusive right to receive customers' mobility allowances, being one of the Higher Rate Mobility Component of the Disability Living Allowance, the Personal Independence Payment or the War Pensioners' Mobility Supplement (each a **Mobility Allowance**) direct from the Department for Work and Pensions (**DWP**) and the Service Personnel and Veterans Agency (**SPVA**) respectively. This revenue stream is effectively both index-linked and free of customer credit-risk because it is received directly from the UK Government. By choosing to participate in the Scheme, customers assign their Mobility Allowance to the Group and in return the Group provides (as appropriate) a fully taxed, insured, maintained and serviced vehicle, powered wheelchair or scooter.

### Business

#### Breakdown of the business

Although the Issuer has, under a corporate entity structure, only been in existence since June 2008, the Scheme has been operational for over 40 years and has supplied over 4 million vehicles since its launch in 1977. The Group's customer numbers are currently standing at 626,600 with over 610,100 vehicles and 15,500 powered wheelchairs and scooters as at 30 September 2018. The Group bought 224,000 new vehicles and re-sold over 223,000 cars into the second-hand market during the financial year ended 30 September 2018.

The Group's objective is to offer affordable mobility with insurance and breakdown cover for the 1.9 million people in the UK eligible to receive Mobility Allowances. The Group's comprehensive product offering is such that all the customer has to pay for during the term of the lease, is fuel. The Group aims to provide sustained value and choice, combined with first-class customer service and market-leading disability expertise. Successful delivery of these objectives has precipitated a high level of renewals by customers in recent years (over 91.5 per cent. during the year ending 30 September 2018).

Underpinning the Group's performance is its healthy financial position, reflected by a robust reserves and risk management methodology and flexible lease pricing model. This strong position has enabled the Group to provide customers with sustained affordability since the launch of the Scheme. This has also equipped the Group to respond positively to recent expansion, with a scalable business model capable of accommodating both current and future growth variations in customer numbers. The Issuer re-invests any surpluses earned, back into the business for the benefit of Group customers.

The Group provides a contract hire product including insurance, maintenance and servicing, tyre and windscreen replacement, breakdown assistance and 60,000 miles mileage allowance over three years. The Group offers wide brand choice with 32 manufacturers currently represented on the Scheme. The Group currently aims to make over 200 vehicle models on the price list available just by using the Mobility Allowances (nil advance payment). This target was consistently exceeded during the financial year ended 30 September 2018. Where a customer wishes to access model variants which are not covered in full by the allowance, the difference is settled ahead of delivery of the vehicle (the advance

## Description of the Issuer

payment). The majority of the fleet comprises unadapted vehicles, but a full range of adaptations and wheelchair accessible vehicles are also available (adapted vehicles made up approximately 9.6 per cent. of the fleet at 30 September 2018).

The Group manages and develops relationships with key manufacturers and works in partnership with over 3,400 accredited dealers. The Group proactively manages suppliers to ensure good customer service is maintained on commercial terms.

The Group employs a competent and engaged workforce which is critical to delivering its objectives.

In line with the Group's economic capital principles and in the context of the risks outlined in "*Risk Factors*" above, especially the residual value sales risk, the Group has undertaken a comprehensive assessment at various confidence levels of the material risks associated with its operations. This enables the calculation of the Group's Economic Capital Requirement (**ECR**), using a model to aggregate potential losses at the required confidence level and determine a 'per vehicle' requirement in respect of the car fleet. The Economic Capital methodology used by the Group is conservative, and encompasses all material risks, deriving an outcome that management views as reasonable and prudent. The Group aims to maintain sufficient reserves to cover the loss that may arise from all but a one in 10,000 risk event. The estimated ECR per vehicle is then applied to the Group's current and projected car fleet size. This gives an overall current and projected ECR for the full contract hire fleet. The aggregate level of capital is referred to as the Group's Minimum Capital Requirement (**MCR**). The economic capital model is periodically refreshed to reflect changes to the risk profiling and refinements in the modelling. This process is governed by the Group's Financial Risk Management Committee. Group policy is to seek to maintain reserves with an appropriate margin above the MCR.

The Group retains 80 per cent. of its motor insurance exposure through the Issuer's wholly-owned captive insurance subsidiary, MO Reinsurance Limited (**MORL**), which is domiciled in the Isle of Man. MORL is a licensed captive insurer in the Isle of Man which reinsures 80 per cent. of the Scheme's motor insurance exposure and the remaining 20 per cent. of such exposure is retained by the Group's long term insurance partner RSA. MORL retains the services of a specialist captive management services provider to manage the operational activities of the company.

## Regulatory framework and the Service Agreement

The Charity, set up in 1977 to assist disabled people with their mobility needs, is governed by its Royal Charter. The Charity's prime purpose is to ensure that those disabled people who want to use their Mobility Allowance to obtain a vehicle through the Scheme always receive the best possible value for money.

By virtue of the Social Security (Claims and Payments) Regulations 1987 as amended (the **Social Security Regulations**) where, under arrangements made or requested by the Charity, an agreement has been entered into by or on behalf of a beneficiary in respect of whom Mobility Allowances are payable, the Secretary of State may arrange for such Mobility Allowances to be paid on behalf of such beneficiaries direct to a third party. Hence, by statute, the Charity has the ability to cause Mobility Allowances to be diverted from a disabled beneficiary to a third party.

### The Service Agreement

The Group's relationship with the Charity is governed by the Service Agreement which sets out the Charity's role of overseeing the Scheme. The Charity and the Group are constitutionally and operationally separate entities. Under the Service Agreement the Charity has granted the Original Guarantor the exclusive right to utilise the Mobility Allowances.

The Charity and the Original Guarantor agreed a protocol to give effect to certain working arrangements between them under the Service Agreement in a side letter signed at the time of the restructuring undertaken in June 2008 (the **Restructuring**), to the effect that termination of the Agreement by either party requires seven years' written notice. An additional early termination provision was included in the side letter providing that the Charity can terminate on three months' notice to the Original Guarantor, provided that at the end of such notice period the Original Guarantor is in a position to prepay all its borrowings and indebtedness.

Under the Service Agreement, the Original Guarantor undertakes to provide certain services, including offering a full service contract hire leasing agreement for new vehicles. Other than the provision of full service contract hire leasing agreements for new vehicles (in respect of which the Original Guarantor

## Description of the Issuer

has been granted exclusivity) the Charity is entitled to introduce alternative providers, although the Original Guarantor is entitled to a first right of refusal for the provision of such services. The Original Guarantor undertakes to procure finance to fund the acquisition, hire, hire purchase, maintenance and resale of vehicles under the Scheme.

## Group structure

### Restructuring

Prior to July 2008, the Scheme operated via a series of partnerships between affiliates of the Investor Banks. The Investor Banks made funding available under bilateral, non-transferable and open-ended facilities in proportion to their respective shareholding and partner interests. They provided finance to the Group at market rates in return for a margin and fee.

On 30 June 2008, the Issuer successfully completed the Restructuring, which involved repayment of all extant funding, and the transfer of all assets and all accumulated reserves to new group companies. The new group companies were financed by a bank facility provided by the Investor Banks to the Issuer.

### The Issuer

As part of the Restructuring:

- (a) the Issuer was incorporated as the new holding company of the Group on 20 March 2008 under the laws of England and Wales with registered number 06541091 and with its registered office at City Gate House, 22 Southwark Bridge Road, London SE1 9HB, telephone number 0207 654 4303. As the parent holding company, the Issuer is dependent on receiving revenues from its subsidiary undertakings. The financial information for the Group can be consolidated at the Issuer level, which facilitates a higher level of transparency. As part of the Restructuring, the Investor Banks through their affiliates subscribed for £10 million of share capital in the Issuer, of which £50,000 comprises ordinary share capital (£49,975 contributed by the Investor Banks and £25 by the Law Debenture Trust) and £9,950,000 preference share capital.

On 26 June 2008 the Issuer entered into a facility agreement with the Investor Banks for a sum of £2.9 billion. The remaining amounts under such facility agreement were successfully refinanced on 17 December 2013 and again on 26 September 2016, by new facility agreements with the Investor Banks, both of which were for a sum of £1.9 billion (the **Facility Agreements**). Under the financial covenant in the Facility Agreements the Issuer undertakes to ensure that the ratio of Group assets to total net debt is not less than 1.25:1 on the last day of each financial half year (in accordance with the latest financial statements);

- (b) the business assets of the Motability vehicle lease and hire purchase partnerships were transferred to Motability Leasing Limited and Motability Hire Purchase Limited in consideration for the payment of the partnerships' extant liabilities;
- (c) the Issuer entered into a shareholders' agreement on 30 June 2008 with affiliates of the Investor Banks, Barclays Marlist Limited, BOS Mistral Limited, Lloyds TSB MTCH Limited, Lombard North Central plc and HSBC Asset Finance M.O.G. Holdings (UK) Limited (together, the **Investor Bank Affiliates**) who together own 99.95 per cent. of the ordinary shares in the Issuer (the **Shareholders' Agreement**). The shares in the Issuer held by Lombard North Central plc were transferred to RBS AA Holdings (UK) Limited on 14 March 2018, resulting in RBS AA Holdings (UK) Limited replacing Lombard North Central plc as an Investor Bank Affiliate. The Shareholders' Agreement sets out the terms governing the relationship between the Issuer and the Investor Bank Affiliates following the Restructuring. In particular, under the Shareholders' Agreement each Investor Bank Affiliate undertakes not to exercise its rights as a shareholder to procure a dividend except as set out in the Shareholders' Agreement, and that in the event of a liquidation or winding up of the Issuer an Investor Bank Affiliate will exercise its rights to procure that retained earnings or contingency reserves are applied in accordance with the terms of the Deed of Covenant (as defined below);
- (d) the Issuer, the Original Guarantor, Motability Leasing Limited (now dormant and due to be struck off in 2019), Motability Hire Purchase Limited (now also dormant and also due to be struck off in 2019) and the Investor Bank Affiliates entered into a Deed of Covenant on 30 June 2008 (the **Deed of Covenant**), which ensures that on any termination of the Scheme or

## Description of the Issuer

on a winding up of any Group company the “reserves” in the relevant entity or entities are returned to the Charity and not to the Investor Bank Affiliates; and

- (e) as described above, in a side letter dated 30 June 2008 the Charity and the Original Guarantor agreed a protocol to give effect to certain working arrangements between them under the Service Agreement.

### Notes issued under the Programme that remain outstanding

In April 2009, the Issuer issued £450 million 6.625 per cent. Notes due 2019 under the Programme which are guaranteed by the Original Guarantor. In March 2017 £150 million of such Notes were redeemed early by the Issuer.

In January 2010, the Issuer issued £400 million 5.375 per cent. Notes due 2022 under the Programme which are guaranteed by the Original Guarantor.

In November 2010, the Issuer issued £300 million 5.625 per cent. Notes due 2030 under the Programme which are guaranteed by the Original Guarantor.

In February 2012, the Issuer issued €550 million 3.250 per cent. Notes due 30 November 2018 under the Programme which are guaranteed by the Original Guarantor. In March 2017 €160 million of such Notes were redeemed early by the Issuer.

In February 2012, the Issuer issued £300 million 4.375 per cent. Notes due 8 February 2027 under the Programme which are guaranteed by the Original Guarantor.

In July 2014, the Issuer issued £300 million 3.75 per cent. Notes due 16 July 2026 under the Programme which are guaranteed by the Original Guarantor.

In June 2015, the Issuer issued €550 million 1.625 per cent. Notes due 9 June 2023 under the Programme which are guaranteed by the Original Guarantor.

In March 2016, the Issuer issued £600 million 3.625 per cent. Notes due 10 March 2036 under the Programme which are guaranteed by the Original Guarantor.

In March 2017, the Issuer issued €500 million 0.875 per cent. Notes due 14 March 2025 under the Programme which are guaranteed by the Original Guarantor.

In March 2017, the Issuer issued £350 million 2.375 per cent. Notes due 14 March 2032 under the Programme which are guaranteed by the Original Guarantor.

### Group operations post-restructuring

Following the acquisition of HBoS plc by Lloyds TSB Bank plc (now renamed Lloyds Bank plc which is part of Lloyds Banking Group plc) (**Lloyds**) in January 2009, Lloyds holds 39.98 per cent. of the ordinary shares of the Issuer. The Issuer and its stakeholders have explored, and will continue to explore, opportunities to bring Lloyds’ shareholding into line with that of the other shareholders. Any steps taken in connection thereto will be in accordance with the terms of the Shareholders’ Agreement and any disposal would:

- (a) require the consent of the other Investor Bank Affiliates, the Issuer and the Charity; and
- (b) need to be made to a (subsidiary of a) respected financial institution with UK operations who has agreed to be bound by the terms of the Deed of Covenant and the Shareholders’ Agreement.

### Group reorganisation

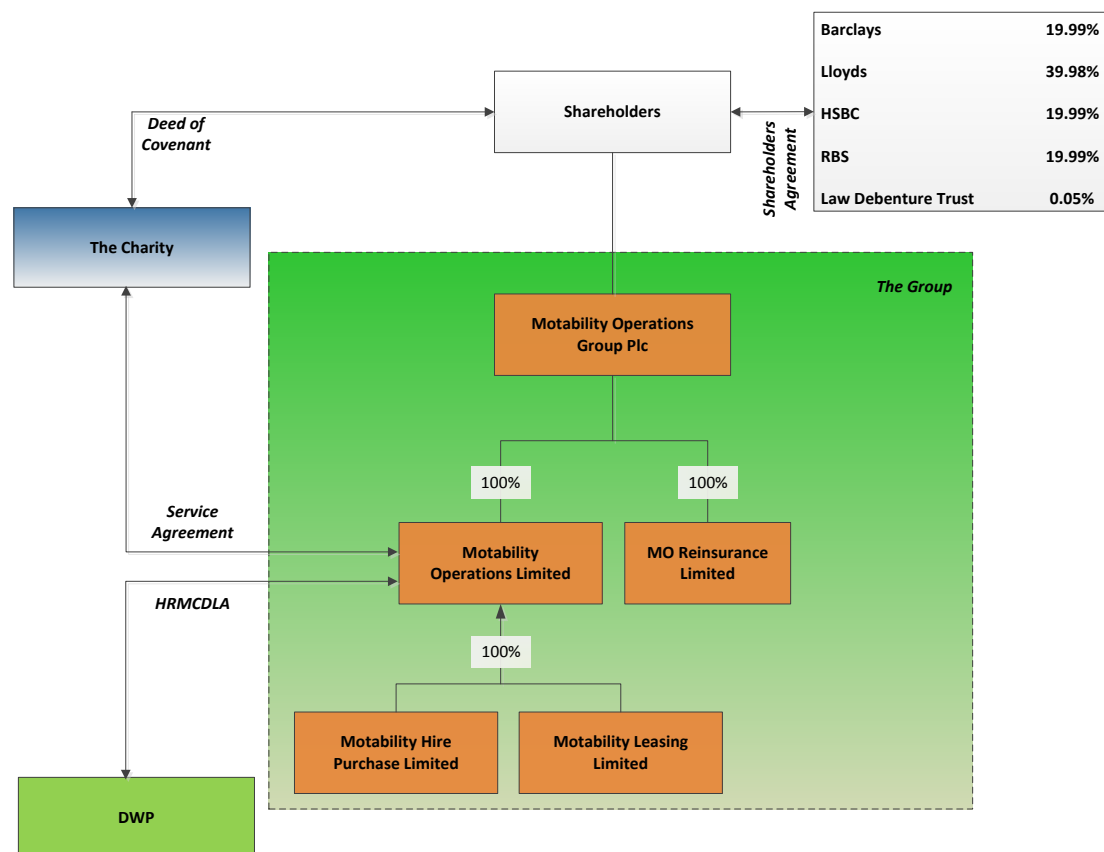
On 31 March 2015, the Issuer implemented the first stage of an internal reorganisation to rationalise and simplify the Group’s structure and, in particular, to reduce accounting complexity prior to the issue of a revised International Financial Reporting Standard (IFRS) in respect of leasing and to facilitate the implementation of a new computer system for the leasing operations. The Group’s leasing assets were transferred from Motability Leasing Limited to the Original Guarantor, which resulted in all aspects of the Group’s vehicle leasing activities taking place within a single company (Motability Operations Limited, being the Original Guarantor), rather than being split between two companies within the Group (the Original Guarantor and Motability Leasing Limited). The first stage of the reorganisation was effected by the sale by the Issuer of the entire issued share capital of Motability Leasing Limited to

## Description of the Issuer

the Original Guarantor and, in addition, the Original Guarantor acquired the business assets of, and assumed the liabilities of, Motability Leasing Limited.

On 31 March 2016, to complete the internal reorganisation commenced in 2015 to rationalise and simplify the Group's structure, the Original Guarantor acquired the entire issued share capital of Motability Hire Purchase Limited from the Issuer.

Both Motability Leasing Limited and Motability Hire Purchase Limited have ceased trading and it is intended that each of Motability Leasing Limited and Motability Hire Purchase Limited will be the subject of a strike-off during the course of 2019.



## Directors of the Issuer

Details of the directors of the Issuer and any alternate directors appointed by such directors to act as their alternates, including their functions, are as follows:

Name of Director	Position	Director since	Alternate director (who automatically resigns when appointer resigns)
Neil Johnson OBE	Non-Executive Chairman	2008	
Mike Betts	Chief Executive	2008	
Paul Thwaite	Non-Executive Director	2016	Peter Lord appointed 30 September 2016
Matthew Hamilton-James	Group Finance Director	2016	
Joe Hennessy OBE	Independent Non-Executive Director	2008	
Daniel Meredith Jones	Non-Executive Director	2016	Martin Dodd appointed 7 September 2016
Lisa Bartrip	Non-Executive Director	2017	Stephen Bolton appointed 1 November 2017

**Description of the Issuer**

<b>Name of Director</b>	<b>Position</b>	<b>Director since</b>	<b>Alternate director (who automatically resigns when appointer resigns)</b>
Barry O'Byrne	Non-Executive Director	2017	Michael Hordley appointed 1 February 2018
David Smith	Independent Non-Executive Director	2010	
Neill Thomas	Senior Independent Non-Executive Director	2014	
Ruth Prior	Independent Non-Executive Director	2018	
Alison Hastings	Independent Non-Executive Director	2018	
Ruth Owen	Independent Non-Executive Director	2018	
Simon Minty	Independent Non-Executive Director	2018	

The principal outside activities (if any) of the directors of the Issuer of significance to the Issuer are as follows:

<b>Name of Director</b>	<b>Position</b>	<b>Principal outside activities (if any)</b>
Neil Johnson OBE	Non-Executive Chairman	Chairman of Synthomer plc Senior Independent Director of BGF (Business Growth Fund) Chairman of Electra Private Equity PLC Chairman Centaur Media Plc
Mike Betts	Chief Executive	
Barry O'Byrne	Non-Executive Director	Director of HSBC Asset Finance M.O.G. Holdings (UK) Limited
Paul Thwaite	Non-Executive Director	
Lisa Bartrip	Non-Executive Director	Director of Barclays Marlist Limited*
Joe Hennessy OBE	Independent Non-Executive Director	
Daniel Meredith Jones	Non-Executive Director	Managing Director, Client Asset Management at Lloyds Banking Group plc* Director of Housing Growth Partnership Limited Director of Housing Growth Partnership Manager Limited Director of Seaforth Maritime (Highlander) Limited (in liquidation) Director of Seaforth Maritime (JARL) Limited (in liquidation) Director of Vocalink Holdings Limited
David Smith	Independent Non-Executive Director	Director of QinetiQ Group plc
Neill Thomas	Independent Non-Executive Director	

**Description of the Issuer**

<b>Name of Director</b>	<b>Position</b>	<b>Principal outside activities (if any)</b>
Ruth Prior	Independent Non-Executive Director	Director of American Wagering, Inc. Director of William Hill Finance Limited Director of William Hill Holdings Limited Director of William Hill Investments Limited Director of Will Hill Limited Director of William Hill Organization Limited Director of William Hill PLC Director of William Hill US Holdco, Inc. Chief Financial Officer of William Hill PLC
Alison Hastings	Independent Non-Executive Director	
Ruth Owen	Independent Non-Executive Director	
Simon Minty	Independent Non-Executive Director	Director of Sminty Limited
Peter Lord	Alternate Director	Director of Jaguar Cars Finance Limited* Director of Springwell Street Developments (No. 1) Limited
Martin Dodd	Alternate Director	
Stephen Bolton	Alternate Director	Director of Barclays Mercantile Business Finance Limited Director of Mercantile Credit Company Limited Director of Finance and Leasing Association Director of Barclays Marlist Limited Director of BMBF (No.24) Limited Director of Barclays Mercantile Limited (in liquidation) Director of BMBF (No.3) Limited (in liquidation) Director of BMBF (No.6) Limited (in liquidation) Director of BMBF (No.9) Limited (in liquidation) Director of BMBF (No.21) Limited (in liquidation) Claas Finance Limited (in liquidation)
Michael Hordley	Alternate Director	HSBC Bank Polska S.A.

The business address of the directors is City Gate House, 22 Southwark Bridge Road, London SE1 9HB.

As directors of the Issuer appointed by the Investor Banks, Barry O'Byrne, Lisa Bartrip, Paul Thwaite and Daniel Meredith Jones and, from time to time, any alternate directors appointed in their place by the Investor Banks, may have potential conflicts of interests between their duties to their appointing Investor Bank and those owed to the Issuer, in that the interests of the Issuer and the interests of such appointing Investor Bank are not necessarily aligned in all circumstances. Paul Thwaite and Daniel Meredith Jones and from time to time any alternate directors appointed in their place by the Investor Banks may, also work for their major leasing companies owned by the appointing Investor Banks, each of which has interests in major leasing companies. In their capacity as employees of these Investor Banks, these directors of the Issuer may have potential conflicts of interests between their duties as directors of the leasing companies owned by the appointing Investor Banks which are marked with an \* in the table above listing the principal outside activities of significance to the Issuer and as directors of the Issuer, in that the interests of the Issuer and the interests of such leasing companies are not necessarily aligned in all circumstances. Both the duties owed to the Investor Banks and leasing companies owned by the appointing Investor Banks constitute principal activities performed by such directors of the Issuer outside the Issuer.

## Description of the Issuer

Except as stated in the paragraph above, individual directors of the Issuer do not have any potential conflicts of interest between their duties to the Issuer and their private interests and/or other duties.

### **Corporate governance**

The board of the Issuer (the **Board**) considers that good corporate governance is central to achieving the Group's objectives and the sustainability of its business. Membership of the Board comprises a Non-Executive Chairman, two Executive Directors, seven independent Non-Executive Directors and four Non-Executive Directors. Whilst the Board has overall responsibility for success of the business, its strategic direction, governance and financial control, the Executive Committee comprising Mike Betts (as chair), Ian Goswell, Matthew Hamilton-James, Ashley Sylvester and Jo Pentland is responsible for the day-to-day management of the Group and in particular for the formulation of strategy, supervising the Board's operational management and providing structure and leadership within the governance structure which it oversees.



## DESCRIPTION OF THE ORIGINAL GUARANTOR

The Issuer sits at the top of the corporate structure. The Original Guarantor (Motability Operations Limited) is the operational company of the Group and is a direct subsidiary of the Issuer. The Original Guarantor holds the Group's assets, running the day-to-day financing of the vehicles.

### Motability Operations Limited

The Original Guarantor, a wholly owned subsidiary of the Issuer, owns the vehicles which are the subject of vehicle leases with customers, deals with customers, collects rental payments from the DWP, arranges insurance, maintenance and roadside assistance. The Original Guarantor is a private limited company incorporated under the laws of England and Wales on 16 June 1978, with registered company number 01373876 and has its registered office at City Gate House, 22 Southwark Bridge Road, London SE1 9HB, telephone number 0207 654 4303.

As detailed above the Original Guarantor is party to the Service Agreement with the Charity and takes receipt of the Mobility Allowances directly from the government.

### Directors

#### Motability Operations Limited

<u>Directors</u>	<u>Position</u>
Mike Betts .....	Group Chief Executive
Ian Goswell.....	Commercial Director
Matthew Hamilton-James.....	Group Finance Director
Jo Pentland .....	Corporate Services Director
Ashley Sylvester.....	Risk & Business Systems Director

The principal activities performed by the Directors of the Original Guarantor outside the Original Guarantor where these are significant with respect to the Original Guarantor are set out against their names on pages 54 to 56 in "*Description of the Issuer*".

The business address of the directors of Motability Operations Limited is City Gate House, 22 Southwark Bridge Road, London SE1 9HB.

There are no potential conflicts of interest between the duties of the directors to the Original Guarantor and their private interests and/or duties.

## TAXATION

### UK Taxation

*The following, which applies only to persons who are beneficial owners of the Notes, is a summary of the Issuer's understanding of current law and HM Revenue and Customs practice in the UK as at the date of this Offering Circular relating to the withholding tax treatment of interest paid on the Notes and does not deal with any other UK taxation implications of acquiring, holding or disposing of the Notes. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK should seek their own professional advice.*

- (1) The Notes will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the **Act**) as long as they carry a right to interest and are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. In the case of Notes to be traded on the London Stock Exchange, which is a recognised stock exchange, this condition will be satisfied if the Notes are included in the Official List (within the meaning of Part 6 of the Financial Services and Markets Act 2000) of the UK Listing Authority and admitted to trading on the London Stock Exchange. Accordingly, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of UK income tax provided the Notes carry a right to interest and are and remain so listed at the time of payment.
- (2) Interest on the Notes may also be paid by the Issuer without withholding or deduction for or on account of UK income tax where the Notes have a maturity date less than 365 days from the date of issue (and the Notes are not issued under arrangements, the effect of which is to render such Notes part of a borrowing with a total term of 365 days or more).
- (3) In other cases an amount must generally be withheld from payments of interest on the Notes that have a United Kingdom source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty, and except that the withholding obligation is disapplied (unless HM Revenue and Customs direct otherwise) in respect of payments to a Noteholder whom the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) is either a UK resident company or a non-UK resident company carrying on a trade in the UK through a permanent establishment which is within the charge to corporation tax as respects such payments, or fall within various categories enjoying a special tax status (including charities and pension funds), or is a partnership consisting of such persons.
- (4) Depending on the correct legal analysis of payments in respect of interest on the Notes made by a Guarantor as a matter of UK tax law, it is possible that such payments by a Guarantor would be subject to withholding on account of UK tax, subject to any applicable exemptions or reliefs.
- (5) Where Notes are issued on terms that a premium is or may be payable on redemption, as opposed to being issued at a discount, then it is possible that any such element of premium may constitute a payment of interest. Payments of interest are subject to withholding on account of UK income tax as outlined in paragraphs 1 to 4 above.
- (6) Where Notes are issued at an issue price of less than 100 per cent. of their principal amount (i.e. at a discount), any payments in respect of the accrued discount element on such Notes will not generally be made subject to any withholding or deduction for or on account of UK income tax as long as they do not constitute payments of interest.

### **The proposed financial transaction tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a **participating Member State**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

## **Taxation**

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (such Programme Agreement as modified and/or amended and/or restated from time to time, the **Programme Agreement**) dated 20 December 2018, agreed with the Issuer and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer (failing which, the Guarantors) have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

The expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (ii) a customer within the meaning of Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## Prohibition of Sales to Belgian Consumers

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## Singapore

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

## Subscription and Sale

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) 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 (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interests (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 Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) or (in the case of a corporation) where the transfer arises from an offer referred to in Section 275(1A) or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) pursuant to Section 276(7) of the Securities and Futures Act; or
- (v) pursuant to Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** - Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) 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).

## General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantors, the Trustee or any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 18 March 2009 and this update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 12 December 2018 and the giving of its respective Guarantee has been duly authorised by resolutions of the Board of Directors of Motability Operations Limited dated 12 December 2018.

### Listing of Notes

It is expected that each Tranche of Notes will be admitted to the Official List and to trading on the London Stock Exchange's regulated market separately as and when such Tranche of Notes is issued. Application has been made to the UK Listing Authority for Notes issued under the Programme 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. The listing of the Programme in respect of Notes is expected to be granted on or about 4 January 2019.

### Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of HSBC Bank plc, the Issuing and Principal Paying Agent for the time being in London, at 8 Canada Square, London E14 5HQ:

- (a) the Memorandum and Articles of Association of the Issuer and of the Original Guarantor;
- (b) the Issuer's Annual Report and Accounts 2018 for the financial year ended 30 September 2018 (including the audit report issued in respect thereof);
- (c) the Issuer's Annual Report and Accounts 2017 for the financial year ended 30 September 2017 (including the audit report issued in respect thereof);
- (d) the Annual Report and Financial Statements of Motability Operations Limited for the financial year ended 30 September 2018 (including the audit report issued in respect thereof);
- (e) the audited financial statements of Motability Operations Limited for the financial year ended 30 September 2017 (including the audit report issued in respect thereof);
- (f) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (g) this Offering Circular;
- (h) the "Terms and Conditions of the Notes" section from each of the Offering Circulars published by (among others) the Issuer and the Original Guarantor and dated 22 December 2016, 7 April 2015, 7 April 2014, 8 April 2011 and 8 April 2010; and
- (i) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms to this Offering Circular and any other documents incorporated herein or therein by reference.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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

## **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries (considered as a whole) or the Original Guarantor since 30 September 2018 and there has been no material adverse change in the prospects of the Issuer or the Original Guarantor since 30 September 2018.

## **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Original Guarantor is aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Issuer and its consolidated subsidiaries or the Original Guarantor.

## **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for the financial years ended 30 September 2018 and 30 September 2017. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Original Guarantor are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors who have audited the Original Guarantor's accounts, without qualification, in accordance with IFRS for the financial years ended 30 September 2018 and 30 September 2017. The auditors of the Original Guarantor have no material interest in the Original Guarantor.

## **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

## **Websites**

In this Offering Circular, references to websites or uniform resource locaters (URLs) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated by reference into, this Offering Circular.

## **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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



**General Information**

may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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