

THIRD SUPPLEMENT DATED 20 APRIL, 2020 TO THE OFFERING CIRCULAR DATED 28 JUNE, 2019 (AS SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED 29 OCTOBER, 2019 AND THE SECOND SUPPLEMENT DATED 22 NOVEMBER, 2019)



TESCO PLC

(Incorporated with limited liability in England with registered number 00445790)

TESCO CORPORATE TREASURY SERVICES PLC

(Incorporated with limited liability in England with registered number 08629715)

£15,000,000,000

Euro Note Programme

unconditionally and irrevocably guaranteed in the case of Notes issued by Tesco Corporate Treasury Services PLC by Tesco PLC (in such capacity, the "Guarantor")

This Supplement (the "Supplement") to the Offering Circular dated 28 June, 2019, as supplemented by the first supplement dated 29 October, 2019 and the second supplement 22 November, 2019 (together, the "Offering Circular"), which comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "FSMA") and is prepared in connection with the £15,000,000,000 Euro Note Programme (the "Programme") established by Tesco PLC ("Tesco") and Tesco Corporate Treasury Services PLC ("TCTS") (each an "Issuer" and, together, the "Issuers"). Terms defined in the Offering Circular have the same meaning when used in this Supplement. When used in this Supplement, "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the European Economic Area or the UK.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuers.

Each Issuer and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplement

The purpose of this Supplement is (a) to incorporate by reference Tesco's consolidated financial statements as at and for the 53 weeks ended 29 February, 2020 (the "Tesco Consolidated Financial Information"), which is set out in Tesco's preliminary results announcement for the financial year 2019/20; (b) following the publication of the Tesco Consolidated Financial Information, to update the no significant or material change statement for Tesco and its subsidiaries (the "Group"), (c) to update the description of Tesco PLC in the Offering Circular and (d) to update the Risk Factors section of Offering Circular to include an additional risk factor relating to the COVID-19 pandemic.

Tesco Consolidated Financial Information

On 8 April, 2020, Tesco published its preliminary results announcement for the financial year 2019/20 (the "Tesco Preliminary Results"). A copy of the Tesco Consolidated Financial Information, which was set out in the Tesco Preliminary Results, has been filed with the Financial Conduct Authority and, by virtue of this Supplement, the Tesco Consolidated Financial Information, which is set out at the following pages of the Tesco Preliminary Results, is incorporated in, and forms part of, the Offering Circular:

Independent auditor's report – Pages 17 to (and including) 27

Group income statement - Page 28

Group statement of comprehensive income/(loss) - Page 29

Group balance sheet - Page 30

Group statement of changes in equity - Pages 31 to (and including) 32

Group cash flow statement - Page 33

Notes to the Group financial statements - Pages 34 to (and including) 99

Glossary - Alternative performance measures - Pages 117 to (and including) 122

Any non-incorporated parts of the Tesco Consolidated Financial Information are either deemed not relevant for an investor or are otherwise covered elsewhere in the Offering Circular.

Copies of all documents incorporated by reference in the Offering Circular can be obtained from the registered office of the relevant Issuer and from the specified offices of the Paying Agents for the time being and have been made available at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Any documents themselves incorporated by reference in the document incorporated by reference into the Offering Circular by this Supplement shall not form part of this Supplement.

Significant or Material Change

As a result of the publication of the Tesco Consolidated Financial Information, and by way of update to the information contained on page 96 of the Offering Circular in the section headed “General Information – Significant or Material Change”, there has been no significant change in the financial or trading position of TCTS since 23 February, 2019, or of Tesco or the Group since 29, February, 2020, save as disclosed in Note 36 on page 93 of the Tesco Preliminary Results and the “Recent Developments” section as set out in this Supplement, and there has been no material adverse change in the financial position or prospects of TCTS since 23 February, 2019, or of Tesco or of the Group since 29, February, 2020.

Update to the description of Tesco in the Offering Circular

By way of update to the information contained on page 84 of the Offering Circular in the section headed “Asia Segment”, the following paragraph is inserted at the end of that section:

“On 9 March, 2020, the Group announced the proposed sale of Tesco Thailand and Tesco Malaysia to a combination of CP Group entities for net cash proceeds of \$10.3 billion (equivalent to £8.0 billion) before tax and other transaction costs. The transaction is subject to shareholder and customary regulatory approvals and is expected to complete during the second half of calendar year 2020.”

Recent Developments

By way of update to the section headed description of Tesco beginning on page 82 the Offering Circular, the following “Recent Developments” paragraph is inserted at the end of that section:

“According to a press release dated 8 April 2020, the Group’s priority in dealing with the exceptional challenges posed by COVID-19 is to ensure the safety of its customers and colleagues, support its suppliers

and maintain the availability of food. In every region the Group is working closely with the government and public health authorities to ensure it is supporting wherever it can and following all the relevant guidelines.

The specific challenges across the Group are three-fold, and most keenly felt in the UK. First, the significant change in buying behaviour of its customers. Second, the impact of the virus on its colleagues and thirdly, helping the more vulnerable in society, as defined by the UK Government.

In the first few weeks of the crisis, significant panic buying (c.30% uplift in the UK) cleared the supply chain of certain items. This has now stabilised across the Group and more normal sales volumes are being experienced. The size and nature of the Group's workforce means it has experienced a significant absence of colleagues. Full colleague sickness support is in place and in the last two weeks alone, the Group recruited more than 45,000 colleagues in the UK.

Whilst the Group has already stepped up its capacity on Grocery Home Shopping by more than 20%, and will continue to increase this, there is simply not enough capacity to supply the whole market. Between 85% and 90% of all food bought will require a visit to a store and here significant changes to the store environment have been implemented to maximise safety for colleagues and customers. The Group will continue to try and prioritise home delivery for the most vulnerable in society as defined by the UK Government."

The Group's response to date:

Food for all

- introduced a restriction of three items per customer on every product line; now removed on majority of products as stock levels stabilise
- introduced special hours in stores for NHS workers, and more vulnerable and elderly customers
- expanded Grocery Home Shopping capacity by +20% in the last two weeks, adding 145,000 slots
- working with Government to prioritise delivery slots for vulnerable people without a support network
- temporarily closed all cafes, phone shops, meat, fish, deli counters and salad bars
- asked the Group's office colleagues to volunteer for shifts in stores where they can
- working closely with supplier partners to simplify the Group's range to get more of the most popular products on shelves
- focusing on simple pricing for single products, removing many multi-buy promotions

Safety for everyone

- introduced social distancing measures in stores; filmed a new advertisement with colleagues summarising them
- created one-way aisles and 'one-in, one-out' system to help limit flow
- using directional floor markings to help everyone keep a safe distance
- installing protective screens at the front and back of the Group's checkouts
- enhanced cleaning routines and new cleaning stations in stores
- inviting customers that can, to pay at the checkout by card

Supporting the Group's colleagues

- colleagues ill with COVID-19 or in isolation receiving full pay from their first day of absence
- fully paid absence for 12 weeks for colleagues who are over 70, vulnerable or pregnant
- paying a 10% bonus on the hourly rate for hours worked to colleagues across stores, distribution centres and customer engagement centres
- range of policies to support parents during school closures, including new school closure leave policy
- more than 45,000 new colleagues have joined the Group since 20 March, including pickers and drivers

- colleague discount increased to 15% from 6 April to 7 May

Supporting the Group's communities

- The Group will continue its ongoing donations of £3m of food every month through its Community Food Connection scheme and distribution centres
- a further £15m of food to be donated to FareShare and the Trussell Trust over the next 12 weeks and a further £1m donation between the two organisations
- focusing £2m funding from Bags of Help community donation scheme to charities helping the most vulnerable
- building on the Group's partnership with the British Red Cross, donating £2m to help with extra costs in supporting people in need
- over £1m of funding in stores so they can support causes in their local neighbourhood
- donating food for 1m free meal parcels for front-line NHS workers, supporting 'SaluteTheNHS.org' initiative
- constructing the Group's first dedicated NHS Nightingale Hospital pop-up store, at the NEC in Birmingham.

COVID-19 is having a material impact on the operations of the Group's business and it is incurring significant additional costs, particularly in payroll as it recruits additional colleagues to meet demand and cover the work of those colleagues who are absent and being paid.

Whilst the full financial impact of the crisis for 2020/21 is impossible to predict with a high degree of certainty, the Group has considered a range of scenarios to understand potential outcomes on its business and plan appropriately.

Dependent on the scenario, the estimated impact on the Group's retail cost lines is between c.£(650)m and c.£(925)m including significant cost increases in payroll, distribution and store expenses. At this stage it would not be prudent to provide financial guidance for 2020/21, however if customer behaviour were to return to normal by August it is likely that the additional cost headwinds incurred in the Group's retail operations would be largely offset by the benefits of food volume increases, twelve months' business rates relief in the UK and prudent operations management.

Tesco Bank, which operates as a stand-alone regulated entity, is expected to be impacted by a reduction in income from all its activities, including credit cards, loans and travel money. This expected decrease in income, in addition to provisions for potential bad debts, is likely to result in a loss for the Bank in the year ending February, 2021. Notwithstanding this, the Bank's capital ratios (Tier 1 ratio: 20.6% and Total ratio: 23.1% as at 29 February, 2020) and liquidity are expected to remain strong."

Updates to the Risk Factors in the Offering Circular

By way of update to the section headed "Risk Factors" beginning on page 13 of the Offering Circular, the following paragraph is inserted at the end of that section:

"The Group's operations are exposed to COVID-19 risks

The recent outbreak and global spread of the COVID-19 pandemic may have a significant and prolonged impact on global economic conditions, disrupt the Group's supply chain (including its supplier base, specifically regarding business closures and consolidation, labour shortages, raw material supply issues and potential cost inflation), increase employee absenteeism due to illness and self-isolation and adversely impact the Group's operations. Governments and public bodies in affected countries have been introducing temporary emergency public measures such as travel bans, quarantines, and public lockdowns (also impacting the Group's mall operations). A prolonged outbreak may result in these measures being increased in severity, resulting in further uncertainty and increased pressure on the Group's supply chain, operations (including Tesco Bank due to any economic downturn), colleagues and the Group's 'go to market' propositions. The

safety and well-being of Tesco colleagues and customers has been the Group's overriding priority and the Group's teams are working tirelessly to implement specific actions to minimise disruption faced by its customers in these challenging times. Business continuity and crisis management plans have been mobilised across the Group and additional measures have been implemented including increasing retail store colleague headcount (with re-deployment of staff where possible), securing additional supply chain capacity to meet changes in demand (including measures to prevent customer stockpiling), implementing changes to stores (including hours, additional security, hygiene and social distancing measures) and extending support to colleagues and customers at increased risk. Whilst the precise impact of the ongoing COVID-19 crisis is impossible to predict with a high degree of certainty, the Executive Committee is monitoring events closely with regular Board oversight, to evaluate the impact on the Group (including financial viability and long-term going concern) and overseeing design of appropriate response strategies aimed to address evolving situations."

General Information

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement (and any supplement to the Offering Circular previously issued), there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.