

# Tender Offer to Purchase Notes for Cash

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1 September 2020

## Virgin Money UK PLC

*(incorporated with limited liability in England and Wales with Registered Number 09595911)*

### ANNOUNCES TENDER OFFER TO PURCHASE NOTES FOR CASH

Virgin Money UK PLC (the "**Issuer**") has today launched an invitation to holders of its £475,000,000 5 per cent. Fixed Rate Reset Callable Subordinated Tier 2 Notes due 2026 (ISIN: XS1346646901) (the "**Notes**"), to tender such Notes for purchase by the Issuer for cash up to the Maximum Acceptance Amount (the "**Offer**"), subject to the terms and conditions described in a tender offer memorandum prepared by the Issuer dated 1 September 2020 (the "**Tender Offer Memorandum**").

The Offer is subject to the offer and distribution restrictions set out below and as more fully described in the Tender Offer Memorandum. Copies of the Tender Offer Memorandum are (subject to offer and distribution restrictions) available from the Tender Agent as set out below. Capitalised terms used and not otherwise defined in this announcement have the meanings given in the Tender Offer Memorandum. Details of the Notes and the Offer are set out in the table below.

#### THE OFFER

| Description of the Notes  | ISIN / Common Code       | Outstanding Principal Amount | Maturity Date <sup>1</sup> | Purchase Price | Maximum Acceptance Amount <sup>2</sup>  |
|---|--------------------------|------------------------------|----------------------------|----------------|---|
| 5 per cent. Fixed Rate Reset Callable Subordinated Tier 2 Notes due 2026 <sup>3</sup> | XS1346646901 / 134664690 | £475,000,000                 | 9 February 2026            | 100 per cent.  | Subject as set out herein, an aggregate principal amount of Notes expected to be equal to the aggregate principal amount of the New Notes (as defined herein) |

1. The Issuer is entitled, subject to obtaining regulatory consent and to satisfaction of certain conditions, to redeem all (and not some only) of the Notes on 8 February 2021 or any interest payment date for the Notes thereafter.
2. The Issuer reserves the right, in its sole and absolute discretion, to modify or waive the Maximum Acceptance Amount for any reason, as described in "Further Information and Terms and Conditions - Maximum Acceptance Amount and Scaling of Tenders" of the Tender Offer Memorandum.
3. On 8 February 2021, the interest rate will reset and the Notes will bear interest at a rate which is the aggregate of the initial margin of 3.516 per cent. per annum and the applicable 5-year sterling mid-market swap rate.

**THE OFFER BEGINS ON THE DATE OF THIS ANNOUNCEMENT AND WILL EXPIRE AT 4.00 P.M. (LONDON TIME) ON 8 SEPTEMBER 2020, UNLESS EXTENDED, RE-OPENED, AMENDED OR TERMINATED AS PROVIDED IN THE TENDER OFFER MEMORANDUM UNDER THE HEADING "AMENDMENT AND TERMINATION".**

**THE DEADLINES SET BY ANY INTERMEDIARY OR CLEARING SYSTEM WILL BE EARLIER THAN THIS DEADLINE.**

#### **Rationale for the Offer**

The purpose of the Offer is to provide liquidity for investors in the Notes concurrent with the opportunity to redeploy funding into the Issuer's proposed New Notes. The Offer in conjunction with an issue of New Notes is being made as part of the Issuer's active management of its capital base. Irrespective of the amount of new notes issued, the Issuer intends to consider future optional redemption rights in respect of the Notes that are not tendered and accepted pursuant to the offer on an economic basis, considering current and future regulatory capital treatment and minimum requirement for own funds and eligible liabilities value, relative funding cost, rating agency treatment, regulatory developments and having regard to the prevailing circumstances at the relevant time.

Notes purchased by the Issuer pursuant to the Offer are expected to be cancelled and will not be re-issued or re-sold.

#### **Purchase Price**

The Issuer will pay, for Notes accepted for purchase pursuant to the Offer (and subject to satisfaction or waiver of the New Financing Condition), a cash purchase price equal to 100 per cent. of the principal amount of the relevant Notes (the "**Purchase Price**").

#### **Accrued Interest**

The Issuer will also pay an Accrued Interest Payment in respect of Notes accepted for purchase pursuant to the Offer.

#### **Maximum Acceptance Amount**

The Issuer proposes to accept for purchase Notes up to a maximum aggregate principal amount equal to the principal amount of the New Notes on the terms and subject to satisfaction or waiver of the New Financing Condition and the other conditions contained in the Tender Offer Memorandum. The Issuer is expected to announce the Maximum Acceptance Amount as soon as practicable following the pricing of the New Notes. The Issuer reserves the right, in its sole and absolute discretion, to modify or waive the Maximum Acceptance Amount for any reason, as described in "*Further Information and Terms and Conditions - Maximum Acceptance Amount and Scaling of Tenders*" of the Tender Offer Memorandum, subject to applicable law.

#### **New Financing Condition**

The Issuer announced on 1 September 2020 its intention to issue new benchmark 10.25- non-call 5.25-year Tier 2 Notes (the "**New Notes**"). Whether the Issuer will accept for purchase any Notes validly tendered in the Offer and complete the Offer is subject, without limitation, to the successful completion (in the sole determination of the Issuer) of the issue of the New Notes (the "**New Financing Condition**"). The Issuer reserves the right at any time to waive any or all of the conditions of the Offer (including the New Financing Condition) as set out in the Tender Offer Memorandum.

The Issuer is not under any obligation to accept for purchase any Notes tendered pursuant to the Offer. The acceptance for purchase by the Issuer of Notes tendered pursuant to the Offer is at the sole discretion of the Issuer and tenders may be rejected by the Issuer for any reason.

*Any investment decision to purchase any New Notes should be made solely on the basis of the information contained in the base prospectus dated 5 February 2020 relating to the £10,000,000,000 Global Medium Term Note Programme of the Issuer and Clydesdale Bank PLC, as supplemented by the supplemental prospectuses dated 13 May 2020 and 28 August 2020, and the final terms to be prepared in connection with the issue and listing of the New Notes on the regulated market of the London Stock Exchange plc (together, the "**Prospectus**"), and no reliance is to be placed on any representations other than those contained in the Prospectus. Subject to compliance with all applicable securities laws and regulations, the Prospectus is expected to be available from the Dealer Managers, in their capacity as joint lead managers of the issue of the New Notes, on request.*

*The New Notes are not being, and will not be, offered or sold in the United States. Nothing in the Tender Offer Memorandum constitutes an offer to sell or the solicitation of an offer to buy the New Notes in the United States or any other jurisdiction. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of, the United States Securities Act of 1933, as amended (the "**Securities Act**"). The New 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, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).*

*The target market for the New Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**") and the New 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 or the United Kingdom. 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 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. See the Prospectus for further information.

The New Notes have and shall only be offered in conformity with the provisions of the Prospectus and the selling restrictions and, if applicable, the exemption wording, contained therein.

No action has been or will be taken in any jurisdiction in relation to the New Notes to permit a public offering of securities.

#### **Allocation of the New Notes**

When considering the allocation of the New Notes, the Issuer may give preference to those Noteholders who, prior to such allocation, have given a firm intention to any Dealer Manager that they intend to tender their Notes pursuant to the Offer. Therefore, a Noteholder who wishes to subscribe for New Notes in addition to tendering its Notes for purchase pursuant to the Offer may be eligible to receive, at the sole and absolute discretion of the Issuer, priority in the allocation of the New Notes, subject to the issue of the New Notes and such Noteholder making a separate application for the purchase of such New Notes to a Dealer Manager (in its capacity as a joint lead manager of the issue of the New Notes). However, the Issuer is not obliged to allocate the New Notes to a Noteholder who has validly tendered or indicated a firm intention to tender the Notes pursuant to the Offer and, if New Notes are allocated, the principal amount thereof may be less or more than the principal amount of Notes tendered by such holder and accepted by the Issuer pursuant to the Offer. Any such allocation will also, among other factors, take into account the minimum denomination of the New Notes (being £100,000).

**Holders should note that the pricing and allocation of the New Notes are expected to take place prior to the Expiration Deadline and therefore should provide, as soon as practicable, to any Dealer Manager any indications of a firm intention to tender Notes for purchase pursuant to the Offer and the quantum of Notes that it intends to tender.**

#### **Scaling of the Offer and Maximum Acceptance Amount**

If the Issuer decides to accept any validly tendered Notes for purchase pursuant to the Offer, and the aggregate principal amount of Notes validly tendered for purchase is greater than the Maximum Acceptance Amount, then, subject in each case to the New Financing Condition being satisfied or waived, the Issuer intends to accept such Notes for purchase on a *pro rata* basis such that the aggregate principal amount of Notes accepted for purchase pursuant to the Offer is no greater than the Maximum Acceptance Amount. See "*Further Information and Terms and Conditions - Maximum Acceptance Amount and Scaling of Tenders*" of the Tender Offer Memorandum.

#### **Tender Instructions**

In order to participate in, and be eligible to receive the Purchase Price and the Accrued Interest Payment pursuant to, the Offer, Noteholders must validly tender their Notes for purchase by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by 4.00 p.m. (London time) on 8 September 2020, unless extended, re-opened, amended and/or terminated as provided in the Tender Offer Memorandum (the "**Expiration Deadline**"). See "*Procedures for Participating in the Offer*" of the Tender Offer Memorandum.

#### **EXPECTED TIMETABLE OF EVENTS**

The times and dates below are indicative only.

##### **Events**

##### **Times and Dates**

(All times are London time)

##### ***Commencement of the Offer***

Announcement of Offer. Tender Offer Memorandum available from the Tender Agent. Commencement of the tender offer period.

1 September 2020

##### ***Pricing of the New Notes***

Expected pricing of the New Notes and announcement of the Maximum Acceptance Amount.

Expected to be prior to the Expiration Deadline

##### ***Expiration Deadline***

Final deadline for receipt of valid Tender Instructions by the Tender Agent in order for Noteholders to be able to participate in the Offer.

4.00 p.m. on 8 September 2020

##### ***Announcement of Results of the Offer***

Announcement of whether the Issuer will accept (subject to satisfaction or waiver of the New Financing Condition on or prior to the Settlement Date) valid tenders of Notes for purchase pursuant to the Offer and, if so accepted, (i) the aggregate principal amount of the Notes accepted for purchase and (ii) the Scaling Factor (if any).

As soon as practicable on 9 September 2020

**Settlement Date**

Subject to satisfaction or waiver of the New Financing Condition on or prior to such date, the expected Settlement Date for the Offer. Payment of Purchase Price and Accrued Interest Payment in respect of the Offer to Noteholders whose Notes have been accepted for purchase pursuant to the Offer. 11 September 2020

*Noteholders are advised to check with any bank, securities broker or other Intermediary through which they hold Notes when such Intermediary would need to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer before the deadlines specified in the Tender Offer Memorandum. **The deadlines set by any such Intermediary and each Clearing System for the submission of Tender Instructions will be earlier than the relevant deadlines specified above.** See "Procedures for Participating in the Offer" of the Tender Offer Memorandum.*

**FURTHER INFORMATION**

**Noteholders are advised to read carefully the Tender Offer Memorandum for full details of and information on the conditions of and procedures for participating in the Offer.**

A complete description of the terms and conditions of the Offer is set out in the Tender Offer Memorandum. Any questions or requests for assistance in connection with: (i) the Offer, may be directed to the Dealer Managers; and (ii) the delivery of Tender Instructions or requests for additional copies of the Tender Offer Memorandum or related documents, which may be obtained free of charge, may be directed to the Tender Agent, the contact details for each of which are set out below.

**Dealer Managers**

**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

Telephone: +33 1 55 77 78 94  
Attention: Liability Management Group  
Email: liability.management@bnpparibas.com

**Lloyds Bank Corporate Markets plc**  
10 Gresham Street  
London  
EC2V 7AE  
United Kingdom

Telephone: +44 (0) 20 7158 1719/1726  
Attention: Liability Management Team, Capital  
Markets  
Email: liability.management@lloydsbanking.com

**Merrill Lynch International**  
2 King Edward Street  
London  
EC1A 1HQ  
United Kingdom

Telephone: +44 20 7996 5420  
Attention: Liability Management Group  
Email: DG.LM-EMEA@bofa.com

**NatWest Markets Plc**  
250 Bishopsgate  
London  
EC2M 4AA  
United Kingdom

Telephone: +44 207 678 5222  
Attention: Liability Management  
Email: liabilitymanagement@natwestmarkets.com

**Tender Agent****Lucid Issuer Services Limited**

Tankerton Works  
12 Argyle Walk  
London  
WC1H 8HA  
United Kingdom

Telephone: +44 20 7704 0880  
Attention: Owen Morris  
Email: virginmoney@lucid-is.com

**DISCLAIMER**

This announcement must be read in conjunction with the Tender Offer Memorandum. No offer to acquire or exchange any securities is being made pursuant to this announcement. This announcement and the Tender Offer Memorandum contain important information, which must be read carefully before any decision is made with respect to the Offer. If any Noteholder is in any doubt as to the action it should take, it is recommended to seek its own financial, legal and any other advice, including in respect of any tax financial, accounting, regulatory and tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Notes are held on its behalf by a

broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to participate in the Offer. None of the Issuer, the Dealer Managers or the Tender Agent or their respective directors, employees or affiliates makes any recommendation as to whether Noteholders should participate in the Offer and none of the Issuer, the Dealer Managers or the Tender Agent nor any of their respective affiliates will have any liability or responsibility in respect thereto.

The information contained within this announcement is deemed by the Issuer to constitute inside information as stipulated under the Market Abuse Regulation No.596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

**Announcement authorised for release by Lorna McMillan, Group Company Secretary.**

## **OFFER AND DISTRIBUTION RESTRICTIONS**

### **United States**

The Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to persons located or resident in the United States. Any purported tender of Notes in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by, or by any person acting for the account or benefit of, a person located in the United States, or any agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Neither this announcement nor the Tender Offer Memorandum is not an offer to buy or sell, or a solicitation of an offer to sell or buy, any Notes or other securities in the United States. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New 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, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S of the Securities Act).

Each Noteholder participating in the Offer will represent that it is not located in the United States and is not participating in the Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States. For the purposes of this and the above two paragraphs, "**United States**" means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

### **Italy**

None of the Offer, this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Offer have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian laws and regulations. The Offer is being carried out in the Republic of Italy ("**Italy**") as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**"). The Offer is also being carried out in compliance with article 35-bis, paragraph 7 of the Issuers' Regulation. Noteholders or beneficial owners of the Notes that are located in Italy may tender their Notes in the Offer through authorised persons (such as investment firms, banks or financial Intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each Intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Notes and/or the Offer.

### **United Kingdom**

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to, and may only be acted upon by, those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")) or persons who are within Article 43(2) of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (together, "**relevant persons**"). Any investment or investment activity to which this announcement or the Tender Offer Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons (and is subject to other restrictions referred to in the Financial Promotion Order).

## France

The Offer is not being made, directly or indirectly, to the public in the Republic of France ("**France**") other than to investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the *French Code monétaire et financier*. Neither this announcement, the Tender Offer Memorandum nor any other document or material relating to the Offer has been or shall be distributed in France other than to qualified investors (*investisseurs qualifiés*) and only qualified investors (*investisseurs qualifiés*) are eligible to participate in the Offer. This announcement, the Tender Offer Memorandum and any other document or material relating to the Offer have not been and will not be submitted for clearance to nor approved by the *Autorité des marchés financiers*.

## Belgium

Neither this announcement, the Tender Offer Memorandum nor any other documents or materials relating to the Offer have been submitted to or will be submitted for approval or recognition to the Belgian Financial Services and Markets Authority (*Autoriteit voor financiële diensten en markten / Autorité des services et marchés financiers*) and, accordingly, the Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids (the "**Belgian Takeover Law**") or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the "**Belgian Prospectus Law**"), both as amended or replaced from time to time. Accordingly, the Offer may not be advertised and the Offer will not be extended, and neither this announcement, the Tender Offer Memorandum nor any other documents or materials relating to the Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to persons which are "qualified investors" in the sense of Article 10 of the Belgian Prospectus Law, acting on their own account; or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §4 of the Belgian Prospectus Law. Insofar as Belgium is concerned, each of this announcement and the Tender Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offer. Accordingly, the information contained in this announcement and the Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

## General

Neither this announcement, the Tender Offer Memorandum nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell Notes (and tenders of Notes for purchase pursuant to the Offer will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and any Dealer Manager or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

Nothing in this announcement, the Tender Offer Memorandum or the electronic transmission thereof constitutes an offer to sell or the solicitation of an offer to buy the New Notes in the United States or any other jurisdiction.

In addition to the representations referred to above in respect of the United States, each Noteholder participating in the Offer will be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in "*Procedures for Participating in the Offer*" of the Tender Offer Memorandum. Any tender of Notes for purchase pursuant to the Offer from a Noteholder that is unable to make these representations will not be accepted. Each of the Issuer, the Dealer Managers and the Tender Agent reserves the right, in its sole and absolute discretion, to investigate, in relation to any tender of Notes for purchase pursuant to the Offer, whether any such representation given by a Noteholder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such tender shall not be accepted.

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