Prospectus

Imperial Brands Finance PLC

(Incorporated with limited liability in England and Wales with registered number 03214426)

Imperial Brands Finance Netherlands B.V.

(Incorporated as a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) in the Netherlands with registered number 861264824)

€15,000,000,000
Debt Issuance Programme
Irrevocably and unconditionally guaranteed by

Imperial Brands PLC

(Incorporated with limited liability in England and Wales with registered number 03236483)

This Prospectus amends, restates and supersedes the prospectus dated 30 January 2019. Any Notes issued after the date hereof under the Debt Issuance Programme described in this Prospectus (the "Programme") are issued subject to the provisions set out herein. This Prospectus will not be effective in respect of any Notes issued under the Programme prior to the date hereof.

Under the Programme, Imperial Brands Finance PLC ("IBF" and Imperial Brands Finance Netherlands B.V. ("IBFN") (together, the "Issuers" and each an "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "Notes") guaranteed by Imperial Brands PLC ("IB" or the "Guarantor") and Imperial Tobacco Limited ("ITL" or "Imperial Tobacco"). Please see the Trust Deed dated 23 June 2020 (the "Trust Deed") which is available for viewing by Noteholders as described on page 122 for further details about the IB guarantee and page 104 for further details regarding the ITL guarantee. The aggregate nominal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies).

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

Application has been made to the FCA for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. For these purposes, references(s) to the EEA include(s) the United Kingdom (the "UK"). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form ("Registered Notes") will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may (i) if the Global Notes are intended to be issued in New Global Note ("NGN") form or if the Global Certificates are intended to be held under the New Safekeeping Structure (the "NSS"), as specified in the relevant final terms ("Final Terms"), be deposited on the issue date with a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"); and (ii) if the Global Notes are intended to be issued in Classic Global Note ("CGN") form, or if the Global Certificates are not intended to be held under the NSS as specified in the relevant Final Terms, be deposited on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes While in Global Form".

IB has a solicited long term debt rating of Baa3 by Moody's Investors Service Ltd ("Moody's"), BBB by S&P Global Ratings Europe Limited ("S&P") and BBB by Fitch Ratings Limited ("Fitch"). The Programme has been rated Baa3 by Moody's and BBB by S&P. Moody's and Fitch are established in the UK, and S&P is established in the European Union (the "EU"). Each of Moody's, S&P and Fitch are registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").

Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche (as defined below) of Notes is rated, such solicited rating will be disclosed in the Final Terms and will not necessarily be the same as the solicited rating assigned to the Programme by Moody's and S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR, as specified in the relevant Final Terms. As at the date of this Prospectus, the administrators of LIBOR and EURIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "Benchmarks Regulation"). **Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.**

Arranger

NatWest Markets

Dealers

Banca IMI
Bank of China
BofA Securities
Emirates NBD Capital
Mizuho Securities
NatWest Markets
SMBC Nikko
UniCredit Bank

Banco Bilbao Vizcaya Argentaria, S.A.
Barclays
Commerzbank
HSBC
MUFG
Santander Corporate & Investment Banking
Société Générale Corporate & Investment Banking
Wells Fargo Securities

23 June 2020

IMPORTANT INFORMATION

This Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuers, the Guarantor, ITL and the Notes which, according to the particular nature of the relevant Issuer, the Guarantor, ITL and the Notes, is necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer, the Guarantor and ITL, of the rights attaching to the Notes and the reasons for any issuance and its impact on the relevant Issuer.

The Issuers, the Guarantor and ITL accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuers, the Guarantor and ITL the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents incorporated herein by reference (see "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that those documents are so incorporated and form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

Each of the Issuers, the Guarantor and ITL, having made all reasonable enquiries, confirms that this Prospectus contains all information with respect to the Issuers, ITL, the Guarantor and the Guarantor's subsidiaries and affiliates taken as a whole (the "Group") and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuers, ITL, the Guarantor and the Group are in every material aspect true and accurate and not misleading, the opinions and intentions expressed in this Prospectus with regard to the Issuers, ITL, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuers, ITL, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuers, the Guarantor and ITL to ascertain such facts and to verify the accuracy of all such information and statements.

The Notes are irrevocably and unconditionally guaranteed by the Guarantor as described in the Trust Deed and by ITL by way of an amended and restated deed of guarantee dated 23 June 2020. The ITL guarantee will terminate in the circumstances set out in the deed of guarantee and is summarised in the section entitled "Imperial Tobacco Limited".

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such other information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, ITL or any of the Dealers or the Arranger (as defined in Overview of the Programme). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any of the Issuers, the Guarantor or ITL since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any of the Issuers, the Guarantor or ITL since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

IMPORTANT – EEA AND UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article

4(1) of MiFID II. 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

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

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

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

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuers, the Guarantor, ITL or any of the Dealers or the Arranger to subscribe for, or purchase, any Notes. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, ITL, the Dealers and the Arranger do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, ITL or any of the Dealers or the Arranger which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes.

No representation, warranty or undertaking, express or implied, is made by the Arranger, any Dealer or the Trustee (as defined herein), and to the fullest extent permitted by law, the Arranger, the Dealers and the Trustee disclaim all responsibility or liability which they might otherwise have, as to the accuracy or completeness of the information contained in this Prospectus or any other financial statement or any further information supplied in connection with the Programme, the Issuers, the Guarantor, ITL or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuers, the Guarantor and ITL under the Programme. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, ITL, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers, the Guarantor or ITL during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The minimum denomination of the Notes shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

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

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 where principal or interest is 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 any relevant indices and 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 financial and legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the US or to, or for the benefit of, US persons (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".

PRESENTATION OF INFORMATION AND CERTAIN DEFINITIONS

In this Prospectus, all references 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;
- "US dollar(s)", "US$" and "$" refer to US dollars; and
- "sterling" and "£" refer to pounds sterling.

Table of Contents

STABILISATION

In connection with the issue of any Tranche of Notes (as defined in "Overview of the Programme – Method of Issue"), one or more relevant Dealers (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation 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 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 and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Documents Incorporated by Reference

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

(i) the audited non-consolidated annual financial statements of IBF for the financial year ended 30 September 2018 together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/IBF%202018.pdf);

(ii) the audited non-consolidated annual financial statements of IBF for the financial year ended 30 September 2019, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/FY2019/IBF%20Stats%202019.pdf);

(iii) the following section of the Guarantor's annual report and accounts (the "2018 Annual Report") (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/annual-report-and-accounts/2018/annual-report-and-accounts-2018.pdf) for the financial year ended 30 September 2018:

(A) the audited consolidated annual financial statements of the Guarantor for the financial year ended 30 September 2018, together with the audit report thereon, on pages 76 to 128 of the 2018 Annual Report.

(iv) the following sections of the Guarantor's annual report and accounts (the "2019 Annual Report") (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/annual-report-and-accounts/2019/FULL%20ANNUAL%20REPORT%202019.pdf) for the financial year ended 30 September 2019:

(A) the audited consolidated annual financial statements of the Guarantor for the financial year ended 30 September 2019, together with the audit report thereon, on pages 86 to 150 of the 2019 Annual Report; and

(B) the section entitled “Related Undertakings” on pages 151 to 167 of the 2019 Annual Report.

(v) the unaudited consolidated interim financial statements of the Guarantor for the six months ended 31 March 2020, together with the review report thereon, on pages 21 to 44 of its interim results press release dated 19 May 2020 (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/results-centre/2020/2020%20HY%20RNS.pdf.downloadasset.pdf);

(vi) the audited non-consolidated annual financial statements of ITL for the financial year ended 30 September 2018, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/ITL%20Stats%202018.pdf);

(vii) the audited non-consolidated annual financial statements of ITL for the financial year ended 30 September 2019, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/ITL%20Stats%202019.pdf);

(viii) the terms and conditions contained in the prospectus dated 30 January 2019 on pages 31 to 62 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/2019.01.30_Debt%20Issuance%20Programme_Prospectus.pdf);

(ix) the terms and conditions contained in the prospectus dated 6 December 2016 on pages 30 to 58 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial_Brands_EMTN_(2016_update).pdf);

(x) the terms and conditions contained in the prospectus dated 21 February 2014 on pages 25 to 53 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial___EMTN_Prospectus_2014.pdf);

(xi) the terms and conditions contained in the prospectus dated 16 December 2010 on pages 25 to 47 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial__EMTN_Prospectus_2010.pdf); and

(xii) the terms and conditions contained in the prospectus dated 28 July 2008 on pages 17 to 22 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial__EMTN_Prospectus_2008.pdf).

which have in each case been previously published or are published simultaneously with this Prospectus and which have been approved by the FCA or filed with it. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

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

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

Overview of the Programme

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions Relating to the Notes While in Global Form" shall have the same meanings in this Overview.

Issuers:	Imperial Brands Finance PLC Imperial Brands Finance Netherlands B.V.
Issuer Legal Entity Identifier (LEI):	Imperial Brands Finance PLC: 2138008L3B3MCG1DFS50 Imperial Brands Finance Netherlands B.V.: 724500GIEFJOBWGD0272
Website of the Issuers:	https://www.imperialbrandsplc.com (the "Group Website")
Guarantor:	Imperial Brands PLC In addition to the guarantee provided by Imperial Brands PLC, the Notes are irrevocably and unconditionally guaranteed by way of an amended and restated deed of guarantee dated 23 June 2020 by Imperial Tobacco Limited. Such guarantee will terminate in the circumstances set out in the deed of guarantee and is summarised in the section titled "Imperial Tobacco Limited".
Description:	Debt Issuance Programme.
Size:	Up to €15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Risk Factors:	There are certain factors that may affect the relevant Issuer's ability to fulfil its obligations under Notes issued under the Programme and/or the Guarantor's or ITL's ability to fulfil its obligations under the relevant guarantee in respect of such Notes. These are set out under "Risk Factors". 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 also set out under "Risk Factors", together with certain risks relating to the structure of a particular issue of Notes and risks relating to Notes generally.
Arranger:	NatWest Markets Plc
Dealers:	Banca IMI S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Bank of China Limited, London Branch Barclays Bank PLC BofA Securities Europe SA Commerzbank Aktiengesellschaft Emirates NBD Bank PJSC HSBC Bank plc

	Merrill Lynch International MUFG Securities EMEA plc Mizuho International plc Mizuho Securities Europe GmbH NatWest Markets Plc SMBC Nikko Capital Markets Europe GmbH SMBC Nikko Capital Markets Limited Société Générale UniCredit Bank AG Wells Fargo Securities International Limited The Issuers may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee:	BNY Mellon Corporate Trustee Services Limited
Issuing and Paying Agent:	The Bank of New York Mellon
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than 1 year and are being issued in compliance with the D Rules (as defined in "Overview of the Programme – US Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".

Clearing Systems:	Euroclear, Clearstream, Luxembourg and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).
Initial Delivery of Notes:	On or before the issue date for each Tranche, if the relevant Global Note is a NGN, or the relevant Global Certificate is held under the NSS, the Global Note or the Global Certificate, as applicable, will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and as set out in the relevant Final Terms.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued with any maturity as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and as set out in the relevant Final Terms.
Specified Denomination:	The minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) 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 published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms. The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Notwithstanding the foregoing, the Terms and Conditions contain provisions pursuant to which amendments may be made to the interest terms in the event that the Reference Rate has ceased to be published as a result of such Reference Rate ceasing to be calculated or administered.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than 1 year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended ("FSMA") must have a minimum redemption value of £100,000 (or its equivalent in other currencies).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Holders (as defined below), and if so the terms applicable to such redemption. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Make-Whole Redemption by the Issuer:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (or during such other period as specified in the applicable Final Terms), at the Sterling Make-Whole Redemption Amount or Non-Sterling Make-Whole Redemption Amount (as the case may be). See "Terms and Conditions of the Notes – Redemption, Purchase and Options – Make-Whole Redemption by the Issuer (Issuer Make-Whole Call)" for further information.
Issuer Residual Call:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes in whole, but not in part, at the Residual Call Early Redemption Amount if the aggregate nominal amount of the Notes then Outstanding (as defined in the Trust Deed) is 20 per cent or less of the aggregate nominal amount of the Series issued. See "Terms and Conditions of the Notes – Redemption, Purchase and Options – Issuer Residual Call Option" for further information.
Status of Notes:	The Notes and the guarantee in respect of them will constitute unsubordinated and unsecured obligations of the relevant Issuer

	and the Guarantor, respectively, all as described in "Terms and Conditions of the Notes – Status".
Negative Pledge:	See "Terms and Conditions of the Notes – Negative Pledge".
Cross Default:	See "Terms and Conditions of the Notes – Events of Default".
Step Up Ratings Change and Step Down Ratings Change:	If Step Up Ratings Change and Step Down Ratings Change (both as defined below) is specified in the applicable Final Terms, the Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be. See "Terms and Conditions of the Notes – Interest and other Calculations".
Change of Control Investor Put:	See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Early Redemption:	Except as provided in "Optional Redemption" and "Make-Whole Redemption by the Issuer" above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Withholding Tax:	All payments of principal and interest by or on behalf of the relevant Issuer or the Guarantor in respect of the Notes and the Coupons will be made free and clear of withholding taxes of any Tax Jurisdiction unless the withholding is required by law. In such event, the relevant Issuer or the Guarantor shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Holder of the Notes or Coupons of such amounts as would have been received by it had no such withholding been required, all as described in "Terms and Conditions of the Notes – Taxation".
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Listing:	Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.
Ratings:	The Programme has been rated Baa3 by Moody's and BBB by S&P. Each Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such solicited rating will be disclosed in the Final Terms and will not necessarily be the same as the solicited ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the US, the European Economic Area, the UK, Italy, France, Belgium and Japan. See "Subscription and Sale".
US Selling Restrictions:	The Issuers and the Guarantor are Category 2 for the purposes of Regulation S under the Securities Act. The Notes will be issued in compliance with US Treas. Reg. §1. 163-5(c)(2)(i)(D) (or any successor US Treasury regulation section including, without limitation, regulations issued in accordance with

US Internal Revenue Service Notice 2012-20 or otherwise in connection with the US Hiring Incentives to Restore Employment Act of 2010) (the "D Rules") unless (i) the relevant Final Terms states that Notes are issued in compliance with US Treas. Reg. §1. 163-5(c)(2)(i)(C) (or any successor US Treasury regulation section including, without limitation, regulations issued in accordance with US Internal Revenue Service Notice 2012-20 or otherwise in connection with the US Hiring Incentives to Restore Employment Act of 2010) (the "C Rules") 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 US Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Forward-Looking Statements

This Prospectus contains statements that may be considered to be "forward-looking statements". Forward-looking statements appear in a number of places throughout this Prospectus, including, without limitation, under "Risk Factors" and "Imperial Brands PLC".

Forward-looking statements also may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "probability", "risk", "target", "goal", "objective", "future" or similar expressions or variations on such expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Factors that could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements include, but are not limited to, the risks identified under "Risk Factors".

Other factors could also adversely affect the Group's results or the accuracy of forward-looking statements in this Prospectus, and a prospective investor should not consider the factors discussed under "Risk Factors" to be a complete set of all potential risks or uncertainties.

Potential investors should not place undue reliance on any forward-looking statements. The Issuers, the Guarantor and ITL do not have any intentions or obligations to update forward-looking statements to reflect new information, future events or risks that may cause the forward-looking events discussed in this Prospectus not to occur or to occur in a manner different from what was expected.

Risk Factors

The Issuers, the Guarantor and ITL believe that the following factors may affect their ability to fulfil their obligations under the Notes. It is not possible to identify which factors are most likely to occur, as certain factors which the Issuers, the Guarantor and ITL currently deem not to be material may become material as a result of the occurrence of events outside their control.

The factors below contain a description of all material risks that may affect the Issuers', the Guarantor's and ITL's abilities to fulfil their obligations to investors under the Notes. There may be additional risks that the Group currently considers immaterial or of low likelihood of which it is currently unaware, and any of these risks could have effects in addition to the factors set forth below.

The Issuers, the Guarantor and ITL believe that the factors described below represent the principal risks inherent in investing in the Notes, but their inability to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuers, the Guarantor and ITL do not represent that the statements below regarding the risks of holding the Notes are exhaustive. Investors should carefully read the risk factors described below and the other information in this Prospectus prior to deciding to invest in the Notes. The trading price of the Notes could decline due to any of these risks either alone or in combination, and investors may lose all or part of their investment. This Prospectus also contains forward-looking statements that involve risks and uncertainties (see "Forward-Looking Statements" above for further information). Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group, described below and elsewhere in this Prospectus.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views, seeking their own professional advice as and where they deem it necessary, prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUERS', THE GUARANTOR'S OR ITL'S ABILITY TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME AND THE RELEVANT GUARANTEE

Risks Relating to the Group

Disruptions to demand for and supply of our products as well as negative macroeconomic developments caused by the actual or perceived effects of the global coronavirus disease 2019 pandemic could negatively impact the Group's business

On 30 January 2020 the World Health Organization declared the novel coronavirus (since formally named "severe acute respiratory syndrome coronavirus 2") a public health emergency of international concern and on 11 March 2020 the World Health Organization declared the disease caused by this coronavirus ("coronavirus disease 2019" or "COVID-19") a global pandemic.

The impacts to the Group of a pandemic crisis will be influenced by a number of factors including but not limited to: the length of time for which restrictions might persist; the severity of any further or future required measures; the location of those measures (see "The Group is exposed to the economic conditions of the countries in which it operates, with a particular concentration in Western Europe and the US" below); macroeconomic factors; and the actions of governments to finance public spending including the timing and/or treatment of current or future excise liabilities, and increases in excise and other product related taxes.

The impacts of these and other factors could result in economic pressures on consumers. A reduction in affordability caused by a prolonged recession could increase consumer down-trading (switching to a cheaper brand or category) and/or reduce personal consumption in individual markets. Additionally, travel restrictions, illness, or other public health pressures following a pandemic and the sustainability of previous retail channels may also impact the size of the legitimate tobacco market, Next Generation Products ("NGP") market (for more information on NGP please see "Imperial Brands PLC – Overview") and the Group's market shares in its priority markets.

The Group's supply chain may be adversely affected by economic pressures and other disruptions, potentially resulting in increased costs due to an increase in complexity in its supply chain or the need to make changes to ensure long-term continuity of supply. Factory footprint decisions may be impacted by COVID-19 outcomes and related complexities, and potential trade policy initiatives by governments to protect local industry.

A pandemic creates the risk of potential for volatility in financial markets (including interest rate and foreign exchange rate ("FX") risks) including the cost and/or availability and/or duration and/or terms of financing obtained from the global financial markets. The potential exists for recession within individual countries, the failure of businesses and austerity measures, all of which might impact the confidence of, and in, financial institutions and other lenders.

To date, the impact of the COVID-19 pandemic on the Group's business has not been material. Should the current situation deteriorate, or restrictions persist over longer periods (even intermittently) notably where these outcomes affect the Group's priority markets the impacts to the Group could increase. The failure to mitigate these risks could have an effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and ITL.

The performance of the Group may be adversely affected by declining consumption of legitimate tobacco products

Since the 1990s there has been a general decline in the consumption of legitimate tobacco products in many of the countries in which the Group operates. This decline in certain developed countries such as the UK, the US, Germany and Spain, where the Group currently has significant operations, may be attributed to a variety of factors, including, but not limited to, health concerns, increasing government regulation, the diminishing social acceptance of smoking, frequent and substantial increases in the excise duty on legitimate tobacco products or a substantial increase in cost attributable to a change in the manner of excise duty collection, increases in the trade of illicit tobacco products and potential future growth of the NGP market. Although the Group currently sells a portfolio of NGP products both directly and through licensing agreements and will continue to develop its consumer offerings there can be no assurance that consumer acceptance of NGP products will offset a decline in overall tobacco consumption.

During the year ended 30 September 2018, the Group experienced total tobacco volume decline on a stick equivalent basis of 3.6 per cent with the Group estimating an industry volume decline of 5.0 per cent during this same period. The declining volumes continued for the year ended 30 September 2019 with the Group experiencing total tobacco volume decline of 4.4 per cent. Any future substantial decline in the demand for legitimate tobacco products could have an adverse effect on the Group's, the Issuers', the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group operates in highly competitive consumer markets and is subject to changes in demand and pricing pressure

A majority of the Group's revenue and operating profits are generated through sales of its products in certain priority markets, including the UK, the US, Germany and Spain. Any changes in competitive conditions in these and the other markets in which the Group operates, such as significant increases in competitive activity or the failure by the Group to react appropriately to changes in competitive conditions could lead to a reduction in demand for the Group's products and additional pricing pressure on the Group's brands, which could have an unfavourable impact on the Group's business and growth strategy.

The Group's primary competitors include Philip Morris International Inc. ("PMI"), British American Tobacco plc ("BAT") including its subsidiary Reynolds American, Inc. ("Reynolds"), Japan Tobacco Inc., Altria Group Inc., Liggett Vector Brands LLC and JUUL Labs, Inc. These companies may have greater financial resources than the Group or stronger brand recognition and consumer loyalty in certain of the Group's markets. A significant increase in the competitive activity of these companies or other local manufacturers could lead to a reduction in demand for or pricing pressure on the Group's brands, which could reduce the Group's profit margins and cash flows. The Group's ability to compete with these companies may be limited by the regulatory environment in which it operates, including, among other factors, advertising restrictions, and this may adversely impact the Group's efforts to strengthen recognition of its brands in the relevant local market. The competitive activity of the Group's competitors may also have an unfavourable impact on the Group's ability to achieve organic growth in its priority markets. Accordingly, the failure to compete effectively in the Group's priority markets may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and ITL.

Changes in consumer purchasing patterns could have a negative impact on demand for the Group's products

Particularly in trading environments where the price burden on consumers for the Group's products is high because of excise duties and taxation or weak economic conditions and/or declining consumer purchasing power, the Group is vulnerable to consumers down-trading to lower price point products. This may include category shifts from higher-priced product categories to lower-priced product categories or from premium-priced products to economy-priced alternatives within a single product category. For example, during the accounting periods ended 30 September 2018 and 30 September 2019, the Group has experienced down-trading in mature markets in particular as consumer purchasing patterns have shown an increased demand for lower-priced products and brands. Although the Group actively manages its brand portfolio across segments and price points, there can be no assurance that the Group will be able to predict future consumer trends or that its product portfolio will continue to attract a loyal customer base. The failure by the Group to monitor and adapt to changes in consumer purchasing patterns within its markets could result in a reduction in the attractiveness of the Group's products relative to its competitors, which would have a negative impact on demand for its products and accordingly have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and ITL.

The availability of the Group's products to consumers could be affected by supply chain failures

Continuity of supply of the Group's products relies upon the effective management of its product supply chain, which includes, but is not limited to: manufacturing facilities owned and managed by the Group; availability of key systems through the end-to-end supply chain (e.g. product "track and trace" requirements); contract manufacturing suppliers; raw material suppliers; logistics and warehouse suppliers; and third-party systems providers.

Material failure in the Group's manufacturing or supply chain processes could result in a short-term reduction in supply to markets. The Group relies on the systems and processes in the full end-to-end supply chain (notably the EU) to achieve compliance with track and trace requirements. Failure to comply with these requirements, or failure of the related systems/processes, could prevent the shipment of product through the supply chain and potentially result in issues with stock availability and therefore impacting consumer loyalty and sales volumes, with further financial impacts from financial penalties and damage to relationships with wholesalers/distributors.

Loss of a key supplier as a result of, among other things, financial failure, failure to manage supplier relationships effectively or the decision of a third party not to supply the Group could impact supply chain planning. Although production and market contingency planning is in operation in the event of loss of production capacity due to any localised or country-specific issue, such contingency plans could be affected by a number of factors, including product regulation, notably the US Food and Drug Administration ("FDA") regulation, the requirements of the EU Tobacco Directive (2014/40/EU) ("EUTPD") and implementations of the World Health Organization ("WHO") Framework Convention on Tobacco Control ("FCTC"), as well as other product "track and trace" requirements. Any material failure in the Group's product supply could result in lost sales, and a potential longer-term loss of consumer loyalty.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be adversely affected by increases in illicit trade, reducing the size of the legitimate tobacco and NGP markets

Illegal cross-border trade, in the form of counterfeit products, locally manufactured products on which applicable local sales taxes are evaded and smuggled genuine products, is a significant and, in some countries, growing threat to the legitimate tobacco industry and could also impact NGP. Illicit trade could have an adverse effect on the Group's revenue, profits, business, financial condition, results or prospects in addition to damaging the Group's brand equity and undermining supply chain distribution investments, with potential damage to the Group's reputation. This, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

A number of factors could result in a significant decline in the demand for legally purchased tobacco products, including substantial increases in excise duties or a substantial increase in cost attributable to a change in the manner of excise duty collection. Any factor that increases the costs to consumers of tobacco products could encourage more consumers to switch to cheaper, illegal tobacco products and provide greater rewards for

counterfeiters, smugglers and organised crime. In addition, additional regulatory initiatives, such as plain packaging or standardised appearance, taste or ingredients, may contribute to an increase in illicit trade of tobacco products.

Illicit trade creates a market that is uncontrolled. As a result, children can more easily obtain tobacco products, governments are deprived of tax revenue and livelihoods of tobacco retailers are threatened. Within such an environment, there is also a risk that criminal and civil sanctions, negative publicity and allegations of complicity in illegal cross-border trading and money-laundering activities may be made against tobacco companies or their directors, executive officers, employees, agents and distributors.

Although the Group has implemented procedures and established controls to detect and control illegal trading of its tobacco products, these procedures and controls can provide only reasonable and not absolute assurance of detecting non-compliance by managing, rather than eliminating, risk. There is a risk that these procedures and controls may not adequately protect the Group against increases in illicit trade and the above-mentioned risks, which could have a material adverse effect on the Group's reputation, business, results of operations and financial condition and which, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Increased product regulation may have an adverse effect on the demand for the Group's products and/or increase compliance costs

The manufacture, advertising, sale and consumption of tobacco products have been subject to extensive and increasing regulation from governments, influenced by health officials and anti-smoking groups, principally due to the conclusion that cigarette smoking and tobacco products are harmful to health. Regulatory initiatives affecting the tobacco industry that have been proposed, introduced or enacted include a range of initiatives restricting advertising, packaging and distribution channels, restrictions on ingredients (e.g., there is an EU directive that required the withdrawal of characterising flavours including menthol from May 2020), labelling, and increased restrictions on smoking (see "Regulatory Landscape—Americas—Regulation in the US" section below). These restrictions have been introduced by regulation supplemented by voluntary agreements. Examples of such regulation include the EUTPD, including delegated legislation enacted in accordance with the EUTPD framework, and the FCTC. The Group often has limited opportunity to offer an opinion on the likely consequences of regulatory change and, along with all other tobacco manufacturers, is sometimes excluded from consultation with regulators on these regulatory proposals. In addition, anti-smoking groups continue to advocate the exclusion of the industry from consultation processes and seek to diminish the social acceptability of smoking. Anti-smoking groups are pursuing this agenda through petitioning individual governments and the WHO.

The EU is currently in the process of implementing its single use plastics directive which requires, among other things, the creation of extended producer responsibility schemes in member states of the EU ("Member States") under which manufacturers and importers of tobacco products would be liable for the collection and disposal of plastic tobacco product packaging and filters, thus increasing our cost of operating. Electronic vapour products ("EVP") components are not currently covered by the Directive but may brought into scope at a later date.

In the US, the tobacco environment is regulated at both the federal level (by the FDA and Federal Trade Commission (the "FTC")) and state level and there is therefore a risk that either federal or state regulation or both may become materially more intrusive or adverse. Any future increases in the regulation of the tobacco industry in the US or elsewhere could therefore result in a substantial decline in the demand for tobacco products. Current or future restrictions or bans relating to, among other things, product flavouring (for example, in November 2018, the FDA proposed a ban on menthol in combustible tobacco products) or to product labelling or maximum nicotine levels, may require manufacturers to review and adapt their product portfolio.

NGP are regulated either under dedicated legislation or existing frameworks. The degree and severity of such regulations vary. They may also be subject to further extensive regulation in many of the markets in which the Group operates, in particular, in the US and the EU. It is not possible to predict the scope of all future regulation of NGP proposed or implemented by regulatory authorities or the impact of any such regulations but current proposals include restrictions on flavourings and product specification, use and purchase. For example, in March 2019, the FDA announced potential changes to vapour regulations, including an increase in the nationwide minimum age for purchase of vapour products. The nationwide minimum age for purchase of all tobacco products, including e-cigarettes and vaping products that deliver nicotine was subsequently increased

to 21 in December 2019. In January 2020, the FDA announced a countrywide ban on mint and fruit flavoured cartridge-based e-cigarettes. In addition, there can be no certainty as to the existing or further proposals by US states or municipalities. For further discussion of the regulation of NGP, please see "Imperial Brands PLC–Regulatory Landscape–Europe–Regulation of NGP such as vapour and heated tobacco products", "Imperial Brands PLC–Regulatory Landscape–Americas–Regulation of NGP such as vapour and heated tobacco products" and "Imperial Brands PLC–Regulatory Landscape–Africa, Asia and Australasia–Regulation of NGP such as vapour and heated tobacco products".

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL and could contribute to an increase in the illicit trade in the Group's products.

The Group may be impacted by increases in product-related taxes, including excise and other levies

Tobacco products are subject to high levels of taxation, including excise taxes, sales taxes, import duties and levies in most markets in which the Group operates. In many of these markets, taxes are generally increasing but the rate of increase varies between markets and between different types of tobacco products. Increases in tobacco excise taxes may be caused by a number of factors, including fiscal pressures, health policy objectives and increased lobbying pressure from anti-tobacco advocates. In many of the markets in which the Group operates, excise duty represents a substantial percentage of the retail price of tobacco products, and this percentage has been steadily increasing in recent years. NGP have so far only been subject to limited product-related taxes, although the risk exists that their treatment under excise and other sales-related taxes could change.

Significant or unexpected increases in tobacco and NGP taxes, the introduction of laws establishing minimum retail selling prices, changes in relative tax rates for different tobacco products or adjustments to excise structures have and may continue to result in an increase in illicit trade, a decline in overall sales volume for the Group's products or an alteration in the sales mix in favour of lower-priced products and may have an adverse effect on the Group's business, results of operations and financial conditions. Increases in tobacco-related taxes, the introduction of new tobacco/NGP-related taxes or changes to excise structures can limit the Group's ability to increase the prices on tobacco products or NGP or necessitate absorption of tax increases (see "The Group may be adversely affected by increases in illicit trade, reducing the size of the legitimate tobacco and NGP markets" above).

Any such increases in excise duty could therefore have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be adversely affected by changes in taxation legislation (or interpretation of past and/or present legislation by taxation authorities)

The Group operates in approximately 160 markets and pays tax in accordance with the tax legislation in those markets. The Group may be adversely affected by changes relating to tax laws and tax rates, which frequently change, and by the outcome of claims and challenges by taxation authorities, whether as a result of tax audits or otherwise. Provisions arising from uncertain tax positions included in the consolidated financial statements of the Group for the financial year ended 30 September 2019 were £204 million. It is possible that the amounts paid in the future could be materially different from the amounts provided for in the consolidated financial statements of the Group. Any adverse changes in the tax regimes that the Group is subject to may have a significant impact on the taxes that the Group must pay and could accordingly have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be exposed to potential risks arising from the UK's decision to exit the European Union

There are a number of uncertainties in connection with the future of the UK's relationship with the EU. The UK voted to leave the EU in June 2016 ("Brexit"). A Brexit withdrawal agreement between the EU and the UK was signed in January 2020, which provides for a transition period until 31 December 2020, during which time the UK remains in the EU single market, though it has officially withdrawn from the EU. The UK Government's position following its withdrawal from the EU is that agreement on the future relationship between the UK and the EU will be reached by 31 December 2020. However, given the COVID-19 pandemic, there remains a degree of uncertainty as to whether this timeline will be met and what form such future relationship will take.

Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that the UK's departure from the EU, its future trading position with the EU and/or any related matters may have on general economic conditions in the UK, including the performance of the UK consumer market or the impact across the wider European economy. Given the uncertainty surrounding the terms of the UK's departure from the EU, it is likewise not possible to predict the impact that these matters will have on the business of the Group. Brexit is expected to exacerbate other current risks faced by the Group, including, but not limited to, foreign currency exchange rate and interest rate exposure (see "The Group is exposed to foreign currency exchange rate and interest rate risk" below), changes in taxation policy and excise duty status (see "The Group may be impacted by increases in product-related taxes, including excise and other levies" above), increase in illicit trade (see "The Group may be adversely affected by increases in illicit trade, reducing the size of the legitimate tobacco and NGP markets" above), conditions in the UK and European consumer product markets (see "The Group is exposed to the economic conditions of the countries in which it operates, with a particular concentration in Western Europe and the US" below), the adoption of protectionist trade policies (see "The Group may be affected by increasing tension between countries and the resultant adoption of protectionist trade policies" below), the functionality of the Group's supply chain (see "The availability of the Group's products to consumers could be affected by supply chain failures" above) and taxation (see "The Group may be adversely affected by changes in taxation legislation (or interpretation of past and/or present legislation by taxation authorities)" below). Until Brexit negotiations have concluded, it will not be possible to determine the nature and extent of Brexit's impact on the Group.

Accordingly, the risks exacerbated by the Brexit process could individually or together have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be affected by increasing tension between countries and the resultant adoption of protectionist trade policies

In recent years, protectionist trade policies have been increasing around the world, particularly in the US and as a result of US trade policy. It is unclear what additional tariffs, duties, border taxes or other similar assessments on imports might be implemented in the future and what effects these changes may have on tobacco and NGP sales in the Group's priority markets. Such protectionist trade legislation in the US, the EU or other priority markets, including changes in the current tariff structures, export or import compliance laws, or other trade policies, could reduce the Group's ability to sell its products in such markets and increase the relative cost to foreign purchasers of the Group's products, which could have a negative impact on demand.

Increasing protectionist trade policy between nations also creates the risk of additional cost and complexity within the Group's supply chains, and places potential risks upon the security of supply. For example, the manufacture of the Group's NGP offerings, specifically its *blu* vapour products, relies on components sourced and manufactured in China. The current US tariff regime impacts the importation of certain of these components, which increases the Group's costs of manufacturing and may ultimately affect the profitability of such products. In addition, further future changes in trade policies between the US and China may impact the security of the Group's supply of component materials, which would have a further negative impact on the Group's supply chains (see "The availability of the Group's products to consumers could be affected by supply chain failures" above).

Any increase in protectionist policies could have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group is exposed to the economic conditions of the countries in which it operates, with a particular concentration in Western Europe and the US

The Group is exposed to economic conditions in its largest markets, including the UK, Germany, Spain, France and the US, which constituted 57 per cent of the Group's external revenue for the year ended 30 September 2019. The growth of the Group's business is underpinned by its positions in these and other key countries. Any adverse economic developments in the Group's key countries, including, but not limited to, recessionary conditions, default on sovereign debt, a significant decline in the credit rating of one or more sovereigns or financial institutions, or disruptions in the political and economic conditions of the EU and/or eurozone (including as a result of the failure of the UK and the EU to reach a trade agreement or the actual or threatened breakup of or exit from the EU by another Member State), could cause severe stress in the financial system generally and on the euro, sterling, or US dollar, and could disrupt the banking system generally and adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of

the Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which are difficult to predict. In particular, pandemics such as the COVID-19 pandemic can negatively impact economic conditions and consumer confidence, degrade infrastructure, disrupt supply chains and otherwise result in business interruption and increase financial market volatility and reduce the availability of financing to the Group or its counterparties. Please also see "Disruptions to demand for and supply of our products as well as negative macroeconomic developments caused by the actual or perceived effects of the global coronavirus disease 2019 pandemic could negatively impact the Group's business", "The Group may be exposed to potential risks arising from the UK's decision to exit the European Union" and "The Group may be affected by increasing tension between countries and the resultant adoption of protectionist trade policies" above.

Any future declines in these markets or in any of the Group's priority markets, including due to adverse changes in economic conditions in these countries, could have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects. This, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group is dependent on its key customers and distributors, and sales continuity in core markets

Group companies have a number of key customers and distributors that may be under contractual arrangements, which may have relatively short durations and/or termination periods. The permanent or temporary loss of key customers, a material concentration of smaller customers (e.g. as a result of COVID-19 (or similar pandemic) "lockdown restrictions"), or distributors, may adversely affect the Group's sales volume, market share and profits. The Group may be unable to renew agreements with key customers or distributors on satisfactory terms for numerous reasons, including government regulations or consolidation within the market. The loss or consolidation of any of these key customers or distributors, the permanent or temporary loss of sales from a material number of smaller customers, or their inability to pay material amounts owed, may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects the Group, the Guarantor and/or ITL.

The Group's products could be affected by failures in product stewardship, quality control and/or contamination

The Group's products may fail to comply with product stewardship standards, or become contaminated or may otherwise fail to comply with the Group's or its regulators' quality standards, for example, as a result of an accident during the manufacturing or supply chain process or deliberately with malicious intent, or a malfunction, in the case of vapour products. In these instances, significant costs may be incurred in recalling products from the market or as a result of negative publicity. In addition, consumers may lose confidence in the affected brand or brands, resulting in a loss of sales volume, which may take a long time to recover or may not recover fully or at all. During this time, the Group's competitors may substantially increase their market share, which would subsequently be difficult and costly to regain. The Group may also be subject to claims in respect of such product failure.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group is exposed to price fluctuations, inflation, increased costs and supply risks in relation to tobacco leaf and other commodities and materials

As with other agricultural commodities, the price of tobacco leaf tends to be cyclical, as supply and demand considerations (including production costs and demand for other agricultural commodities such as foods or bio-energy crops) influence tobacco plantings in those countries where tobacco is grown. Different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price and availability. In addition, political situations may result in a significantly reduced availability of tobacco leaf in any affected country. This may also lead to increases in price that the Group may be unable to pass onto customers.

The Group has limited involvement in the cultivation of tobacco leaf and the Group's results will, therefore, be exposed to commodity price risk in that there may be fluctuations in the price of tobacco leaf and other commodities required in the manufacture of cigarettes. The Group recognises the potential risks associated with the cultivation of tobacco may also indirectly impact the Group. Some tobacco purchased by the Group from suppliers is cultivated in countries with high levels of poverty and less advanced agricultural practices. There is a heightened risk to workers of human rights impacts and to children of being involved in labour in these countries, particularly where farmers rely on temporary or casual workers or family labour. Portions of

the Group's supply chain may be vulnerable to disruption and leaf prices may have to go up in light of these risks should they materialise.

Furthermore, the Group has in the past made a majority of its leaf purchasing commitments in US dollars, thereby exposing the Group to foreign currency exchange rate risks embedded in the cost of its tobacco purchasing. Fluctuations and/or inflation in the price of tobacco leaf may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects which, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group is dependent on managing macro financial risks, including fluctuations and/or inflation in the price and/or availability of tobacco leaf, commodity prices and the price of other materials, including those used in the manufacture of NGP. Failure to manage financial risks may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects. This, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group's revenue and profitability may be adversely affected by a failure to realise budgeted price increases

Periodic price increases are among the key drivers in increasing market profitability. However, the Group may not be able to obtain such price increases or fully realise the benefits of any price increase as a result of increased regulation, which may reduce its ability to build brand equity and enhance its value proposition to its adult tobacco consumers; stretched consumer affordability arising from deteriorating economic conditions and rising prices; sharp increases or changes in excise structures; and competitor pricing activities. As a result, the Group may be unable to achieve its strategic growth metrics, have fewer funds to invest in growth opportunities, and face quicker reductions in sales volumes than anticipated due to accelerated market decline. In addition, down-trading and illicit trade may increase in response to price increases for legitimate products. These in turn may impact the Group's revenue, costs, profits, business, financial condition, results or prospects.

The Group has invested in its NGP strategy but there can be no assurance that its NGP strategy will be successful, and the future market for vapour and similar products is uncertain

The Group continues to invest in its NGP strategy, including the development of nicotine, non-nicotine and smokeless delivery options. However, the NGP category continues to evolve, both in terms of product availability from the Group (both directly and through licensing agreements) and its competitors but also in terms of regulatory treatment applicable to such products (see "Imperial Brands PLC–Regulatory Landscape–Europe–Regulation of NGP such as vapour and heated tobacco products", "Imperial Brands PLC–Regulatory Landscape–Americas–Regulation of NGP such as vapour and heated tobacco products" and "Imperial Brands PLC–Regulatory Landscape–Africa, Asia and Australasia–Regulation of NGP such as vapour and heated tobacco products"). The Group's vapour brand, *blu*, has been available in the US market since 2009 and launched in key European markets in 2018 and 2019. Competition in the vapour and heated tobacco categories is intense and product offerings in this market vary as the market is highly fragmented, with large companies, such as PMI, BAT, Reynolds and JUUL Labs, Inc. developing new and innovative products that compete with those offered by smaller companies. In addition, larger companies, such as the Group, may look to acquire NGP companies to add to NGP portfolios, although there can be no assurance that such acquisitions will prove successful or lead to a successful product launch. Should the Group fail to identify innovation opportunities or respond to developments in the NGP market in a timely manner or fail to execute its strategy as effectively as its competitors, the Group may fail to achieve its strategic objectives in NGP.

Future sales and any future profits from the Group's NGP business are substantially dependent upon the acceptance and use of NGP by adult smokers and vapers in lieu of or in addition to their current product choices. The Group's ability to generate future sales will be dependent on a number of factors, many of which are beyond its control, including the pricing of competing products, overall demand for NGP offerings, changes in consumer preferences, market competition and government regulation. While the Group attempts to influence and respond to NGP market developments, it may still be exposed to factors that limit the success of NGP generally, including, but not limited to, increases in duty and regulatory treatment of competing products.

In particular, NGP offerings have been subject to increasing regulation in the US, which could potentially limit the ability of the Group to successfully execute its NGP strategy. In March 2019, the FDA announced potential changes to vapour regulations, including an increase in the nationwide minimum age for purchase of vapour products, as well as other measures intended to prevent youth access. The nationwide minimum age

for purchase of all tobacco products, including e-cigarettes and vaping products that deliver nicotine subsequently increased to 21 in December 2019. In January 2020, the FDA announced a countrywide ban on the manufacture, distribution and sale of flavour cartridge systems, with the exception of non-nicotine cartridges and tobacco and menthol flavours. In addition, as part of the developing regulation of vapour products in the US, the FDA requires all products to have achieved formal certification for continued sale in the marketplace either by demonstrating substantial equivalence to an existing tobacco product or under its Premarket Tobacco Product Application ("PMTA") process pathway. A PMTA can be submitted by any person for any new tobacco product seeking an FDA marketing order, under section 910(b) of the Federal Food, Drug, and Cosmetic Act ("FD&C"). A PMTA must provide scientific data that demonstrates a product is appropriate for the protection of public health. In order to reach such a decision and to authorise marketing, FDA considers, among other things: risks and benefits to the population as a whole, including people who would use the proposed new tobacco product as well as nonusers; whether people who currently use any tobacco product would be more or less likely to stop using such products if the proposed new tobacco product were available; whether people who currently do not use any tobacco products would be more or less likely to begin using tobacco products if the new product were available; and the methods, facilities, and controls used to manufacture, process, and pack the new tobacco product. Under the PMTA process, products can remain on the market for twelve months post-submission and then once products have been certified they may remain on the market. Failure to achieve certification could result in the product being removed from sale, resulting in immediate loss of current and future sales revenues in the US market. The Group has filed PMTA submissions for its vapour products.

These restrictions on the sale of NGP, as well as any additional or similar restrictions adopted by US states or other jurisdictions globally, could have a negative impact on the Group's ability to market and sell its NGP offerings, which would have a negative impact on growth in demand for NGP. A failure by the Group to realise its NGP strategy may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor or ITL.

The Group may not fully be able to protect or retain its intellectual property rights or utilise intellectual property of other parties in the development of new products

The Group relies on trademarks, patents, registered designs, copyrights and trade secrets. The Group attempts to protect its intellectual property rights, in the UK, the EU, the US and elsewhere, through a combination of trademarks, patents, registered designs, copyrights and trade secret laws, as well as confidentiality agreements. However, the Group may fail to obtain or maintain adequate protection of such intellectual property rights. Further, if the Group does in fact fail to obtain or maintain adequate protection of its intellectual property rights, competitors may produce products that are substantially or wholly similar to products produced by the Group. In such an occurrence, consumers may lose confidence in the affected brand or brands, resulting in a loss of sales volume, which may take a long time to recover or may not recover fully or at all. During this time, the Group's competitors may substantially increase their market share, which would subsequently be difficult and costly to regain.

In the development of new products, notably NGP, the Group may wish to use technology already subject to patent, registered design or other intellectual property rights held by others. However, the Group may fail to obtain rights to access such intellectual property. The failure to obtain such rights could significantly limit the Group's ability to develop and market its NGP brands, which could significantly limit its NGP strategy or potentially result in litigation.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be unable to identify and complete acquisitions or disposals of assets, and any completed transactions may demand significant management involvement or may not yield expected results

Historically, the Group has engaged in acquisitions that have been complementary to its organic growth. However, ITG Brands LLC ("ITG Brands") 2015 acquisition of certain brands from Reynolds, including those formerly owned by Lorillard Tobacco Company ("Lorillard") including the *blu* vapour brand (the "2015 US Acquisition"), and the acquisition of Nerudia, a UK-based NGP innovation business, reflect the Group's revised focus on improving its NGP offering in addition to traditional tobacco. Where the Group has identified acquisition opportunities, it has historically faced competition for these acquisitions. Such competition can raise the price of acquisitions and make them less attractive. In addition, if the Group is unable to secure the

necessary financing, it may not be able to acquire businesses in furtherance of its strategy (see "The Group has significant borrowings, which may impair operational and financial flexibility" below).

The Group has identified assets that are less central to its strategic objectives, which it seeks to exit or divest in order to simplify the Group's business, enhance its financial performance and allocate its capital more effectively in line with its growth agenda. On 27 April 2020, the Group announced the agreed sale of its worldwide premium cigar business for a total consideration of €1,225 million, reinforcing its focus on simplifying its business and realising value for shareholders (see "Imperial Brands PLC—Premium Cigars" section below). Any proposed disposals would require the attention of management and might divert management focus and other resources away from implementation of the Group's other strategic goals. In addition, the Group may fail to balance the Group's portfolio of business effectively or to effect disposals in a timely and effective manner.

Even if management is able to identify potential acquisition or disposal opportunities, it may be difficult to complete such transactions (including previously agreed but not completed dispositions, such as the sale of the premium cigar business), given antitrust considerations or other challenges, or due to reasons such as market and financial conditions. This could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could have an impact on the Group's, the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Future acquisitions or disposals may require significant attention from management and result in the diversion of other resources away from organic growth. Although the Group anticipates synergies and cost savings may result from future acquisitions (depending on the nature of the business acquired) or disposals, it may not realise any or all of such synergies or cost savings that it believes can be realised from these transactions. The Group's ability to integrate and manage acquired businesses effectively and to handle any future growth will depend upon a number of factors, including, but not limited to, the size of the acquired businesses, the nature and geographical locations of their operations, and the resulting complexity of integrating its operations into the Group, and failure to manage growth effectively may adversely affect the Group's, the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Furthermore, there can be no assurance that the Group will be able to identify all actual or potential liabilities of a business prior to its acquisition or disposal (including, for example, environmental, litigation or health and safety liabilities). If the Group acquires a business or assets which result in the Group assuming unforeseen liabilities in respect of which it has not obtained contractual protections or for which protection is not available, this could adversely affect the Group's revenue, profit and financial condition which, in turn, could adversely affect the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group may fail to obtain the anticipated benefits from its strategic change initiatives and may not achieve its cost savings targets

In order to support its strategic objectives the Group is undertaking a number of strategic change initiatives, including cost optimisation programmes and operating model changes. The Group continues to focus on optimising its manufacturing footprint and reducing overheads to realise operational efficiencies. Cost optimisation initiatives can require a significantly larger investment than initially budgeted for and there can be no assurance that such initiatives will yield the anticipated cost savings when expected or at all. Suitable opportunities to pursue such initiatives may be limited.

Any failure to meet the Group's strategic change initiatives may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group is a global business and faces the inherent risks of a diverse footprint and has significant operations in developing markets

The Group's business in developing markets may present more challenging operating environments where margins in general may be lower and commercial practices may be less developed and of a lower standard than those in more mature markets.

The results and prospects for the Group's operations in these countries will be dependent, in part, on the political stability, economic activity, regulatory requirements, policies and judicial systems of those countries. Some of the countries in which the Group operates face the risk of civil unrest, regime changes, nationalisation, terrorism, conflict and threat of war, as well as an increased risk of fraud and corruption, both externally and internally. Economic, political, legal, regulatory or other developments or uncertainties in developing markets

could disrupt the Group's supply chain, compliance with applicable regulations, its distribution capabilities or its cash flows. These developments could also lead to loss of property or equipment that are critical to the Group's business in certain markets which could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects which, in turn, could impact the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

As a result of its activities in developing markets, the Group currently is, and may in the future be, a party to litigation in these markets. The outcome of legal proceedings in these jurisdictions may be particularly uncertain, as legal, administrative and judicial systems or judiciaries in some developing markets can be unpredictable (see "The Group could incur substantial damages and costs in connection with litigation").

The Group conducts business in countries subject to international sanctions

Some of the countries in which the Group does business or with whom it has or will have commercial dealings are subject to international sanctions including Cuba and Russia.

Historically, the Group's activities in these jurisdictions have been limited principally to selling tobacco products and to purchasing tobacco leaf and have not been material to the Group's revenue, profits or financial condition. However, the Group's business in Cuba, from which it had previously only sourced tobacco leaf prior to January 2008, grew as a result of the Group's acquisition of Altadis, which has ownership interests in Corporación Habanos S.A., Altabana S.L., Promotora de Cigarros, S.L. and Internacional Cubana de Tabaco, S.A. (together, the "Cuban Joint Ventures"), which manufacture, market, distribute and sell cigars manufactured in Cuba. On 27 April 2020, the Group agreed the sale of its worldwide premium cigar businesses to investment consortia of individual investors in two distinct transactions for a total consideration of €1,225 million (see "Imperial Brands PLC—Premium Cigars" section below).

The Group seeks to comply fully with international sanctions to the extent they are applicable to the Group. However, in doing so, it may be restricted in supplying products sourced from certain countries to relevant jurisdictions, by the nationality of the personnel that it involves in these activities or in its sources of funding. In particular, the current Cuban Joint Ventures (including their affiliates) could be materially limited by the operation of sanctions administered by the US Department of Treasury's Office of Foreign Assets Control, the US Cuban Assets Control Regulations and by the US Cuban Liberty and Democratic Solidarity (Libertad) Act 1996 (commonly known as the Helms-Burton Act). Two non-controlled joint ventures that are affiliates of the Cuban Joint Ventures are the target of US sanctions. The operations of the Cuban Joint Ventures are conducted in accordance with applicable regulations and their activities are financially ring-fenced from the activities of the rest of the Group. The revenue from the Cuban Joint Ventures amounted to less than 5.0 per cent of the Group's total revenue for the financial year ended 30 September 2019. New sanctions or changes in existing sanctions could further restrict or entirely prevent the Group from doing business in, or from having commercial dealings with, certain jurisdictions, including Cuba, which may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects which, in turn, could have an impact on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Additionally, the Group's expansion into developing markets may present more challenging operating environments in which commercial practices may be less developed and of a lower standard than those in which the Group has historically operated. As such, although the Group seeks to comply fully with international sanctions to the extent they are applicable to the Group, it may be harder to do so in such markets. The Group may suffer from adverse public reaction or from reputational harm as a result of doing business in, or having commercial dealings through third parties with, countries that have been identified as state sponsors of terrorism by the US State Department, or that are subject to international sanctions, notwithstanding that the Group's activities comply with applicable international sanctions and regardless of the materiality of the Group's operations in such countries to its operations or financial condition. The Group's activities in the countries subject to international sanctions could also restrict the sources of funding and financial (or other) products or services available to the Group. International sanctions may also limit the Group's ability to use existing funds to finance its operations in certain countries.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be subject to investigations for alleged abuse of its market position or alleged breaches of other competition laws in certain countries

The Group has significant market positions in certain countries in which it operates. The Group is subject from time to time and may in the future be subject to investigation or litigation for alleged current or historical abuse of its market position or alleged current or historical breaches of other competition laws, which can result in adverse regulatory action by the relevant authorities, including inspections and monetary fines, along with potential follow-on damages actions and negative publicity. The Group is currently co-operating with relevant competition authorities in relation to several ongoing competition law investigations. While the Group endeavours to comply with all applicable laws, there can be no definitive assurances that these investigations (or any future investigations to which the Group may be subject) will not result in a fine being levied and/or actions being brought against members of the Group (see the "Imperial Brands PLC—Litigation" section below).

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group is exposed to risks in relation to data protection

The Group holds, controls and processes a significant volume of personal data and could be adversely affected if any of this data were to be lost, compromised or not handled in accordance with the relevant data protection legislation. The EU General Data Protection Regulation, as amended (the "GDPR") imposes obligations on data controllers and data processors, and sets out rights for data subjects (all as defined in the GDPR) with which the Group must comply. The GDPR introduced significant financial penalties (including a fine of up to 4 per cent of annual global turnover) and other sanctions that can be imposed on the Group as the result of any non-compliance with the GDPR.

Similar requirements are in place in other geographies, notably in California where the California Consumer Privacy Act ("CPPA") came into force in January 2020, protecting the personal information of Californian consumers. The provisions of the legislation are somewhat similar to those in the GDPR and give consumers extensive rights (including a private right of action). Sanctions for non-compliance are potentially significant, with fines calculated on the basis of number of records affected. The potential for further adoption of such legislation across other states or geographies could increase the Group's exposure to data protection risks.

Although the Group has robust data protection policies and procedures in place, it is primarily reliant upon the robustness of its information technology ("IT") security and the actions of its employees in complying with these policies and procedures to manage the risk. A programme to meet the requirements of the CPPA in time for the 1 July 2020 enforcement date is underway.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be adversely affected by a material failure in its own or third-party supplier/customer information technology systems or by a cyber-attack

The Group's business is dependent on efficient, robust IT systems for its operations, internal communications, controls, reporting and relations with regulators, customers and suppliers. Some of the Group's critical information systems are managed by third-party service providers. Any material failure in the Group's IT processes or its operations or any material cyber-attack could impact its ability to operate, result in legal liability and affect its reputation. Failure to invest, deploy, or manage appropriate IT systems and infrastructure to support the business and its end to end supply chain (including protection of confidential or sensitive information) may lead to inefficient business operations, including, but not limited to, poor supply chain management, and have a negative impact on customer service, resulting in a loss of customers, and may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be adversely affected by any failure of its employees to follow the Group's internal policies and procedures or the failure of retail partners or suppliers to follow codes of conduct

The Group requires its employees to comply with its internal policies and procedures and local legal requirements. However, the risk exists that employees fail to comply with such policies and procedures, including, but not limited to, health and safety violations, and engaging in fraudulent or illegal activity by an employee. Any breach of the Group's policies and procedures (deliberate or otherwise) may expose the Group

to the risk of, among other things, governmental investigation, regulatory action and civil and/or criminal liability.

In addition, the Group maintains detailed codes of conduct that it requires its retail partners to adhere to that deal with, but are not limited to, restrictions on selling the Group's products to minors in compliance with local laws. There can be no assurance, however, that the Group's retail partners will adhere to these restrictions, which could result in, among other things, harm to the Group's reputation or liability to regulators. Similarly, the Group's suppliers are also required to comply with the Group's supplier code of conduct, with contractual requirements to adhere to Group standards relating to the practices they follow in meeting the demands of the Group. The Group's supply chain is global, and these requirements include, but are not limited to, human rights, legal and regulatory compliance, and illicit trade.

A failure of the Group or its employees to follow internal procedures or the failure of retail partners or suppliers to follow codes of conduct may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL. However, notwithstanding anything contained in this risk factor, this risk factor should not be taken as implying that either the Issuers or the Guarantor will be unable to comply with their obligations as companies with securities admitted to the Official List.

The Group could incur substantial damages and costs in connection with litigation

In addition to the matters detailed in the "Imperial Brands PLC—Litigation" section below, it can be expected that legal actions, proceedings and claims arising out of the sale, distribution, manufacture, use, development, advertising, marketing and claimed health effects of its products, including tobacco products and NGP, will be filed against the Group in the future. The damages sought in any such claims could be significant, and the Group may not be successful in defending all of the claims that may arise. To the extent that the Group's assessment as to the likely outcome of any claim does not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be affected. In addition, regardless of the outcome of any litigation, the Group would incur costs, and need to devote management time to, defending any claims, which it may not be able to recover fully or at all, irrespective of whether it was successful in defending such claims.

In the US, the jurisdiction with the greatest prevalence of smoking and health-related litigation, such claims could be brought in a variety of courts by various parties, ranging from individuals, class actions, regulators and others and (subject to certain provisions in settlements with states) could relate, *inter alia*, to a wide range of damages, including individual damages, healthcare and other costs. The Group had a relatively limited historical presence in the US until the Group acquired Commonwealth Brands in 2007 and Altadis in 2008, both of which were and are manufacturers and sellers of tobacco products in the US. The cigarette brands acquired pursuant to the 2015 US Acquisition were acquired without historic product liabilities and an indemnity in respect of any liabilities relating to the period prior to completion of the deal was provided by Reynolds.

An unfavourable outcome or settlement of any pending or future smoking, NGP and health-related or other litigation (whether involving the Group or other tobacco or NGP companies) may increase the likelihood of new actions, adversely affecting the Group's ability to prevail in similar or related litigation.

Furthermore, there can be no assurance that legal aid such as attorneys' fees or other funding will continue to be denied to claimants in smoking, NGP and health-related or other litigation in any jurisdiction in the future. If future claimants are able to obtain legal aid or funding to finance their litigation against the Group, or such actions are otherwise made easier, this may increase the number of claims and claimants' likelihood of prevailing on such claims.

A material increase in the number of pending claims could significantly increase the costs and management time for the Group to defend such claims. There can be no assurances that any future litigation against the Group, if successful, would not have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group. In addition, even if the Group is not party to litigation, any adverse judgment against a tobacco or NGP manufacturer or in relation to the tobacco or NGP market could have an impact on market conditions, which may adversely affect the revenue, costs, profits, business, financial condition, results or prospects of the Group. This, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group is exposed to foreign currency exchange rate and interest rate risk

The Group is exposed to movements in foreign currency exchange rate due to its overseas subsidiaries, its commercial trading transactions denominated in foreign currencies and foreign currency cash deposits, borrowings and derivatives. For significant acquisitions of overseas companies, the Group endeavours to raise financing in the appropriate currency (or are swapped via derivatives into the appropriate currency) to minimise risk.

The Group's material foreign currency denominated costs include the purchase of tobacco leaf, which is sourced from various countries, but purchased principally in US dollars, and packaging materials, which are sourced from various countries and purchased in a number of currencies.

The Group currently has investments in foreign entities that operate in countries whose currency is different from sterling (mainly in the EU, as well as in Morocco, Russia, Cuba, Australia and the US). Consequently, the Group is exposed to the translation of the results of overseas subsidiaries into sterling, as well as to the impact of trading transactions in foreign currencies. Significant fluctuations in foreign currency exchange rates could have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects which, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group is also exposed to fluctuations in interest rates on its borrowings and surplus cash balances. As approximately 63 per cent of the Group's borrowings (after adjusting for the effect of interest rate derivatives) outstanding as at 30 September 2019 were at fixed levels of interest, the Group is exposed to movements in interest rates which could result in higher cash outflows, reducing the capital available to the Group. As at 30 September 2019, the Group had reported net debt of £11,970 million. Of this, approximately 74 per cent was denominated in euro and non-US dollar currencies and 26 per cent in US dollars. Accordingly, the Group's financial results as at 30 September 2019 were exposed to gains or losses arising from fluctuations in interest rates relating predominantly to sterling, euro and US dollars. Significant fluctuations in interest rates may have an adverse effect on the Group's revenue, profits, financial condition or results which, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group has significant borrowings, which may impair operational and financial flexibility

The Group has a significant amount of indebtedness and debt service obligations, which may impair both the Group's operating and financial flexibility and could potentially cause the Group to dedicate a significant portion of cash flow from operations to debt service obligations, depending on the level of borrowings, prevailing interest rates and foreign currency exchange rate fluctuations, which may reduce the funds available to the Group for capital expenditure, investment within the Group, acquisitions and other expenditure. As at 30 September 2019, the Group had reported net debt of £11,970 million.

The Group's indebtedness could also limit its ability to borrow additional funds for capital expenditure investment within the Group, acquisitions and other expenditure; limit flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industry in which the Group operates; place the Group at a competitive disadvantage compared to competitors that may be less leveraged than the Group; and increase the Group's vulnerability to both general and industry-specific adverse economic conditions.

If conditions in credit markets are unfavourable and/or one or more of the Group's credit ratings are downgraded or placed on negative credit watch, the marketability and trading value of the Notes may be materially diminished, and the Group may not be able to obtain new sources of financing and/or such new sources of financing, together with the Group's existing financing sources, may be at higher costs and/or include additional financial, operating or other obligations.

The Group may, for a number of reasons, be unable to refinance its debt, when it matures, in the debt capital markets, bank loan markets, European commercial paper ("ECP") market or other financing markets available to the Group at that time. Access to financing in the future may depend on, among other things, the future expected performance of the Group, suitable market conditions and the maintenance of suitable long-term and short-term credit ratings. Additionally, there may be an unwillingness of financial (or other) counterparties to transact with, or facilitate transactions with, the tobacco sector (or any other sector(s) in which the Group is currently invested, may invest or have an interest from time to time (see "Imperial Brands PLC" section below). These factors may be exacerbated by the current COVID-19 pandemic which has resulted in increased

financial market volatility. See "Disruptions to demand for and supply of our products as well as negative macroeconomic developments caused by the actual or perceived effects of the global coronavirus disease 2019 pandemic could negatively impact the Group's business".

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group has exposure to external financial counterparties

The Group has financing made available from and, from time to time, places cash deposits with and has entered into derivative and other financial transactions with financial institutions. Access to such funding, repayment of cash deposits and performance under derivative and other financial transactions may be reduced due to the Group's counterparties being unable to honour their commitments in full or in part. As such, cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. The failure of any counterparty to meet the Group's payment obligations or performance undertakings to it or the deterioration in the financial condition of one or more of its counterparties could have an adverse effect on the Group's financial condition or operations. In addition, the failure of a transactional banking counterparty could cause disruption to the Group's operations.

The Group's exposure to these external financial counterparties should they not honour their commitments or perform as expected may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

The Group may be required to make significant contributions to one or more of its retirement benefit schemes

The Group operates a number of retirement benefit schemes for its employees, including both defined benefit and defined contribution schemes. The Group's three principal schemes are defined benefit schemes and are operated by ITL in the UK, Reemtsma Cigarettenfabriken GmbH ("Reemtsma") in Germany and ITG Brands in the US. As at 30 September 2019, these schemes represented 64 per cent, 12 per cent and 7 per cent of the Group's total retirement benefit obligations and 37 per cent, 28 per cent and 7 per cent of the current service cost respectively (measured under International Accounting Standard 19 "Employee Benefits").

The largest of the three defined benefit schemes is the Imperial Tobacco Pension Fund ("ITPF"). The contributions paid to the ITPF are set by the ITPF scheme actuary every three years, and the ITPF scheme actuary is currently in the process of completing its triennial valuation as at the date of this Prospectus, which may result in an adjustment in the Group's contributions payable under the scheme. The scheme actuary is an external consultant, appointed by the trustees of the ITPF. Principal factors that the scheme actuary may have regard to include, but are not limited to, the covenant assessment of the Group, the level of risk in the ITPF, the expected returns on the ITPF's assets, the results of the funding assessment on an ongoing basis and the expected cost of securing benefits if ITPF were to be wound up.

The most recent valuation of the ITPF was carried out as at 31 March 2016 when the market value of the invested assets was £3,302 million. Based on the ongoing funding target, the total assets were sufficient to cover 96 per cent of the benefits that had accrued to members for past service, after allowing for expected future pay increases. The total assets were sufficient to cover 90 per cent of the total benefits that had accrued to members for past service and future service benefits for current members. In compliance with the Pensions Act 2004, ITL and the trustees agreed a scheme-specific funding target, a statement of funding principles and a schedule of contributions.

A significant future funding requirement to any of the Group's retirement benefit schemes could have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

The Group's labour relations or labour unrest may affect operational and financial performance

The Group's management believes that all of the Group's operations have, in general, good relations with their employees, employee representatives and unions. However, there can be no assurance that the Group's business or operations will not be affected by labour-related problems in the future. In addition, there can be no assurance that any deterioration in labour or union relations, or any disputes or work stoppages or other labour-related developments (including problems experienced during any consultation procedures or programmes or the introduction of new labour regulations in countries where the Group operates) will not adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects which,

in turn, could adversely affect the Guarantor's and ITL's reputation, revenue, costs, profits, business, financial condition, results or prospects.

The Group could fail to attract or retain individuals with the capabilities required

The Group's success will depend to a substantial extent on the ability and experience of its senior management as well as its ability to attract and retain, among others, a qualified sales force, team of engineers and employees with managerial, technical, sales, marketing, digital, and information technology support skills. The loss of the services of certain key employees, particularly to competitors or other consumer product companies, may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects which, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects. In addition, management believes that as the Group's business develops and expands, the Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which cannot be guaranteed. The failure to attract or retain individuals with key capabilities could impede the Group's financial plans, growth, marketing and other objectives. Employee retention may be particularly challenging following acquisitions or divestures as the Group must continue to motivate employees and keep them focused on its strategies and goals. Failure to retain or loss of the skills necessary to execute integration growth plans and deliver key customer programmes may lead to reduced retailer confidence which may adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects. This, in turn, could have an adverse effect on the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Substantial payment obligations under the MSA and other State Settlement Agreements, along with state certification requirements, may have an adverse effect on the cash flows and operating income of the Group

In the US, the Master Settlement Agreement ("MSA") is an agreement between certain tobacco manufacturers (including members of the Group) and 46 US states, the District of Columbia and five US territories, which imposes substantial payment obligations on those manufacturers. In addition, the original participating manufacturers under the MSA had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota (the "Initial State Settlements" and, together with the MSA, the "State Settlement Agreements"). See "Imperial Brands PLC—Litigation—Americas—US litigation environment and State Settlement Agreements". ITG Brands and its affiliates are parties to the MSA and to one of the Initial State Settlements (with Mississippi).

The State Settlement Agreements require that the original participating manufacturers ("OPMs") make annual payments of US$10.4 billion, subject to adjustment for several factors, including inflation, market share and industry volume. In addition, the original participating manufacturers under the MSA are required to pay settling plaintiffs' attorneys' fees, subject to an annual cap of US$500 million. The State Settlement Agreements also include provisions relating to significant advertising and marketing restrictions, public disclosure of certain industry documents, limitations on challenges to tobacco control and underage use laws, and other provisions. Annual payments under the MSA and the other State Settlement Agreements for those manufacturers that are parties to them are required to be paid in perpetuity and are based on, among other things, domestic market share and unit volume and (for some manufacturers and brands) industry and individual company operating profits, with respect to the MSA, in the year preceding the year in which payment is due, and, with respect to the other State Settlement Agreements, in the year in which payment is due. As such, it is possible that any adjustments to volume, market share and industry and individual company operating profits may have an adverse effect on the MSA and State Settlement Agreements' impacts on the obligations, revenue, costs, profits, business, financial condition, results or prospects of the Group.

From time to time, lawsuits have been brought against participating manufacturers to the MSA, or against one or more of the Settling States (as defined below), challenging the validity of the MSA and/or statutes related to it on certain grounds, including as a violation of the antitrust laws. ITG Brands and certain of its affiliates have agreed to make payments under the MSA and Mississippi's Initial State Settlement, and payments are made as to its products under the equity fee statutes (each an "Equity Fee Statute" and together the "Equity Fee Statutes") in Minnesota, Texas and, for certain products, Mississippi. Florida, Minnesota and Texas have brought suits, claiming, among other things, that ITG Brands owes settlement payments under the relevant State Settlement Agreements. Texas has also claimed that the fees being paid on ITG Brands products under its Equity Fee Statute have been too low since June 2015. Reynolds has brought a related suit in Delaware claiming breach of the agreement relating to the 2015 US Acquisition regarding the Initial State Settlements and seeking indemnity for any payments it makes in the Florida, Minnesota, or Texas suits. Those matters have been subject to ongoing disputes.

The existence, nature, calculation and extent of payment and other obligations (or the result of any litigation in respect of the same) for the brands sold under the MSA, the Equity Fee Statutes and the other State Settlement Agreements cannot be predicted with certainty. The amounts that may be payable by the Group in respect of such taxes, agreements and statutes may be material, which could have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

In addition, the states which are a party to the MSA have passed statutes requiring tobacco cigarette brands to be "certified" (approved for sale) by each state before they can be sold in that state. The Group may be adversely affected by decisions made by any state not to certify or to de-list brands. This, in turn, could have an adverse effect the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Risks Relating to the Issuers

The Issuers are financing vehicles and are reliant on the business of the Group

The Issuers are financing vehicles with no business operations of their own, other than raising financing, advancing funds to, receiving funds from, and providing treasury services for, the Guarantor and other members of the Group. Accordingly, the Issuers have no trading assets and do not generate trading income (but may generate interest income on their activities). Interest payments in respect of the Notes will effectively be paid from cash flows generated from the business of the Group and accordingly the ability of the Issuers to pay interest on and repay the Notes will be subject to all the risks to which the Group is subject (see "Risks relating to the Group" above). The ability of the Issuers to make interest payments on the Notes is therefore dependent on its rights to receive inter-company payments from companies within the Group. If these payments are not made by companies within the Group, for whatever reason, the Issuers would not expect to have any other sources of funds available to it that would be sufficient to make payments on the Notes. In such circumstances, Noteholders would have to rely upon claims for payment under the relevant guarantee, which may be terminated or substituted with another Guarantor in certain circumstances without the consent of Noteholders.

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

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

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

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market in, and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate

to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

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

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

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such benchmarks

Interest rates and indices which are deemed to be "benchmarks" (such as, in the case of Floating Rate Notes, a Reference Rate, including the London interbank offered rate ("LIBOR") and the euro interbank offered rate ("EURIBOR")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

The Benchmarks Regulation applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the UK). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain "benchmarks" (including LIBOR or EURIBOR): (i) discouraging

market participants from continuing to administer or contribute to "a benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if a Reference Rate and/or any page on which a Reference Rate may be published, becomes unavailable, or if the relevant Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Notes by reference to such a Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Reference Rate or an Alternative Reference Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of an Adjustment Spread (as defined in the Terms and Conditions of the Notes) and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser to be appointed by the relevant Issuer (such Independent Adviser acting in good faith and in a commercially reasonable manner). No consent of the Noteholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments. An Adjustment Spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of a Reference Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an adjustment is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to investors. If no Adjustment Spread can be determined, a Successor Reference Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Reference Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing a Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Reference Rate were to continue to apply in its current form. In addition, a Benchmark Event includes the making of a public statement by the supervisor of the administrator of the Reference Rate announcing that such Reference Rate is no longer representative or may no longer be used. In such case, the Rate of Interest on the relevant Notes may therefore cease to be determined by reference to the original Reference Rate and instead be determined by reference to a Successor Reference Rate or Alternative Reference Rate, even if the original Reference Rate continues to be published. Such rate may be lower than the original Reference Rate for so long as the original Reference Rate continues to be published, and the value of and return on the relevant Notes may be adversely affected. In addition, the market (if any) for Notes linked to any such Successor Reference Rate or Alternative Reference Rate may be less liquid than the market for Notes linked to the original Reference Rate.

If, following the occurrence of a Benchmark Event, no Successor Reference Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Accrual Period (as defined in the Terms and Conditions of the Notes) may result in the Rate of Interest for the last preceding Interest Accrual Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page (as defined in the Terms and Conditions of the Notes). Due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that, the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

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

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

The 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, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

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 that are not integral multiples of such minimum Specified Denomination. In such a case, should definitive Notes be printed, 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 and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

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 this Prospectus. 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 this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Any early redemption at the option of the relevant Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by Noteholders to be considerably less than anticipated

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the relevant Issuer including an Issuer Residual Call Option as described in Condition 6(f), and a Make-Whole Redemption by the relevant Issuer as described in Condition 6(e). As a consequence, the yields received upon redemption may be lower than expected, and the redemption price of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. In such a case, part of the capital invested by the Noteholder may be lost, so that the Noteholder would not receive the total amount of the capital invested.

In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

The existence of these early redemption options in a particular Series of Notes could limit the market value of such Notes.

In particular, with respect to the Issuer Residual Call Option (Condition 6(f)), there is no obligation on the relevant Issuer to inform investors if and when the aggregate nominal amount of the Notes then Outstanding is 20 per cent or less of the aggregate nominal amount of the Series issued, and the relevant Issuer's right to

redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Issuer Residual Call Option by the relevant Issuer, the Notes may have been trading significantly above the redemption price, thus potentially resulting in a loss of capital invested.

Potential Conflicts of Interest

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Dutch Withholding Tax Act 2021

Under current law, the Netherlands does not levy any withholding tax on interest payments. However on 27 December 2019, the Withholding Tax Act 2021 (*Wet bronbelasting 2021*) was published in the Dutch Official Gazette (*Staatsblad 2019, 513*). This legislation will enter in to effect (*in werking treden*) on 1 January 2021. As at the date of this Prospectus, Dutch withholding tax may apply on certain (deemed) payments of interest made by IBFN to an affiliated (*gelieerde*) entity of IBFN if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021. The withholding tax rate will be 21.7 per cent in 2021. However, this rate might be changed.

If interest payments to the Noteholders were to be affected and, as such, withholding on interest payments to Noteholders were to arise, IBFN does not have to pay additional amounts under Condition 8 in the Terms and Conditions of the Notes.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, FX risk, interest rate risk and credit risk:

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

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be 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 generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in FX 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 relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that FX 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer, the Guarantor or ITL to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

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

Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign a rating to the Issuers, the Guarantor or the Notes. The rating(s) 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 rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn at any time by the assigning rating agency.

In general, European (including UK) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union or the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-European Union and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a European Union- registered or UK-registered credit rating agency or the relevant non-European Union and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including UK) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Terms and Conditions of the Notes

The following are the terms and conditions of the Notes that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the applicable Final Terms, or (ii) these terms and conditions as so completed (subject to simplification by deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be.

The Notes are constituted by a Trust Deed (as amended, restated or supplemented as at the date of issue of the Notes (the "Issue Date"), the "Trust Deed") dated 23 June 2020 between Imperial Brands Finance PLC ("IBF"), Imperial Brands Finance Netherlands B.V. ("IBFN") (each an "Issuer" and together the "Issuers"), Imperial Brands PLC (the "Guarantor") and BNY Mellon Corporate Trustee Services Limited (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "Conditions" or the "Terms and Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "Agency Agreement") dated 23 June 2020 has been entered into in relation to the Notes between the Issuers, the Guarantor, the Trustee, The Bank of New York Mellon (as initial issuing and paying agent) and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar and the transfer agents and the calculation agent for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at 1 Canada Square, London E14 5AL) and at the Specified Offices (as defined in the Trust Deed) of the Paying Agents and the Transfer Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

The Noteholders, the holders ("Couponholders") of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

References herein to the "Issuer" shall be to the Issuer of the Notes as specified in the applicable Final Terms.

References herein to the "Notes" shall be references to the Notes of this Series and shall mean, in relation to any bearer Notes represented by a global Note (a "Global Note"), as applicable (i) units of each Specified Denomination in the Specified Currency, (ii) any Global Note and (iii) any definitive Notes issued in exchange for a Global Note.

1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes"), which expression includes Notes that are specified to be Exchangeable Bearer Notes, in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) specified in the applicable Final Terms, provided that the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

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

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2, each Certificate shall represent the entire holding of Registered Notes by the same Holder.

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "Holder" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms (not otherwise defined) have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the Specified Office (as defined in the Trust Deed) of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the Specified Office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not so transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the Holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a Holder of Registered Notes, a new

Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding of Registered Notes.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(g)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the Specified Office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by ordinary uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means 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 place of the Specified Office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Conditions 6(d) and 6(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption by the Issuer may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. The Guarantor's obligations in that respect (the "Guarantee") are contained in the Trust Deed.

(b) Status of Notes and Guarantee

The Notes, and the Coupons relating to them, constitute (subject to Condition 4) unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

4. Negative Pledge

So long as any of the Notes or Coupons remains Outstanding (as defined in the Trust Deed) each of the Issuer and the Guarantor undertakes that it will not, and, in the case of the Guarantor, that it will procure that no Subsidiary (as defined below) will, create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each a "Security Interest") upon the whole or any part of its

undertaking, assets or revenues (including any uncalled capital), present or future, in order to secure any Relevant Debt (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee (A) are secured equally and rateably therewith to the satisfaction of the Trustee or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

"Subsidiary" means a subsidiary of the Guarantor within the meaning of section 1159 of the Companies Act 2006.

5. Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date in each year up to (and including) the Maturity Date.

Except as provided in the relevant Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant 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.

Except 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 the Calculation Amount and 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 upward or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note 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.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either specified in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) 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 Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent as if it were acting as Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms;

(y) the Designated Maturity is a period specified in the applicable Final Terms; and

(z) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

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

(B) Screen Rate Determination for Floating Rate Notes

(x) 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 Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms, subject as provided in Condition 5(b)(iv) below) which appears or appear, as

the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that

which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

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

(iv) Reference Rate Replacement

If:

(A) Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined; and

(B) notwithstanding the provisions of Condition 5(b)(iii)(B), a Benchmark Event occurs when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner):

(x) a Successor Reference Rate; or

(y) if such Independent Adviser determines that there is no Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Accrual Period (the "IA Determination Cut-off Date") for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Accrual Period and for all other future Interest Accrual Periods (subject to the subsequent operation of this Condition 5(b)(iv) during any other future Interest Accrual Period(s));

(ii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser in accordance with this Condition 5(b)(iv)):

(x) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Accrual Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(b)(iv));

(y) if the relevant Independent Adviser:

(1) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Accrual Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(b)(iv)); or

(2) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Accrual

Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(b)(iv)); and

(z) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(1) changes to these Terms and Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to, (aa) the Interest Period(s)/Specified Interest Payment Dates, the Business Day Convention, the Additional Business Centre(s), the Interest Determination Date(s), the Relevant Screen Page and/or Day Count Fraction applicable to the Notes and (bb) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(2) any other changes which the relevant Independent Adviser determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5(b)(iv)); and

(aa) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to this Condition 5(b)(iv) to the Trustee, each of the Paying Agents, the Calculation Agent, the Noteholders in accordance with Condition 16 and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors or authorised signatories of the Issuer:

(I) confirming (x) that a Benchmark Event has occurred, (y) the Successor Reference Rate or, as the case may be, the Alternative Reference Rate and (z) where applicable, any Adjustment Spread, in each case as determined in accordance with the provisions of this Condition 5(b)(iv);

(II) certifying that the consequential amendments are necessary to ensure the proper operation of such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread; and

(III) certifying that the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread (if any) and any such other relevant changes pursuant to this Condition 5(b)(iv) specified in such certificate will (in the absence of manifest error in the determination of the Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Paying Agents, the Calculation Agent, the Noteholders and the Couponholders.

Subject to receipt by the Trustee of this certificate, the Trustee shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), the Agency Agreement and these Terms and Conditions as the Issuer certifies are required to give effect to this Condition 5(b)(iv) and the Trustee shall not be liable to any party for any consequences thereof.

In connection with such variation in accordance with this Condition 5(b)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) described in this Condition 5(b)(iv) or such other relevant changes pursuant to this Condition 5(b)(iv), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 5(b)(iv) prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Accrual Period shall be determined by the Calculation Agent by reference to the fallback provisions set out in Condition 5(b)(iii)(B).

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes

If Step Up Ratings Change and Step Down Ratings Change is specified in the applicable Final Terms, the following provisions relating to the Rate of Interest for the Notes shall apply:

(i) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.

(ii) Subject to paragraphs (iv) and (vii) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin specified in the applicable Final Terms.

(iii) Furthermore, subject to paragraphs (iv) and (vii) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).

(iv) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either event.

(v) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from the Rating Agencies. If, notwithstanding such reasonable efforts, either Rating Agency fails to or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a substitute rating agency that shall be a Statistical Rating Agency, and references in this Condition 5(e) to Moody's or S&P, as the case may be, or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.

(vi) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change to be notified to the Trustee and the Issuing and Paying Agent and notice thereof to be published in accordance with Condition 16 as soon as possible after the occurrence of the Step Up Rating Change or the Step Down Rating Change (whichever the case may be) but in no event later than the fifth London Business Day thereafter.

(vii) A Step Up Rating Change (if any) and a Step Down Rating Change (if any), may only occur once each during the term of the Notes.

The Trustee is under no obligation to ascertain whether a change in the rating assigned to the Notes by a Rating Agency or any substitute rating agency has occurred or whether there has been a failure or a ceasing by a Rating Agency or any Statistical Rating Agency to assign a credit rating to the Issuer's senior unsecured long-term debt and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such change to the credit rating assigned to the Notes has occurred or no such failure or ceasing by a Rating Agency or any Statistical Rating Agency has occurred.

If the rating designations employed by any Rating Agency is changed from those which are described in this Condition 5(e), the Issuer and the Guarantor shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of that Rating Agency as are most equivalent to the prior rating designations of that Rating Agency, and this Condition 5(e) shall be construed accordingly.

For the purposes of this Condition 5(e) only:

"Moody's" means Moody's Investors Service Ltd, or its successor;

"Rating Agency" means either Moody's or S&P and "Rating Agencies" means both of them;

"S&P" means S&P Global Ratings Europe Limited, or its successor;

"Statistical Rating Agency" means Fitch Ratings Limited or its successor or such other rating agency as the Trustee may approve, such approval not to be unreasonably withheld or delayed;

"Step Down Rating Change" means the first public announcement after a Step Up Rating Change by either a Rating Agency or both Rating Agencies of an increase in the credit rating of the Issuer's senior unsecured long-term debt with the result that, following such public announcement(s), both Rating Agencies rate the Issuer's senior unsecured long-term debt as Baa3 or higher (in the case of Moody's) and BBB- or higher (in the case of S&P). For the avoidance of doubt, any further increases in the credit rating of the Issuer's senior unsecured long-term debt above Baa3 in the case of Moody's or above BBB- in the case of S&P shall not constitute a Step Down Rating Change; and

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

(f) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) Calculations in respect of Floating Rate Notes

The Calculation 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.

Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amount payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

The Calculation Agent will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Accrual Period by applying the Rate of Interest to the Calculation Amount and 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 market convention. Where the Specified Denomination of a Floating Rate Note 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.

(h) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Sterling Make-Whole Redemption Amounts, Non-Sterling Make-Whole Redemption Amounts and Residual Call Early Redemption Amounts

The Calculation Agent or the Independent Adviser (as the case may be) shall as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent or the Independent Adviser (as the case may be) may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Sterling Make-Whole Redemption Amount, Non-Sterling Make-Whole Redemption Amount or Residual Call Early Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Sterling Make-Whole Redemption Amount, Non-Sterling Make-Whole Redemption Amount or Residual Call Early Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent

appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination, but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination in accordance with Condition 16. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent or the Independent Adviser (as the case may be) shall (in the absence of manifest error) be final and binding upon all parties.

(i) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Accrual Period in the applicable Final Terms, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual 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 Accrual 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 Issuer shall determine, or (at its discretion) shall appoint an agent to determine, such rate at such time and by reference to such sources as it determines appropriate, acting in good faith and in a commercially reasonable manner.

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

(j) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"Alternative Reference Rate" means the rate that the relevant Independent Adviser determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Periods, or, if such Independent Adviser determines that there is no such rate, such other rate as such Independent Adviser determines in its discretion is most comparable to the Reference Rate.

"Benchmark Event" means:

(i) the Reference Rate ceasing to be published or ceasing to exist;

(ii) the later of (A) the making of a public statement by the administrator of the Reference Rate that it will, on or before a specified date, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate) and (B) the date falling six months prior to the date specified in (ii)(A);

(iii) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been permanently or indefinitely discontinued;

(iv) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the date specified in (iv)(A);

(v) the making of a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months;

(vi) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, any party responsible for determining the Rate of Interest or any Paying Agent to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); or

(vii) the making of a public statement by the supervisor of the administrator of the Reference Rate announcing that such Reference Rate is no longer representative or may no longer be used.

"Business Day" means:

(i) in the case of a 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 for such currency and/or

(ii) in the case of euro, a day on which the TARGET2 System is open (a "TARGET Business Day") and/or

(iii) in the case of a currency and/or one or more Additional Business Centres a day on which commercial banks and foreign exchange markets settle payments in such currency and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "Calculation Period"):

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

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

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(vii) if "Actual/Actual-ICMA" is specified in the applicable Final Terms:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Determination Date" means the date specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date.

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended (the "Treaty").

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended and updated as at the Issue Date of the first tranche of Notes.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms.

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

"Reference Rate" means the rate specified as such in the applicable Final Terms.

"Relevant Nominating Body" means, in respect of a reference rate:

(i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"Successor Reference Rate" means the rate that the relevant Independent Adviser determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(k) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Final Terms and for so long as any Note is Outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Sterling Make-Whole Redemption Amount, Non-Sterling Make-Whole Redemption Amount or Residual Call Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d), 6(e), 6(f) or 6(g), each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount specified in the applicable Final Terms (which, unless otherwise provided in the applicable Final Terms, is its nominal amount).

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown specified in the applicable Final Terms.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount or, if no such amount is so specified in the applicable Final Terms, at its nominal amount.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom (the "UK") or the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and a legal opinion of legal advisers of recognised standing to the effect that such circumstances prevail and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) 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, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at the Optional Redemption Amount specified in the relevant Final Terms (together, if appropriate, with interest accrued to the date fixed for redemption). Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final

Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(e) Make-Whole Redemption by the Issuer (Issuer Make-Whole Call)

(a) Sterling Make-Whole Amount

If Sterling Make-Whole Redemption is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all, or, if so provided, some of the Notes, at any time or from time to time (i) where no particular period during which Sterling Make-Whole Redemption is applicable is specified, prior to their Maturity Date; or (ii) where Sterling Make-Whole Redemption is specified as only being applicable for a certain period, during such period, in each case on the date for redemption specified in such notice (the "Sterling Make-Whole Redemption Date") at the Sterling Make-Whole Redemption Amount.

The Sterling Make-Whole Redemption Amount shall be equal to the higher of (i) 100 per cent of the nominal amount of the Notes to be redeemed and (ii) the nominal amount of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Financial Adviser, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin (if any), all as determined by the Financial Adviser plus, in each case, any accrued interest on the Notes to, but excluding, the Sterling Make-Whole Redemption Date.

(b) Non-Sterling Make-Whole Amount

If Non-Sterling Make-Whole Redemption is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all, or, if so provided, some of the Notes, at any time or from time to time (i) where no particular period during which Non-Sterling Make-Whole Redemption is applicable is specified, prior to their Maturity Date; or (ii) where Non-Sterling Make-Whole Redemption is specified as only being applicable for a certain period, during such period, in each case on the date for redemption specified in such notice (the "Non-Sterling Make-Whole Redemption Date") at the Non-Sterling Make-Whole Redemption Amount.

The Non-Sterling Make-Whole Redemption Amount shall be an amount calculated by the Calculation Agent equal to the higher of (i) 100 per cent of the nominal amount of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin (if any) plus, in each case any accrued interest on the Notes to, but excluding, the Non-Sterling Make-Whole Redemption Date.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(e).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

"FA Selected Bond" means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

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

"Gross Redemption Yield" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the UK Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts/Double dated and Updated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve;

"Redemption Margin" has the meaning given in the relevant Final Terms;

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

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

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

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

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

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

"Remaining Term Interest" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition.

(f) Issuer Residual Call Option

If Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the aggregate nominal amount of the Notes then Outstanding is 20 per cent or less of the aggregate nominal amount of the Series issued, 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 and not more than 60 days' notice to the Trustee and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(f).

(g) Redemption at the Option of Noteholders

(i) General Investor Put

If General Investor Put is specified as being applicable in the applicable Final Terms, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such Note giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the applicable Final Terms together with interest accrued to the date fixed for redemption.

To exercise such option the Holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its Specified Office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) Change of Control Investor Put

If Change of Control Investor Put is specified in the applicable Final Terms, the following provisions shall apply to the Notes:

If whilst any of the Notes remain Outstanding there occurs a Restructuring Event and within the Restructuring Period (a) (if at the time that Restructuring Event occurs there are Rated Securities) a Rating Downgrade in respect of that Restructuring Event occurs or (b) (if at the time that Restructuring Event occurs there are no Rated Securities) a Negative Rating Event in respect of that Restructuring Event occurs (that Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period together called a "Put Event"), the Holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under Condition 6(c)) under this Condition 6(g)(ii) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Put) (as defined below) at its Optional Redemption Amount specified in the applicable Final Terms together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date (Put). For the avoidance of doubt, any references in these Terms and Conditions to principal shall be deemed to include the purchase price for Notes should the Issuer opt to purchase Notes pursuant to this Condition 6(g)(ii).

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the Holders of at least one-quarter in nominal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (in each case, a "Put Event Notice")

to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the option (as set out in this Condition 6(g)(ii)).

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(g)(ii) the Holder of that Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, deliver such Note, on any business day in the city of the Specified Office of any Paying Agent falling within the period (the "Put Period") of 30 days after a Put Event Notice is given, at the Specified Office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Specified Office of any Paying Agent (a "Put Option Notice") and in which the Holder must specify a bank account to which payment is to be made under this Condition 6(g)(ii). The Note (in the case of Bearer Notes) should be delivered together with all Coupons appertaining thereto maturing after the date (the "Optional Redemption Date (Put)") which is the fourteenth day after the last day of the Put Period failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Notes corresponding to the aggregate amount payable in respect of such missing Coupons.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or any Alternative Clearing System, to exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(g)(ii) the Holder of the Note must, within the Put Period (a) give notice to the Issuing and Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on the Noteholder's instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Issuing and Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and (b) if this Note is represented by a Global Note, at the same time present, or procure the presentation of, the relevant Global Note to the Issuing and Paying Agent for notation accordingly.

The Paying Agent to which such Note (if applicable) and Put Option Notice are delivered or the Issuing and Paying Agent, as the case may be, will issue to the Holder concerned a non-transferable receipt (a "Put Option Receipt") in respect of the Note so delivered or, in the case of a Global Note or Note in definitive form held through Euroclear or Clearstream, Luxembourg, the notice so received. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed or purchased. Payment in respect of any Note so delivered will be made on the Optional Redemption Date (Put) by transfer to the account specified in the applicable Put Option Notice, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the Specified Office of any Paying Agent in accordance with the provisions of this Condition 6(g)(ii).

If 95 per cent or more in nominal amount of the Notes then Outstanding immediately prior to the Put Event Notice have been redeemed or purchased pursuant to this Condition 6(g)(ii), the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, such notice to be given within 30 days after the Optional Redemption Date (Put), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of, the Notes then Outstanding at their Optional Redemption Amount specified in the applicable Final Terms together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which shall not be more than 60 days after the date of the notice). Upon expiry of such notice, the Issuer will redeem or, at the option of the Issuer, purchase (or procure the purchase of) the Notes.

For the purpose of this Condition 6(g)(ii) only:

"Alternative Clearing System" means any additional or alternative clearing system (other than Euroclear and Clearstream, Luxembourg) approved by the Issuer, the Guarantor, the Trustee and the Issuing and Paying Agent;

a "Negative Rating Event" shall be deemed to have occurred if (a) either the Issuer or the Guarantor does not, either prior to or not later than 21 days after the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a long-term credit rating of the Notes or any other unsecured and unsubordinated debt of the Issuer ("Rateable Debt") from a Rating Agency or (b) if it does so seek and use such endeavours, it is unable, within the Restructuring Period, as a result of such Restructuring Event to obtain such a credit rating of BBB- or higher (in the case of S&P Global Ratings Europe Limited or its successor ("S&P")), Baa3 or higher (in the case of Moody's Investors Service Ltd or its successor ("Moody's")), (or, in the case of S&P or Moody's, as the case may be, their respective equivalents for the time being), or the equivalent credit rating from any other Rating Agency, provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency declining to assign a credit rating of at least investment grade (as described above) does not announce or publicly confirm or inform the Trustee in writing at its request that its declining to assign a credit rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

"Potential Restructuring Event Announcement" means any public announcement or statement by the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where, within 180 days following the date of such announcement or statement, a Restructuring Event occurs;

"Rated Securities" means the Notes so long as they shall have an effective long-term credit rating from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Issuer which has a long-term credit rating from one of the Rating Agencies;

"Rating Agency" means S&P and its successors or Moody's and its successors or any other rating agency of equivalent standing specified by the Issuer from time to time and agreed in writing by the Trustee, such agreement not to be unreasonably withheld or delayed;

"Rating Agencies" means both S&P (and its successors) and Moody's (and its successors) and any other rating agency of equivalent standing specified by the Issuer from time to time and agreed by the Trustee in writing, such agreement not to be unreasonably withheld or delayed;

a "Rating Downgrade" shall be deemed to have occurred in respect of a Restructuring Event if the current credit rating provided by a Rating Agency assigned to the Rated Securities (a) is withdrawn and is not within the Restructuring Period reinstated to, or replaced (by another Rating Agency) by, a credit rating of at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (b) is reduced from an investment grade rating BBB- (in the case of S&P) or Baa3 (in the case of Moody's) (or their respective equivalents for the time being or the equivalent rating of any other Rating Agency) or higher to a non-investment grade rating BB+ (in the case of S&P) and Ba1 (in the case of Moody's) (or their respective equivalents for the time being or the equivalent rating of any other Rating Agency) or lower and is not raised again to an investment grade rating within the Restructuring Period, provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in, or withdrawal of, a credit rating shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency making the reduction in, or withdrawal of, a credit rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

a "Restructuring Event" shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Guarantor) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers (as in force on the date of issue)), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor, or any person or persons acting on behalf of any such person(s), is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent of the issued or allotted ordinary share capital of the Guarantor or (b) such number of shares in the capital of the Guarantor carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the Guarantor; and

"Restructuring Period" means the period beginning on the date that is (a) the date of the first public announcement of the Restructuring Event or, if earlier, (b) the date of the earliest Potential Restructuring Event Announcement (if any) and ending 90 days after the occurrence of the Restructuring Event (if any) (or such longer period in which the Rated Securities or Rateable Debt, as the case may be, is or are under consideration (announced publicly within the period ending 90 days after the occurrence of the Restructuring Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

If the rating designations employed by any of the Rating Agencies are changed from those which are described in paragraph (b) of the definition of "Negative Rating Event" or in the definition of "Rating Downgrade" above, the Issuer and the Guarantor shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of that Rating Agency as are most equivalent to the prior rating designations of that Rating Agency, and this Condition 6(g)(ii) shall be construed accordingly.

(h) Purchases

The Issuer, the Guarantor and any Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(j) Definitions

In these Conditions "Amortised Face Amount" means the amortised face amount calculated in accordance with Condition 6(b)(i).

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the Specified Office of any Paying Agent outside the US and its possessions by a cheque payable in the relevant currency drawn on, or, at the option of the Holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case

of payment in euro, at the option of the Holder, by transfer to or cheque drawn on a euro account (or any other account to which euro may be transferred) specified by the Holder.

(b) Registered Notes

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the Specified Office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank and mailed to the Holder (or to the first named of joint Holders) of such Note at its address appearing in the Register. Upon application by the Holder to the Specified Office of the Registrar or any Transfer Agent before the Record Date, and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

(c) Payments in the US

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the Specified Office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with Specified Offices outside the US and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by US law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Laws

All payments are subject in all cases to (i) any applicable laws, regulations and directives, in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar and the Transfer Agents initially appointed by the Issuer and the Guarantor and their respective Specified Offices are listed below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor (and, in certain limited circumstances set out in the Trust Deed, as agents of the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having Specified Offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any Specified Office shall promptly be given to the Noteholders in accordance with Condition 16.

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes should be surrendered for Payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon(s) (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon(s) that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the Specified Office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means 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 relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" in the applicable Final Terms and:

(i) in the case of a payment in a currency other than euro where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange

transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) in the case of a payment in euro which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the UK or the Netherlands other than the mere holding of the Note or Coupon; or

(b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

(c) as a result of the entry into force of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) on 1 January 2021.

As used in these Conditions, "Relevant Date" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable has not been duly received by the Issuing and Paying Agent on or prior to such due date) the date on which payment in full of the amount outstanding is made (notice to that effect shall have been given to Noteholders and Couponholders) or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to:

(i) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Sterling Make-Whole Redemption Amounts, Non-Sterling Make-Whole Redemption Amounts, Residual Call Early Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;

(ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and

(iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

As used in these Conditions, "Tax Jurisdiction" means, in relation to a payment by IBF or the Guarantor, the UK, and in relation to a payment by IBFN, the Netherlands.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events ("Events of Default") occurs, the Trustee at its discretion may, and if so requested by Holders of at least one-fifth in nominal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution shall (subject, in each case, to being indemnified to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) *Non-Payment of Principal:* default is made for a period of more than 7 days in the payment on the due date of principal in the Specified Currency in respect of any of the Notes; or

(ii) *Non-Payment of Interest:* default is made for a period of more than 14 days in the payment on the due date of interest in the Specified Currency in respect of any of the Notes; or

(iii) *Breach of Other Obligations:* the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or

(iv) *Cross-Default:* (A) any other present or future indebtedness of the Issuer or the Guarantor or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that (i) such guarantee or indemnity is not being contested in good faith in accordance with legal advice or (ii) the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iv) have occurred equals or exceeds €50,000,000 or its equivalent (as reasonably determined by the Trustee); or

(v) *Enforcement Proceedings:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary and is not discharged or stayed within 60 days thereof; or

(vi) *Insolvency:* to the extent permitted by applicable law, any of the Issuer or the Guarantor or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of its debts or a moratorium is agreed, declared or comes into effect in respect of or affecting all or substantially all of the debts of the Issuer, the Guarantor or any Principal Subsidiary; or

(vii) *Winding-up:* an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Principal Subsidiary, or the Issuer or the Guarantor or any Principal Subsidiary shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of Directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary (or, as applicable, the relevant part thereof) are transferred to or otherwise vested in the Issuer, Guarantor and/or one or more Subsidiaries and except that neither the Issuer, the Guarantor nor any Principal Subsidiary shall be treated as having threatened to cease or having ceased to carry on all or substantially all of its business or operations by reason of any announcement of any disposal or by reason of any disposal on an arm's length basis; or

(viii) *Ownership of the Issuer:* the Issuer ceases to be directly or indirectly wholly-owned by the Guarantor except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or

consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or

(ix) *Guarantee:* the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(x) *Deed of Guarantee:* the guarantee provided under a deed dated 23 June 2020 by Imperial Tobacco Limited is not (or is claimed by Imperial Tobacco Limited not to be) in full force or effect prior to its termination in accordance with its terms,

provided that, in relation to paragraphs (v), (vi) and (vii), in respect of any Principal Subsidiary, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

"Principal Subsidiary" means:

(a) any Subsidiary of the Guarantor which is an active trading company and whose adjusted unconsolidated assets or pre-tax profit equal or exceed 10 per cent of the consolidated assets or adjusted consolidated pre-tax profit of the Group (as defined in the Trust Deed), and for the purposes of the above:

(i) the consolidated assets of the Group shall be ascertained by reference to the latest audited published consolidated accounts of the Group;

(ii) the adjusted consolidated pre-tax profit of the Group shall be the aggregate of:

(A) the consolidated pre-tax profit of the Group ascertained by reference to the latest audited published consolidated accounts of the Group; and

(B) the consolidated pre-tax profit (the pre-acquisition profit) of any Subsidiary which became a member of the Group during the period for which the latest audited published consolidated accounts of the Group were prepared (an acquired Subsidiary) for the part of that period which falls before the effective date of that acquisition, calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group;

(iii) the assets of any Subsidiary shall be the assets of that Subsidiary calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group; and

(iv) the pre-tax profit of any Subsidiary shall be the pre-tax profit of that Subsidiary calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group plus, in the case of any acquired subsidiary, an amount equal to any pre-acquisition pre-tax profit.

For the purposes of the above, "assets" in respect of the Group or any such Subsidiary means the non-current assets and current assets of the Group or that trading Subsidiary (as the case may be) but excluding investments in any Subsidiary and intra Group balances, and "pre-tax profit" in respect of the Group or any such Subsidiary excludes intra Group interest payable and receivable and intra Group dividends; or

(b) a Subsidiary of the Guarantor to which has been transferred (whether by one transaction or a series of transactions, related or not) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to those transactions was a Principal Subsidiary.

A certificate signed by two Directors or authorised signatories of the Guarantor whether or not addressed to the Trustee that, in their opinion, a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders, all as further provided in the Trust Deed.

11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being Outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being Outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent in nominal amount of the Notes for the time being Outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

In addition, the Trustee shall be obliged to agree to such modifications to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to Condition 5(b)(iv) in connection with effecting any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread or any other related changes referred to in Condition 5(b)(iv) without the requirement for the consent or sanction of the Noteholders or Couponholders. Any such modification shall be binding on the Noteholders and Couponholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business in place of the Issuer and to the substitution of the Guarantor's successor in business in

place of the Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax in consequence of any such exercise upon individual Noteholders or Couponholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes for the time being Outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

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

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

14. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the Specified Office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form

a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the Holders of securities of other series where the Trustee so decides.

16. Notices

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the Holders of Bearer Notes shall be valid if published in a daily newspaper having general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in the UK. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes in accordance with this Condition 16.

17. Contracts (Rights of Third Parties) Act 1999

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

18. Governing Law

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

Use of Proceeds

The net proceeds of each issue of Notes by the relevant Issuer will be applied by it for its general corporate purposes (including loans to other subsidiaries of the Guarantor).

Summary of Provisions Relating to the Notes While in Global Form

Initial Issue of Notes

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary").

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Notes are stated in the relevant Final Terms to be issued in NGN form or the Global Certificates are held under NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a common safekeeper ("Common Safekeeper"). Depositing the Global Notes or the Global Certificates with the Common Safekeeper 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 satisfaction of the Eurosystem eligibility criteria. Where the Global Notes issued in respect of any Tranche are in NGN or NSS form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility.

If the Global Note is an NGN the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("Alternative Clearing System") as the Holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or the Holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the Holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes*

Subject to the following proviso, each temporary Global Note will be exchangeable, free of charge to the Holder, on or after its Exchange Date:

1.1 if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Overview of the Programme –

US Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

1.2 otherwise, in whole or in part upon certification as to non-US beneficial ownership in the customary form for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes,

in each case provided that a temporary Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount in excess thereof shall be exchangeable for Definitive Notes only in the limited circumstances (each an "Exchange Event") set out in paragraph 2.4 under "Permanent Global Notes" below.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes*

Subject to the following proviso, each permanent Global Note will be exchangeable, free of charge to the Holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:

2.1 by the relevant Issuer giving notice to the Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange;

2.2 if the relevant Final Terms provide that such Global Note is exchangeable at the request of the Holder, by the Holder giving notice to the Issuing and Paying Agent of its election for such exchange;

2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the Holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and

2.4 otherwise, (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (ii) if principal in respect of any Notes is not paid when due, by the Holder giving notice to the Issuing and Paying Agent of its election for such exchange,

in each case provided that a permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount in excess thereof shall be exchangeable for Definitive Notes only upon an Exchange Event.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

3. *Permanent Global Certificates*

If the relevant Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

3.2 with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.1 or 3.2 above, the Holder has given the Registrar not less than 30 days' notice at its Specified Office of the Holder's intention to effect such transfer.

4. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

5. *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange the Holder of a Global Note may, in the case of an exchange in whole, surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant Clearing System. Global Notes and Definitive Notes will be delivered outside the US and its possessions. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with the relevant Definitive Notes.

6. *Exchange Date*

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the Specified Office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

7. *Definitive Notes*

If, in respect of any Tranche of Notes, the applicable Final Terms specifies that the Global Note may be exchanged for Definitive Notes in circumstances other than upon the occurrence of an Exchange Event, such Notes will be issued with only one Specified Denomination or all Specified Denominations of such Notes will be an integral multiple of the lowest Specified Denomination, as specified in the applicable Final Terms.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any Holder) or at any time at the request of the relevant 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.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1. *Payments and record date*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the customary form. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its Holder. Each payment so made will discharge the relevant Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means a day on which the Clearing Systems are open and settle transactions.

2. *Prescription*

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. *Meetings*

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the Holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All Holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. *Cancellation*

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

5. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the relevant Issuer, the Guarantor or any Subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

6. *Issuer's Option*

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of the relevant clearing system as either a pool factor or a reduction in nominal amount, at their discretion) or any other alternative clearing system (as the case may be).

7. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the Holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8. *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the Holders of the Notes represented by such Global Note or Global Certificate.

9. *Notices*

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the Holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Holder of the Global Note. Any such notice shall be deemed to have been given to the Holders of the Notes on the business day (which for these purposes shall mean a day on which the relevant clearing systems are open for business) after the day on which the said notice was given to the relevant clearing system.

10. *NGN nominal amount*

Where the Global Note is a NGN, the relevant Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems, and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

Imperial Brands Finance PLC

IBF (formerly named Imperial Tobacco Finance PLC) was incorporated as a private company with limited liability under the laws of England and Wales on 14 June 1996. It was re-registered on 21 October 1997 as a public company limited by shares within the meaning of the Companies Act 1985 following a special resolution of its members on 20 October 1997 and on 19 February 2016, the company was renamed Imperial Brands Finance PLC from Imperial Tobacco Finance PLC.

Its registered office is at 121 Winterstoke Road, Bristol BS3 2LL, UK (telephone number: +44 (0) 117 963 6636). It is registered with the Registrar of Companies in England and Wales with company number 03214426.

IBF is an indirect wholly-owned subsidiary of IB. As at the date of this Prospectus, it has issued share capital of £2,100,000,000 comprising 2,100,000,000 ordinary shares of £1 each.

IBF's principal activity is to provide treasury services to the Group. IBF, as the main financing and financial risk management company for the Group, undertakes transactions to manage the Group's financial risks, together with its financing and liquidity requirements. IBF has no subsidiaries of its own.

The following table shows the Board of Directors of IBF as at the date of this Prospectus.

Board of Directors	Title	Other Directorships outside the Group
John M. Downing	Company Secretary	None
John M. Jones	Director	None
Oliver R. Tant	Director	Director of The Copse House Cider Company Ltd
		Director of Landshire Estates Ltd, and Landshire Cider Ltd
		Member of Future Fuels No. 1 LLP
		Member of Cobalt Data Centre 2 LLP
		Member of The Stellar Martineau Place Limited Partnership
Thomas R.W. Tildesley	Director	Director of W H Tildesley Investment Holdings Limited
		Director of W H Tildesley Investments Limited
Marie A. Wall	Director	None

The business address of the Directors is 121 Winterstoke Road, Bristol BS3 2LL, UK.

There are no existing or potential conflicts of interest between any duties to IBF of the Directors and/or their private interests and other duties.

Imperial Brands Finance Netherlands B.V.

IBFN was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 22 May 2020 with registered number 861264824.

Its registered office is Slachtedyk 28a, 8501 ZA, Joure, Netherlands (telephone number: +31 (0) 513 480 228). It is registered with the commercial register in the Netherlands with company number 78106540.

IBFN is an indirect wholly-owned subsidiary of IB. As at the date of this Prospectus, it has issued share capital of €100 comprising 100 ordinary shares of €1 each.

IBFN is a finance company that conducts no business operations. IBFN has no subsidiaries of its own.

The following table shows the Board of Directors of IBFN as at the date of this Prospectus.

Board of Directors	Title	Other Directorships outside the Group
Bartholomeus F.T. Alkemade	Director	Director of BaRo MarkITing B.V.
John M. Jones	Director	None
Richard Neef	Director	None

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There are no existing or potential conflicts of interest between any duties to IBFN of the Directors and/or their private interests and other duties.

Imperial Brands PLC

Overview

IB, a FTSE 100 company headquartered in Bristol, UK, is the parent company of an international business specialising in tobacco and NGP brands. The Group's purpose is to create something better for the world's smokers with a portfolio of high-quality next generation and tobacco products.

The Group's core business is built around a tobacco portfolio that offers a comprehensive range of cigarettes, fine cut and smokeless tobaccos, papers and cigars. Through its subsidiaries, the Group sells its tobacco brands in approximately 160 markets worldwide. A full list of its subsidiaries, partnerships, associates and joint ventures is included within the 2019 Annual Report which is incorporated by reference in this Prospectus.

As nicotine consumption trends continue to evolve, the Group has broadened its product offering across a wider range of nicotine categories. The Group supports smokers switching to its portfolio of certain potentially less harmful NGP, including its vapour brand *blu*. The Group has taken action to improve returns and the sustainability of its NGP business, while maintaining a range of options for future growth. Elsewhere, the Group continues to test the opportunities for heated tobacco in Japan and has achieved good growth with its oral nicotine products in several European markets including Germany, Austria, Norway and Sweden.

The Group aligns its strategy to its purpose of creating something better for the world's smokers and focuses on driving results in three key areas:

- In relation to tobacco, the Group is maximising opportunities for its Asset Brands in priority markets.
- Within its portfolio of NGP, it is providing adult smokers with a range of certain potentially less harmful alternatives to cigarettes, with a particular focus on the vapour category.
- The disciplined approach the Group takes to managing cost and cash provides the funds to invest in growth. The Group's updated sustainability strategy frames the way in which it manages its environmental, social and governance issues and supports long-term development of its business.

The Group has two distinct growth models: the Market Repeatable Model (or "MRM") for tobacco and the Brand Adoption Model (or "BAM") for NGP. Consistently applying these models to the right markets and the right brands is key to delivering quality growth. The Group's overall high operating margins drive the strong cash flows that the Group believes are a hallmark of its business, and although NGP has diluted margins, the Group expects to see profitability improve over time. The Group uses the cash it generates to reinvest to support growth, pay down debt or return to shareholders through dividends.

Strategic Objectives

The Group's strategy is aligned to its purpose of creating something better for the world's smokers. The Group believes that consistently applying its two distinct growth models to the right markets and the right brands are key for delivering quality growth.

- **Quality growth from tobacco maximisation**: The Group believes it has an attractive portfolio of brands and markets to deliver long-term profitable growth. The successful implementation of this element of its strategy prioritises investment behind the Group's MRM in those markets and products that offer the best returns. Over many years, the Group has developed a track record of achieving strong price/mix growth to offset industry volume declines and enhance profitability. The Group believes that tobacco will continue to contribute materially to the Group's revenue and profit growth and targets revenue growth from consistent sales of tobacco products (although there can be no guarantee the Group will achieve this), with operating margins and cash flows in line with the Group's historical performance.
- **Additive growth opportunity from NGP**: In creating something better for the world's smokers, the Group is, where appropriate, encouraging smokers to switch to certain potentially less harmful products within its NGP portfolio. In doing so, the Group views NGP as an additive growth opportunity for IB, given its low global cigarette market share. The Group has assembled an NGP portfolio, including *blu*, which is available in the USA, Japan, and various European markets including (but not limited to) the UK, Spain, France, Germany and Italy. The Group's NGP portfolio also

includes, but is not limited to, other products such as heated tobacco and oral nicotine products. In addition, the Group acquired Nerudia in October 2017, which has allowed the Group to develop and launch additional tobacco-free products, including tobacco-free snus, which was launched in Sweden in 2018, and a heated tobacco product, *Pulze*, for which a pilot programme was launched in the Japanese city of Fukuoka in May 2019 and the next phase of the pilot is underway with extended distribution in Japan.

- **Achievement of new cost efficiencies**: The Group believes that the changes it has made to its ways of working have created a business that is better equipped to deliver quality growth. The Group continues to focus on optimising its manufacturing footprint and reducing overheads to realise operational efficiencies.

- **Capital discipline and cash generation**: The Group's business has historically generated strong cash flows as a result of its intrinsically high operating profit margins, coupled with its ability to convert a substantial proportion of profits to cash. To sharpen the Group's focus on the brands, products and markets that are core to its strategy, the Group recently divested assets that are less central to its strategic agenda. On 27 April 2020, the Group announced the agreed sale of its worldwide premium cigar business for a total consideration of €1,225 million, reinforcing its focus on simplifying its business and realising value for shareholders (see "Premium Cigars" below). This disposal completes the divestment programme announced on 9 May 2018.

- **Strong governance and sustainability agenda**: The Group recognises that some of its products are controversial but strives to operate in accordance with high standards of corporate governance, which is integral to the Group's long-term success. The Group has a sustainability strategy that frames the way in which the Group manages its environmental, social and governance issues and supports long-term development of its business. To ensure the Group continues to maintain adequate executive level oversight of its sustainability agenda, it has established a new Environmental, Social, Governance ("ESG") Steering Committee. Chaired by the Chair of the Board, the Committee's remit on the behalf of the Board will be to oversee the management of the Group's material ESG responsibilities and to ensure the successful delivery of its sustainability strategy.

- **Sustainable shareholder returns**: The Group recently revisited its capital allocation policy with a view to de-risking the business and further strengthening the balance sheet. Accordingly, the Group has decided to rebase the dividend by a third to provide increased financial flexibility, with the priority of accelerating debt reduction to the lower end of its existing 2-2.5 times target range, which it expects to achieve by the end of 2022. The Group recognises the importance of the dividend to shareholders and considers that the rebase provides an appropriate balance between debt reduction and retaining a progressive dividend, which will grow annually from the rebased level, taking into account underlying business performance. Once the Group's target leverage has been achieved, the revised policy will support a more flexible approach to capital allocation, enabling the business to consider additional shareholder returns from surplus capital alongside investing to strengthen the business.

History

The Imperial Tobacco Company (of Great Britain and Ireland) Limited was formed in 1901. Since its formation, the Group has experienced expansion, diversification and rationalisation, mergers, demergers and acquisitions. In late 1985, Hanson Trust (later Hanson PLC) made a successful bid to buy Imperial Group PLC (as it was then called) and the takeover was completed in April 1986. In October 1996, after ten years of ownership by Hanson PLC, the Group was listed on the London Stock Exchange as a FTSE 100 company. Between 1997 and 2008, the Group spent approximately £17 billion on acquisitions, which enhanced the Group's position in many overseas markets. By 2009, the Group had become an established international tobacco company with a track record of creating value for its shareholders. Following a ten-year period of intense industry consolidation, the Group remained one of just four international tobacco companies competing against each other on a global scale. Since 2010, the tobacco market has been characterised by high levels of illicit trade and increasing regulation, with smoking in public places bans becoming commonplace. In this context, and against the backdrop of the 2008 financial crisis and the resulting recession, the Group refocused its strategy to improve its organic growth and strengthen the sustainability of its business. Imperial Tobacco Group PLC was renamed Imperial Brands PLC in February 2016 to reflect the breadth of the Group's brands focus.

Products and Services

Consumer preferences are changing; consumers are using a broader repertoire of nicotine products than ever before. The Group has strong market positions in cigarettes, fine cut tobacco, papers and cigars and has also built a portfolio of NGP assets in vapour and most recently in heated tobacco with the launch of *Pulze* and the expansion of oral nicotine products in Europe.

The Group focuses on maximising opportunities for its brands by building the contribution from its Asset Brands, which consist of tobacco and NGP.

The Group has taken action to improve returns and the sustainability of its NGP business, while maintaining a range of options for future growth. Investment in vapour has been significantly scaled back in the six months ended 31 March 2020 and the Group has increased its provisions for slow-moving *blu* inventory and destocked trade inventories against a current backdrop of a weakening vapour category and the poor returns delivered on the investment in the previous financial year. Despite the reduced investment, the Group's *blu* market shares have held up well in several markets. However, overall net revenue of the Group's NGP business fell by 43 per cent reflecting destocking of the supply chain. Elsewhere, the Group continues to test the opportunities for heated tobacco in Japan and has achieved good growth with its oral nicotine products in several European markets including Germany, Austria, Norway and Sweden.

"Asset Brands" are quality brands with broad consumer appeal that generate a significant proportion of the Group's total revenue. The Group is managing these brands to drive quality sustainable growth. It has strong brand positions in cigarettes, fine cut tobacco, papers and cigars. Its NGP focus has been primarily on its *blu* vapour brand but has expanded to include other nicotine assets in heated tobacco and oral nicotine. The Asset Brands are *Davidoff, Gauloises, JPS, West, Fine, News, Winston, Lambert & Butler, Parker & Simpson, blu, Kool, Horizon, Jadé, Backwoods, Golden Virginia, Riverstone, iD, Pulze, Zone X, Rizla, Skruf* and *Knox*.

The remainder of the Group's portfolio consists of local and regional brands. These Portfolio Brands support the Group's volume and revenue development, while others are delisted or migrated into Asset Brands.

blu has been established as a leading vapour brand in the retail channel in many European markets and Japan. The Group targets the US market, which it believes is the world's biggest vapour market, though the Group has not made as much progress with *blu* in the US as it originally anticipated. The FDA has made recent statements about potential changes to tobacco and vapour regulations (see "Regulatory Landscape—Americas—Regulation in the US" below), which has led to a recent slow-down of category growth. In January 2020, the FDA issued a "Guidance for Industry" (a document that summarises the FDA's current thinking on a topic) ("Guidance"), which stated that effective 6 February 2020, the FDA intended to prioritise enforcement of the premarket review requirements for certain types of Electronic Nicotine Delivery Systems ("ENDS") products, including guidance against retailers selling such products. Specifically, the FDA intended to take enforcement action against flavoured, cartridge-based ENDS products (except for tobacco- or menthol-flavoured products that were not subject to a marketing order resulting in the removal of all flavoured, cartridge-based ENDS products (except tobacco and menthol) until such time as the FDA grants a marketing order to allow such sales. This removal from market did not apply to the *blu* disposables products since completely self-contained, disposable products were not subject to this enforcement. Additionally, Massachusetts and New Jersey passed legislation banning flavoured vapour products to include menthol.

Despite the regulatory uncertainty and the increased competitor discounting in the US, the Group believes that its positioning in the vapour market and its participation in the regulatory process will allow it to manage these changes while it continues to develop its *blu* product offering. In the UK, the Group is actively marketing *my*blu through an omnichannel approach as in accordance with its BAM. *my*blu was launched in France, Italy, Spain, Germany, Russia and other markets in 2018 and 2019. In addition, the Group's non-nicotine *my*blu variant is available across Japan (where the sale of nicotine-based liquids is currently prohibited) and has received a strong response from smokers. Revenue delivery from the vapour category was below the Group's expectations in 2019, while profitability was affected by increased investment, provisions for slow-moving inventory and supply chain termination costs.

The Group has also developed its own heated tobacco product, *Pulze*. The Group launched *Pulze* in Fukuoka, for which a pilot programme was launched in May 2019 and the next phase of the pilot is underway with extended distribution in Japan. The Group plans to increase production capacity in 2020.

Building on the Group's traditional oral nicotine credentials in Scandinavia, the Group has developed a number of modern white formats, with and without tobacco, that were first launched in 2018. The products are now available under the *Skruf* and *Zone X* brand names in a number of markets (such as Germany, Austria, the UK, Czech Republic and Slovakia), building its presence in Europe. Sales have grown strongly from a low base and the Group expects to continue to expand its national distribution in 2020 and beyond.

The Group has explored other avenues of NGP growth, including in the cannabis space. In June 2018, the Group purchased an equity stake in Oxford Cannabinoid Technologies ("OCT"), a biopharmaceutical company focused on researching, developing and licensing cannabinoid-based compounds and therapies. In July 2019, the Group announced its research and development partnership with Auxly Cannabis Group Inc. ("Auxly"), a listed Canadian cannabis company, which provides further options for future growth and builds on the investment made in OCT in 2018. The transaction was completed in September 2019, ahead of the further liberalisation of cannabis regulation in Canada in October 2019, when the sale of cannabis-derivative products, such as edibles, extracts and topicals, was legally permitted. As part of the partnership, the Group has granted Auxly global licences to its vaping technology and access to its innovation business, Nerudia. On 25 July 2019 the Group announced that it would invest 123 million Canadian dollars by way of a debenture convertible into 19.9 per cent ownership of Auxly at a conversion price of 0.81 dollars per share. The transaction was completed on 25 September 2019, and since then the Group has also exercised a 'top up right' and invested approximately a further five million Canadian dollars.

Premium Cigars

On 27 April 2020, the Group agreed the sale of its worldwide premium cigar businesses ("Premium Cigars") to investment consortia of individual investors in two distinct transactions for a total consideration of €1,225 million. The sale will take place in two transactions documented under two sale agreements: one for the USA business ("Premium Cigar USA"); and another for the Rest of the World business ("Premium Cigar RoW"). In respect of the transactions: Gemstone Investment Holding Ltd will acquire Premium Cigar USA for a total consideration of €185 million and Allied Cigar Corporation, S.L will acquire Premium Cigar RoW for a total consideration of €1,040 million. The transactions are each subject to the fulfilment of certain conditions, including customary antitrust and other regulatory clearances and are expected to close in the third quarter of calendar year 2020. The Premium Cigar RoW transaction includes the sale of the Dominican Republic handmade premium cigar factory which is expected to close in 2021. Of the Premium Cigar RoW transaction consideration, €88 million (£77 million) will be deferred for 12 months from close and €69 million (£61 million) will be deferred and contingent upon transfer of the Dominican Republic factory. The Premium Cigar business contributed £80 million of the Group's profit before tax in the year to 30 September 2019. The business comprises assets that are wholly owned as well as investments in a number of joint ventures, which results in a different accounting treatment for the two asset types:

- The wholly owned assets represented £226 million of net revenue and £30 million of adjusted operating profit of the Africa, Asia and Australasia division for the year to 30 September 2019.
- The Group's investments in the Premium Cigar joint ventures are accounted for using the equity method and the Group's share of the profit after tax is £50 million for the year to 30 September 2019.

As at 30 September 2019, the gross assets of Premium Cigars were £1,287 million and net assets were £1,111 million.

The Group's Businesses Segments

Historically, IB had divided its tobacco business by segment into Returns Markets and Growth Markets and separately disclosed its performance in the US. However, from 1 October 2018, the Group reorganised the management of its business on a geographic basis to reflect the growth opportunities NGP offers across its footprint. Accordingly, the Group's tobacco and NGP businesses were renamed Tobacco & NGP, reflecting the growing importance of NGP for the Group's future growth. The Group now reports its results for three geographic segments for Tobacco & NGP (Europe, Americas, and Africa, Asia and Australasia) and Distribution.

Europe

The Group manufactures and sells a comprehensive range of tobacco and NGP in Europe, including cigarettes, fine cut, vapour, snus, oral nicotine products, papers and cigars.

The Group founded Fontem Ventures, a consumer goods company with a portfolio that now includes the Group's vapour brand, *blu*, in December 2012. *blu* is currently sold in thirteen markets in the Group's Europe segment. The Group is focused on building national distribution systems for *my*blu in the UK, Germany, France, Spain and Italy, including increasing availability in traditional retail outlets, which the Group believes will increase consumer demand for *blu* in line with the Group's BAM. The Group has developed modern oral nicotine products with and without tobacco. First launched in 2018, they are currently marketed in an increasing number of European markets including Sweden, Austria, Germany, the UK, Czech Republic and Slovakia. In addition to vapour, the Group has made additional investments in NGP and companies specialising in cannabinoid products. The Group acquired Nerudia Limited, a UK-based NGP innovation company, in October 2017, which has supported the Group in developing and launching oral nicotine products, including *Zone X,* and *Pulze,* a heated tobacco product.

Americas

The Group's Americas business offers a broad portfolio of cigarette, vapour and mass market and premium cigar brands (though the Group has agreed to the sale of its premium cigar brands, see "Imperial Brands PLC—Premium Cigars" above). The Group formed its current US business through the combination of its US-based operations with cigarette brands and assets acquired under the 2015 US Acquisition. As a result, the Group's US business became the third largest tobacco company in the US by volume (according to Group estimates), which is currently one of the most profitable tobacco markets in the world and a priority market for the Group. Key brands in the Group's Americas segment include *Kool*, *Winston*, *Maverick* and *Sonoma*. The Group has invested in brand equity, distribution and consumer trials to drive consumer adoption and repeat purchase in the US.

Africa, Asia and Australasia

The Group's Africa, Asia and Australasia segment offers a broad portfolio of cigarettes, fine cut and smokeless tobaccos. The Group has launched *my*blu in Japan, Russia and New Zealand and has launched a pilot for its *Pulze* heated tobacco product in the Japanese city of Fukuoka in 2019 and the next phase of the pilot is underway with extended distribution in Japan.

Distribution

The Group's Distribution business comprises the distribution of tobacco and related products for a range of manufacturers, including the Group's Tobacco & NGP business, as well as a wide range of non-tobacco products and services. The Distribution business is one of the largest distribution businesses in Europe, serving 300,000 outlets across Spain, France, Italy, Portugal and Poland. The business services tobacco and non-tobacco customers and has established a long track record of delivering sustainable value. The Group's Distribution business is run on an operationally neutral basis ensuring all customers are treated equally, and transactions between the Group's Tobacco & NGP business and the Group's Distribution business are undertaken on an arm's length basis reflecting market prices for comparable goods and services.

The Distribution business comprises the Group's shareholding (held by Altadis S.A.U.) in *Compañía de Distribución Integral Logista Holdings, S.A.* ("Logista"). Logista operates through two divisions: (i) tobacco logistics, which involves the transportation of tobacco products primarily in Spain, France, Italy, Portugal and Poland, and (ii) other logistics, which provides transport services for various industries including publishing, pharmaceuticals and the lottery. It is a leading distributor of products to the convenience retailers, covering outlets that include tobacconists, petrol stations and grocery stores. In addition, Logista operates in the transportation segment, through courier and industrial parcel activities in Spain and Portugal. Logista is listed on the Spanish Stock Exchange.

Manufacturing

The Group seeks to share technology and expertise across its 38 factories (two of which are due to close by the end of 2020) around the world in order to reduce manufacturing costs and increase efficiency. It focuses on high-quality, low-cost manufacturing and has an ongoing drive to improve productivity across the business. It aims to ensure that its manufacturing base is structured effectively, to ensure a fast response to changing

market dynamics and consumer requirements. In the last few years, the Group has closed a number of cigarette, fine cut tobacco and cigar factories as part of an ongoing review of its manufacturing footprint in order to maximise efficiencies.

Conventional tobacco products

The Group's main materials are tobacco leaf, paper, acetate tow (for the production of cigarette filter tips), printed packaging materials and other materials used in the manufacture of tobacco products, which are purchased from a number of suppliers. The Group's policy is not to be reliant, where practical, on any one supplier, and it has not suffered any significant production losses as a result of an interruption in the supply of raw materials. Where there are only a few major suppliers of a main material, the failure of any one supplier could potentially have an impact on the Group's business.

With regard to tobacco leaf, the Group seeks to reduce its exposure to individual markets by sourcing tobacco leaf from a number of different countries, including Brazil, India, Spain, China and Malawi. Different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price. Political instability may significantly affect tobacco crops. The Group seeks to offset these risks by purchasing tobacco crops from numerous areas of the world, and to ensure a consistent leaf supply if there is a crop failure.

Tobacco blends and brands

Tobacco comes in a number of varieties, the most common of which are lighter coloured Virginia, Burley, Oriental and dark air-cured. In general, dark tobacco is used for pipes and cigars and lighter coloured leaf is used in the manufacture of cigarettes. Fine cut tobacco is manufactured using blends of light and dark tobacco.

While there are local variations, cigarettes are manufactured using two principal tobacco blends, Virginia blend and American blend, each accounting for approximately half of the world market. Virginia blend products are predominant in the UK, Australia and most Asian markets, including China and India. American blend products are predominant in Western (other than the UK), Central and Eastern Europe, the US and Latin America.

There are significant differences among tobacco markets resulting from local preferences for tobacco blends and brands, the degree of governmental regulation, excise duty structures and distribution mechanisms in each market. Tobacco products are generally branded products, with different brands preferred in different geographic regions. Consequently, brand ownership and management are important factors. In a number of markets, tobacco distribution arrangements and governmental regulations, including duty and tariff structures, may act as barriers for new entrants into such markets.

NGP

The Group manufactures its packs, liquid container systems, bulk liquids, batteries and chargers for *blu* at its third-party manufacturing partners in China, the US and the EU. The vapour products themselves contain an e-liquid (only applicable to "pre-filled" products) that is made in the US or UK with domestic and imported materials. The filling of the liquid containers, either a pod, tank or bottle, takes place at the Group's partners in the US and China. There are two main components: the device (including the battery) and the container for flavoured liquids.

Sales and Distribution

With a number of countries being subject to the EU Directive 2003/33/EC, regulating the advertising and sponsorship of tobacco products, and with many countries adopting the WHO FCTC, tobacco advertising and sponsorship has been banned or restricted in a large number of markets. As conventional means of communication between manufacturers and consumers such as advertising and promotion are progressively withdrawn, effectiveness at the point of sale becomes increasingly important. The Group seeks to ensure the wide availability of its product ranges at competitive prices, by optimising the points of sale at which its products are offered and constantly monitoring retail outlets for availability and price competitiveness. The Group has continued to invest in sales communications technology and analysis tools across the Group, and it believes the information provided not only gives it a competitive advantage, but also supports regular, frequent contact with retailers.

The manner in which the Group distributes its products varies by country. In some countries, particularly in Western Europe, the Group distributes its products itself (including through the logistics channels of Logista). In other countries, particularly in emerging markets, the Group distributes under agreements with third parties.

Regulatory Landscape

A variety of regulatory initiatives affecting the tobacco and NGP industries have been proposed, introduced or enacted over many years, including: the levying of substantial and increasing excise duties; restrictions or bans on advertising, marketing and sponsorship; the display of larger health warnings, graphic health warnings and other labelling requirements on tobacco product packaging; restrictions on packaging design, including the use of colours in plain or standardised packaging regulations; restrictions on pack content, including minimum quantity per pack; restrictions or bans on the display of tobacco product packaging at the point of sale and restrictions or bans on cigarette vending machines; restrictions on the type of retail outlets that are permitted to sell tobacco products; requirements regarding testing, verification and maximum limits for tar, nicotine and carbon monoxide; requirements regarding ingredients and emissions reporting, evaluation and possible bans of certain tobacco product ingredients, including menthol; restrictions on flavourings for tobacco products and NGP; requirements that products and changes to products are approved by regulatory authorities prior to sale; requirements that cigarettes meet safety standards for ignition propensity; increased restrictions on smoking in public and work places and, in some instances, in private places and outdoors; implementation of measures restricting certain descriptive terms (including those which might be argued to create an impression that one brand of cigarettes is less harmful than another); requirements for the tracking and tracing of tobacco products; and annual registration of tobacco companies.

IB continues to manage these challenges and seeks to engage with governments and other regulatory bodies to find reasonable, proportionate and evidence-based solutions to changing regulations.

The Group as a whole

World Health Organization Framework Convention on Tobacco Control

The WHO FCTC is an all-encompassing instrument for regulating tobacco products on a global level. It has been ratified by 181 countries to date. The original treaty is being supplemented by protocols and guidelines, some of which are currently under development. While the guidelines are not legally binding, they provide a framework of recommendations for parties to the WHO FCTC. These guidelines influence the regulatory landscape in which the Group operates.

The guideline on advertising, for instance, seeks to broaden the definition of tobacco advertising to include product display and vending, as well as the pack itself. The guideline on packaging and labelling further introduces the idea of "innovative health warnings", such as health warnings printed on the actual cigarette. The parties have also adopted a protocol in relation to anti-illicit trade which came into force on 26 September 2018. It places legal obligations on all parties to the protocol, including a track and trace regime and a licensing regime for the manufacture, import and export of tobacco products and machinery.

Other areas include the suggestion to introduce plain packaging, the rejection of any industry partnership and the regulation of electronic nicotine and non-nicotine devices.

All parties to the WHO FCTC meet at the Conference of the Parties, a set of periodic meetings to discuss the framework. The last such meeting was held in Geneva in October 2018.

Future areas of work to be progressed into guidelines include further product regulation and the provision of support for economically viable alternatives to tobacco growing.

Almost all of the WHO FCTC provisions entail extra costs for the tobacco industry in one way or another. A change in the number and size of on-pack health warnings which is subject to regular rotation, for instance, requires new printing cylinders to be commissioned, while the implementation of new plant protection product standards, product testing and the submission of ingredients information to national governments require extensive resources, time and material.

Smoking and use of NGP in public places

The majority of countries in which the Group operates have enacted restrictions on smoking in public places, although the degree and severity of these restrictions vary. Comprehensive smoking bans in hospitality venues are in place in many markets including in Ireland, the UK, Norway, New Zealand and Australia, as well as within Canada and the US.

In the EU, smoking in public places and workplaces is regulated at a Member State level.

As tobacco regulation increases in speed, scale, scope and sophistication, some countries are also seeking to regulate public smoking in non-workplace environments such as outdoor dining areas, parks, beaches, balconies and cars carrying children. Some US and Australian states and Canadian provinces have already passed legislation to this end and others are likely to follow at some point in the near to mid-term future. In the UK, smoking is banned in cars carrying anyone aged below 18.

Experience in many markets has shown that following the introduction of public place smoking restrictions there is usually an initial decline in consumption, the rate of which diminishes over time.

As a relatively recent issue, vaping in public places is not yet directly regulated in many countries and generally depends on the legal classification of the vaping products. As the vaping category grows in popularity, we will see more and more countries define rules around vaping in public places. Those who recognise the role of EVPs in population harm reduction are likely to take a more liberal approach whilst others will include them in public smoking bans with a small number banning vaping altogether.

Regulation of other flavoured tobacco products and NGP

Some countries are now seeking to restrict or ban the use of certain flavours in tobacco products, arguing that such products disproportionally appeal to minors and act as a catalyst for young people taking up smoking. In the US, the Family Smoking Prevention and Tobacco Control Act of 2009 ("FSPTC Act") bans characterising flavours other than tobacco and menthol. The FSPTC Act flavour ban is currently only applicable to cigarettes and roll-your-own/make-your-own (including pipes and papers), and the Deeming Rule (as defined below) does not include a flavour ban. In November 2018, the FDA made public statements regarding its possible future regulation of menthol in combustible tobacco products, and has recently announced plans to move forward with a rulemaking process to develop a product standard banning menthol and flavours in all combustible tobacco products. However, pursuant to Guidance issued by the FDA in January 2020, flavoured cartridge-based ENDS products without a marketing order, with the exception of tobacco and menthol flavours, became subject to enforcement and were withdrawn from the market on 6 February 2020 until such time as a marketing order is received to allow the sale of these products. Although no formal rulemaking pertaining to flavours in ENDS products has taken place, this Guidance has resulted in a ban in sales of flavoured cartridge-based ENDS products in the United States, with exception of tobacco and menthol flavours, until pre-market applications are received, reviewed and granted by the FDA. This current sales ban only applies to cartridge-based ENDS, and not the disposable or "cig-a-like" products. In addition, local government authorities in cities such as New York City and Boston have taken up the flavouring ban issue. In Canada, the manufacture and sale of cigarettes, little cigars and blunt wraps with characterising flavours are banned. The majority of Australian states have also banned flavours in cigarettes that give an "overtly" fruit-flavoured taste and the government is currently considering further regulatory options. The issue may also be extended to cigars at some point in the future. The EUTPD also bans the use of characterising flavours in cigarettes and fine cut tobacco from May 2016 with a four-year derogation for flavoured products with an EU-wide sales volume of 3 per cent or more in a particular product category until May 2020. Only menthol benefitted from this derogation which has now ended.

A ban on flavoured tobacco products or NGP would require manufacturers to review and adapt their product portfolio in order to offer consumers alternatives when flavoured tobacco products or NGP are no longer available.

Europe

EU Tobacco Products Directive (2014/40/EU)

The EU Tobacco Products Directive (2001/37/EC) was adopted in May 2001 for introduction into Member States' laws by September 2002, to set maximum tar, nicotine and carbon monoxide yields, introduce larger health warnings and ban descriptors such as "light" and "mild".

A review of the original directive commenced in 2010 and a revised directive, the EUTPD entered into force on 20 May 2014. Provisions include: increased pictorial health warnings to 65 per cent of the front and back of packs; restrictions on pack shape and size, including minimum pack sizes of 20 sticks for cigarettes and 30g for roll-your-own/make-your-own tobacco; increased ingredients reporting; a ban on characterising flavours; "tracking and tracing" requirements (from 20 May 2019 for cigarettes and fine cut tobacco and 2024 for all other tobacco products); and for vapour products, nicotine limits, pre-market notification, ingredients reporting and advertising bans.

This Directive is an important piece of EU legislation for the Group's European markets as well as having an impact on the entire tobacco product portfolio.

The next review of the EUTPD is now underway though the likely direction of the review is still unclear.

EU Tobacco Excise Directive (2011/64/EU)

In the European Union, excise duties for tobacco products are regulated principally through the EU Tobacco Excise Directive (2011/64/EU) ("EUTED"). EUTED defines the product categories, structure and minimum rates for excise duties on manufactured tobacco. The excise duty on cigarettes must consist of two components: a specific component (i.e. a fixed amount per 1,000 cigarettes) and an *ad valorem* component (i.e. a percentage of the retail selling price). These two components must be the same for cigarettes of all price categories. Minimum rates are set out in the EUTED, which Member States must respect, although they are free to go above these minima in the taxes they apply. For tobacco other than cigarettes, Member States can choose between a specific duty or an *ad valorem* duty, or may apply a mixture of the two. Minimum rates are set out for three different categories of tobacco products, other than cigarettes, in the EUTED. Member States are free to apply national rates above these minima.

The EUTED is currently under review. Topics likely to be covered by the review include: an increase to factory manufactured cigarette ("FMC") and fine cut tobacco ("FCT") minimum excise rates; a revised conversion rate of FMC to FCT; narrowing of the gap between FMC and FCT excise; amendment to the 60 per cent incidence clause on FMC; inclusion of heated tobacco as a new category (with a minimum rate) and inclusion of vapour as a new category (with a minimum rate potentially set at 0) and raw tobacco.

EU Directive on Single Use Plastics

The EU has agreed legislation aimed at reducing single-use plastics. The industry will be subject to an extended producers' responsibility scheme and will have to apply specific marking on all cigarettes and filter tips packs—detailed instructions and guidance to Member States on both are currently being developed via secondary legislation. The EU directive entered into force in June 2019, with two years for Member States to transpose the provisions into national legislations. Vapour components or tobacco-free oral nicotine delivery are out of scope of this legislation.

Plain and standardised packaging

The issue of plain packaging is high on the agenda of tobacco control groups. The WHO FCTC recommends the introduction of plain packaging through its guidelines on advertising, promotion and sponsorship and on packaging and labelling. In the EU, a review of plain packaging was initially proposed as part of revisions considered for the EUTPD but was rejected by most Member States early on in the process. However, the UK, France, Ireland, Norway, Slovenia and Hungary have all adopted standardised packaging on a national level.

In the UK, the industry mounted a legal challenge against this legislation in the High Court, which upheld the legislation in May 2016. The ruling has subsequently been unsuccessfully appealed by some of the claimants.

Product display bans at point of sale

Product display restrictions at point of sale have been in place in a number of countries beginning in 2001 and have been implemented both at national and state levels. These include Norway, Iceland, Finland, New Zealand, Thailand, Canada, Australia, Russia and several other countries.

Ireland was the first Member State to introduce a point of sale display ban effective July 2009. Since then the UK has banned the display of tobacco products at the point of sale.

Product display bans affect the consumer purchasing process and competition between tobacco manufacturers and retailers. Retailers may reduce the number of stock keeping units that they are likely to stock, which in turn may make it necessary for tobacco products manufacturing companies to review and adapt their product portfolio in certain markets.

Pictorial health warnings

Pictorial health warnings have been mandated in all 27 Member States and the UK through the EUTPD from 20 May 2016 (or such date as stipulated in delayed national transpositions).

Some Member States have extended the requirement of pictorial health warnings to additional product categories such as cigars.

Regulation of NGP such as vapour and heated tobacco products

In the EU, vapour products with a nicotine content of up to 20 mg/ml are regulated in accordance with Article 20 of the revised EUTPD, which requires, among other things, on-pack health warnings, pre-market notification, and annual submission by manufacturers of a comprehensive data set to Member State authorities (please see "EU Tobacco Products Directive (2014/40/EU)" above for more detail about the EUTPD). Article 20 also prohibits cross-border sponsorship or sponsorship of national events that have a cross-border effect, and bans the advertising of nicotine-containing vapour products in print media, on television, radio and the internet. Nicotine-free vapour products are subject to the General Product Safety Directive 2001/95/EC of 3 December 2001, but such vapour products may be regulated more strictly by Member States.

In 2014, Italy became the first country to introduce an excise category for vapour products but more recently reduced the rate from 50 per cent to 10 per cent of the factory-made cigarette equivalent. Excise on vapour products varies across the markets, though the majority of countries levy no rates whatsoever (including, for example, France, Germany, Spain and the Netherlands).

Currently, regulation and excise of heated tobacco products also varies across jurisdictions, with some countries treating the product under tobacco legislative frameworks (such as Portugal and Norway), while in other countries the product is relatively unregulated (such as in Russia).

Americas

Regulation in the US

The FSPTC Act granted the FDA regulatory authority over all tobacco products with immediate effect over cigarettes, roll-your-own/make-your-own and smokeless products.

Key elements of the FSPTC Act regulate the annual registration of tobacco companies, product testing and the submission of ingredient information; require FDA approval for all new products or product modifications; ban all characterising artificial or natural flavours other than tobacco or menthol in cigarettes; establish "user fees" to fund FDA regulation of tobacco products; provide for the increase in health warning sizes on cigarette packs with the option to introduce pictorial health warnings; provide for implementation of good manufacturing practices; revise the labelling and advertising requirements for smokeless tobacco products; require the investigation of menthol; and allow the FDA to issue regulations deeming other tobacco products to be subject to the FSPTC Act.

One of the provisions of the FSPTC Act required all US cigarette manufacturers to seek a premarket approval order from the FDA by one of three methods, including by way of "Substantial Equivalence" reports. These reports were required for all products in the market-place as of 22 March 2011, which were either introduced or changed since 15 February 2007. The FDA refers to these reports, filed as of March 2011, as "provisional" Substantial Equivalence reports. Along with other companies, Reynolds indicated that it complied with the FDA's requirements by filing provisional Substantial Equivalence reports regarding the brands acquired by the Group under the 2015 US Acquisition. The FDA has approved twenty-nine of the provisional Substantial Equivalence reports which were filed, including those for Reynolds, to include six Winston variants, two Kool variants, and one Salem variant. The Group anticipates that the remaining pending provisional reports will be approved, and Reynolds has transferred these reports to ITG Brands, and will cooperate with ITG Brands in obtaining FDA approval. In relation to Lorillard brands acquired under the 2015 US Acquisition, Lorillard

filed provisional Substantial Equivalence reports on or before the 22 March 2011 deadline as required by the FSPTC Act. Twenty of the former Commonwealth Brands variants have also received marketing orders. On 14 July 2016, the FDA issued a Not Substantially Equivalent ("NSE") notice regarding the provisional Substantial Equivalence report filed for *Maverick Menthol Silver Box 100s*. ITG Brands decided not to challenge the FDA's position regarding this particular menthol variant and has taken all necessary steps to remove this product from the market. It is anticipated that the remaining provisional reports will be approved. In 2018, the FDA issued NSE notices on six variants of *Montclair*, one *Rave*, two *Salems* and one *Kool* product. The FDA agreed to suspend any action on these products while ITG Brands pursued an administrative appeal of the findings. The FDA subsequently issued an order that five of the *Montclair* variants should be issued Substantial Equivalence orders and the sixth should be granted further scientific review by the agency. On 7 June 2019, the FDA issued NSE notices on nine variants of *Crowns*. In July 2019, August 2019 and October 2019, further NSE notices were received for six variants of Maverick, five variants of Rave and four more variants of Salem, respectively. These determinations are being appealed by ITG Brands and no immediate action is anticipated. ITG Brands does not currently produce any of the products subject to the pending reports with the exception of a few variants sold only in Puerto Rico. All cigarette products have been converted to their grandfathered (pre-2007) product specifications, thus not requiring a marketing order, or are subject to at least one of the sixty-nine Exempt Orders the FDA has granted that allow for the marketing of the products, using the grandfathered specifications, with minor modifications.

For a discussion of US regulation of NGP, please see "Imperial Brands PLC–Regulatory Landscape–Americas–Regulation of NGP such as vapour and heated tobacco products" below.

In July 2017, the FDA announced a multi-year plan to lower nicotine levels in combustible cigarettes to "non-addictive" levels. At the same time, the FDA noted that it is committed to encouraging innovations that have the potential to make a public health difference, stating that nicotine is both the problem and the solution to the question of addiction. In March 2018, the FDA announced three advance notices of proposed rulemaking ("ANPRMs") regarding the regulation of premium cigars, the regulation of flavours in tobacco products (including menthol), and a potential standard for nicotine level in cigarettes. The FDA then solicited and accepted public comments on these various matters for review and consideration in the potential development of a rule or rules. In November 2018, the FDA's Commissioner issued a press release indicating that the FDA intended to undertake action on flavoured vapour products and flavoured combustible tobacco products. This action would include commencing a rulemaking on a product standard that would ban menthol in combustible tobacco products. The timeline for commencing this rulemaking and whether the FDA will issue any such rule remains unclear. The FDA has also stated it intends to seek to limit distribution of flavoured vapour products in certain retail channels, but the basis for this statement is not clear.

The FTC also monitors certain reporting, advertising, and other obligations regarding tobacco sales. In August 2018, a consumer petition was filed with the FTC asking it to act on alleged violations regarding social media use by several manufacturers, including IB. The allegations related to IB occurred in Australia, Egypt, Bosnia and Herzegovina, and the United Arab Emirates. No action has been taken on the petition as of the date of this Prospectus.

The FDA has recently stated that it is considering changes to tobacco and vapour regulations, which may include possible restrictions on menthol and the level of nicotine in cigarettes, changes to the regulation of cigars, an increase in the national minimum age for the purchase of tobacco and vapour products as well as other measures designed to prevent youth access.

The Group continues to actively participate in the regulatory process and supports the FDA's evidence-based approach to regulation.

Menthol Regulation in the US

The FSPTC Act of 2009 required the FDA to establish the Tobacco Products Scientific Advisory Committee ("TPSAC") to evaluate, among other things, "the impact of the use of menthol in cigarettes on the public health, including such use among children, African-Americans, Hispanics, and other racial and ethnic minorities". In addition, the FSPTC Act permits the FDA to impose restrictions regarding the use of menthol in cigarettes, including a ban, if those restrictions would be appropriate for the public health. The findings of the TPSAC report, which is not binding on the FDA, included that menthol likely increases experimentation and regular smoking, menthol likely increases the likelihood and degree of addiction for youth smokers, non-

white menthol smokers (particularly African-Americans) are less likely to quit smoking and are less responsive to certain cessation medications, and that consumers continue to believe that smoking menthol cigarettes is potentially less harmful than smoking non-menthol cigarettes as a result of the cigarette industry's historical marketing. TPSAC's overall recommendation to the FDA was that "removal of menthol cigarettes from the marketplace would benefit public health in the US".

On 27 June 2011, the FDA provided a progress report on its review of the science related to menthol cigarettes. In this report, the FDA stated that "experts within the FDA Center for Tobacco Products are conducting an independent review of the science related to the impact of menthol in cigarettes on public health". The FDA stated that it would submit its draft independent review of menthol science to an external peer review panel in July 2011. On 26 January 2012, the FDA provided a second progress report on its review of the science related to menthol cigarettes. In this update, the FDA stated that the "FDA submitted its report to external scientists for peer review, and the agency is revising its report based on their feedback".

On 24 July 2013, the FDA made available its preliminary scientific evaluation ("PSE") of public health issues related to the use of menthol in cigarettes and peer review comments thereto. Although the FDA PSE found that menthol in cigarettes is not associated with increased smoke toxicity, increased levels of biomarkers of exposure or increased disease risk, the evaluation concluded that menthol in cigarettes is likely associated with increased initiation and progression to regular cigarette smoking, increased dependence, reduced success of smoking cessation, especially among African-American menthol smokers, altered physiological responses to tobacco smoke and particular patterns of smoking. In the PSE, the FDA concluded that menthol cigarettes likely pose a public health risk above that seen with non-menthol cigarettes. The FDA also issued an ANPRM seeking comments on the PSE and requesting additional information related to potential regulatory options it might consider for the regulation of menthol. The FDA has sought comments regarding, among other things, information on potential product standards for levels of menthol in cigarettes; the timeframe for compliance with any product standard enacted; whether a stepped approach to lowering or removing menthol from cigarettes would be appropriate; whether sales, distribution, advertising or promotion restrictions are appropriate; and evidence, including public health impact, of any potential illicit market in menthol cigarettes should they no longer be available. In addition, the FDA announced that it is funding new research on, among other things, the differences between menthol and non-menthol cigarettes to obtain information to assist the FDA in making informed decisions related to potential regulation of menthol in cigarettes. The FDA established a comment period, which ended on 22 November 2013, for the ANPRM and PSE, and said it will consider all comments and other information submitted to determine what, if any, regulatory action is appropriate. If the FDA determines that regulation of menthol is warranted, the FDA could promulgate regulations that, among other things, could result in a ban on, or restrictions on the use of, menthol in cigarettes, or further restrictions on the marketing and advertising of menthol cigarettes. The timing of the release of any such proposed regulation remains uncertain. While no formal action has been taken in this regard since 2013, as stated above, the FDA has requested comments on a notice of proposed rulemaking regarding flavours in tobacco products, including menthol. Further, as noted above in "Regulatory Landscape—Americas—Regulation in the US", in November 2018 the FDA made public statements regarding its possible future regulation of menthol in cigarettes, and has recently announced it plans to move forward with a rulemaking process to develop a product standard banning menthol. The timing of the FDA's process remains unclear as no formal proposed rule has been developed or issued.

Pictorial health warnings

In the US, the FSPTC Act required the FDA to develop and implement graphic health warning statements. The initial proposal was found to be unconstitutional and the agency has been working to develop an alternative that will not violate legal standards. In March 2020, the FDA published its final rule requiring 11 graphic warnings to be displayed on packaging and advertisements evenly and randomly with implementation at manufacturing and advertisements with implementation in June 2021. In April, RJ Reynolds Tobacco Company, ITG Brands, LLC and a number of other manufacturers filed a challenge to the final rule in the Federal District Court for the Eastern District of Texas. The Court has since issued an order postponing the implementation date to October 2021.

Canada and Brazil have already introduced pictorial health warnings on tobacco products.

Regulation of NGP such as vapour and heated tobacco products

On 8 May 2016, the FDA published a final rule deeming certain previously unregulated tobacco products (including cigars and vapour products) to be subject to the regulatory authority of the FDA (the "Deeming Rule"). The Deeming Rule became effective on 8 August 2016. As part of the regulatory environment, newly deemed products are subject to, among other things, minimum age restrictions, health warning requirements and a requirement to register product and ingredient information with the FDA. In addition, all newly deemed products introduced on the market after 15 February 2007 must obtain FDA pre-market approval. Since most vapour products were placed on the market after that date, the result is that virtually all vapour products need to be submitted to the FDA for review. However, products on the market as of the effective date of the Deeming Rule are allowed to remain in the market for a continued period provided the manufacturer files a pre-market submission by 9 September 2020 after which time the FDA will begin enforcement against products not subject to a pending pre-market submission. Additionally, the FDA will provide a one-year review period after which time it will make enforcement decisions on a case-by-case basis. The FDA will also prioritise enforcement against products with pending pre-market submission in the following manner: 1) any flavoured, cartridge-based ENDS product (other than a tobacco- or menthol-flavoured ENDS product); 2) all other ENDS products for which the manufacturer has failed to take (or is failing to take) adequate measures to prevent minors' access; and 3) any ENDS product that is targeted to minors or whose marketing is likely to promote use of ENDS by minors. Additionally, flavoured cartridge-based ENDS products without a marketing order, with the exception of tobacco and menthol, became subject to enforcement and were withdrawn from the market on 6 February 2020 until such time a marketing order is received to allow the sale of these products.

The Deeming Rule impacts new product introductions due to the pre-market review process. The FDA has also announced new enforcement actions and a Youth Tobacco Prevention Plan to stop youth use of, and access to, vapour products in the US. In addition to its public statement regarding menthol (see "Regulation of other flavoured tobacco products and NGP" above), the FDA also announced plans to pursue further regulatory initiatives on flavoured vapour products, with the aim that only tobacco, mint and menthol vapour products could be sold in traditional retail outlets. Under the proposals, other flavoured vapour products may only be sold at age-restricted locations or through online channels that use age verification checks. This proposal, however, has not been implemented.

Africa, Asia and Australasia

Plain and standardised packaging

The Australian government's tobacco plain packaging legislation took effect in December 2012. A challenge brought by Imperial Tobacco Australia Limited and other manufacturers in 2011 was unsuccessful. In June 2018, the World Trade Organization ("WTO") issued a decision in a dispute brought in 2013 by a number of tobacco and cigar producing WTO member states concerned about the restrictions on trademarks, geographical indications and other requirements imposed by Australia. The WTO found that the parties failed to demonstrate that Australia's plain packaging measures are inconsistent with WTO rules. In New Zealand, relevant legislation came into effect in March 2018.

Pictorial health warnings

There is a general trend towards the introduction of pictorial health warnings on tobacco products and countries including Australia, New Zealand, Thailand and Singapore have already implemented them.

Regulation of NGP such as vapour and heated tobacco products

Outside of the EU and the US, vapour regulation varies, ranging from little or no regulation to a complete ban (for example, in Australia, Japan and Taiwan) of selling nicotine-containing vapour products outside of pharmaceutical regulations.

New Zealand has recognised the harm reduction potential of NGP and is in the process of legalising nicotine containing vapour, heated tobacco and oral nicotine delivery products and is drawing up stringent rules for their labelling, marketing, sale and consumption.

Heated tobacco is legal in a number of Asian markets including Japan and Korea.

Comprehensive regulation of vapour products, such as in the EU and the US, could increase in future in markets where they can be legally sold.

Litigation

Except for the matters detailed below, there have been no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuers, IB or ITL are aware during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuers, IB, ITL or the Group.

In relation to the matters detailed below, and any other proceedings brought against any member of the Group in the future, the Group could incur substantial damages and costs (please see "Risk Factors—The Group could incur substantial damages and costs in connection with litigation").

Europe

Litigation in France

On 16 January 2018, the French National Committee against Tobacco (the "CNCT") filed a criminal complaint with the Paris Public Prosecutor against the four main tobacco manufacturers, including a French subsidiary of IB named IB Finance France SAS ("IBFF"), on the grounds of "reckless life endangerment". Neither IBFF nor any of its employees or managers have been charged or placed under formal investigation in any ongoing proceedings as a result of the complaint. IB strongly denies the allegations made by the CNCT and is monitoring developments.

Litigation in Italy

A litigation proceeding has been brought by two individuals against Imperial Tobacco Italy S.r.l ("ITI") and Reemtsma in relation to harm allegedly suffered as a consequence of the use of tobacco which had allegedly been damaged as a result of the use of a humidifying stone. The humidifying stone was not produced by either ITI or Reemtsma. Rather, the stone was produced by a third party, whom the court has ruled cannot be made a party to the proceedings. Each individual is claiming €400,000 (approximately £349,045). ITI and Reemtsma have denied liability. ITI and Reemtsma have, to date, rejected two settlement offers made by the claimants. A hearing took place on 7 February 2018 before the new assigned Judge to deal with a historic issue regarding service of the claim form on Reemtsma. The judge reserved his decision on service, scheduled the next hearing and invited the parties to seek to settle the dispute. That hearing took place 5 February 2020. The Judge found that the writ of summons had not been properly served on Reemtsma and he granted the claimants permission to re-serve the writ of summons on Reemtsma. The judge reserved his decision on the parties' requests for oral and expert evidence until after the next hearing, which has been scheduled for 16 December 2020.

Litigation in Poland

On 9 October 2017, Imperial Tobacco Polska ("Imperial Polska") received notice that a claim had been filed against it in the Regional Court in Poznan by an individual, Mr. Wieslaw Kuzlak, claiming 1,000,000 Polish złoty (approximately £192,745) by way of compensation for alleged smoking related health effects. Mr. Wieslaw Kuzlak is a prisoner in Wronki prison in the north-west of Poland. Imperial Polska denied the claim in full. At a hearing on 21 March 2018, Mr. Wieslaw Kuzlak was questioned by the court and Imperial Polska's advocate on a number of issues, including his smoking and medical history. At a further hearing on 18 May 2018, the court dismissed the claim in full and ordered that Mr. Wieslaw Kuzlak pay Imperial Polska's costs in the sum of 10,817 Polish złoty (approximately £2,085). In July 2018, Mr. Wieslaw Kuzlak filed an appeal. Imperial Polska filed a reply to the claimant's appeal on 10 August 2018. At the hearing in September 2019, the Appellate Court dismissed the appeal, principally because the claimant failed to prove that he smoked Imperial Polska cigarettes. Imperial Polska was awarded 8,100 Polish złoty (approximately £1,560) in legal costs. The Appellate Court will produce written reasons for its judgment if a request is made by any party within the prescribed time limits. This is the precursor to any substantive appeal. The claimant missed the deadline and in November 2019, the Appellate Court dismissed the claimant's request to reinstall it. The claimant has filed an appeal against this decision with the Supreme Court. Imperial Polska filed a brief reply in December 2019 requesting that the Supreme Court dismiss the appeal. Judgment is awaited.

Recent European Commission proceedings

On 25 April 2019, the European Commission's final decision regarding its investigation into the UK's Controlled Foreign Company regime was published. It concludes that the legislation up until December 2018

does partially represent state aid and so the UK government should identify and recover any state aid. Details of that assessment and recovery process are still to be announced by the UK government. In mid-June 2019, the UK government appealed against the European Commission's decision. On 8 November 2019, the Group filed an application for an annulment of the decision. In response to a request from the General Court, the Group subsequently consented to a stay of proceedings on 12 December 2019. The Group accepted the stay of proceedings on the basis that the General Court has chosen to proceed with the applications made by the UK government. The Group's appeal is therefore stood behind those cases. In the meantime, the Group has been asked by Her Majesty's Revenue and Customs of the UK ("HMRC") to provide certain information in order for HMRC to commence the recovery of the state aid from the Group. No formal assessments have been made by HMRC to date. The Group considers that the potential amount of additional tax payable remains between nil and £300 million depending on the basis of calculation. Based upon current advice the Group does not currently consider any provision is required in relation to this investigation or any other EU state aid investigation. The assessment of uncertain tax positions is subjective and significant management judgment is required. This judgment is based on current interpretation of legislation, management experience and professional advice.

Competition Matters

On 29 May 2017, the National Competition Authority in Belgium (the "BCA") conducted raids at the premises of several manufacturers and wholesalers of tobacco products including the Group's subsidiary. Since that date, the Group's subsidiary has responded to various information requests as the BCA investigation continues. The Group currently understands that the BCA may be preparing to issue a Statement of Objections (**SO**), which would state the allegations to be put to the Group and provide an opportunity to respond. No fines are imposed at this stage. The Group's best estimate is that the SO, if issued, will be produced sometime in the next six months. Given that the allegations against the Group have not yet been articulated or put to the Group, provision for a fine would not be appropriate.

On 10 April 2019, the Spanish National Authority for Markets and Competition (Comisión Nacional de los Mercados y la Competencia, or "CNMC") issued, and publicly announced, a final decision regarding alleged anti-competitive practices in the Spanish market for the manufacture, distribution and marketing of cigarettes. The CNMC has found that by receiving market sales volume data from its distributor, Altadis has infringed EU and Spanish competition law between 2008 and February 2017, and has issued a fine against Atladis of €11,426,112. A fine of €20,987,496 was imposed on Logista. In June 2019, both Altadis and Logista commenced appeals to the CNMC's Decision and the fines imposed in the Spanish High Court. In September 2019, Altadis and, separately, Logista arranged bank guarantees for the full amount of the fines with the result that payment of the fines have been suspended pending the outcome of the appeals. Therefore, provision for these amounts is not considered appropriate.

In February 2017, the Anti-Monopoly Committee in Ukraine ("AMCU") initiated an investigation considering alleged concerted actions between manufacturers, including Imperial Tobacco Ukraine ("ITU"), and the distributor TEDIS. On 10 October 2019, the AMCU announced its decision to make a finding of anti-competitive conduct. ITU has been fined approximately £8.4 million and Imperial Tobacco Production Ukraine ("ITPU") has been fined approximately £4.8 million, totalling £13.2 million. ITU and ITPU believe they have meritorious defence arguments and appealed the Decision and fines in December 2019. Procedural hearings have already taken place and written pleadings (including expert legal and economic evidence) have been filed and exchanged. The court closed the procedural hearing phase on 15 June 2020 and will proceed to hold substantive hearings on the merits. As the appeal process is ongoing, provision for these amounts is not considered appropriate.

Americas

US litigation environment and State Settlement Agreements

In the US, claims could be brought in federal, state or local courts, or by way of enforcement actions, and by individuals, by a class or by way of group action by a number of parties (whether in actions in which a class has been certified (or in which plaintiffs (claimants) are seeking class certification) or in which individual cases have been grouped for a consolidated trial), by national, state or local regulatory authorities or other

public institutions, by corporations, unions, funds or other incorporated entities, or by political or social organisations (such as Native American tribes). The claims (subject to certain provisions in settlements with states) could relate, *inter alia*, to personal injury, addiction, death, costs of providing healthcare (including cost recovery actions), costs of court-supervised health monitoring programmes, settlement/fee payments with regard to cigarettes and business, sales or advertising conduct. Furthermore, in a report entitled "The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General, 2006", the US Surgeon General summarised conclusions from previous Surgeon General's reports concerning health risks to non-smokers from exposure to environmental tobacco smoke, also called second-hand smoke. The Surgeon General also addressed health risks to non-smokers from exposure to environmental tobacco smoke in reports published in 2010 and 2014. These reports could form the basis of or be used to support additional litigation against cigarette manufacturers, including against the Group.

Other than as noted below, before 2007 the Group had not sold cigarettes in the US, the jurisdiction with the greatest prevalence of smoking and health-related litigation. However, three subsidiaries, Reemtsma, SEITA and Altadis, sold relatively small quantities of cigarettes and/or fine cut tobacco in the US domestic market up to 1999, 2005 and 2004, respectively. In 2007 and 2008, respectively, the Group acquired Commonwealth Brands and Altadis USA, both of which were and are manufacturers and sellers of tobacco products in the US. The cigarette brands acquired pursuant to the 2015 US Acquisition were acquired without historic product liabilities and an indemnity in respect of any liabilities relating to the period prior to completion of the deal was provided by Reynolds.

In respect of state health care costs, Commonwealth Brands, SEITA, ITG Brands, ITL and several other affiliates of the Group are signatories to the MSA in the US, which is an agreement between tobacco manufacturers and 46 US states, the District of Columbia and five US territories, and which imposes substantial payment obligations on those manufacturers. In 1998, the OPMs, Philip Morris USA, Inc. (as successor to Philip Morris Incorporated) ("Philip Morris USA"), R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company entered into an MSA to settle asserted and unasserted health care cost recovery and other claims of those states that were a party to the MSA (the "Settling States"). The OPMs had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota (the "Initial State Settlements" and, together with the MSA, the "State Settlement Agreements"). The State Settlement Agreements provide that the agreements are not admissions, concessions or evidence of any liability or wrongdoing on the part of any party, and were entered into by the OPMs to avoid the further expense, inconvenience, burden and uncertainty of litigation.

Smaller companies were also permitted to join the MSA as Subsequent Participating Manufacturers (or "SPMs") even though most of them had not been party to the original action by the states. Commonwealth Brands became an SPM in 1998, with SEITA and ITG Brands becoming SPMs in 1999. In November 2007, the Group received confirmation that the application of IB and of several affiliated companies to become SPMs to the MSA had been approved.

The State Settlement Agreements require that the OPMs make annual payments of US$10.4 billion, subject to adjustment for several factors, including inflation, market share and industry volume. In addition, the OPMs are required to pay settling plaintiffs' attorneys' fees, subject to an annual cap of US$500 million, and were required to pay an additional amount of up to US$125 million in each year to 2008. The portion of ongoing adjusted settlement payments and legal fees to be paid by each OPM is based on its relative share of domestic cigarette shipments in the year preceding that in which the payment is due. These payment obligations are the several and not joint obligations of each OPM. The State Settlement Agreements also include provisions relating to significant advertising and marketing restrictions, public disclosure of certain industry documents, limitations on challenges to tobacco control and underage use laws, and other provisions.

On 12 June 2015, ITG Brands also joined a settlement agreement with another state, Mississippi, with respect to certain of ITG Brands' cigarettes in the US, acquired under the 2015 US Acquisition.

NPM Adjustment Disputes: The MSA includes an adjustment mechanism, known as a non-participating manufacturer ("NPM") adjustment, which potentially reduces participating tobacco manufacturers' annual MSA payment obligations. In order for an NPM adjustment to be made, an independent auditor must determine that the participating manufacturers have experienced a market share loss to those manufacturers who are not participants, and an independent firm of economic consultants must determine that the MSA was a significant factor contributing to that loss. The adjustment is then allocated among the settling states that are

MSA parties according to whether they "diligently enforced" statutes known as "Qualifying Statutes". Although, for each year from 2004 to 2017 inclusive, the two requirements for application of the adjustment have been fulfilled (some through settlement), the relevant settling states dispute that any adjustment is required on the basis that they "diligently enforced" the "Qualifying Statutes". This dispute is continuing and encompasses an NPM adjustment for 2018 and 2019 as well. The states and manufacturers have completed arbitration over the 2003 NPM adjustment and state-court challenges to certain of the arbitrators' decisions have been resolved, reducing the recovery by approximately 50 per cent. Arbitration over the 2004 NPM adjustment commenced in 2016 and is continuing. Initial hearings for most states have been completed. However, New Mexico recently received an order from its Supreme Court confirming that it is required to participate in the arbitration, and issues regarding allocation of any liability in light of the settlements discussed below remain. The proceedings regarding 2003 and 2004 in the state of Montana, which was not required by its courts to arbitrate the adjustment, have been resolved. Disputes over the remaining years (2005 to 2019) are still to be arbitrated. On 13 April 2020, ITG Brands and CBI received notice that Montana had initiated a litigation in its state court on April 10 with respect to these disputes, naming ITG Brands and CBI as well as the other Participating Manufacturers to the MSA. Montana seeks release of all funds currently deposited in the Disputed Payments Account for its allocable share of the NPM Adjustment from 2005 through the present of approximately US$43 million. It also seeks unquantified penalties pursuant to Montana's False Claims Act, claiming that the manufacturers had no basis on which to dispute MSA payments due Montana, as well as treble damages, punitive damages, and attorneys' fees. Montana has taken the position that a response is due on 4 May 2020. The manufacturers have corresponded with the states regarding commencing the arbitration for 2005 to 2007.

Approximately US$13 million was recovered on the 2003 NPM adjustment in the form of credits to MSA payments. The potential recovery on the 2004 to 2018 adjustments is unquantifiable at present.

The manufacturers have now resolved by settlement the NPM adjustments for most of the disputed NPM adjustment years with 36 states representing approximately 75 per cent of the MSA share. Commonwealth Brands and ITG Brands have received substantial credits under these settlements with additional credits due or possibly due in the future. At this stage in the proceedings, approximately US$164 million has been recovered on the NPM adjustment arbitrations and settlements in the form of credits to MSA payments. The NPM adjustment settlement is an ongoing claim by a number of manufacturers and estimates of future credits on settled claims are subject to change depending upon a number of factors included in the calculation of the credits.

State Settlement disputes in relation to the 2015 US Acquisition: As required by the MSA, ITG Brands agreed in the Asset Purchase Agreement relating to the 2015 US Acquisition (the "Asset Purchase Agreement") to assume, and did assume, payment responsibility for the *Winston*, *Salem*, *Kool* and *Maverick* brands under the MSA. As there were no similar provisions in the other State Settlements with Mississippi, Florida, Texas and Minnesota, ITG Brands agreed in the Asset Purchase Agreement to use its "reasonable best efforts" to reach agreement with those states to become a party to those settlements, subject to certain conditions. ITG Brands became a party to the Mississippi settlement with respect to the acquired brands effective 12 June 2015 and has been making settlement payments to Mississippi on the acquired brands since that date. Notwithstanding its efforts to do so, ITG Brands has not become a party to the Florida, Texas, or Minnesota settlements.

Philip Morris USA filed a challenge to ITG Brands' 12 June 2015 joinder in the Mississippi settlement agreement for certain US brands. Philip Morris USA agreed that it is appropriate for ITG Brands to join the agreement but disagreed with certain of the joinder provisions addressing a profit adjustment under the settlement, claiming that they adversely affect Philip Morris USA and were entered without notice to it or its consent. The state of Mississippi opposed the motion along with ITG Brands. The state trial-level court denied the motion in December 2015, finding that Philip Morris USA was not entitled to notice of the joinder because it was not affected by it. Philip Morris USA appealed that decision but later dropped the appeal. On 26 December 2018, Philip Morris USA filed a motion in Mississippi challenging treatment of profit adjustment issues. The parties are engaged in expert discovery at present. No substantive response is currently due. It is unclear when a trial will be set.

In January 2017, Philip Morris USA and Florida filed motions in the court administering the Florida settlement payments to "enforce" the settlement against Reynolds and ITG Brands. They claimed alternatively that Reynolds continued to owe settlement payments on the transferred brands and that ITG Brands was a "successor" or "assign" to Reynolds' payment obligations on the brands under the Florida settlement and thus

ITG Brands owed settlement payments of approximately US$30 million a year on the acquired brands from 12 June 2015 onwards. Philip Morris USA and Florida also challenged the way in which the profit adjustment to settlement payments was calculated. A trial was held on 19 to 21 December 2017. On 27 December 2017, the Florida court issued an order denying Florida's and Philip Morris USA's motions with respect to ITG Brands, but granting them with respect to Reynolds. The court found that ITG Brands was not a successor or assign to obligations under the Florida settlement agreement and did not owe Florida any payments under it as a result of the transfer of the acquired brands to ITG Brands. It also found that Reynolds continued to be liable for settlement payments on the acquired brands. Reynolds and Philip Morris USA appealed, but those appeals were dismissed. Florida, Philip Morris USA and Reynolds reached an agreed final judgment assessing amounts owed by Reynolds, and the court entered that judgment on 15 August 2018. Reynolds has appealed the portion of the judgment that applies to it and Philip Morris USA has purported to appeal the determination that ITG Brands has no liability for settlement payments. ITG Brands moved to dismiss Philip Morris USA's appeal as to it as either untimely and/or waived because the order was final as to it in December 2017. The appellate court denied that motion on 22 October 2018. Briefing on the appeals were completed and the court heard an oral argument on 9 June 2020.

In March 2018, Minnesota, joined by Philip Morris USA, filed a complaint against ITG Brands and a motion to enforce against Reynolds regarding the Minnesota settlement. Minnesota and Philip Morris USA's claim, like Florida, was that either Reynolds continues to be liable for settlement payments to it for the acquired brands or that ITG Brands become liable for settlement payments for them as a result of the acquisition of brands under the 2015 US Acquisition. They also raise the same issues regarding the profit adjustment that were raised in Mississippi and Florida. The complaint and motion to enforce have been consolidated. ITG Brands' response to the complaint was filed on 8 June 2018 and a scheduling order governing the case was entered on 22 June 2018. Discovery has been completed. Minnesota, Philip Morris USA and ITG Brands filed dispositive motions, with Minnesota and Philip Morris USA seeking a determination that either Reynolds or ITG Brands must pay settlement payments to Minnesota, and ITG Brands seeking a determination that it has no liability for settlement payments to Minnesota. In September 2019, the court held that Reynolds is required to make settlement payments, and further denied claims that ITG Brands is a "successor" or "assign" with liability to make settlement payments as a matter of law. However, the court also ruled that there is a further decision of fact required on whether ITG Brands used reasonable best efforts to join the settlement agreement, which will determine whether ITG Brands is liable or not. ITG Brands asked the court to permit an immediate, interim appeal rather than waiting until the end of the case, but that motion has been denied. The Minnesota court has set an evidentiary hearing on the "reasonable best efforts" question for 31 August–2 September 2020. The court also indicated it will order the parties to mediation after the August hearing.

On 28 January 2019, Texas, the other state with a separate settlement agreement that is not part of the MSA, filed a motion to enforce the settlement agreement in the federal district court with continuing jurisdiction over the settlement, claiming that Reynolds or ITG Brands must make settlement payments on the acquired brands, along with a motion to join ITG Brands as a party to the settlement litigation. Philip Morris USA filed a similar motion to enforce (also raising its profit adjustment issues) and joined Texas's motion to join ITG Brands as a party. Texas has also claimed that if ITG Brands does not make settlement payments, increased fees (along with interest and substantial penalties) are due on the acquired brands for 2015 to 2019 under Texas's equity fee law. On 1 April 2019, Texas changed ITG Brands' classification under Texas's equity fee law, thereby increasing the fees that distributors of the acquired brands must pay with respect to Texas sales by almost 300 per cent. On 17 April 2019, ITG Brands filed a new litigation in the federal district court with respect to the settlement agreement and the related equity fee issues, including the reclassification by Texas of ITG Brands for purposes of equity fee payments. ITG Brands also sought temporary injunctive relief suspending the change in its equity fee classification pending resolution of that suit. On 22 May 2019, the court joined ITG Brands as a party to the original litigation, and ordered the parties to submit proposals for discovery with completion in 60 days. On 6 June 2019, the court dismissed three of ITG Brands' counts in the new litigation without prejudice in favour of the original litigation. It stayed ITG Brands' fourth count (alleging lack of due process when Texas changed ITG Brands' classification). The court also denied without prejudice ITG Brands' petition for temporary injunctive relief, finding that its damages were monetary and indicating that it was issuing relief in reliance on the assurance of Texas that ITG Brands could obtain refunds in Texas court for amounts it reimbursed distributors for the fee. A hearing on the merits was held on 29 October 2019. On 25 February 2020, the court denied the motions to enforce the settlement as to ITG Brands but granted them as to R.J. Reynolds, finding that R.J. Reynolds has continuing liability to Texas for settlement payments with respect to the transferred brands but that any issues regarding ITG Brands' liability were for

the Delaware court to decide under the Asset Purchase Agreement. In post-order briefing requested by the Court on whether there were any issues remaining after its decision, the State, Reynolds, and Philip Morris USA all argued that a final order may not be issued before the Delaware court acts with respect to ITG Brands' liability. Reynolds further claimed that it is entitled to an offset against settlement payments for statutory fees paid in the past and that such fee should continue in the future as an offset against settlement payments.

On 28 January 2017, Reynolds filed a motion in Florida court seeking permission to file a claim there that ITG Brands had not used its "reasonable best efforts" as required by the Asset Purchase Agreement to join the Florida settlement. On 17 February 2017, ITG Brands filed a complaint against Reynolds in Delaware Chancery Court contending that court had exclusive jurisdiction over disputes under the Asset Purchase Agreement and seeking a declaration that it had used "reasonable best efforts". On 1 March 2017, the Delaware court issued an order forbidding Reynolds from prosecuting a "reasonable best efforts" claim affirmatively in the Florida action. On 17 May 2017, the Delaware court denied Reynolds' motion to stay the Delaware proceeding. On 6 December 2017, the Delaware court denied a motion by ITG Brands for judgment on the pleadings, rejecting the argument that as a matter of law the duty of reasonable best efforts ceased due to the closing and stating that whether reasonable best efforts had occurred and when such duty terminated was a fact question for future determination. On 28 September 2018, Reynolds filed an amended complaint adding allegations regarding the Minnesota litigation. On 29 October 2018, ITG Brands answered that amended complaint. On 4 January 2019, Reynolds filed a motion seeking an order that ITG Brands must indemnify it for settlement payments it is required to pay to Florida or other states on the acquired brands and that one of the conditions to ITG Brands' obligation to use reasonable best efforts to reach agreement on settlements did not apply to Florida. The Court found a fact issue on the indemnity question and determined that one of the conditions precedent to ITG Brands joining the settlements did not apply in Florida. ITG Brands sought to appeal that portion of the ruling early rather than waiting for the end of the case. As both the trial court and Supreme Court denied the motion for an immediate appeal, any appeal on the merits must wait for the end of the case. Future proceedings in Delaware may address whether ITG Brands has exercised reasonable best efforts to join the Florida, Texas, and Minnesota settlements and whether ITG Brands is required to indemnify Reynolds for amounts Reynolds may be required to pay with respect to the acquired brands under those settlements.

In March 2017, March 2018, March 2019 and March 2020, the states that are parties to the MSA and Philip Morris USA disputed the MSA calculations performed by PricewaterhouseCoopers LLP as independent auditor to the MSA (the "MSA Auditor") insofar as they reduced ITG Brands' payments by a "PSS Reduction". In all four years, the MSA Auditor rejected the dispute and found that ITG Brands was entitled to the PSS Reduction under the MSA's language. The PSS Reduction currently results in a reduction of approximately US$65 million in ITG Brands' MSA payments. In April 2018, Philip Morris USA placed approximately US$3 million in the MSA's "disputed payments account", citing this dispute. It is possible that Philip Morris USA or the MSA states will seek to submit this dispute to arbitration in the future under the MSA's arbitration clause.

Other US litigation

On 12 June 2015, ITG Brands became a party for purposes of remedies and became subject to a remedial order in *United States v. Philip Morris USA Inc.*, No. 99-2496 (GK), pending in the United States District Court for the District of Columbia. In the suit, the federal government sued certain of the US tobacco companies (not including ITG Brands) alleging violations of the federal Racketeer Influenced and Corrupt Organizations Act. In 2009, the trial court found for the government and imposed remedial remedies on Reynolds and Philip Morris USA, among others. The remedial order, after some alteration on appeal, remains in place. Under the terms of the order, ITG Brands was required to become subject to that order and to the federal court's jurisdiction as a condition of acquiring certain brands from Reynolds. The order imposes certain conduct and disclosure requirements, enforceable by injunctive relief, but no monetary liability. One conduct requirement contained in the order is the publication of "corrective statements" regarding tobacco and smoking on various media. On 18 June 2018, ITG Brands published the corrective statements on its corporate website and two branded websites, for *Winston* and *Kool*. Since 21 November 2018, ITG Brands has been required to ship products with "onserts" bearing the corrective statements on the packaging, with onserts being placed on shipments of two weeks' estimated annual volume of product occurring six times over approximately two years. The federal court is currently considering whether to require the applicability of additional corrective

statements in retail stores. An evidentiary hearing on the issue was initially set for September 2020 but has been continued in light of the COVID-19 pandemic.

Fontem US, Inc. ("Fontem US") is named as a defendant in a case captioned *Petrucci vs. 7-Eleven Distribution Company, et al.*, filed in the Superior Court of the State of California for the County of Los Angeles, Central District (Case No. BC695450). The original and amended complaints in this case name 17 defendants, in addition to Fontem US. The plaintiffs seek recovery of money damages, including punitive damages, against all defendants based on the claim that the principal plaintiff, Edith Anne Petrucci, developed a lung condition as a result of her use of e-cigarette and other vaping devices, including those manufactured by Fontem US. The original complaint asserted claims against all defendants styled as eight causes of action as follows: negligence; strict liability—failure to warn; strict liability—design defect; fraudulent concealment; intentional misrepresentation; negligent misrepresentation; breach of implied warranties; and loss of consortium (asserted on behalf of plaintiff Robert Petrucci).

A number of defendants, including Fontem US, filed demurrers to the original and first amended complaints, which were sustained in October 2018 and January 2019. The second amended complaint contains the same eight causes of action, seven of which are asserted against Fontem US. Fontem US filed demurrers to three of those causes of action and other defendants also filed demurrers. Fontem US's demurrer was heard in August 2019, and was granted as to the intentional and negligent misrepresentation claims and denied as to the fraudulent concealment claim, which remains pending against all remaining defendants. Fontem US's answer to the second amended complaint was filed in October 2019. The Court has set a trial date of 1 February 2021. The Court also ordered that the parties conduct in-person settlement discussions in advance of a post-settlement status conference scheduled for 22 October 2020. At this stage of the proceedings, the Group can neither evaluate the likelihood of an unfavourable outcome nor estimate Fontem US's potential loss (if any).

Fontem US, Fontem Ventures B.V., and Imperial were named as defendants in a case filed in the JUUL MDL, captioned *Peoria Public Schools District 150 vs. JUUL Labs, Inc., et al.*, filed on 15 May 2020 in the United States District Court, Northern District of California, San Francisco Division (Case No. 20-cv-03321). The complaint named 15 defendants, including those Fontem and Imperial defendants identified above. The plaintiffs, four school districts within the State of Illinois, sued a number of e-cigarette manufacturers seeking the recovery of monetary damages, including compensatory and punitive damages, and other relief against all defendants. The plaintiffs claim that they were injured as a result of increased teen use of e-cigarettes and vaping devices due to alleged improper marketing of those products to youth, among other allegations. The plaintiffs' complaint alleges nine causes of action: (1) Public Nuisance; (2) Civil Conspiracy; (3) Consumer Fraud & Deceptive Practices; (4) Deceptive Acts & Practices Violation; (5) Breach of Implied Warranties; (6) Negligent Misrepresentation; (7) Negligence; (8) Common Law Fraud; (9) Unjust Enrichment/Restitution. All of the claims are asserted against the Fontem and Imperial defendants except Count 2 (Civil Conspiracy), which is asserted against only the JUUL and Altria Defendants. This case has not yet been served on the Fontem or Imperial defendants.

Fontem US was threatened with litigation by potential plaintiff Cesar Ramirez on 23 September 2019 and again on 7 November 2019. Plaintiff provided Fontem US a draft class action complaint purportedly seeking relief by Cesar Ramirez, individually and on behalf of all other similarly situated purchasers of *my*blu™ Vanilla Liquidpods. Although Mr. Ramirez threatened to file his complaint on or after 21 November 2019 in the United States District Court, Central District of California, he has not done so. Mr. Ramirez's draft complaint purports to bring claims under: 1) California Consumers Legal Remedies Act, Civil Code Section 1750, et seq., 2) California Unfair Competition Law, Business and Professions Code Section 17200, et seq., 3) California False Advertising Law, Business and Professions Code Section 17500, et seq., 4) breach of express warranty, and 5) unjust enrichment. Mr. Ramirez's claims are based on Fontem US's alleged improper marketing of *my*blu™ Vanilla liquidpods in a false, misleading or deceptive manner to consumers. Mr. Ramirez's draft complaint purports to seek certain advertising restrictions, compensatory damages, restitution and/or disgorgement, and punitive damages on behalf of all purchasers of *my*blu™ liquid pods in the United States, or in the alternative in California, within the four years prior to when the complaint is actually filed.

Fontem US received a letter on 24 January 2020 from an attorney purporting to represent potential plaintiff Kristy Jean Klein, who was allegedly injured by an unspecified Fontem US product on 2 October 2019. The letter from Ms. Klein's lawyer requested certain insurance information from Fontem US but did not provide any information about Ms. Klein's alleged injury. Fontem US is looking further into this claim but has no additional information at this time.

ITG Brands has been named in various product liability claims and lawsuits asserted in Massachusetts state court between 2016 and 2018. This litigation involves claims by individual plaintiffs, based upon their personal smoking history. ITG Brands has the benefit of an indemnity from Reynolds in respect of any part of these individual claims and lawsuits relating to the use of *Winston*, *Kool*, and *Maverick* cigarettes.

Based upon the indemnity by Reynolds, plaintiffs' counsel in all pending Massachusetts cases and claims involving ITG Brands have agreed to refrain from naming ITG Brands as a defendant in smoking-related cases until 13 June 2023, when Reynolds' indemnification obligations to ITG Brands pursuant to the 2015 US Acquisition end. One firm that brought suit on behalf of plaintiffs Jacqueline and Francis Desisto in 2019 naming ITG Brands as a defendant has not yet joined the referenced agreement; however, *Desisto*, the sole case brought by that plaintiffs' firm, was dismissed as to all parties shortly after filing. As part of the agreement not to sue ITG Brands described above, plaintiffs' counsel have dismissed ITG Brands without prejudice from all pending Massachusetts state court cases or, alternatively, have agreed in cases where the plaintiff has died to omit ITG Brands from the amended complaint when it is filed by the estate administrator. This agreement with plaintiffs has resulted in ITG Brands' dismissal without prejudice in six Massachusetts state court cases, including those brought by plaintiffs Alfred Federico, Cheryl Brightman, Billie Ann Brown, Deborah MacNeil, Edwin Bonelli and Richard McCurran. The Federico and Brown cases have since been dismissed as to all parties. Based on the indemnity agreement, plaintiffs' counsel has agreed to omit ITG Brands in the amended complaints to be filed by the estate administrators of three plaintiffs who have died since their lawsuits were filed, including Cheryl Harris, Walter Raleigh and Jeanne Quinn. Each of those three cases has since resolved by verdict or dismissal, without involvement by ITG Brands. ITG Brands was also not named in lawsuits filed by plaintiffs in five Massachusetts state court cases in which *Winston*, *Kool*, *Salem* and/or *Maverick* cigarette use was alleged, including lawsuits filed by plaintiffs Michael Zonak, Philip DeRoo, Reuben Lee, Gloria Waters and Jean Restani/Leslie Power. Finally, claimants Frances LaPointe and Katherine Fowler, who pursued pre-suit discovery, have not filed lawsuits in Massachusetts state court in furtherance of their claims. In her claim, Ms. LaPointe had also alleged that she smoked *Montclair* cigarettes. Commonwealth Brands has the benefit of an indemnity from Reynolds (the successor in interest to Brown & Williamson) that would cover any claim in respect to *Montclair* cigarettes between 1955 (when the claimant Ms. LaPointe began smoking) and 1996 (when Commonwealth Brands purchased the *Montclair* brand from Brown & Williamson).

Imperial has been threatened with litigation in the United States under *Title III* of the Cuban Liberty and Democratic Solidarity Act of 1996 ("Helms-Burton"). The prospective claimants have indicated that they intend to file a lawsuit against Imperial ("doing business as" ITG Brands, LLC and Commonwealth-Altadis, Inc.) in federal court in Miami, Florida. A draft claim was shared by the Claimant's lawyers with Imperial on 22 October 2019. The claim has not yet been filed. The threatened claim relates to a warehouse in Havana, which is said to have been built by a member of the Claimant's family in the early 1900s. The prospective claimants claim that it was confiscated by the Cuban government in 1960 and is now used by Habanos S.A (a joint venture between one of Imperial's subsidiaries and the Cuban government) to manufacture Partagás cigars. The prospective claimants seek payment of almost US$400 million from Imperial, on the basis that Imperial "*traffics*" this property within the meaning of Title III by engaging in a commercial activity or otherwise benefiting from the Cuban government's alleged confiscation of the warehouse. Title III provides US nationals with a cause of action and a claim for treble damages against persons who have "*trafficked*" in property expropriated by the Cuban government. Title III is largely untested because it did not come into effect until May 2019.

On 31 March 2020, a second group of prospective claimants indicated that they intend to file a Helms-Burton lawsuit against Imperial, also in federal court in Miami, Florida. The claim has not been filed. This threatened claim relates to a factory in Havana that is alleged to have been owned by the Claimants' ancestor and to have been confiscated by the Cuban government in 1961. It is claimed that the factory is being "trafficked" in violation of Helms-Burton because Imperial, through Corporación Habanos S.A. and/or Altabana S.L., is allegedly using the factory to manufacture cigars, and for publicity and marketing purposes.

Imperial is subject to an EU law known as the EU Blocking Statute (Regulation (EC) No 2271/96), which conflicts with Helms-Burton, protects Imperial against the impact of Title III, and impacts how Imperial should respond to the threatened litigation. The EU Blocking Statute continues to apply in the UK during the Brexit "transition period" in place until 31 December 2020. After 31 December 2020, the substance of the law is likely to stay the same in the UK, at least in the near future.

Litigation in Argentina

In January 2016, SEITA was notified of a claim which has been filed with a Civil Court of the City of Buenos Aires against Nobleza Piccardo S.A. (now known as British American Tobacco Argentina S.A.I.C ("BAT")) by an individual seeking redress for damages suffered as a consequence of smoking. BAT manufactures and distributes two brands of cigarettes owned by SEITA in Argentina under the terms of a licence agreement. BAT has sought to invoke an indemnity contained in the licence agreement, pursuant to which SEITA is responsible for any product liability to third parties. The amount claimed is 8,980,200 Argentine pesos (approximately £108,825) plus interest, costs and legal expenses, and such larger or smaller amount that may arise from the evidence. The claimant has been granted the benefit of suing in *forma pauperis* which may affect the costs payable by the claimant and/or recoverable by BAT. In September 2019, the Court ordered the conclusion of the evidence production period (which involved several hearings to take the testimony of four factual witnesses for the claimant, reports from biochemical, psychiatric and forensic Court-appointed experts and various information evidence from both parties). In October 2019, both parties filed their final arguments. Since 30 December 2019, the case dossier has been under review by the first instance Judge for final judgment. This had been expected by April 2020, but due to Court closures and the suspension of Court proceedings as a result of COVID-19, has been delayed. Currently, Court proceedings of this nature remain suspended.

Product liability litigation relating to the assets acquired pursuant to the 2015 US Acquisition

Certain members of the Reynolds group of companies and certain members of the Lorillard group of companies were or are, in respect of the cigarette brands acquired as part of the 2015 US Acquisition, subject to ongoing, pending and threatened product liability proceedings in the US including: (a) individual claims alleging personal injury or death; (b) class actions alleging personal injury or requesting court-supervised programmes for ongoing medical supervision and monitoring; (c) claims brought to recover the costs of providing health care; and (d) claims in relation to the labelling of products as "light" or "ultra-light". However, as these brands were acquired without historic product liabilities, these proceedings and the respective quantum of such claims are not described in further detail in this document. Litigation related to the State Settlement Agreements and the 2015 US Acquisition are described above.

Directors and Senior Management

The following table shows the Board of Directors and senior management of IB as at the date of this Prospectus.

Board of Directors	Title	Other Directorships outside the Group
Stefan Bomhard[(1)]	Chief Executive Officer and Executive Director	Chief Executive Officer and Director of Inchcape plc[(2)] Non-Executive Director of Compass Group plc
Sue M. Clark	Senior Independent Non-Executive Director	Non-Executive Director and chair of the Remuneration Committee of Britvic plc Non-Executive Director and member of the Audit and Remuneration Committees of Bakkavor Group plc Non-Executive Director of Tulchan Communications LLP Member of the Supervisory Board and Remuneration Committee of AkzoNobel N.V.
John M. Downing	Company Secretary	None
Thérèse M. Esperdy	Chair of the Board	Non-Executive Director and chair of the Finance Committee of National Grid Plc Non-executive director of Moody's Corporation
Simon A.C. Langelier	Non-Executive Director	Chair of PharmaCielo Limited Patron and Honorary Professorial Fellow at Lancaster University

		Member of the Dean's Council of the university's Management School
Pierre-Jean Sivignon[3]	Non-Executive Director	Non-Executive Director of Vista Oil & Gas SAB
Steven P. Stanbrook	Non-Executive Director	Partner of Wind Point Partners Non-Executive Director of The Vollrath Company LLC Non-Executive Director of Cott Corporation Non-Executive Director of Group 1 Automotive Inc
Jon A. Stanton	Non-Executive Director	Chief Executive of Weir Group PLC
Oliver R. Tant	Chief Financial Officer and Executive Director	Director of The Copse House Cider Company Ltd Director of Landshire Estates Ltd, and Landshire Cider Ltd Member of Future Fuels No. 1 LLP Member of Cobalt Data Centre 2 LLP Member of The Stellar Martineau Place Limited Partnership

(1) Appointment to be effective as of 1 July 2020.

(2) Stefan Bomhard will step down from this position on 30 June 2020.

(3) Appointment to be effective as of 1 July 2020.

Executive Committee	**Title**	**Other Directorships outside the Group**
Joerg Biebernick	Joint Interim Chief Executive Officer[1] and Division Director, Europe	None
Stefan Bomhard[2]	Chief Executive Officer	Chief Executive Officer and Director of Inchcape plc[3] Non-Executive Director of Compass Group plc
Dominic Brisby	Joint Interim Chief Executive Officer[4] and Division Director, Americas, Africa, Asia and Australasia	None
Walter Prinz	Group Manufacturing and Supply Chain Director	None
Oliver R. Tant	Chief Financial Officer	Director of The Copse House Cider Company Ltd Director of Landshire Estates Ltd, and Landshire Cider Ltd Member of Future Fuels No. 1 LLP Member of Cobalt Data Centre 2 LLP Member of The Stellar Martineau Place Limited Partnership

(1) Joerg Biebernick will step down from this position on 1 July 2020, as Stefan Bomhard's appointment as Chief Executive Officer will become effective.

(2) Stefan Bomhard's appointment will be effective as of 1 July 2020.

(3) Stefan Bomhard will step down from this position on 30 June 2020.

(4) Dominic Brisby will step down from this position on 1 July 2020, as Stefan Bomhard's appointment as Chief Executive Officer will become effective.

The business address of each of the Directors and members of the Executive Committee is 121 Winterstoke Road, Bristol BS3 2LL, UK.

There are no existing or potential conflicts of interest between any duties to IB of the Directors and senior management and/or their respective private interests and other duties.

Board Practices

The Board remains committed to maintaining high standards of corporate governance, which it sees as a cornerstone in managing the business affairs of the Group and a fundamental part of discharging its stewardship responsibilities. Accordingly, since its publication, for the financial years up to and including the year ended 30 September 2019, IB has complied with the governance rules and best practice provisions applying to UK listed companies as contained in the 2016 version of the UK Corporate Governance Code (the "Code"). The latest revision of the Code was published by the Financial Reporting Council in July 2018 and applied to the Group from 1 October 2019. The Group's first Annual Report under the revised Code will be published in December 2020. However, the Group has chosen to adopt a number of the provisions of the revised Code early, including the provisions regarding the Chair's Board tenure and the appointment of a Workforce Engagement Director.

The Board

The Board is the principal decision-making forum of the Group and manages overall control of the Group's affairs. Key to this control is the schedule of matters that are reserved for consideration by the Board and on which any final decision must be made by the Board. These include, *inter alia*, approving the Group's business strategy, corporate plans, major corporate activities, financial statements, payment of dividends, changes to the Group's principal policies and appointment and removal of Directors and the Company Secretary.

On 3 February 2020, the Board announced that Mr Stefan Bomhard would be joining the Board as Chief Executive Officer and Executive Director. The Board believes that this appointment will help drive its business forward, given Mr Bomhard's significant experience across multiple consumer sectors and within large multinational organisations, particularly in brand building and consumer-led sales and marketing.

Remuneration Committee

The Remuneration Committee's terms of reference are published on the Group Website. The Remuneration Committee sets the remuneration package for each Executive Director and the Group's most senior executives after taking advice principally from external sources, including FIT Remuneration Consultants LLP ("FIT") and Willis Towers Watson, both of whom are engaged by the Remuneration Committee as required. FIT also reviews the Group's remuneration principles and practices against corporate governance best practice.

Succession & Nominations Committee

The Succession & Nominations Committee's terms of reference are published on the Group Website. The responsibilities of the committee include the evaluation of the balance of skills, knowledge and experience on the Board, the development of role specifications, the formulation of succession plans and the making of recommendations to the Board with regard to the appointment of Directors.

Audit Committee

The Audit Committee's terms of reference cover the matters recommended by the Code and are published on the Group Website. For the year ended 30 September 2019, the Audit Committee's responsibilities included, *inter alia*, reviewing the Group's financial results throughout the financial year, including periodic announcements to the market, considering significant and complex accounting transactions, reviewing the processes to ensure the Group has adequate procedures in place to control bribery and corruption risks and evaluating the Board's going concern review.

Executive Committee

The Executive Committee is responsible for assisting the Joint Interim Chief Executive Officers (up until 1 July 2020) and the future Chief Executive Officer in developing and implementing the Group's strategy and the day-to-day management of the Group.

Major Shareholders

So far as IB is aware, no person or persons, directly or indirectly, jointly or severally exercise or could exercise control over IB.

Recent Developments

IB has responded rapidly to the evolving COVID-19 situation. The impact of COVID-19 on the Group was relatively small for the six months ended 31 March 2020.

IB recognises there are external factors outside its control at this time including, but not limited to, the severity and duration of the pandemic and how lockdown measures might affect its supply chain, retail channels and consumer behaviour. These are expected to have an impact on the Group going forward, although at this time it is difficult to assess their extent.

Further information surrounding the Group's risks are detailed within this Prospectus (see "Risk Factors" section above).

Imperial Tobacco Limited

ITL was incorporated as a private company with limited liability under the laws of England and Wales on 1 November 1984.

Its registered office is at 121 Winterstoke Road, Bristol BS3 2LL, UK (telephone number: +44 (0) 117 963 6636). It is registered with the Registrar of Companies in England and Wales with company number 01860181.

ITL is an indirect wholly-owned subsidiary of IB. As at the date of this Prospectus, it has issued share capital of £18,831,139 comprising 18,831,139 ordinary shares of £1 each.

The principal activity of ITL is the marketing and sale of tobacco and tobacco-related products. ITL is also a holding company and an intermediate parent company for the majority of the Group's subsidiaries.

The following table shows the Board of Directors of ITL as at the date of this Prospectus.

Board of Directors	Title	Other Directorships outside the Group
John M. Downing	Director	None
Oliver R. Tant	Director	Director of The Copse House Cider Company Ltd
		Director of Landshire Estates Ltd, and Landshire Cider Ltd
		Member of Future Fuels No. 1 LLP
		Member of Cobalt Data Centre 2 LLP
		Member of The Stellar Martineau Place Limited Partnership
Thomas R.W. Tildesley	Director	Director of W H Tildesley Investment Holdings Limited
		Director of W H Tildesley Investments Limited
Marie A. Wall	Director	None
Trevor M. Williams	Company Secretary	None

The business address of the Directors is 121 Winterstoke Road, Bristol BS3 2LL, UK.

There are no existing or potential conflicts of interest between any duties to ITL of the Directors and/or their private interests and other duties.

All Notes issued under the Programme will be irrevocably and unconditionally guaranteed by way of an amended and restated deed of guarantee dated 23 June 2020 by ITL (the "Deed of Guarantee"). The guarantee is an unsecured, unsubordinated obligation of ITL, guaranteeing all monies due under the Notes. The Deed of Guarantee may be terminated at the option of ITL if each credit rating agency which ascribes a solicited long-term credit rating to Notes issued under the Programme confirms in writing to the Trustee that such Notes will carry the same credit rating as the solicited long-term corporate credit rating ascribed to the Group, without the benefit of any guarantee, indemnity or similar arrangement from ITL or any other entity other than the Guarantor.

Taxation

UK Taxation

The comments below are of a general nature based on the Issuers' understanding of current UK law as applied in England and Wales and published UK Her Majesty's Revenue and Customs ("HMRC") practice (which may not be binding on HMRC) relating only to the UK withholding tax treatment of interest (as each term is understood for UK tax purposes) in respect of the Notes. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes or Coupons. They do not necessarily apply where the income is deemed for tax purposes to be the income of any person other than the Holder of the Note or Coupon. They relate only to the position of persons who are the absolute beneficial owners of the Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes may affect the tax treatment. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. The following is a general guide. It is not intended to be exhaustive and should be treated with appropriate caution. ***Any Noteholders who may be subject to tax in a jurisdiction other than the UK or who are in doubt as to their personal tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.***

While the Notes 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 Income Tax Act 2007, payments of interest that have a source in the UK may be made without withholding or deduction for or on account of UK income tax. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of UK tax.

If the Notes carry a right to interest and have a maturity date less than one year from the date of issue (and do not form part of any arrangement, the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for one year or more), payments of interest that have a source in the UK may be made without withholding or deduction for or on account of UK income tax irrespective of whether or not the Notes are listed.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent) subject to the availability of other exemptions and reliefs under domestic law including an exemption for certain payments of interest to which a company within the charge to UK corporation tax is beneficially entitled, or to any direction from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty (HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).)

Payments of interest on the Notes that have a source outside the UK may be made without withholding or deduction for or on account of UK income tax.

If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to withholding on account of UK tax at the basic rate (currently 20 per cent) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions from the obligation to withhold tax described above.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. A foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant issuer). However, if additional Notes (as described in Condition 15) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

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

The proposed financial transactions tax ("FTT")

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

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

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

However, the 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 European Union Member States may decide to participate.

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

Netherlands Taxation

The comments below are of a general nature based on the Issuers' understanding of current Dutch law as applied in the Netherlands relating only to the Dutch withholding tax treatment of interest payments in respect of the Notes. They do not deal with any other Dutch taxation implications of acquiring, holding or disposing of Notes or Coupons. The comments below do not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. The comments are intended as general information only and are not intended to be exhaustive. They assume that there will be no substitution of the Issuers or further issues of

securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Notes). Each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Notes.

The comments in this part are based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and they do not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

Where the comments refer to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law.

All payments made by the Issuers under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

However, as of 1 January 2021 Dutch withholding tax may apply on certain (deemed) payments of interest made by IBFN to an affiliated (*gelieerde*) entity of IBFN if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Subscription and Sale

Summary of Programme Agreement

Subject to the terms and on the conditions contained in an amended and restated programme agreement dated 23 June 2020 (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "Programme Agreement") between the Issuers, the Guarantor, the Dealers and the Arranger, the Notes will be offered on a continuous basis by an Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by an Issuer through the Dealers, acting as agents of the relevant Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Dealers for certain of their activities in connection with the Programme.

The Issuers have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Selling Restrictions

United States

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

The Notes in bearer form having a maturity of more than one year 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 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 of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Prohibition of Sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in

the European Economic Area or the UK. 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 MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the UK (each a "Relevant State"), each Dealer has represented, warranted and undertaken that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an "offer of Notes to the public" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

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

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(ii) 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 relevant Issuer or the Guarantor; and

(iii) 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 UK.

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"). Accordingly each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell Notes in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or re-sale, 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) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

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 delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "Financial Services Act") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "Banking Act") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time; and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

France

Each Dealer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers or sales and distributions have been and will be made only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) and/or a limited circle of investors (*cercle restreint*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411.4 of the French *Code monétaire et financier*.

Belgium

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.

General

Each Dealer has acknowledged that no representation is made by the relevant Issuer, the Guarantor or any Dealer that any action has been or will be taken in any jurisdiction by the relevant Issuer, the Guarantor or any Dealer that would permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Dealer will comply with all applicable securities laws and regulations (to the best of its knowledge after due and careful enquiry) in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

Form of Final Terms

[PROHIBITION OF SALES TO EEA AND UK 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") or in the United Kingdom (the **"**UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[**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")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] 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.]

[IMPERIAL BRANDS FINANCE PLC / IMPERIAL BRANDS FINANCE NETHERLANDS B.V.]

Legal Entity Identifier: [2138008L3B3MCG1DFS50 / 724500GIEFJOBWGD0272]

issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Imperial Brands PLC
irrevocably and unconditionally
under the €15,000,000,000 Debt Issuance Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [ ] [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (as defined below) (the "Prospectus"). This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.ht*ml*).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Prospectus dated [ ] [and the supplement to it dated [ ]] which are incorporated by reference in the Prospectus dated [ ]. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Prospectus dated [ ], [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "Prospectus"), including the Conditions incorporated by reference in the Prospectus, in order to obtain all the relevant information. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.ht*ml*).]

1.	(i)	Issuer:	[Imperial Brands Finance PLC/Imperial Brands Finance Netherlands B.V.]
	(ii)	Guarantor:	Imperial Brands PLC

2.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ ] on the [Issue Date/exchange of Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or on about [ ]] [Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[ ]
	(ii)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6.	(i)	Specified Denominations:	[ ]
	(ii)	Calculation Amount:	[ ]
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[ ]/Issue Date/Not Applicable]
8.	Maturity Date:		[ ] [Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ] per cent Fixed Rate] [[ ] +/- [ ] per cent Floating Rate] [Zero Coupon] (see paragraph [14/15/16] below)
10.	Redemption[/Payment] Basis:		Subject to any purchase or cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent of their nominal amount
11.	Change of Interest Basis:		[/Not Applicable]
12.	Put/Call Options:		[Issuer Call] [Issuer Make-Whole Call] [Issuer Residual Call] [General Investor Put] [Change of Control Investor Put] [(see paragraph [18/19/20/21 below)]
13.	Date [Board] approval for issuance of Notes [and Guarantee] obtained.		[ ] [and [ ], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(i)	Rate(s) of Interest:	[ ] per cent per annum payable in arrear on each Interest Payment Date

(ii)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
(iii)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
(iv)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
(v)	Day Count Fraction:	[30/360][Actual/Actual (ICMA)]
(vi)	Determination Dates:	[[ ] in each year] [Not Applicable]
(vii)	Step Up Ratings Change and Step Down Ratings Change:	[Applicable/Not Applicable]
	– Step Up Margin	[ ]
15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
(i)	Interest Period(s)/Specified Interest Payment Dates:	[ ]
(ii)	Interest Period Date:	[Not Applicable/[ ] in each year[, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(iii) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 15(iii) below is specified to be Not Applicable]]]
(iii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(iv)	Additional Business Centre(s):	[ ]
(v)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(vi)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[ ]
(vii)	Screen Rate Determination:	
	– Reference Rate:	Reference Rate: [ ] month [LIBOR/EURIBOR]
	– Interest Determination Date(s):	[ ]
	– Relevant Screen Page:	[ ]
(viii)	ISDA Determination:	
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ]

(ix)	Margin(s):		[+/-][ ] per cent per annum
(x)	Linear Interpolation:		[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi)	Minimum Rate of Interest:		[[ ] per cent per annum/Not Applicable]
(xii)	Maximum Rate of Interest:		[[ ] per cent per annum/Not Applicable]
(xiii)	Day Count Fraction:		[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual (ICMA)]
(xiv)	Step Up Ratings Change and Step Down Ratings Change:		[Applicable/Not Applicable]
	–	Step Up Margin	[ ]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
(i)	Amortisation Yield:		[ ] per cent per annum
(ii)	Day Count Fraction [in relation to Early Redemption Amounts]:		[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 6(c) (Redemption for Taxation Reasons):		Minimum period: [ ] [30] days Maximum period: [ ] [60] days
18.	Issuer Call		[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):		[ ]/[Any date from and including [ ] to but excluding [ ]]/[Not Applicable]
(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):		[[ ] per Calculation Amount]/[Amortised Face Amount]]
(iii)	If redeemable in part:		
	(a)	Minimum Redemption Amount:	[ ]
	(b)	Maximum Redemption Amount:	[ ]
(iv)	Notice periods:		Minimum period: [ ] [15] days Maximum period: [ ] [30] days
19.	Issuer Make-Whole Call		[Applicable/Not Applicable]
(i)	[Sterling Make-Whole Redemption:		[Applicable/Applicable from and including [ ] to but excluding [ ]/Not Applicable]]

	(a)	[Reference Bond:	[ ] [FA Selected Bond][Not Applicable]]
	(b)	[Quotation Time:	[ ]]
	(c)	[Redemption Margin:	[[ ] per cent/Not Applicable]]
	(d)	[If redeemable in part:	
		– Minimum Redemption Amount:	[ ]
		– Maximum Redemption Amount:	[ ]]
	(e)	[Notice Periods:	Minimum period: [ ] [15] days Maximum period: [ ] [30] days]
(ii)	[Non-Sterling Make-Whole Redemption:		[Applicable/Applicable from and including [ ] to but excluding [ ]/Not Applicable]]
	(a)	[Reference Bond:	[ ] [FA Selected Bond][Not Applicable]]
	(b)	[Quotation Time:	[ ]]
	(c)	[Redemption Margin:	[[ ] per cent/Not Applicable]]
	(d)	[If redeemable in part:	
		– Minimum Redemption Amount:	[ ]
		– Maximum Redemption Amount:	[ ]]
	(e)	[Notice Periods:	Minimum period: [ ] [15] days Maximum period: [ ] [30] days]
20.	Issuer Residual Call:		[Applicable/Not Applicable]
	Residual Call Early Redemption Amount:		[ ] per Calculation Amount
21.	General Investor Put		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount:	[[ ] per Calculation Amount]/[Amortised Face Amount]
	(iii)	Notice periods:	Minimum period: [ ] [15] days Maximum period: [ ] [30] days
22.	Change of Control Investor Put		[Applicable/Not Applicable]
	Optional Redemption Amount:		[[ ] per Calculation Amount]/[Amortised Face Amount]
23.	Final Redemption Amount		[ ] per Calculation Amount

24. Early Redemption Amount

Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[[ ] per Calculation Amount]/[Amortised Face Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Registered Notes:] [Registered Global Note ([ ] nominal amount) registered in the name of a nominee for a common [depositary/safekeeper] for Euroclear and Clearstream, Luxembourg]
26.	New Global Notes:	[Yes] / [No]
27.	Additional Financial Centre(s):	[Not Applicable/[ ]]
28.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of [Imperial Brands Finance PLC / Imperial Brands Finance Netherlands B.V.]:

By: .....
Duly authorised

Signed on behalf of Imperial Brands PLC:

By: .....
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 regulated market of the London Stock Exchange] and to be listed on the Official List of the FCA 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 [ ] by [ ] [and [ ] by [ ]]./[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [ ]] [The Notes are not rated] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]]

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer 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 (including the provision of loan facilities) with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.] [So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [ ]]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i)]	Reasons for the offer:	[See ["Use of Proceeds"] in the Prospectus/g*ive details*]] (*See "Use of Proceeds" wording in the Prospectus – if reasons for offer different from what is disclosed in the Prospectus, give details*)
[(ii)]	Estimated net proceeds:	[ ]

5. YIELD (*Fixed Rate Notes only*)

Indication of yield:	[ ] The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI Code:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[See as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(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/[ ]]
(viii)	Name and address of Calculation Agent:	[Not Applicable/[ ]]
(ix)	[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] 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.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such

recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/[ ]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/[ ]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/[ ]
(v)	US Selling Restrictions:	[Reg S Compliance Category 2, [TEFRA D/TEFRA C/TEFRA not applicable]]
(vi)	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

General Information

1. The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Programme on the Official List and admission of the Notes to trading on the Market will be granted on or around 29 June 2020. It is further expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction.

2. The Issuers, the Guarantor and ITL have obtained all necessary consents, approvals and authorisations in the UK or the Netherlands (as applicable) in connection with the issue and performance of the Notes and the guarantees relating to Notes issued under the Programme. The giving of the guarantees relating to Notes issued under the Programme by the Guarantor and ITL and the update of the Programme was authorised by a resolution of the Board of Directors of the Guarantor passed on 30 October 2014 and by resolutions of the Board of Directors of ITL passed on 10 December 2018. The update of the Programme and the issue of Notes under the Programme was authorised by a resolution of the Board of Directors of IBF passed on 10 December 2018. The update of the Programme and the issue of Notes under the Programme was authorised by a resolution of IBFN passed on 22 June 2020. The issue of the Notes is permitted under the objects clause contained in the articles of association of IBFN.

3. Save as disclosed in this Prospectus in the section "Imperial Brands PLC – Recent Developments" on page 103, there has been no significant change in the financial performance or financial position of the Group since 31 March 2020 and there has been no material adverse change in the prospects of (i) ITL since 30 September 2019; (ii) IBF or the Guarantor since 30 September 2019; or (iii) IBFN since the date of its incorporation.

4. Each permanent Global Note and Definitive Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any US person who holds this obligation will be subject to limitations under the US income tax laws, including the limitations provided in Sections 165(j)) and 1287(a) of the Internal Revenue Code".

5. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms.

6. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Final Terms.

7. The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.

8. For so long as Notes may be issued pursuant to this Prospectus, the following documents will, when published, be available for inspection from the Group Website:

    8.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);

    8.2 the Articles of Association of each Issuer and the Guarantor;

    8.3 each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the relevant Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);

8.4 a copy of this Prospectus together with any Supplement to this Prospectus; and

8.5 a copy of the amended and restated Deed of Guarantee dated 23 June 2020 by ITL (for so long as this is in effect).

In addition, this Prospectus is also available at the website of the Regulatory News Service operated by the London Stock Exchange (*http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*).

9. PricewaterhouseCoopers LLP, Registered Auditors and Chartered Accountants (a member of the Institute of Chartered Accountants in England and Wales) of 2 Glass Wharf, Bristol BS2 0FR, UK have audited, and rendered unqualified audit reports on:

(i) the non-consolidated financial statements of IBF for the year ended 30 September 2018 and the year ended 30 September 2019;

(ii) the consolidated financial statements of the Guarantor for the year ended 30 September 2018 and the year ended 30 September 2019; and

(iii) the non-consolidated financial statements of ITL for the year ended 30 September 2018 and the year ended 30 September 2019.

PricewaterhouseCoopers LLP has no material interest in any of the Issuers, the Guarantor or ITL. PricewaterhouseCoopers LLP resigned as the auditor of the Guarantor on 12 December 2019 and of IBF on 28 January 2020 and on completing the audit of the non-consolidated financial statements of ITL for the year ended 30 September 2019, PricewaterhouseCoopers LLP will resign as the auditor of ITL.

10. Ernst & Young LLP of 1 More London Place, London SE1 2AF, UK has been appointed auditor of the Guarantor, IBF and ITL for the year ending 30 September 2020 and IBFN intends to appoint Ernst & Young LLP as auditor for the initial accounting period of IBFN, which commenced on 22 May 2020 (being its date of incorporation) and ends on 30 September 2020.

Ernst & Young LLP has no material interest in any of the Issuers, the Guarantor or ITL.

11. The non-consolidated financial statements of (i) IBF for the years ended 30 September 2018 and 30 September 2019 and (ii) ITL for the years ended 30 September 2018 and 30 September 2019 were prepared in accordance with UK Generally Accepted Accounting Practice (UK Accounting standards, comprising FRS 101 "Reduced Disclosure Framework") and the Companies Act 2006.

12. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions (including the provision of loan facilities) with, and may perform services for, any Issuer, the Guarantor and their affiliates in the ordinary course of business.

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 Issuers, the Guarantor and their 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 Issuers or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers 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 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 may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

For the purposes of this paragraph, the term "affiliates" also includes parent companies.

ISSUERS, GUARANTOR AND ITL

Registered office of

Imperial Brands Finance PLC, Imperial Brands PLC and Imperial Tobacco Limited
121 Winterstoke Road
Bristol BS3 2LL
United Kingdom

Registered office of

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8501 ZA
Joure
Netherlands

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Barclays Bank PLC
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ISSUING AND PAYING AGENT, PAYING AGENT AND TRANSFER AGENT

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REGISTRAR, PAYING AGENT AND TRANSFER AGENT

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L-2453 Luxembourg

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
1 Canada Square
London E14 5AL
United Kingdom

INDEPENDENT AUDITORS

To IBF, the Guarantor and ITL for the years ended 30 September 2018 and 30 September 2019

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol BS2 0FR
United Kingdom

To IBF, the Guarantor and ITL for the year ending 30 September 2020 and to IBFN for the period 22 May 2020 (being its date of incorporation) until 30 September 2020

Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom

LEGAL ADVISERS

To the Issuers, the Guarantor and ITL

as to English and Dutch law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Dealers

as to English law

Linklaters LLP
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London EC2Y 8HQ
United Kingdom