

# GATWICK FUNDING LIMITED

(incorporated with limited liability in Jersey with registered number 107376)

## £5,000,000,000 Multicurrency programme for the issuance of Bonds

In this prospectus (the "**Prospectus**"), unless otherwise stated, words and expressions have the meanings given in the "Glossary".

On 15 February 2011, Gatwick Funding Limited (the "**Issuer**") established a multicurrency programme (the "**Programme**") for the issuance of bonds (the "**Bonds**"). This document supersedes the prospectus dated 26 June 2019. Any Bonds issued after the date of this Prospectus are issued subject to the provisions set out herein. This does not affect any Bonds issued before the date of this Prospectus.

This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority under Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") (the "**UK Prospectus Regulation**") for the purpose of giving information with regard to the issue of Bonds under the Programme (other than Exempt Bonds (as defined below) described in this Prospectus during the period of twelve months from the date of approval of this Prospectus. The FCA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation and such an approval should not be considered as an endorsement of the Issuer or the Obligors nor as an endorsement of the quality of any Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in such Bonds. Applications have been made for such Bonds to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FCA (the "**Official List**") and to trading on the Main Market (the "**Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"). References in this Prospectus to Bonds being "listed" (and all related references) shall mean that such Bonds have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market situated or operating within the United Kingdom for the purposes of the UK Prospectus Regulation.

The Programme provides that Bonds may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Bonds and/or Bonds not admitted to trading on the Market or any regulated market for the purposes of Directive 2014/65/EU (as amended, "**EU MiFID II**") and in circumstances that would not otherwise require the publication of a prospectus under the UK Prospectus Regulation ("**Exempt Bonds**"). The FCA has neither approved nor reviewed information contained in this Prospectus in connection with the Exempt Bonds.

The Bonds may be issued, on a continuing basis, to the Dealer specified under "*Some Characteristics of the Bond Programme*" and any additional dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis (the "**New Dealers**"). References in this Prospectus to the "Dealers", "any Dealer", "each Dealer" or the "relevant Dealers" shall be to the Dealer specified under "*Some Characteristics of the Bond Programme*" and/or the New Dealers. References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of Bonds being (or intended to be) subscribed by more than one Dealer or in respect of which subscriptions will be procured by more than one Dealer, be to all Dealers agreeing to subscribe for such Bonds or to procure subscriptions for such Bonds, as the case may be.

**Bonds issued under the Programme have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds may not be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except to persons that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("Rule 144A"), or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable state securities laws, in each case, in circumstances that will not require the Issuer to register under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). Prospective purchasers are hereby notified that sellers of Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser of the Bonds in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. See "*Subscription and Sale*" in this Prospectus.**

Please see "*Risk Factors*" to read about certain factors you should consider before buying any Bonds.

Neither the United States Securities and Exchange Commission (the "**SEC**") nor any state securities commission in the United States nor any other United States regulatory authority has approved or disapproved the Bonds or determined that this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence in the United States.

**Arranger**  
NatWest Markets

**Dealer**  
NatWest Markets

Prospectus dated 31 March 2021

Under the Programme the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Bearer Bonds and Registered Bonds. The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed £5,000,000,000 (or its equivalent in other currencies calculated as described in the Dealership Agreement described therein, subject to increase as described therein). Copies of each Final Terms will be available (in the case of all Bonds) or the Pricing Supplement (in the case of any Tranche of Exempt Bonds) from the specified office set out below of Deutsche Trustee Company Limited as the Bond Trustee (in the case of Bearer Bonds), from the specified office set out below of each of the Paying Agents and (in the case of Registered Bonds) from the specified office set out below of each of the Registrar and the Transfer Agent, **provided that**, in the case of Bonds which are not listed on any stock exchange, copies of the relevant Final Terms or Pricing Supplement (as the case may be) will only be available for inspection by the relevant Bondholders.

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other conditions not contained herein, which are applicable to each Tranche of each Sub-Class of each Class of each Series (all as defined below) will be set forth in the relevant Final Terms or Pricing Supplement (as the case may be) or in a Drawdown Prospectus, see "*Final Terms, Pricing Supplements and Drawdown Prospectuses*" below. In the case of a Tranche of Bonds which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms or Pricing Supplement (as the case may be) shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise. In the case of Bonds to be admitted to the Official List and to trading on the Market, the Final Terms will be delivered to the FCA and the London Stock Exchange on or before the relevant date of issue of the Bonds of such Tranche. The Issuer may agree with any Dealer and the Bond Trustee that Bonds may be issued in a form not contemplated by the Conditions, in which event (in the case of Bonds admitted to the Official List only) a further prospectus or a Drawdown Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Bonds.

Bonds issued under the Programme will be issued in Series on each Issue Date and each Series may comprise one or more of two Classes. Bonds will be designated as either Class A Bonds or Class B Bonds. Each Class may comprise one or more Sub-Classes with each Sub-Class pertaining to, among other things, the currency, interest rate and maturity date of the relevant Sub-Class. Each Sub-Class may be zero-coupon, fixed rate, floating rate or index-linked Bonds and may be denominated in sterling, euro or U.S. dollars (or in other currencies subject to compliance with applicable laws).

Ratings ascribed to all of the Bonds reflect only the views of the Rating Agencies and any further or replacement rating agency appointed by the Issuer. Any two of S&P, Fitch and Moody's may provide ratings in respect of each Series of Bonds issued under the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies. A suspension, reduction or withdrawal of the rating assigned to any of the Bonds may adversely affect the market price of such Bonds.

The rating of certain Sub-Classes or Series of Bonds to be issued under the Programme may be specified in the applicable Final Terms or Pricing Supplement (as the case may be). Whether or not each credit rating applied for in relation to the relevant Sub-Class or Series of Bonds will be: (i) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation; and/or (ii) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation, will be disclosed in the Final Terms or Pricing Supplement (as the case may be). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or: (i) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation; or (ii) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or: (i) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation; or (ii) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation and the list of registered and certified rating agencies published by the FCA on its website in accordance with the UK 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 or FCA list. Each of S&P Global Ratings UK Limited, Fitch Ratings Limited and Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation and their respective ratings are expected to be endorsed by S&P Global Ratings Europe Limited (in the case of S&P Global Ratings UK Limited), Fitch Ratings Ireland Limited (in respect of Fitch Ratings Limited) or Moody's Deutschland GmbH (in respect of Moody's Investors Service Limited), each of which is established in the EEA and registered under the EU CRA Regulation.

If any withholding or deduction for or on account of tax is applicable to the Bonds, payments on the Bonds will be made subject to such withholding or deduction, without the Issuer being obliged to pay any additional amounts as a consequence.

In the case of any Bonds which are to be admitted to trading on the Market or offered to the public in the United Kingdom in circumstances which require the publication of a prospectus under the UK Prospectus Regulation or offered to the public in the EEA in circumstances which require the publication of a prospectus under the EU Prospectus Regulation, in each case, the minimum denomination shall be €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the Bonds. Bonds may be issued in such denomination and higher integral multiples of a smaller amount specified in the relevant Final Terms or Pricing Supplement (as the case may be).

If issued under the relevant Final Terms or Pricing Supplement (as the case may be), Bonds that are Bearer Bonds may be represented initially by one or more Temporary Bearer Global Bonds, without interest coupons, which will be deposited with a common depository or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg on or about the Issue Date of such Sub-Class. Each such Temporary Bearer Global Bond will be exchangeable for Permanent Bearer Global Bonds or definitive securities in bearer form as specified in the relevant Final Terms or Pricing Supplement (as the case may be) following the expiration of 40 days after the later of the commencement of the offering and the relevant Issue Date, upon certification as to non-U.S. beneficial ownership and as may be required by U.S. tax laws and regulations, as described in "*Forms of the Bonds*". Bearer Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bearer Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

The Programme contemplates the potential issue of Bonds for sale in the United States pursuant to Rule 144A under the Securities Act or another exemption from the registration requirements of the Securities Act and the Issuer may issue such Bonds in the future.

If issued under the relevant Final Terms or Pricing Supplement (as the case may be), Bonds that are Registered Bonds will be represented on issue by beneficial interests in a Registered Global Bond, in fully registered form, without interest coupons attached, which will be deposited with, and be registered in the name of, a common depository for Euroclear and Clearstream, Luxembourg. Ownership interests in the Registered Global Bonds will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. Bonds in definitive, certificated and fully registered form will be issued only in the limited circumstances described herein. In each case, purchasers and transferees of Bonds will be deemed to have made certain representations and agreements. See "*Forms of the Bonds*" and "*Subscription and Sale*" below.

## IMPORTANT NOTICES

This Prospectus is being distributed only to, and is directed only at, relevant persons. This Prospectus, or any of its contents, must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Obligors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct or that there has been no adverse change in the financial position of the Issuer or the Obligors at any time subsequent to the date indicated in the document containing the same. None of the Arranger, the Dealers, the Bond Trustee, the Issuer Security Trustee, the Borrower Security Trustee or the Other Parties undertakes to review the financial condition or affairs of any of the Issuer or the Obligors during the life of the Programme or to advise any investor in the Bonds of any information coming to their attention.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any member of the Security Group, the Arranger, any Dealer, the Bond Trustee, the Issuer Security Trustee, the Borrower Security Trustee or any of the Other Parties or any of their respective affiliates that any recipient of this Prospectus should purchase any of the Bonds.

Each person contemplating making an investment in the Bonds must make its own investigation and analysis of the creditworthiness of the Issuer and the Obligors and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in the Bonds should consult independent professional advisers.

The distribution of this Prospectus and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for the purposes of, an offer to or solicitation by any person to subscribe or purchase any Bonds in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

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

**IMPORTANT – EEA RETAIL INVESTORS** - The Bonds 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. 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 EU MiFID II; (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 EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by the EU PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**IMPORTANT – UK RETAIL INVESTORS** - The Bonds 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the UK PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** - The Final Terms in respect of any Bonds (or Pricing Supplement, in the case of Exempt Bonds) may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Bonds (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 UK MiFID Product Governance Rules, any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**EU MiFID II PRODUCT GOVERNANCE / TARGET MARKET** - The Final Terms in respect of any Bonds (or Pricing Supplement, in the case of Exempt Bonds) may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (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 EU MiFID II Product Governance Rules, any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID II Product Governance Rules.

The Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Bonds by the Issuer. A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. It must be distinctly understood that, in giving these consents, neither the Jersey registrar of companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other advisor. It should be remembered that the price of securities and the income from them can go down as well as up.

The Bonds may not be a suitable investment for all investors.

The investment activities or certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent Bonds are legal investments for it, Bonds can be used as security for indebtedness and other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal and/or financial advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds 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:

- has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus, any supplemental prospectus or any applicable Final Terms or Pricing Supplement (as the case may be);
- has access to, knowledge of and appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, the market value of the Bonds may fluctuate for a number of reasons including due to prevailing market conditions, current interest rates and the perceived creditworthiness of the Issuer and the Obligors. Any perceived threat of insolvency or other financial difficulties of the Security Group or a less favourable outlook of the airport industry in the UK could result in a downgrade of ratings and/or a decline in the market value of the Bonds.

In this Prospectus, words denoting the singular number only shall include the plural number also and *vice versa*.

This Prospectus contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Issuer and/or the Obligors to differ materially from the information presented herein. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Issuer, the Obligors and their management, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only on the date hereof. Except as required by applicable laws or regulations, neither the Issuer nor the Obligors undertake any obligations publicly to release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

**The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Commission as suitable investments for any other type of investor.**

**Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

## **BENCHMARKS REGULATION**

Amounts payable under the Bonds may be calculated by reference to EURIBOR, LIBOR and SONIA which is provided by the European Money Markets Institute, ICE Benchmark Administration Limited and the Bank of England, respectively. As at the date of this Prospectus, ICE Benchmark Administration Limited does appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to article 36 of the Benchmarks Regulation.

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation or registration. As far as the Issuer is aware, by virtue of the exception for central banks set out in Article 2(a) of the Benchmarks Regulation, the Bank of England is not currently required to obtain authorisation or registration.

## **RESPONSIBILITY STATEMENTS**

This Prospectus comprises a base prospectus in respect of all the Bonds other than Exempt Bonds issued under the Programme for the purposes of the UK Prospectus Regulation and for the purpose of giving the necessary information with regard to the Issuer and the Obligors which, according to the particular nature of the Issuer, the Obligors and the Bonds, is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Obligors and of the rights attaching to the Bonds and the reasons for the issuance and its impact on the Issuer.

Each of the Issuer, GAL, Ivy Bidco and the Security Parent accepts responsibility for the information contained in this Prospectus and the Final Terms (or Pricing Supplement, as the case may be) for each Tranche of Bonds issued under the Programme and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Prospectus in connection with the Issuer, any member of the Security Group, or the offering or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, any member of the Security Group, the Arranger, the Dealers, the Bond Trustee, the Issuer Security Trustee or the Borrower Security Trustee or any other party. Neither the delivery of this Prospectus nor any offering or sale of Bonds made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, any member of the Security Group since the date hereof. Unless otherwise indicated herein, all information in this Prospectus is given on the date of this Prospectus. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or any Dealer to subscribe for, or purchase, any of the Bonds.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Other Parties as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution. The Other Parties do not take any responsibility for any acts or omissions of the Issuer or any other person in connection with the Issuer's offering of Bonds under this Programme. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer and the Obligors. Each person receiving this Prospectus acknowledges that such person has not relied on the Arranger, any Dealer, the Bond Trustee, the Issuer Security Trustee or the Borrower Security Trustee or any Other Party nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, GAL, Ivy Bidco, the Security Parent, the Arranger, the Dealers, the Bond Trustee, the Issuer Security Trustee, the Borrower Security Trustee or the Other Parties accept responsibility to investors for the regulatory treatment of their investment in the Bonds (including (but not limited to) whether any transaction or transactions pursuant to which Bonds are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of the EU Securitisation Regulation or the UK Securitisation Regulation to any such transaction) in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Bonds is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the "*Risk Factors – Regulatory*

*initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Bonds" section of this Prospectus for further information.*

The Issuer believes that it is not, and after giving effect to any offering and sale of any Bonds and the application of the proceeds thereof will not be, a "covered fund" for purposes of the Volcker Rule. Any prospective investor in the Bonds, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule. The Issuer has not registered and does not intend to register under the Investment Company Act in reliance upon the exemption outlined in Rule 3a-5 under such Act.

#### **SUPPLEMENTARY PROSPECTUS**

The Issuer has undertaken, in connection with the admission of the Bonds to the Official List and to trading on the Market, that, if there shall occur any significant new factor, material mistake or material inaccuracy relating to the information contained in this Prospectus which, according to the particular nature of the Issuer, the Obligors and the Bonds, is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Obligors and of the rights attaching to the Bonds, the Issuer shall prepare a supplement to this Prospectus or publish a replacement prospectus for use in connection with any subsequent issue by the Issuer of Bonds and will supply to the Arranger, each Dealer and the Bond Trustee a copy or, in the case of the Bond Trustee, two copies of such supplement hereto or replacement prospectus.

Each of the Obligors and GAL has undertaken to the Dealer(s) in the Dealership Agreement (as defined in "*Subscription and Sale*") to comply with section 87G of the FSMA.

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as so modified or amended, inaccurate or misleading, a new prospectus will be prepared.

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer shall prepare and make available an appropriate supplement to this Prospectus or a further prospectus which shall constitute a supplementary prospectus as required by the FCA and section 87G of the FSMA.

Such supplement shall be approved by the FCA in accordance with the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.



## **FINAL TERMS, PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES**

Any information relating to the Bonds which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Bonds will be contained either in the relevant Final Terms, Pricing Supplement or in a Drawdown Prospectus. For a Tranche of Bonds, which is the subject to Final Terms or Pricing Supplement (as the case may be), those Final Terms or Pricing Supplement (as the case may be) will, for the purposes of that Tranche only, supplement this Prospectus and must be read in conjunction with this Prospectus. The Conditions as completed by the relevant Final Terms or as supplemented, amended and/or replaced to the extent described in the relevant Pricing Supplement (as the case may be) are the terms and conditions applicable to any particular Tranche of Bonds, which is the subject of Final Terms or Pricing Supplement (as the case may be).

The Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus are the terms and conditions applicable to any particular Tranche of Bonds which is the subject of a Drawdown Prospectus. Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Bonds.

## **U.S. INFORMATION**

The Bonds have not been approved or disapproved by the SEC or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

The Bonds in bearer form 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 United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.

In making an investment decision, investors must rely on their own examination of the Issuer and the Obligors and the terms of the Bonds being offered, including the merits and risks involved.

The Prospectus may be distributed on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Bonds being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally distributed.

Registered Bonds may be offered or sold within the United States or to U.S. persons only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Bonds is hereby notified that the offer and sale of any Registered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser or holder of Bonds represented by a Rule 144A Bond, or any Bond issued in registered form in exchange or substitution therefor, will be deemed by its acceptance or purchase of any such Bond to have made certain representations and agreements intended to restrict the resale or other transfer of such Bonds as set out in "*Subscription and Sale*" and "*Transfer Restrictions*".

## **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with any resales or other transfers of Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer has undertaken in the Bond Trust Deed to furnish, upon the request of a holder of such Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither subject to reporting under section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## **PRESENTATION OF FINANCIAL INFORMATION**

Financial information in this Prospectus that is referred to as for the "year ended 31 December 2019" has been prepared by combining information from the audited financial statements for the nine months ended 31 December 2019 with the unaudited and unpublished management accounts for the three months ended 31 March 2019.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (i) the audited consolidated financial statements of Ivy Holdco Limited for the year ended 31 March 2019 together with the audit report thereon, which appear on pages 40 to 89 of its financial statements for the year ended 31 March 2019;
- (ii) the audited consolidated financial statements of Ivy Holdco Limited for the nine months ended 31 December 2019 together with the audit report thereon, which appear on pages 58 to 110 of its financial statements for the nine months ended 31 December 2019;
- (iii) the audited consolidated financial statements of Ivy Holdco Limited for the year ended 31 December 2020 together with the audit report thereon, which appear on pages 53 to 105 of its financial statements for the year ended 31 December 2020;
- (iv) the audited financial statements of Gatwick Airport Limited for the year ended 31 March 2019 together with the audit report thereon, which appear on pages 40 to 90 of its financial statements for the year ended 31 March 2019;
- (v) the audited financial statements of Gatwick Airport Limited for the nine months ended 31 December 2019 together with the audit report thereon, which appear on pages 55 to 104 of its financial statements for the nine months ended 31 December 2019;
- (vi) the audited financial statements of Gatwick Airport Limited for the year ended 31 December 2020 together with the audit report thereon, which appear on pages 53 to 100 of its financial statements for the year ended 31 December 2020;
- (vii) the audited financial statements of Gatwick Funding Limited for the year ended 31 March 2019 together with the audit report thereon, which appear on pages 10 to 34 of its financial statements for the year ended 31 March 2019;
- (viii) the audited financial statements of Gatwick Funding Limited for the nine months ended 31 December 2019 together with the audit report thereon, which appear on pages 11 to 35 of its financial statements for the nine months ended 31 December 2019;
- (ix) the audited financial statements of Gatwick Funding Limited for the year ended 31 December 2020 together with the audit report thereon, which appear on pages 10 to 36 of its financial statements for the year ended 31 December 2020;
- (x) the audited financial statements of Ivy Bidco Limited for the year ended 31 March 2019 together with the audit report thereon, which appear on pages 6 to 24 of its financial statements for the year ended 31 March 2019;
- (xi) the audited financial statements of Ivy Bidco Limited for the nine months ended 31 December 2019 together with the audit report thereon, which appear on pages 6 to 24 of its financial statements for the nine months ended 31 December 2019;
- (xii) the audited financial statements of Ivy Bidco Limited for the year ended 31 December 2020 together with the audit report thereon, which appear on pages 6 to 23 of its financial statements for the year ended 31 December 2020;
- (xiii) the terms and conditions of the Bonds set out on pages 126 to 171 (inclusive) of the Prospectus dated 15 February 2011 and prepared by the Issuer and the other Obligor in connection with the Programme;
- (xiv) the terms and conditions of the Bonds set out on pages 134 to 179 (inclusive) of the Prospectus dated 12 January 2012 and prepared by the Issuer and the other Obligor in connection with the Programme;

- (xv) the terms and conditions of the Bonds set out on pages 145 to 195 (inclusive) of the Prospectus dated 13 March 2014 and prepared by the Issuer and the other Obligors in connection with the Programme;
- (xvi) the terms and conditions of the Bonds set out on pages 143 to 192 (inclusive) of the Prospectus dated 30 September 2016 and prepared by the Issuer and the other Obligors in connection with the Programme;
- (xvii) the terms and conditions of the Bonds set out on pages 143 to 190 (inclusive) of the Prospectus dated 7 February 2018 and prepared by the Issuer and the other Obligors in connection with the Programme; and
- (xviii) the terms and conditions of the Bonds set out on PDF pages 147 to 193 (inclusive) of the Prospectus dated 26 June 2019 and prepared by the Issuer and the other Obligors in connection with the Programme,

which have all been previously or simultaneously published and which have been filed with the National Storage Mechanism of the FCA. 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 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.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from: (i) the registered office of GAL; (ii) may also be obtained at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor), being GAL's website; or (iii) on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/news](http://www.londonstockexchange.com/news). The contents of GAL's website or any website directly or indirectly linked to GAL's website do not form part of this Prospectus and investors should not rely on them.

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. Where a document listed above has been extracted from another document, the remainder of the document from which it is extracted is not relevant for the purposes of this Prospectus.

## OVERVIEW OF GATWICK AIRPORT LIMITED, THE SECURITY GROUP AND THE PROGRAMME

*The following 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 Conditions of any particular Tranche of Bonds, the applicable Final Terms or Pricing Supplement (as the case may be).*

### OVERVIEW

#### Introduction

Gatwick occupies a key strategic location in the South East of the UK, one of the busiest centres for air transport in the world. Gatwick, operating from two terminals, is a leading airport by seat capacity for low cost carriers, the UK's second busiest by passenger traffic (as defined by 2019 traffic) (Source: CAA), the ninth largest in Europe based on passenger numbers (Source: ACI Europe, Airport Traffic Report 2019, excluding Moscow), and handled a 26% share of the London market (Source: CAA, 2019 Airport Data). Gatwick occupies a unique position within this premium market and is located around 30 miles from central London with multiple fast direct rail links into the capital and 15 million people live within 60 minutes of Gatwick.

In the year to 31 December 2019, 46.6 million passengers passed through Gatwick. In the year to 31 December 2020, traffic has been significantly impacted by the Covid-19 pandemic, and 10.2 million passengers passed through Gatwick.

Of Gatwick's passenger traffic for the year to 31 December 2019, 90.6% was travelling directly from origin to final destination ("**O&D**") (Source: CAA, 2019 Airport Data). O&D traffic is expected to recover faster than transit and transfer traffic involving multiple legs. Additionally, in the year to 31 December 2019, 80.7% of Gatwick's passenger traffic was short haul and 85% of passengers were travelling from Gatwick for leisure (Source: CAA, 2019 Airport Data); short haul and leisure are expected to recover faster than long haul and business destination traffic. In the year to 31 December 2019, the top two carriers at Gatwick were easyJet (41% of passenger traffic) and British Airways (17% of passenger traffic).

For the year ended 31 December 2019 (unaudited), the Security Group generated revenue of £853.5 million and for the year ended 31 December 2020, the Security Group generated revenue of £217.0 million. For the year ended 31 December 2019 (unaudited), the Security Group's EBITDA was £472.7 million, its Senior Net Debt to EBITDA was 6.2 times and its EBITDA margin was 55.4%. For the year ended 31 December 2020, the Security Group's EBITDA was negative £25.1 million and given the negative EBITDA the Senior Net Debt to EBITDA and EBITDA margins do not produce meaningful results.

Aeronautical income is driven by traffic volume, the level of airport charges and the terms of bilateral contracts with airlines. During the year ended 31 December 2019, aeronautical income was £457.2 million (£89.7 million during the year ended 31 December 2020, as a result of the reduction in passenger volumes caused by the Covid-19 pandemic). The CAA granted a licence to Gatwick under section 15(5) of the CA Act 2012 which came into effect on 1 April 2014. The current regulatory approach for Gatwick is based on the Airport Commitments to airlines (including bilateral contracts negotiated with individual airlines), underpinned by a licence issued by the CAA and supplemented by a monitoring regime. In January 2020 Gatwick issued to its airlines a finalised set of updated and extended Commitments for the period 1 April 2021 to 31 March 2025; these include a simplified gross yield ceiling to give greater certainty on future charges. For the year ended 31 December 2019 (unaudited), the aeronautical income per passenger was £9.82 (£8.82 during the year ended 31 December 2020). Gatwick's favourable economic regulation has allowed it to accelerate the pricing benefit under the updated Commitments and to enter into bilateral agreements that include incentives to support the re-start of services during the Covid-19 pandemic. With the majority of airlines at Gatwick now operating under bilaterally agreed long term contractual agreements, the competitive advantage offered by this regulatory environment is a key element to deliver a fast recovery.

Non-aeronautical income is an important component of the Security Group's revenue mix and is accounting for 46.4% of revenue in the year ended 31 December 2019 (unaudited) and 58.7% in the year ended 31 December 2020. This income is principally derived from retail concessions and car parking. Retail clients operate in around 159 outlets across the two terminals and Gatwick manages 40,800 car park spaces for public use. In the yearended 31 December 2019 (unaudited), net retail and car parking income per passenger was £5.65. In the year ended 31 December 2020, net retail and car parking income per passenger was £5.72.

To counter the impact of the Covid-19 pandemic on the Security Group's revenues, the Security Group acted to reduce operating expenditure, saving over £140 million in the year ended 31 December 2020 (see further "*Response to Covid-19*" below).

Gatwick is an airport that has received significant investment in recent years, with over £1.4 billion investment in Gatwick's infrastructure during the period from 1 April 2014 to 31 March 2021, including the full redevelopment of Pier 1 and the introduction of a fast bag drop facility in the North Terminal. This is in addition to investment of £1.2 billion over the six years ended 31 March 2014, which included an extension to the North Terminal, a new security search area in the South Terminal, redevelopment of the departure lounges in both terminals, resurfacing of the runway and a new baggage system.

Gatwick has a diversified network of routes serving around 230 destinations worldwide. The top-twenty routes in the year ended 31 December 2019 accounted for only 37.9% of total passenger traffic, with no individual route representing more than 3.4% of the total. This means that Gatwick's revenues are resilient to airline network and route changes, with the airport not reliant on a small number of key routes. Gatwick's 2020 route network has been materially impacted by Covid-19.

The Security Group, comprising Ivy Holdco Limited, Gatwick Airport Limited, Ivy Bidco Limited and any of its other subsidiaries is the owner and operator of Gatwick.

## **KEY STRENGTHS OF THE SECURITY GROUP**

The Security Group's credit highlights include:

- *Located in the London market* – Gatwick is based in a densely populated and affluent catchment area in the heart of the UK service economy. Prior to the Covid-19 pandemic, overall runway capacity in the South East of England was limited at peak periods and no additional runway capacity is currently being made available in the South East until late 2020s at the earliest. In 2019, London was the world's largest aviation market by number of passengers (Source: Euromonitor) and was Europe's most visited city by bed nights (Source: European Cities Marketing Benchmark Report 2019 – 2020).
- *Well placed to recover* – Gatwick has high exposure to O&D, leisure and short-haul traffic mainly operated by low cost carriers, with which 70% of its passengers travelled during the year ended 31 December 2019 (Source: Gatwick's management information). For the year ended 31 December 2019, 90.6% of Gatwick's passenger traffic was O&D and 80.7% of Gatwick's passenger traffic was short haul (Source: CAA, 2019 Airport Data), both of which are expected to recover faster from the impact of the Covid-19 pandemic than other forms of traffic. Moreover, due to its premium location and its wealthy catchment area, Gatwick is able to offer low-cost carriers a yield premium when compared with its competitors Luton and Stansted, hence incentivising airlines to concentrate capacity at Gatwick.
- *Historic growth above London market average* – in the ten years prior to the Covid-19 pandemic Gatwick consistently increased its numbers of passenger, revenues and EBITDA and has maintained its share of the London market. From 2010 to 2019 (inclusive) Gatwick's compound annual growth rate ("**CAGR**") in passengers was 4.5% compared to an average CAGR of 3.5% for Heathrow, Luton and Stansted (Source: CAA, Airport Data 2010-2019).
- *Prudent approach to leverage* – the Security Group has managed a stable financing repayment profile (it has £2,800 million of Class A Bonds outstanding with a spread of maturities between 2024 and 2051) and has taken action during the Covid-19 pandemic to enhance its liquidity and engage with bondholders to deal with the impact of Covid-19 on its financial ratios. The Security Group has also retained investment grade ratings for its secured financing (as at the date of this Prospectus, BBB (negative outlook) from S&P Global Ratings UK Limited, BBB+ (negative outlook) from Fitch Ratings Limited and Baa2 (negative outlook) from Moody's Investors Service Limited).
- *Favourable economic regulation* – Gatwick has recently updated its Airline Commitments Framework with a duration to 2025 which builds on the 2014-2021 Airline Commitments in providing for bilateral contracts to be negotiated with airlines which allows Gatwick to tailor its pricing and contractual relationships with individual airlines and respond flexibly to market

changes or airline needs. Gatwick had a net aeronautical income per passenger of £9.82 for the year ended 31 December 2019 which, in the opinion of Gatwick's management, is significantly more competitive than Heathrow. With the majority of airlines at Gatwick now operating under bilaterally agreed long term contractual agreements, the competitive advantage offered by this regulatory environment is a key element to deliver a fast recovery.

- *Strong management team supported by highly experienced, long term shareholders* – a dynamic and strong executive management team is in place to drive the shareholders' operational philosophy through the business. The management team has a track record of developing Gatwick over many years to achieve record passenger numbers and EBITDA in the year ended 31 December 2019, repositioning the business during 2020 following the outbreak of Covid-19 and putting in place a commercial and operational restart plan. The management team provides airport and infrastructure industry expertise at a senior level and is led by Stewart Wingate who has been CEO of Gatwick for the last 11 years and prior to that held senior roles at Glasgow and Budapest airports. Gatwick also benefits from having VINCI and GIP as two supportive shareholders, each with long term experience investing in airports across the world such as Lisbon, Kansai, London City and Edinburgh.

For further information see "*Business Gatwick Airport and the Security Group – Strengths*".

## **COMMERCIAL STRATEGY**

Gatwick operates in a competitive market. Passengers have a choice as to which airport they fly from and airlines have alternative bases from which to operate. Gatwick's strategy is to transform the passenger experience and improve efficiency for the airlines and Gatwick itself, thereby improving its competitiveness in the London airport market. A key element of Gatwick's strategy is to build and maintain strong relationships with its airline customers, regulators and other stakeholders.

Gatwick has set out its ambition – compete to grow and become London's airport of choice – and has established six strategic priorities to which its activities are aligned.

The strategic priorities and the approach Gatwick is taking to achieve them have been outlined below:

- *deliver the best passenger experience*: by listening to its passengers and delivering the kind of service that will make them choose to fly from Gatwick;
- *help its airlines grow*: by understanding airlines' goals and developing commercial partnerships;
- *increase value and efficiency*: by maximising income, lowering its operating costs and driving capital efficiency;
- *protect and enhance its reputation*: by building strong and constructive relationships with its stakeholders based on openness and trust;
- *build a strong EHS culture*: by maintaining a relentless focus on achieving zero incidents; and
- *develop the best people, processes and technology*: by investing in high-performing people, continuous improvement and deploying the right systems.

## **Sustainability Strategy**

Gatwick's sustainability approach is built into its governance framework and is led by the Executive Management Board. Gatwick's aim is to ensure that the right systems are in place to set strategy and policies, determine and deliver appropriate plans and to manage the business safely and responsibly.

In 2010, Gatwick published its "Decade of Change" strategy, which set out ten specific strategic goals over the ten years to 2020 and Gatwick met or exceeded all of these goals by the end of 2019. Building on this success, Gatwick will shortly publish its "Second Decade of Change" sustainability goals for the period 2021-2030 to seek continued reductions in environmental impacts while generating economic and societal benefits.



Throughout 2020, Gatwick maintained its noise, air quality, water quality and biodiversity monitoring programmes, comprehensive stakeholder engagement and core elements of the sustainability action plan.

This included the following:

- Signed the UK Sustainable Aviation coalition's commitment to achieve net zero aircraft emissions by 2050;
- Joined the Government's Jet Zero Council delivery group on sustainable aviation fuels;
- Maintained Airport Carbon Accreditation at "carbon neutral" level continuously throughout 2020; and
- Continued to reuse and recycle airport waste, with 61% of Airport operational waste reused or recycled, and the remainder sent offsite for energy recovery.

Gatwick continues to build and maintain strong relationships with stakeholders including the UK government, airlines, business partners, passengers and employees. Working closely with these stakeholders ensures that the Airport can influence and shape future policy and decisions that may affect Gatwick and the aviation industry, and also to identify joint working opportunities to promote best practice.

### **Driving Transformational Change**

Significant progress has been made to improving the infrastructure of Gatwick and its operations over the last 10 years, including:

- the completion of the North Terminal extension, the North and South Terminal forecourts, the refurbishment of Pier 2 and the new shuttle system linking North and South Terminals;
- the redevelopment of the North Terminal including a new arrivals area, the creation of Europe's largest self-service bag-drop area, the reconfiguration and refurbishment of Pier 5;
- new baggage systems in North and South Terminals and the redevelopment of Pier 1;
- an innovative new security area consolidating all security lanes into one area in both the South and North Terminals;
- extensive investment in the retail offering across both the North and South Terminals, including World Duty Free walkthrough stores and redevelopment of the International Departure Lounge in both the North and South Terminals;
- increased airport efficiencies to increase declared peak aircraft traffic movements from 50 in 2009 to 55 in 2014, enabling daily aircraft movements of up to 950 per day;
- consistently high performance against the Core Service Standards (described in "*Regulatory Risks – Core Service Standards*" below) with greater than 95% of metrics being met; and
- innovative check-in and security processes have been trialled and intensified route marketing discussions with airline customers are producing results.

This decade of investment has resulted in operational efficiencies for Gatwick which helps to underpin its aero price proposition, which in the view of Gatwick's management is competitive.

### **Response to Covid-19**

The Covid-19 pandemic has had an unprecedented adverse impact on the global aviation industry, with significantly reduced levels of traffic and passengers and substantial cuts in capacity by airlines during 2020 with this forecast to continue in the coming months.

Until the end of February 2020, the impact at Gatwick had been restricted to a limited number of services to and from the Far East. The response of the Italian government resulted in a notable shift in traffic away from Italy during the last week of February 2020. As other European governments had imposed travel

restrictions, daily passenger numbers declined throughout March. Major carriers such as easyJet, BA, TUI and Norwegian started to ground fleets serving Gatwick. The Airport remained open throughout April, May and June 2020, servicing repatriation, freight, positioning and maintenance flights alongside a small number of scheduled services.

During summer 2020, the easing of government restrictions allowed for the return of flights, supported by strong passenger demand, however this was tempered slightly as a result of the uncertainty brought about by the changing of the travel corridors.

During the final quarter of 2020, the second and third national lockdowns were imposed, coupled with the border restrictions imposed on travellers from the UK, which greatly reduced demand.

From March 2020, steps have been taken to reduce immediate cash outgoings and to re-position the business for the mid-term:

- The Security Group acted to reduce operating expenditure, saving over £140 million in the year ended 31 December 2020:
  - Contractual and resourcing adjustments have been agreed with suppliers to decrease their costs;
  - Discretionary expenditure has been halted;
  - The operational footprint of the Airport was reduced on a staged basis through March. Starting with night closure and the shutdown of 2 out of 6 piers, operations were then limited to a single pier in South Terminal within an 8-hour window (2pm to 10pm). Operations then switched to North Terminal only from 15 June 2020, as easyJet restarted their operations. As at the date of this Prospectus South Terminal remains closed and the Airport continues to vary the operational footprint in the North Terminal to meet the changing demand;
  - The overall headcount of the Security Group was reduced from 3,261 in March 2020 to 1,768 at 31 December 2020, through the termination of fixed term contracts and redundancy programmes; and
  - The Security Group utilised the UK government's furlough scheme and job retention scheme throughout 2020 and 2021 to protect as many jobs as possible as passenger levels meant many of the retained employees had no work.
- A review of the Security Group's capital investment programme has resulted in the deferral of over £380 million from the investment originally planned in 2020 and 2021. Over half of the projects already in delivery have been stopped, with only operationally critical projects continuing or those that are near to completion. Further opportunities have been identified to reduce capital investment and associated cash outflow, if required.

In addition to the actions to reduce cash outgoings, the Security Group has taken steps to increase the availability of cash and committed funding available to it. On 3 April 2020, GAL entered into a new £300 million term loan (due for repayment in October 2021, extendable for an additional six months at Gatwick's option such that it would not fall due for repayment until April 2022). Gatwick is exploring options to refinance its £300 million term loan, including potential capital markets issuances. As at 31 December 2020, the Security Group held cash of £293.1 million and its £300 million Revolving Credit Facility was fully drawn. The Security Group also has access to a committed £150 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months and a £5 million committed overdraft facility. The Security Group does not, as at the date of this Prospectus, currently expect to utilise the Liquidity Facility. GAL was approved to draw up to £300 million under the Bank of England Covid Corporate Financing Facility ("CCFF") scheme. On 19 March 2021 GAL issued £275 million pursuant to the CCFF, which matures in March 2022. GAL had £175 million of CCFF commercial paper in issue as at 31 December 2020 and the 19 March 2021 issuance reflects an incremental increase in outstanding CCFF commercial paper of £100 million.

On 31 March 2021 Gatwick Airport Finance plc priced the issuance of £450,000,000 Senior Secured Notes due 2026 which is due to close on 7 April 2021. Gatwick Airport Finance plc is an indirect parent company of the Security Group and intends to downstream £370.0 million from the proceeds of the issuance of such notes to the Security Group.

The scale and duration of the Covid-19 pandemic is unprecedented in nature and the relationship to previous downturn events remains uncertain. Air transport associations, such as IATA, are predicting that air travel will return to 2019 levels by 2024, which is a five year recovery period. They are also predicting that the propensity to travel will return at different rates for different segments; domestic will rebound faster than short-haul which will rebound faster than long-haul and leisure travel will rebound faster than business travel. It is likely therefore that the airline and passenger mix at Gatwick Airport will change in comparison to 2019 levels with some uncertainty as to how this mix will develop over time. Gatwick has relatively low exposure to the business travel segment. It is also well placed to adapt and evolve to this changing mix for the following reasons:

- *Flexible infrastructure:* Gatwick's infrastructure can adjust to a higher proportion of short-haul aircraft (or smaller long range aircraft operating long-haul) than during 2019 in the mid-term. As an example, Gatwick has a high proportion of stands that are Multi Choice Apron, which means they can be used for a combination of small and large aircraft;
- *Multi-Service Proposition:* Gatwick tailors its service proposition to the requirements of all carrier types from full service to ultra-low cost; and
- *Highly efficient operation:* technological improvements in the pipeline for security, boarding and aircraft sequencing mean Gatwick will build back in a more productive and efficient manner. Driving this efficiency, along with the sustainable cost savings implemented because of Covid-19, helps to underpin its aero price proposition, which in the view of Gatwick's management is competitive.

## **EVOLUTION OF THE REGULATORY FRAMEWORK**

### **Economic Regulation under the Civil Aviation Act 2012**

The CA Act 2012 received Royal Assent in December 2012 and included reforms that modernised the system of economic regulation of airports in the UK. The CA Act 2012 introduced a Market Power Test for the economic regulation of UK airports with an economic licensing regime for dominant airports (and dominant airport areas) where operators are determined by the CAA to have substantial market power and where competition law would provide insufficient protection against the risk of an abuse of that power, **provided that** the benefits of intervention through licensing are likely to outweigh the adverse effects (see "*Airport Regulation - The Current Regulatory Framework*"). The CA Act 2012 gives the CAA greater flexibility to align the regulatory requirements that it imposes with the market and competitive position at the relevant airport.

On 1 April 2014, when the economic regulatory framework under the CA Act 2012 and GAL's new licence came into force, the requirement for GAL to prepare and publish separate regulatory accounts, which applied under the regulatory regime of the Airports Act 1986, fell away. As a result, the concept of "Regulatory RAB" for the purpose of the Finance Documents, which is derived from the RAB figure set out in those regulatory accounts, ceased to exist and is no longer used by GAL as the basis for its financial covenant reporting under the Common Terms Agreement.

In accordance with the terms of the Finance Documents, GAL now determines RAB for the purpose of calculating its financial ratios on the basis of "Transfer RAB" being, as at any date, the aggregate of the product of: (a) the sum of the Relevant EBITDA for the previous three consecutive periods of twelve months preceding such date as determined by reference to the financial statements for such twelve months divided by three; and (b) the Relevant Multiple (which is equal to 11.1). Adjustments were made to the calculation of Transfer RAB to mitigate the impact of Covid-19, see further "*Financial covenants and waiver*".

### ***GAL's licence and updated and extended Airline Commitments***

The Commitments made for the period 1 April 2021 to 31 March 2025 build on the success of the Commitments in place for the period 1 April 2014 to 31 March 2021. The finalised extended Commitments include a number of enhancements and improvements to the existing commitments, including:

- *Service:* Gatwick commits to maintain excellent service delivery for its passengers and airlines and will remain financially incentivised to do so. Informed by consultation and passenger research, many of the existing service standards have been updated, and new standards for wifi connectivity, Special Assistance service and Flight Information Screen system availability have been added.
- *Investment:* Gatwick will continue to consult annually on a five year capital investment plan, and has amended the consultation process to provide earlier insight and greater clarity for airlines and passenger representatives on emerging projects. Gatwick have also increased the minimum capital investment Commitment to £120 million per annum on average.
- *Price:* Gatwick will limit the maximum annual rate of increase in its gross yield to the RPI +0%, referencing the gross yield for the year ending 31 March 2019. In addition, the gross yield ceiling has been simplified to be a year-by-year limit rather than an average measured over the Commitments Term. The new, simplified gross yield ceiling will give greater certainty to airlines about the maximum level of future charges.
- *Operational initiatives:* To increase the focus of Gatwick, its airlines, ground handlers and air traffic control provider on delivering resilient and punctual services, Gatwick will set itself formal targets for average on time departure punctuality to be at least 70% in the summer season and 75% in the winter season. Gatwick will invest in a portfolio of operational initiatives and financial incentives for airlines and/or their ground handlers, with the aim of enabling airlines to achieve these punctuality targets. Gatwick will consult with airlines annually on the proposed on-time departure programme; and
- *Capacity Growth:* Gatwick commits to seek to increase the resilient capacity of its airfield infrastructure, and to continue for the present to bear the cost of developing these plans, securing necessary political and planning approvals, and implementing the project. This includes potential projects to maximise the use of the existing main runway and to bring into routine use the standby runway. Gatwick is not adjusting its price commitment in response to the additional capital expenditure which Gatwick may incur in this period in preparation for obtaining the DCO required to bring the northern runway into routine use or in implementing the resulting infrastructure projects.

Gatwick furthermore decided to accelerate the pricing benefit inherent in these Commitments to be effective retrospectively from 1 January 2020, bringing pricing benefits to airlines sooner.

In October 2020 the CAA, the economic regulator, published a consultation on its policy towards the regulation of Gatwick Airport. The consultation outlined broad support for Gatwick's finalised extended commitments. In February 2021 the CAA gave formal notice (CAP2103) under section 22(2) of the CA Act 2012 of its proposal to modify GAL's licence to accept GAL's proposed new commitments as the basis of its economic regulation of GAL for the four year period from 2021/22 to 2024/25.

### ***Licensing***

GAL's licence also includes a financial resilience condition, under which GAL is required to act in a manner calculated to secure that it has available to it sufficient resources including financial, management and staff resources, to enable it to provide airport operation services at the airport. There is also an obligation for GAL to pre-notify the CAA of certain changes to the Finance Documents. In addition, the CAA also sets out a process for monitoring GAL's performance under the Airline Commitments.

The CA Act 2012 also introduced a new general duty for the CAA to carry out its functions in a manner which furthers the interests of users of existing and future air transport services regarding the range, availability, continuity, cost and quality of airport operation services, where appropriate by doing so in a manner which will promote competition in the provision of airport operation services. In carrying out its general duty, the CAA is required, among other things, to have regard to "the need to secure that each

holder of a licence is able to finance its provision of airport operation services in the area for which the licence is granted".

In relation to licence provisions designed to ensure financial resilience at licensed airports, the CA Act 2012 provides for derogations to be given for pre-existing financing arrangements. The CAA is precluded from removing or amending these derogations without first determining: (i) that there has been a material change in circumstances since the derogation was granted; and (ii) the benefits of removing the derogation are likely to outweigh any adverse effects to passengers.

All airport operators are also subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate that it is competent to conduct aerodrome operations safely. This licensing requirement is not affected by the CA Act 2012.

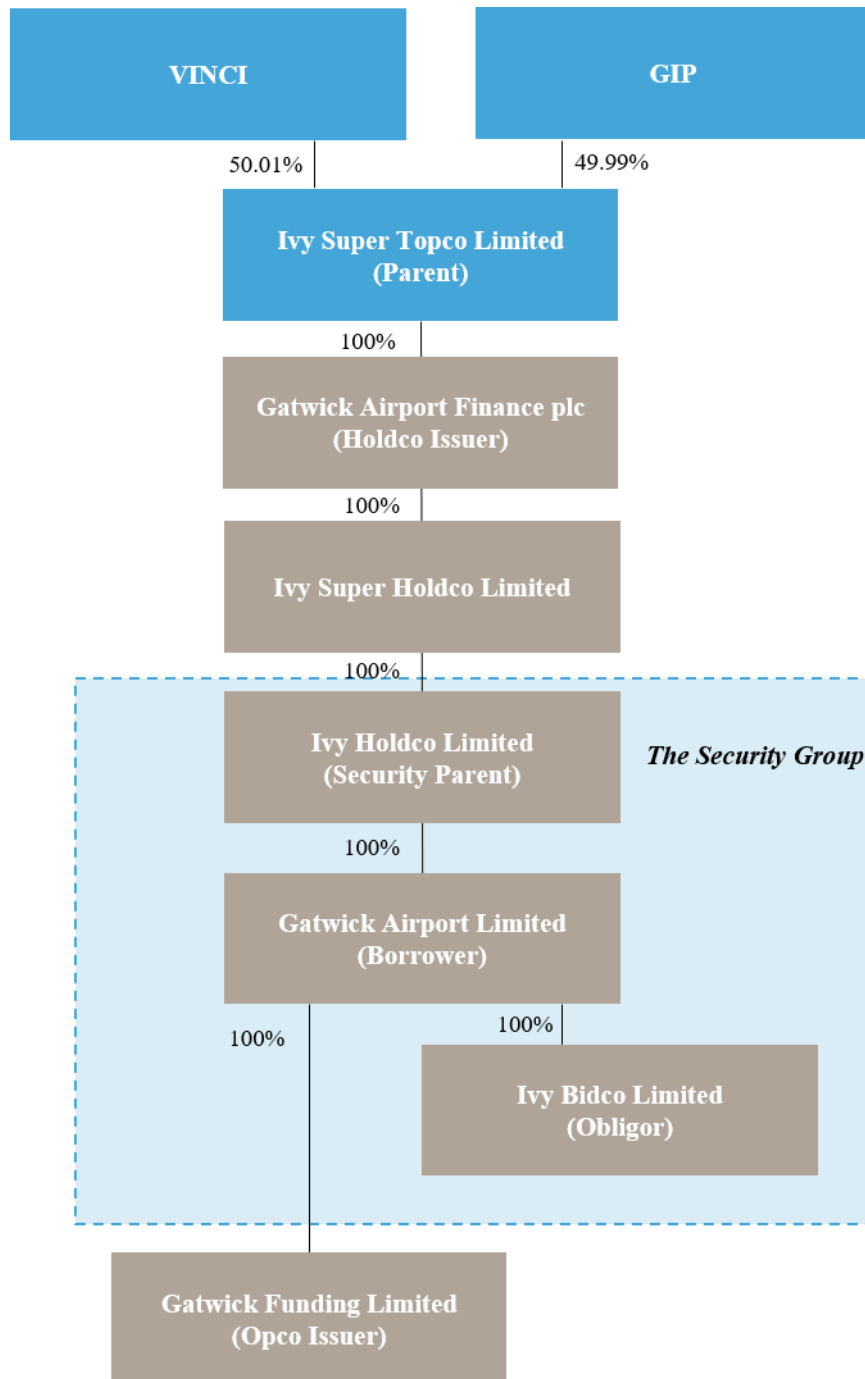
## **GATWICK'S SHAREHOLDERS**

Between 2009 and 2019, Gatwick was wholly owned by funds managed by GIP, a US\$71 billion independent, specialist infrastructure fund. Gatwick is GIP's largest asset under management across all of its funds. Gatwick benefits from a large team of GIP personnel working within the business.

Following an acquisition by VINCI, which completed on 13 May 2019, Gatwick is 50.01% owned by VINCI Airports, a leading worldwide airport operator with a network of 45 airports in 12 countries. VINCI agreed to pay £2.9 billion for its stake in the holding company of Gatwick on 27 December 2018 (implying an equity value of £5.8 billion). VINCI Airports is a long term investor and operator of airports with a large portfolio of airports that have operational and commercial synergies with Gatwick. VINCI has fully integrated Gatwick in the VINCI Airports network.

The remaining 49.99% remains owned by funds managed by GIP, including a separate fund managed on behalf of the CalPERS, which holds an approximately 9.99% interest in Gatwick. VINCI and the GIP-managed funds have entered into a shareholders' agreement governing Ivy Super Topco Limited, under which VINCI and the GIP-managed funds (in aggregate) each have the right to appoint five directors to the boards of Ivy Super Topco Limited and Gatwick Airport Limited.

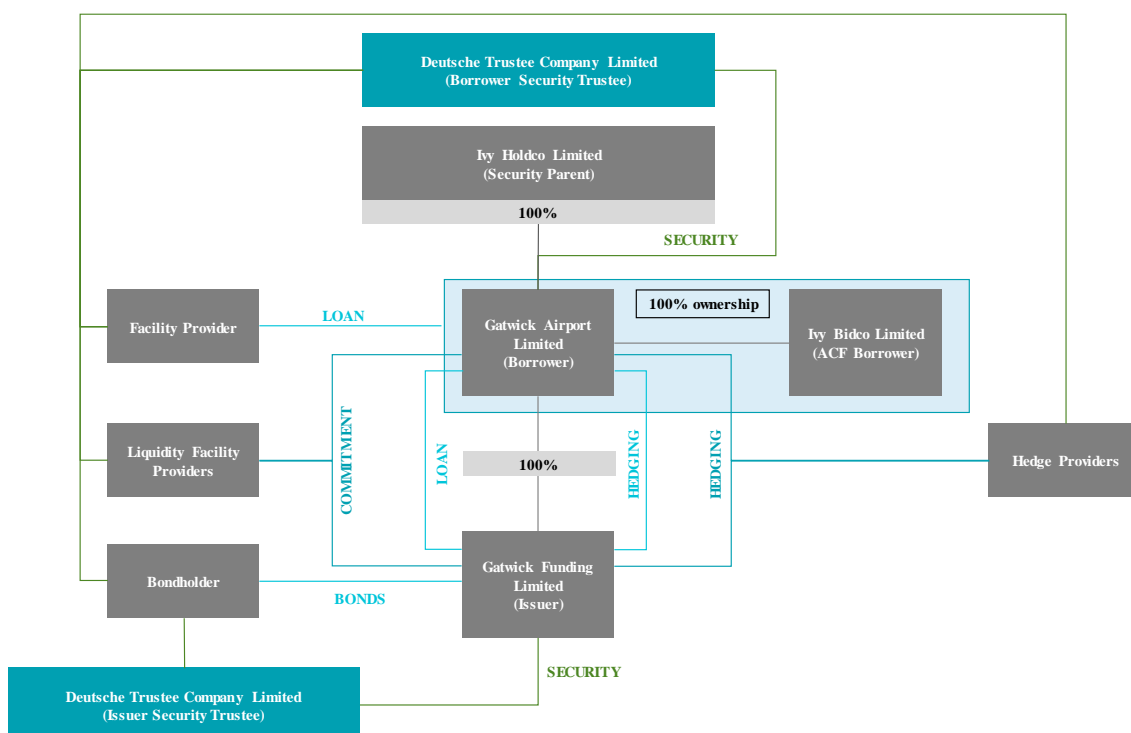
The simplified chart below shows the current ownership structure:



**FINANCING OF THE SECURITY GROUP**

The Issuer has established the Programme to raise debt in the bond markets to fund, among other things the future on-going capital expenditure programme of GAL. The capital structure also incorporates revolving bank facilities, medium term bank debt, Bonds, and associated risk management hedging.

The simplified chart below shows the current debt structure:



The Security Group maintains a diversified multi-product funding platform, which currently incorporates bond and bank debt. As at 31 December 2020, the Borrower Group had consolidated non-current borrowings of £3,354.4 million.

As at the date of this Prospectus, the Security Group's non-current borrowings comprise £2,800 million in Class A bond debt, a £300 million Term Loan Facility and a £300 million fully drawn Revolving Credit Facility. In addition, as at the date of this Prospectus, the Security Group has issued £275 million of commercial paper through the Bank of England. The Security Group had £175 million of CCFF commercial paper in issue as at 31 December 2020 and has increased its outstanding CCFF commercial paper by an incremental £100 million during the first quarter of 2021.

### **Liquidity**

The Security Group has managed its liquidity with long term debt maturities and the earliest Class A bond matures in 2024. The Revolving Credit Facility has been extended to 2025 and the Term Loan Facility is extendable (at the option of GAL) to April 2022. To ensure the Security Group had sufficient liquidity to deal with the ongoing Covid-19 pandemic in March 2020 it drew the full amount of its Revolving Credit Facility and in April 2020 negotiated its Term Loan Facility. In August 2020, GAL received approval to draw up to £300 million under the Bank of England CCFF. As at the date of this Prospectus, the Borrower Group also has a £5 million overdraft and £150 million Liquidity Facility (for debt service) that remain available should they be required.

### **Financial covenants and waiver**

The Security Group's financing arrangements are subject to compliance with financial covenants, including the Senior ICR (which is calculated on the basis of operating cash flow within a 12-month period, adjusted downwards by a pre-defined notional (non-cash) amount, compared to net interest paid) and the Senior RAR (which is calculated by reference to net debt compared with a defined multiple of average EBITDA from the last three years). Both covenants are subject to bi-annual tests at 30 June and 31 December.

To mitigate the impact of the Covid-19 global pandemic, in September 2020, GAL entered into an amendment and waiver agreement to provide a number of short term waivers, approvals and amendments in respect of the Finance Documents to ensure the business is well positioned to recover.

Among other things, Gatwick agreed:

- a waiver of any Default in respect of the financial ratios which may arise in respect of the Calculation Dates falling on 31 December 2020 and 30 June 2021;
- an amendment to the calculation of Transfer RAB for the Calculation Dates from (but excluding) June 2021 to (and including) June 2023, such that the amount to be included in the calculation as Relevant EBITDA for each calendar quarter in the period of 12 months commencing on 1 April 2020 is replaced with an average of the respective quarterly Relevant EBITDA in 2017, 2018 and 2019;
- the waiver of certain other technical Defaults which may arise from actions taken by any Governmental Agency relating directly to the COVID-19 pandemic and which result in a full or partial closure of, or a full or partial suspension of operations at, Gatwick Airport, although currently no such Defaults are expected;
- approval pursuant to paragraph (a)(iv) of the definition of "Permitted Financial Indebtedness" in the MDA to permit issuance of up to £300,000,000 of unsecured commercial paper under the CCF programme (which is not included within the calculation of the Senior RAR, and shall not constitute Borrower Secured Liabilities or benefit from the security created pursuant to the Security Documents); and
- a waiver of certain consequences of the occurrence of a Trigger Event.

Furthermore, given the implementation of the above waivers, approvals and amendments, the Borrower has undertaken to provide the Borrower Secured Creditors and the GFL Secured Creditors (by publication on the Designated Website) a quarterly information package in respect of quarter end dates from 30 September 2020 to 30 June 2021 inclusive, to include traffic updates, financial ratios and six month liquidity forecasts.

If any six month liquidity forecast shows that Available Cash minus Required Expenditure (each as defined in the STID Proposal) is less than £225,000,000, the Borrower will be required to provide a remedial plan outlining how it intends to address the issue, and monthly updates to both the plan and the liquidity forecast until the issue is resolved. If Available Cash minus Required Expenditure is less than £150,000,000, any failure to provide the remedial plan or undertake the actions set out in such plan within the time periods specified in the plan will result in a Loan Event of Default.

Finally, the Borrower agreed that further restrictions on Restricted Payments will apply, such that no Restricted Payments may be made prior to the Calculation Date falling on 31 December 2021, and any Restricted Payments made in the period prior to the next Calculation Date falling after 30 June 2023 will be subject to a tighter Senior RAR test (0.60 for Calculation Dates up to and including June 2022, and thereafter 0.65, on an adjusted basis), meeting the current Senior RAR threshold of 0.70 on an unadjusted basis, and a six month liquidity test, and may not be made if amounts are outstanding in respect of any CCF Debt.



## SOME CHARACTERISTICS OF THE BOND PROGRAMME

|                                  |   |
|----------------------------------|---|
| <b>Issuer</b>                    | Gatwick Funding Limited.  |
| <b>Borrower<sup>1</sup></b>      | Gatwick Airport Limited, Ivy Bidco Limited (other than in respect of the Hedging Policy, any Hedging Agreement and certain amendment provisions of the STID) and any entity which accedes to the Common Terms Agreement and the STID as a Borrower.   |
| <b>Security Parent</b>           | Ivy Holdco Limited.   |
| <b>Obligors</b>                  | GAL, Ivy Bidco Limited and the Security Parent.   |
| <b>Bond Trustee</b>              | Deutsche Trustee Company Limited or any successor appointed pursuant to the Bond Trust Deed.  |
| <b>Issuer Security Trustee</b>   | Deutsche Trustee Company Limited or any successor appointed pursuant to the Issuer Deed of Charge.  |
| <b>Borrower Security Trustee</b> | Deutsche Trustee Company Limited or any successor appointed pursuant to the STID.   |
| <b>Arranger</b>                  | NatWest Markets Plc.  |
| <b>Dealer</b>                    | NatWest Markets Plc.  |
| <b>Programme Size</b>            | Up to £5,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Bonds outstanding at any time as increased from time to time by the Issuer.  |
| <b>Issuance in Classes</b>       | <p>Bonds issued under the Programme will be issued in Series on each Issue Date and each Series may comprise one or more of two Classes. Bonds will be designated as either Class A Bonds or Class B Bonds. Each Class may comprise one or more Sub-Classes with each Sub-Class pertaining to, among other things, the currency, interest rate and maturity date of the relevant Sub-Class. Each Sub-Class may be zero-coupon, fixed rate, floating rate or index-linked Bonds and may be denominated in sterling, euro or U.S. dollars (or in other currencies, subject to compliance with applicable laws).</p> <p>On each Issue Date, the Issuer will issue the Sub-Classes of Bonds set out in the Final Terms or Pricing Supplement (as the case may be) published on the relevant Issue Date.</p> |
| <b>Certain Restrictions</b>      | Each issue of Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time, including the restrictions applicable at the date of this Prospectus. See " <i>Subscription and Sale</i> ".   |
| <b>Currencies</b>                | Euro, sterling, U.S. dollars and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.   |

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<sup>1</sup> Where the term "Borrower" is used in this Prospectus, the intention is to refer to GAL, Ivy Bidco Limited and any other entity which accedes to the Common Terms Agreement and the STID as a Borrower. Reference to either "GAL" or "Ivy Bidco Limited" is made where the intention is to refer to each individually.

|   |   |
|---|---|
| <b>Final Terms, Pricing Supplement or Drawdown Prospectus</b> | Bonds issued under the Programme may be issued either: (a) pursuant to this Prospectus and associated Final Terms or Pricing Supplement; or (b) pursuant to a Drawdown Prospectus.  |
| <b>Maturities</b>   | <p>Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer.</p> <p>In certain circumstances, where Bonds have a maturity of less than one year, such Bonds will be subject to limitations to ensure that the Issuer complies with section 19 of the FSMA. For further details, please see the United Kingdom selling restrictions as set out in "<i>Subscription and Sale</i>" and the Final Terms or Pricing Supplement (as the case may be) for any particular Series of Bonds.</p>  |
| <b>Issue Price</b>  | Bonds will be issued on a fully paid basis and at an issue price which is at par or at a discount to, or premium over, par, as set out in the relevant Final Terms or Pricing Supplement (as the case may be).  |
| <b>Interest</b>   | Bonds will, unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), be interest-bearing and interest will be calculated (unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be)) on the Principal Amount Outstanding of such Bond. Interest will accrue at a fixed or floating rate (plus, in the case of Indexed Bonds, amounts in respect of indexation) and will be payable in arrear, as specified in the relevant Final Terms or Pricing Supplement (as the case may be), or on such other basis and at such rate as may be so specified. Interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer as specified in the relevant Final Terms or Pricing Supplement (as the case may be). |
| <b>Form of Bonds</b>  | The Bonds will be issued in bearer or registered form as specified in the relevant Final Terms or Pricing Supplement (as the case may be). Registered Bonds will not be exchangeable for Bearer Bonds.  |
| <b>Interest Payment Dates</b>                                 | Interest, in respect of Fixed Rate Bonds and Indexed Bonds, may be payable monthly, quarterly, semi-annually or annually (according to the relevant Final Terms or Pricing Supplement (as the case may be)) in arrear and, in respect of Floating Rate Bonds will be payable quarterly in arrear (or, as otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be)).   |
| <b>Early Redemption</b>                                       | The applicable Final Terms or Pricing Supplement (as the case may be) will indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments, for taxation reasons, if applicable, following prepayment of a Borrower Loan or following an Index Event or a Bond Event of Default) or that such Bonds will be redeemable at the option of the Issuer and/or the Bondholders upon giving notice to the Bondholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer, in each case as set out in the applicable Final Terms or Pricing Supplement (as the case may be).  |

|                              |  |
|------------------------------|--|
| <b>Scheduled Redemption</b>  | Unless previously redeemed or cancelled, each Sub-Class of Bonds is expected to be redeemed on the Scheduled Redemption Date. Neither the Issuer nor the Borrower has the right to extend the Scheduled Redemption Date, which is also the maturity date of the corresponding tranche of the Borrower Loans. The Maturity Date under the Bonds falls two years later, to cater solely for the possibility that the Borrower might default on repayment of the Borrower Loans. In these circumstances (which constitute a Loan Event of Default, the Bonds will accrue interest at a floating rate, which will be met from any available proceeds from the Borrower Loans or, if insufficient, from drawings under the Liquidity Facility, to the extent available. If the Bonds are not redeemed in full by their Maturity Date, there will be a Bond Event of Default.  |
| <b>Final Redemption</b>      | If a Sub-Class of Bonds has not previously been redeemed in full, such Sub-Class shall be finally redeemed at its respective Principal Amount Outstanding (in the case of Indexed Bonds, as adjusted in accordance with Condition 6(b) ( <i>Application of the Index Ratio</i> )) plus accrued interest on the Maturity Date, as specified in the applicable Final Terms or Pricing Supplement (as the case may be).   |
| <b>Denomination of Bonds</b> | Bonds will be issued in such denominations as are or may be agreed between the Issuer and the relevant Dealer, as specified in the relevant Final Terms or Pricing Supplement (as the case may be), but the minimum denomination shall be not less than €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the Bonds.   |
| <b>Taxation</b>              | Payments in respect of Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any jurisdiction, unless and save to the extent that the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event and to that extent, the Issuer and/or the Paying Agents will make payments subject to the appropriate withholding or deduction. No additional amounts will be paid by the Issuer and/or the Paying Agents in respect of any withholdings or deductions.  |
| <b>Status of the Bonds</b>   | <p>The Bonds to be issued under the Programme will constitute secured obligations of the Issuer. Bonds of each Class rank <i>pari passu</i> without preference or priority in point of security among themselves. One or more Classes, Sub-Classes or Series may be issued at one time. All Bonds issued under the Programme will be secured over the same assets of the Issuer, which are secured in favour of the Bondholders and the other Issuer Secured Creditors under the Issuer Deed of Charge.</p> <p>The Bonds represent the right of the holders of such Bonds to receive interest (where applicable) and principal payments from the Issuer in accordance with the terms and conditions of the Bonds and the Bond Trust Deed entered into by the Issuer and the Bond Trustee in connection with the Programme.</p> <p>All claims in respect of the Class A Bonds will rank in priority to payments of interest and principal due on the Class B Bonds.</p> |
| <b>Covenants</b>             | The representations, warranties, covenants and events of default which will apply to, among other things, the Bonds are set out in   |

the Bond Trust Deed. See "*Summary of the Financing Agreements – Bond Trust Deed*".

**Listing**

It is anticipated that Bonds issued under the Programme will be admitted to the Official List and admitted to trading on the Market. The Bonds may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.

Exempt Bonds may also be issued pursuant to a Pricing Supplement.

**Ratings**

The ratings assigned to the Class A Bonds and the Class B Bonds by the Rating Agencies reflect only the views of the Rating Agencies. The ratings will be specified in the relevant Final Terms or Pricing Supplement (as the case may be).

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of the Security Group. A rating may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.

**Governing Law**

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

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Bonds in the United States, the United Kingdom, the European Economic Area, Jersey and such other restrictions as may be required in connection with the offering and sale of a particular Sub-Class of Bonds. See "*Subscription and Sale*" and the Final Terms or Pricing Supplement (as the case may be) for any particular series of Bonds.

**Investor Information**

GAL is required to produce an Investor Report semi-annually which shall be published on the designated website of GAL, being [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor) and which will also be made available at the specified office of the Principal Paying Agent, in the case of Registered Bonds at the specified office of the Registrar and the Transfer Agents and (in all cases) at the registered office of the Bond Trustee. No reports in respect of the Borrower Loan Agreement and the Borrower Loans will be prepared.

## SUMMARY FINANCIAL INFORMATION

The tables below present consolidated income statement, consolidated statement of financial position and consolidated cash flow data for the Security Group for and as at the years ended 31 December 2020 and 2019. The information below should be read together with the consolidated financial statements and the notes to those statements.

### Consolidated Income Statement Data

In the year to 31 December 2020, the Security Group's revenue decreased as a result of the Covid-19 pandemic which caused a 78.2% decrease in passenger volume, impacting all revenue streams.

|   | Year ended 31<br>December 2020 | Year ended 31<br>December 2019<br>(unaudited) |
|---|--------------------------------|---|
|   | <i>(£ million)</i>             |   |
| Total revenue.....                          | 217.0                          | 853.5   |
| EBITDA.....                                 | (25.1)                         | 472.7   |
| <b>Operating profit / (loss)</b> .....      | <b>(248.1)</b>                 | <b>275.0</b>                                  |
| <hr/>                                       |                                |   |
| Analysed as:                                |                                |   |
| Operating profit before exceptional items   | (205.5)                        | 293.4   |
| Operating costs – exceptional               | (42.6)                         | (18.4)  |
| <hr/>                                       |                                |   |
| <b>Profit / (loss) before tax</b> .....     | <b>(525.9)</b>                 | <b>219.8</b>                                  |
| <b>Profit / (loss) for the period</b> ..... | <b>(465.5)</b>                 | <b>152.6</b>                                  |

### Consolidated Statement of Financial Position Data

|   | As at 31 December<br>2020 | As at 31 December<br>2019 |
|---|---------------------------|---------------------------|
|   | <i>(£ million)</i>        |                           |
| <b>Assets</b>                           |                           |                           |
| Non-current assets.....                 | 3,664.7                   | 3,912.9                   |
| Current assets.....                     | 412.1                     | 87.6                      |
| <b>Total assets</b> .....               | <b>4,076.8</b>            | <b>4,000.5</b>            |
| <hr/>                                   |                           |                           |
| <b>Liabilities</b>                      |                           |                           |
| Non-current liabilities.....            | (3,914.9)                 | (3,466.3)                 |
| Current liabilities.....                | (343.7)                   | (224.2)                   |
| <b>Total liabilities</b> .....          | <b>(4,258.6)</b>          | <b>(3,690.5)</b>          |
| <b>Net assets / (liabilities)</b> ..... | <b>(181.8)</b>            | <b>310.0</b>              |

### Consolidated Cash Flow Data

|  | Year ended 31<br>December 2020 | Year ended 31<br>December 2019<br>(unaudited) |
|--|--------------------------------|---|
|  | <i>(£ million)</i>             |   |
| Loss/(profit) before tax.....  | (525.9)                        | 219.8   |
| <i>Adjustments for:</i>  |                                |   |
| Investment property revaluation.....                                 | 159.7                          | (47.4)  |
| Loss on disposal of fixed assets.....                                | 0.9                            | 1.7   |
| Fair value loss on financial instruments.....                        | 0.6                            | (8.2)   |
| Finance income.....  | (36.6)                         | (28.8)  |
| Finance costs.....   | 153.2                          | 138.0   |
| Depreciation and amortisation.....                                   | 180.4                          | 179.3   |
| Increase/(decrease) in inventories, trade and other receivables..... | (6.3)                          | 3.9   |
| Increase/(decrease) in trade and other payables.....                 | (27.4)                         | 26.6  |
| Defined benefit pension contributions.....                           | (20.4)                         | (15.1)  |

|   | Year ended 31<br>December 2020 | Year ended 31<br>December 2019<br>(unaudited) |
|---|--------------------------------|---|
|   | (£ million)                    |   |
| Other non-cash movements .....                                  | (0.3)                          | 0.1   |
| Cash generated from operations .....                            | <b>(122.1)</b>                 | <b>469.9</b>                                  |
| Corporation tax paid .....                                      | (0.5)                          | (42.7)  |
| Net cash from operating activities .....                        | <b>(122.6)</b>                 | <b>427.2</b>                                  |
| Interest received .....   | 0.7                            | 1.3   |
| Sale of tangible fixed assets .....                             | 0.1                            | (252.1)                                       |
| Purchase of fixed assets .....                                  | (108.2)                        | 0.1   |
| Increase in related party receivables .....                     | -                              | (300.0)                                       |
| Net cash from investing activities .....                        | <b>(107.4)</b>                 | <b>(550.7)</b>                                |
| Interest paid .....   | (134.5)                        | (120.5)                                       |
| Payment of lease liabilities .....                              | (1.0)                          | 0.4   |
| Increase in external borrowings .....                           | 470.2                          | 292.3   |
| Increase/(decrease) in revolving credit facility .....          | 215.0                          | 45.0  |
| Payment of inflation accretion .....                            | (36.6)                         | -   |
| Equity dividends paid .....                                     | -                              | (100.0)                                       |
| Net cash from financing activities .....                        | <b>513.1</b>                   | <b>(117.2)</b>                                |
| Net increase in cash and cash equivalents .....                 | 283.1                          | (6.3)   |
| Cash and cash equivalents at the beginning of the period .....  | 10.0                           | 16.9  |
| <b>Cash and cash equivalents at the end of the period .....</b> | <b>293.1</b>                   | <b>10.0</b>                                   |

### Senior Borrower Group debt and gearing statistics

|  | As at / for year<br>ended 31 December<br>2020 | As at / for year<br>ended 31 December<br>2019 (unaudited) |
|--|---|---|
|  | (£ million)                                   |   |
| Cash flow (per Finance Documents covenant) .....                   | (158.1)                                       | 346.1   |
| Total interest (net) on Senior Debt (£ million) .....              | 122.8   | 109.8   |
| <b>Senior ICR (multiple) .....</b>                                 | <b>(1.29)</b>                                 | <b>3.15</b>   |
| Senior Net Debt (per Finance Documents covenant) (£ million) ..... | 3,132   | 2,931   |
| RAB (£ million) .....  | 3,317   | 4,902   |
| <b>Senior RAR (multiple) .....</b>                                 | <b>0.94</b>                                   | <b>0.60</b>   |
| <b>Senior Net Debt to EBITDA (multiple) .....</b>                  | <b>-<sup>(1)</sup></b>                        | <b>6.20</b>   |

**Note:**

<sup>(1)</sup> Senior Net Debt to EBITDA is not provided for the year ended 31 December 2020 as EBITDA is a negative number and therefore the resulting figure is not meaningful.

For further information on alternative performance measures see "Financial Information and Results of Operations – Ratios". Note the Senior RAR specified above has been calculated without the agreed adjustments applicable for the period from (and excluding) 30 June 2021 to (and including) 30 June 2023 as further described in "Description of Indebtedness – Description of Senior Indebtedness – 22 September 2020 Amendments".

## Key operating statistics

|   | <b>Year ended 31<br/>December 2020</b> | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |
|---|--|--|
| Number of passengers ( <i>million</i> ) .....         | 10.2                                   | 46.6   |
| Aeronautical income per passenger .....               | £8.82                                  | £9.82  |
| Net retail income per passenger.....                  | £4.66                                  | £4.19  |
| Ratio of short haul to long haul passengers (%) ..... | 81.4 short   18.6 long                 | 80.7 short   19.3 long                                 |
| Air Transport Movements ("ATMs") .....                | 76,364                                 | 280,656  |
| Seats per ATM .....                                   | 192.4                                  | 192.2  |
| Load factors (%).....                                 | 69.2                                   | 86.3   |

## Revenue split by category

|   | <b>Year ended 31<br/>December 2020</b> |                                  | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |                              |
|---|--|----------------------------------|--|------------------------------|
|   | <i>(£ million)</i>                     | <i>Per<br/>Passenger<br/>(£)</i> | <i>(£ million)</i>                                     | <i>Per<br/>Passenger (£)</i> |
| Aeronautical income .....                         | 89.7                                   | 8.82                             | 457.2  | 9.82                         |
| Retail income .....                               | 49.8                                   | 4.66                             | 199.5  | 4.19                         |
| Car parking income .....                          | 17.7                                   | 1.06                             | 87.2   | 1.46                         |
| Property income .....                             | 30.6                                   | 3.00                             | 33.3   | 0.71                         |
| Operational facilities and utilities income ..... | 12.7                                   | -                                | 34.5   | -                            |
| Other income.....                                 | 16.5                                   | -                                | 41.8   | -                            |
| <b>Total revenue</b> .....                        | <b>217.0</b>                           | -                                | <b>853.5</b>   | -                            |
| Other non-trading income .....                    | -                                      | -                                | 3.9  | -                            |
| <b>Total income</b> .....                         | <b>217.0</b>                           | -                                | <b>857.8</b>   | -                            |

## **RISK FACTORS**

*The following sets out certain aspects of the Programme documentation and the activities of the Issuer and the Security Group of which prospective Bondholders should be aware. The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer, GAL, Ivy Bidco Limited and the Security Parent and could lead to, among other things, Trigger Events, Bond Events of Default, Loan Events of Default and/or non-payment of amounts under the Bonds.*

*This section of the Prospectus describes all material risks that are known to the Issuer and the Security Group as at the date of this Prospectus. This section of the Prospectus is not intended to be exhaustive and prospective Bondholders should read the detailed information set out elsewhere in this document prior to making any investment decision. Further, prospective Bondholders should take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in the Bonds. Bondholders may lose the value of their entire investment in certain circumstances.*

*In addition, while the various structural elements described in this document are intended to lessen some of the risks discussed below for holders of the Bonds, there can be no assurance that these measures will ensure that the holders of the Bonds of any Sub-Class or Tranche receive payment of interest or repayment of principal from the Issuer in respect of such Bonds on a timely basis or at all.*

### **I. COMMERCIAL RISKS**

#### **Covid-19**

Recovery from the Covid-19 crisis could be hindered by various political, economic, and regulatory factors outside of the Security Group's control. The Security Group has mitigated the impacts of the unprecedented Covid-19 crisis to the extent possible, taking drastic actions including, among others, contractual and resourcing adjustments with suppliers, halting discretionary expenditure, reducing the operational footprint of Gatwick, implementing pay reductions, a programme of compulsory and voluntary redundancies and cutting the capital expenditure programme (see further "*Business of Gatwick Airport Limited and the Security Group – Response to Covid-19*").

However, at present, any predictions as to how and when air traffic and the wider economy will start to recover are uncertain. There is a range of factors outside the Security Group's control that could affect the recovery despite the Security Group's best efforts to mitigate the Covid-19 crisis, working alongside the UK government, airlines and industry organisations.

The most significant of these factors include the following:

- passenger confidence in, and demand for, travelling could be significantly affected not only by concerns over health and safety risks but also uncertainties in the government-imposed travel restrictions in the UK and across the world, and the risk of further lockdowns being implemented at very short notice;
- key international markets for the UK are subject to quarantine policies or travel bans imposed by the UK government (and governments in destination locations), at least for the short term and including the key European destinations Gatwick serves, with the UK government's quarantine exemption list being subject to change or withdrawal with no significant advance warning which further undermines passenger confidence in travelling;
- government policies such as social distancing and potential policies such as vaccine passports, testing or other border measures could impact the ability of Gatwick to operate and the revenues of its concessionaires;
- a significant proportion of Gatwick's costs are fixed and therefore during periods of reduced demand that sustain for some time (such as the ongoing Covid-19 pandemic), it can take time and cost to bring Gatwick's operating leverage down to an appropriate level;
- key recovery initiatives across aviation industry, including reciprocal health screening, testing and vaccine passports, require significant government support as well as common international



standards, which could take a considerable period to develop and may, in and of themselves, deter passengers from flying;

- the risk of Covid-19 infection and/or quarantine requirements could impact the ability of key Airport functions to operate, such as air traffic control or the fire service;
- the Security Group's ability to bring back non-aeronautical revenue following the Covid-19 crisis, in particular, through retail concession fees, is compromised as a result of a number of existing retailers having either gone into administration or being in significant financial distress and consumers' shopping habits may move further in favour of online shopping;
- Covid-19 has changed the way that Gatwick operates as the overall headcount of the Security Group was reduced from 3,261 in March 2020 to 1,768 as at 31 December 2020 and third party suppliers that the Security Group relies on, such as ground handlers, have also reduced their headcount. As a result of these changes, Gatwick may not be able to adequately staff up to meet any future peaks in passengers returning which could negatively affect passenger experience;
- as at the date of this Prospectus, the rule, pursuant to Council Regulation (EEC) No 95/93 as it forms part of the domestic law of the UK by virtue of the EUWA, that airlines must use at least 80% of their slots or risk losing them to a competitor has been suspended and, if this suspension lasts beyond the short-term, slots at Gatwick may be trapped by certain airlines that are not using them which could have a detrimental effect on Gatwick's passenger numbers and its revenues;
- as a result of the Covid-19 pandemic there is significant excess capacity at Gatwick and other London airports, which may continue in the short term and could therefore have a temporary impact on market share as competitors reduce pricing in order to fill their excess capacity;
- the continuance of "working from home" even after government restrictions cease could result in a decrease in business passengers using Gatwick and create voids in its real estate portfolio;
- recovery efforts could be undermined as a result of further structural damage to airline capacity including failure of airlines;
- credit rating downgrades if the Security Group cannot implement sufficient mitigating actions to the satisfaction of the relevant rating agencies; and
- Covid-19 could cause a general economic slowdown (see further "*Macro-economic factors*" below).

As disclosed in note 1 to the audited consolidated financial statements of the Security Parent for the year ended 31 December 2020 as set out on pages 66 and 67 of such financial statements, the impact of Covid-19 creates considerable uncertainty for the aviation industry. There are a number of severe but plausible downside scenarios, particularly if severe government restrictions impacting travel were to extend into the summer of 2021, and there remains a risk to the Security Group's covenant ratios. Whilst the Security Group has a number of options to mitigate or remedy any potential covenant breaches and refinance its term loan (due for repayment in October 2021, extendable for an additional six months at the Security Group's option such that it would not fall due for repayment until April 2022), there remains the existence of a material uncertainty which may cast significant doubt about the Security Group's ability to adopt a going concern basis of preparation for the financial statements. An emphasis of matter in relation to this material uncertainty was included within the audit opinion on the audited consolidated financial statements of the Issuer for the year ended 31 December 2020.

Any of these factors could have a material adverse effect on the Security Group's business, financial condition and results of operations, which in turn may have an adverse effect on the ability of the Issuer to fulfil its obligations under the Bonds.

#### **Macro-economic factors**

Changing economic circumstances may affect demand for travel. Leisure travel, which is a key market for Gatwick, is a discretionary consumer expense. During periods of economic slowdown (including potentially following the Covid-19 crisis), customers may reduce or stop their spending on travel, impacting

passenger numbers and the propensity of passengers to spend in the shops, thereby impacting income for the Security Group. In addition, economic conditions may impact Gatwick's operating costs, pension plan contributions and the costs and availability of capital and of the services of suppliers which are required by Gatwick.

Economic circumstances may also affect the Security Group's retail income. Like leisure travel, passengers' retail spending at Gatwick is discretionary and poor economic conditions may result in travellers choosing to curtail such spending.

Car parking income may be affected by a change in the passenger mix in circumstances where outbound leisure travellers from the UK are substituted by inbound passengers who would not generally use car parks, which could affect the Security Group's income from car parking.

In addition, fluctuations in exchange rates may impact spending by passengers, which may have an adverse effect on the Security Group's revenues.

Fuel costs typically represent a large percentage of airlines' operating costs. Fuel prices fluctuate widely depending on many factors, including international market conditions, geopolitical events and exchange rates. If fuel prices increase significantly above current levels, airlines may seek to pass on increases in fuel prices to their customers by increasing their fares, which may have a materially adverse impact on passenger numbers and air transport movements.

In addition, any further changes which the UK government may introduce to air passenger duty and the system of taxing the aviation industry, other travel taxes or other taxes (whether existing or future) such as VAT may also affect the cost of flying, potentially decreasing passenger numbers and therefore the Security Group's revenues.

#### **Exposure to airlines' actions or financial situations**

GAL has negotiated commercial arrangements with certain airlines which incentivise those airlines to maintain and grow passenger numbers, and continues to engage with other airlines under the Airline Commitments framework to agree contract terms (see "*Airport Regulation – The Current Regulatory Framework*"). However, as airlines have no obligations to GAL to deliver a given passenger volume, to provide a minimum volume of flights through Gatwick or to use a particular type of aircraft, there can be no assurance as to the level of GAL's future aeronautical income from any one or more airline operators. Levels of retail income at Gatwick and passenger spend may also be affected by such factors.

In addition, the economic position of some airlines has been historically difficult. Individual airlines may suffer financial difficulties in the future which force them to partly or completely discontinue their flight operations or to merge with others, thereby having to realign their flight operations.

For example, Monarch Airlines ceased trading in October 2017, Thomas Cook ceased trading in November 2019, Norwegian underwent a restructuring during 2020, Virgin Atlantic closed its operations at Gatwick in 2020 and British Airways consolidated its short-haul operations away from Gatwick in 2020. These events could have a temporary detrimental effect on passenger traffic at Gatwick.

Any loss of airline customers or failure to pay by such airline customers could have a material adverse impact on the Security Group if it is unable to mitigate such loss by the take-up of the vacated slots by other airline customers.

#### **Reliance on major airline customers**

Gatwick's biggest five airline customers (easyJet, British Airways, TUI, Norwegian, and Vueling) accounted for 80% of total air transport movements and 79% of passengers at Gatwick for the year ended 31 December 2019. Although GAL continues to seek to attract new airlines to operate from Gatwick and to encourage growth from existing operators, GAL has derived, and believes it will continue to derive, a significant portion of its revenue in any given year from a limited number of airlines. Actions taken by airlines (especially by those airlines that have a strong presence at Gatwick) such as decisions to change flight times, ticket prices and flight routes, or a failure by these airlines to appropriately respond to technical defects, failures in IT or data processing which may cause flight delays, damages to facilities, and the cancellation of airport services, could materially affect the financial performance of the Security Group. Also, financial difficulties experienced by any significant airline customer could lead to a reduction or

cessation of flights from Gatwick and could result in a particularly adverse effect on the Security Group if it is unable to mitigate such loss by the take-up of the vacated slots by other airline customers in a timely manner. There can therefore be no assurance as to the level of the Security Group's future aeronautical income from any one or more airline operators.

### **Climate change**

Climate change has the potential to affect Gatwick's operations and broader business in a number of ways. In particular, if climate change results in more volatile weather, such as a greater frequency and intensity of storms, this could disrupt Gatwick's operations by reducing handling capacity and ground transport access. Any increase in delayed or cancelled flights would increase disruption costs and reduce revenue, as well as having an adverse effect on Gatwick's reputation, which may have an adverse effect on the ability of the Issuer to fulfil its obligations under the Bonds. Customer attitudes to environmental and climate issues may also change and this may lead to a reduced demand for air travel, which may have an adverse effect on the Security Group's revenues.

Future government regulations to combat climate change may also result in reduced capacity at Gatwick or additional financial penalties for the aviation industry, which may have a material adverse effect on the ability of the Security Group to operate profitably.

Government policies on "net zero" carbon emissions may continue to be accelerated, which has the potential to render Gatwick's fixed assets redundant if it cannot adapt quickly enough to the changes mandated. Adaptation of existing fixed assets may also be costly and the effectiveness and reliability of new technologies is uncertain and may lead to further costs for Gatwick.

Additionally, Gatwick may be exposed to changing weather conditions as a result of climate change. See "*Event risks – Natural phenomena/adverse weather conditions*".

### **Event risks**

#### ***Threats to security and terrorism***

The UK government currently assesses the threat to interests within the UK, including aviation, from international terrorism as "Substantial", the second highest threat level. The current threat level to interests within the UK from Northern Ireland-related terrorism is assessed as "Severe" in Northern Ireland, the second highest threat level.

Gatwick has been operating heightened security measures since September 2001 and was required by the UK government to introduce additional security measures following the discovery of terrorist plots in August 2006 and December 2009. The consequences of any future terrorist attack may include cancellation or delay of flights, fewer airlines and passengers using Gatwick, liability for damage or loss and the costs of repairing damage. The implementation of additional security measures at Gatwick in the future, including stricter hand luggage and other carry-on restrictions and reduced shopping time as a result of more rigorous and time-consuming security procedures could lead to additional limitations on airport capacity, overcrowding, increases in operating costs, reduced spend by passengers and delays to passenger movement through Gatwick and fewer passengers using Gatwick.

#### ***Epidemic diseases***

International outbreaks of infectious diseases, such as the ongoing Covid-19 pandemic, and the resulting actions tabled by the WHO (including travel advisories) and the UK and other governments across the world, have had a significant adverse effect on passenger demand for air travel in the UK. An outbreak of another epidemic disease such as Covid-19 (whether domestic or international) or any WHO or governmental travel advisories (whether relating to UK cities or regions or other cities, regions or countries) could have a material adverse effect on passenger demand for air travel. Any resulting reduction in traffic could have a material adverse effect on GAL.

#### ***Natural phenomena/adverse weather conditions***

On 24 December 2013, severe flooding in the vicinity of Gatwick Airport resulted in the failure of electricity distribution to areas of the airfield and North Terminal. During this time train services to and from Gatwick and road networks were also severely affected by the weather. As a result of disruption

caused, 72 of the 260 scheduled departures were cancelled which significantly impacted air transport movement and passenger numbers on 24 December 2013. Any future natural phenomena or adverse weather conditions or other event causing prolonged closure of airspace could have a similar or greater adverse impact on air transport movement and passenger numbers, affecting GAL's income.

### ***Cyber attacks***

Gatwick could face disruption from cybersecurity threats to its data and systems and/or non-compliance with the NIS Regulation could result in regulatory action which could have a significant impact on the Security Group. Gatwick's data and systems may be vulnerable to theft, loss, damage and interruption due to unauthorised access, security breaches, cyber-attacks, computer viruses, power loss, or other disruptive events.

In addition, the CAA has determined that Gatwick is an "operator of essential services" for the purposes of the NIS Regulation and as such Gatwick has to take appropriate and proportionate security measures to manage risks to its network and information systems, and it will be required to notify serious incidents to the DfT. A security breach could have a negative impact on customer confidence in Gatwick's systems and negatively impact Gatwick's reputation. In addition, a failure to comply with the requirements of the NIS Regulation could result in enforcement action being taken against Gatwick, including levying substantial fines. Should a security breach and/or noncompliance with the NIS Regulation occur, this could result in operational disruption, inconvenience to passengers and long-term damage to Gatwick's reputation, which could in turn have a material adverse effect on GAL's business, financial condition and results of operations.

### ***Loss of personal data***

The penalties for the Security Group failing to comply with the DPA 2018 are recognised as on-going risks to be managed. Failure to comply with the DPA 2018 could result in reputational risks (impacting on Gatwick's relationship with its stakeholders including its regulators) litigation against Gatwick or a fine (maximum fine applicable is the greater of 20 million euros or 4% of annual turnover). Additionally, Gatwick may be subject to claims for material and non-material damage from groups of affected customers and employees. The cost of regulatory or legal action, and any reputational damage suffered as a result of such action, could have a material adverse effect on GAL's business, financial condition and results of operations.

### ***Industrial action***

With 1,768 full time equivalent employees as at 31 December 2020, relationships with employees, trade unions and other employee representatives are important to the running of Gatwick. Gatwick also relies on the employees of third party contractors for important services such as baggage handling. Existing labour arrangements and relationships may not prevent a strike or disruption in the future (whether by GAL's employees or by the employees of a third party contractor who provides services to Gatwick), and should these relationships deteriorate, the operation of Gatwick could be adversely affected, leading to a loss of revenue and increased costs associated with industrial disputes.

### ***Key personnel***

GAL's success depends, to a significant extent, on the continued services of its executive management team, which has substantial experience in the airport industry. There is no guarantee that any of the executive management team will remain employed by or seconded to GAL. The unexpected departure or loss of the services of one or more members of the executive management team could have an adverse effect on Gatwick's operations and/or GAL's financial condition or results of operations and there can be no assurance that GAL will be able to attract or retain suitable replacements.

### ***Drone Risk***

On 19 December 2018, two drones were reported around the Gatwick Airport perimeter (within the drone exclusion zone) which led to the initial closure of the airport's runway. Drone activity continued intermittently, with 115 sightings being reported between the first sighting on 19 December and the last sighting on 23 December. The multiple drone reports resulted in the need to close the runway for a total of 31 hours, leading to an estimated traffic impact of 164,000 fewer passengers as a result of flight cancellations from the evening of 19 December to 21 December.

The disruption at Gatwick was an unprecedented event, with the response involving support and intervention from the police, the military and the UK government. In response to the incident, Gatwick has taken additional drone risk mitigation measures by acquiring technology which provides confirmation of both the presence and location of drones.

At the time of the disruption, the UK government had already applied regulation to drones, prohibiting them from flying above 400 feet and within one kilometre of the airport's boundary, with registration requirements to be introduced in November 2019. In addition, following the incident at Gatwick, the Secretary of State for Transport introduced new measures, which now gives additional powers to the police when responding to offences by drone users and enlarged the exclusion zone around airports to five kilometres.

In spite of the measures taken by both Gatwick and the UK government, any future drone activity around Gatwick could have a similar or greater adverse impact on air transport movements and passenger numbers, which could negatively affect the Security Group's income.

### **Risks relating to the UK leaving the European Union**

The transition period for the UK exiting the EU came to an end on 31 December 2020. Following this period, the UK will see no immediate change in aviation regulations or market arrangements but the long term impact remains uncertain. A trade agreement was agreed between the UK and the EU on 24 December 2020. For the aviation sector the trade agreement preserved traffic rights between the UK and the EU, with the exception of the removal of cabotage rights (i.e. the rights of UK airlines to fly routes within EU).

The UK is no longer part of the EU's aviation institutions, including the European Union Aviation Safety Agency, however the trade agreement emphasises the aim of close cooperation in this area based on mutual recognition of licences. Other regulatory impacts are largely limited by European legislation becoming UK legislation as part of the EUWA. This means there are no immediate changes to rules and regulations governing areas such as slots, airport charges, ground handling or the rights of passengers with reduced mobility.

There is a possibility that the UK will experience lower economic growth, which may have a negative impact on airport traffic. Similarly, currency movements may affect the cost of travel and in turn the demand for air travel. A weakening pound may also affect the input costs of airlines, which could impact the future of more marginal routes.

Potential restrictions on the free flow of labour between the UK and EU, as well as welfare changes for EU citizens in the UK, may also put pressure on the supply of aviation and airport-related staff.

The realisation of any of the above risks could have a material adverse effect on the business, financial condition and results of GAL and the Security Group.

### **Business interruption**

Gatwick is exposed to the risk of accidents, including aircraft crashes. These accidents could result in injury or loss of human life, damage to airport infrastructure and short or long term closure of Gatwick's facilities and may have an impact on passenger traffic levels.

In addition, Gatwick may suffer business interruption or disruption from a number of other events out of its control such as wars, riots, pandemics, political action, blockades, fire or technical problems. Any interruptions or disruptions in the services that Gatwick provides could have a material adverse impact on GAL.

As Gatwick operates from a single site, any disruption to the efficient operation of Gatwick could have a material adverse impact on GAL. In particular, damage resulting from any of the above events may take considerable time to repair. The direct effect of such events and a prolonged period before rectification could have a material adverse impact on GAL.

### **Concessionaires**

In a situation where passengers are spending less in the shops at Gatwick, concessionaires may seek to renegotiate minimum guarantee payments to GAL under concession agreements (for example if tax free

shopping was to be removed this may impact passenger propensity to spend if GAL is unable to agree tax free equivalent pricing with concessionaires). If contract negotiations, amendments or documentation are not satisfactorily resolved or if concessionaire contracts are not renewed or are terminated, if there is reduced competitiveness of the airport retail offering or retail tenant failures or if GAL is not able to replace lost turnover with new contracts in a timely manner, this could have a material adverse effect on GAL.

### **Reliance on suppliers**

GAL is an operating company and has entered into and will continue to enter into contracts with third parties under which it has given or will give representations, covenants and indemnities as part of the transactions to which the contracts relate. Gatwick sources goods and services required for the operation of Gatwick from third party suppliers, including air traffic control services, border control, maintenance, and utilities. In certain cases, Gatwick may only be able to access goods and services from a limited number of suppliers and the transition to new suppliers of such goods and services may take significant amounts of time and require significant resources. A failure, refusal or inability (whether due to insolvency or otherwise) of a supplier to provide goods or services, which is beyond Gatwick's control, could have a material adverse effect on GAL.

Airlines source goods and services required for their operation at Gatwick from third party suppliers, including ground handlers. A failure, refusal or inability (whether due to insolvency or otherwise) of a supplier to provide goods or services to airlines, which is beyond Gatwick's control, and/or the transition by airlines to new suppliers of such goods and services could lead to a temporary reduction or cessation of certain flights from Gatwick and could result in a temporary reduction in aeronautical revenues of the Security Group.

### **Competition risks**

Gatwick's market share may be adversely affected by competition from other UK airports.

In September 2012, the UK government set up the Airports Commission, which was tasked with identifying and recommending to the UK government options for airport capacity and connectivity. On 1 July 2015, the Airports Commission issued its final report recommending to the UK government that an additional runway to the northwest of Heathrow be built subject to a number of conditions. The Commission also said that a new runway south of the existing northern runway at Gatwick was a credible, deliverable and financeable option. On 25 October 2016, the UK government announced that its preferred scheme for adding new runway capacity in the South East of England was through a Northwest Runway at Heathrow Airport and on 26 June 2018 this was formalised with the designation of the proposal as a national policy statement ("NPS"). The NPS was subsequently challenged in the courts but on 16 December 2020 the Supreme Court dismissed the challenge, concluding that the NPS was valid.

However, at least for the rest of this decade, London's airports will be relying on their existing physical capacity to meet expected increasing demand. As capacity becomes constrained, another airport which is granted permission to build a further runway in the future may gain a competitive advantage over Gatwick, which could have an adverse effect on GAL.

Covid-19 has also had an impact on capacity at Gatwick and other London airports and could have a temporary impact on market share as competitors reduce pricing in order to fill their excess capacity. See further "*Covid-19*" above.

Gatwick's business may also be adversely affected by the development of efficient and viable alternative means of transport to air travel, including improvement of existing surface transport systems, the introduction of new transport links or technology, as well as the increased use of communications technology.

Substantially shorter journey times for some types of rail travel are becoming possible through advances in high-speed rail transport which, in addition to enlarging the catchment areas of other UK airports, could result in air travel becoming less attractive compared to other means of transport, particularly for domestic and European routes. This could result in a decline in the volume of short-haul passenger and freight transport for Gatwick.

Car parking income may be adversely affected by competition from off-airport car park operators and valet parking providers as well as from increased use of alternative forms of transport.

## **Insurance**

GAL benefits from insurance cover to protect against key insurable risks including terrorism and business interruption. Cover may not be adequate to cover lost income, reinstatement costs, increased expenses or other liabilities. Moreover, there can be no assurance that, if insurance cover is cancelled or not renewed, replacement cover will be available at commercially reasonable rates or at all. Gatwick has been unable to obtain pandemic business interruption insurance due to many insurers withdrawing coverage of pandemic business interruption policies and the remaining policies on the market being at prohibitive cost.

GAL may not have, or may cease to have, insurance cover if the loss is not covered under, or is excluded from, an insurance policy including by virtue of a deductible applying, exhaustion of applicable cover limits or a policy operating as an excess policy or if the relevant insurer successfully avails itself of defences available to it, such as breach of disclosure duties, breach of policy condition or misrepresentation.

Insurance cover for GAL is currently, and may in the future be, provided by a combination of insurance market entities. Any of these insurers could cease to offer current insurance cover, become insolvent or lose their licences or authorisations.

## **Pensions**

GAL may be required to make further contributions to its defined benefit plan if the value of the pension fund assets is not sufficient to cover potential obligations. GAL provides retirement benefits for its employees through a defined benefit plan and a defined contribution pension scheme. GAL's funding obligations under the defined benefit plan are dependent upon movements in the value of the plan assets and assumptions regarding key metrics, such as price and salary inflation and mortality rates. Changes in the plan's investment strategy may also impact on GAL's funding obligations.

In addition, the Pensions Regulator has powers, the exercise of which could require other members of the Borrower Group, including the Issuer as a connected person to GAL, to make additional contributions or put in place other financial support. Any increase in contributions or other forms of financial support could have a materially adverse impact on GAL's cash flows and returns.

## **Planning and construction**

GAL's capital investment programme includes major construction projects at Gatwick and is subject to a number of risks. Difficulties in obtaining any requisite permits, consents, including environmental consents, licences, planning permissions, compulsory purchase orders or easements could adversely affect the design or increase the cost of the capital investment projects or delay or prevent the completion of a project or the commencement of its commercial operation. GAL may face higher than expected construction costs and delays and possible shortages of equipment, materials and labour due to the number of major construction projects in the London area. GAL may also suffer business interruption from construction incidents.

The commencement of commercial operation of a newly constructed facility may also give rise to start-up problems, such as the breakdown or failure of equipment or processes or lack of readiness of operators, closure of facilities and disruptions of operations. GAL's construction contracts may contain restricted remedies or limitations on liability such that any such sums claimed or amounts paid may be insufficient to cover the financial impact of breach of contract. The ability of consultants and contractors to meet their financial or other liabilities cannot be assured and they may not be adequately insured.

The failure of GAL to recognise, plan for and manage the extent of the impact of construction projects on Gatwick could result in projects overrunning budgets, operational disruptions, unsatisfactory facilities at Gatwick, safety and security performance deficiencies and higher than expected operating costs. Any of these could affect Gatwick's day-to-day operations.

## **II. REGULATORY RISKS**

### **CAA regulation – price caps and factors which may affect pricing**

*Period until 31 March 2021*

In January 2014, the CAA published its Decision and Notice for the regulation of Gatwick from 1 April 2014, proposing to incorporate GAL's Airline Commitments within a licence. This was confirmed in the

CAA's Notice granting a licence to Gatwick on 13 February 2014. GAL's Airline Commitments are now in place for a period of seven years from 1 April 2014 and limit price increases over that period to RPI+0%, when any discounts included in contracts with airlines are taken into account. Price increases excluding the effect of any discounts are limited to RPI+1% over the period. In addition, GAL's Airline Commitments include minimum service quality standards, minimum annual capital investment of £100 million, minimum standards of consultation with airline and passenger groups and dispute resolution procedures.

In the CAA's Notice granting a licence to Gatwick, the CAA sets out, amongst other things, its view of the "fair price" in the five years from 1 April 2014 of RPI-1.6% per year using a single till RAB calculation. However, as the CAA has decided to incorporate GAL's Airline Commitments within Gatwick's licence, the "fair price" is not included in Gatwick's licence and is for monitoring purposes only. Specifically, the CAA has stated that it intends to monitor GAL's pricing and other behaviours on an annual basis and the "fair price" analysis will be used as a benchmark. The CAA undertook a focused review of Airline Commitments in the second half of 2016 to assess whether they are operating in the passenger interest. This review was concluded in December 2016 and the CAA concluded that no changes were necessary to the regulatory framework or the specifics of the Licence (see "*Airport Regulation*").

#### *Period from 1 April 2021 to 31 March 2025*

In December 2018, GAL set out proposals to update and extend the Commitments for the period from April 2021 to March 2025. Following extensive consultation with passenger representatives and airlines, and informed by the latest passenger research, GAL published for consultation an updated set of proposed commitments in October 2019, and in January 2020 it published its Finalised Commitments for the period from 1 April 2021 to 31 March 2025.

In its finalised Commitments GAL set out a simplified price commitment. This simplified Commitment sets a limit on the "gross yield", or the notional aeronautical revenue before any commercial agreements have been considered. The Commitment is that the maximum average annual rate of increase in gross yield would at the most increase by RPI + 0%, referencing the achieved gross yield for the year ending 31 March 2019. In addition, the gross yield ceiling has been simplified to be a year-by-year limit rather than an average measured over the Commitments Term. This new, simplified gross yield ceiling will give greater certainty to passengers and airlines about the maximum level of future charges.

GAL also accelerated the pricing benefit inherent in these Commitments to take effect retrospectively from 1 January 2020, bringing pricing benefits to airlines sooner. This benefit was delivered to airlines operating under the airport tariff through the issuance of appropriate credit notes (for the period from 1 January to 31 March 2020) and adjustments to the published airport tariff (for the period from 1 April 2020 to 31 March 2021).

In October 2020 the CAA, the economic regulator, published a consultation on its policy towards the regulation of Gatwick Airport. The consultation outlined broad support for Gatwick's finalised extended commitments. In February 2021 the CAA gave formal notice (CAP2103) under section 22(2) of the CA Act 2012 of its proposal to modify GAL's licence to accept GAL's proposed new commitments as the basis of its economic regulation of GAL for the four year period from 2021/22 to 2024/25.

#### *General*

In carrying out its general duty, the CAA is required, among other things, to have regard to "the need to secure that each holder of a licence is able to finance its provision of airport operation services in the area for which the licence is granted". However, there can be no assurance that any future licence conditions set by the CAA will be sufficient to allow GAL to operate at a profit; nor that the methodology of the review process at subsequent reviews would not have a material adverse effect on the income of GAL; nor that the CAA will permit the recovery of forecast operational expenditure which cannot be avoided. Additionally, there can be no assurance that any future modifications to the licence by the CAA, while subject to appeal by GAL to the Competition and Markets Authority (the "CMA"), the successor body to the Competition Commission and Office of Fair Trading (the "OFT") to the Competition Commission by GAL, will not adversely affect the ability of GAL to finance its business at reasonable rates and thus have an adverse impact on its ability to meet its payment obligations under the Finance Documents.



## **Enforcement action by the CAA**

The CA Act 2012 provides for CAA enforcement of licence conditions, meaning that the CAA has the power to serve contravention notices, enforcement orders and urgent enforcement orders on GAL. Where the CAA serves an enforcement or urgent enforcement order on an operator, that operator will be under a duty to comply with the terms of that order. The CAA may take action, including seeking injunctive relief, in order to ensure that an operator does not breach its duty to comply with an enforcement order.

In addition, failure to comply with licence conditions, information notices or enforcement orders or competition law could result in penalties for offending operators of up to 10% of revenue at the relevant airport. Penalties may be imposed on a daily basis or as a fixed amount. GAL would have a right of appeal to the Competition Appeal Tribunal (the "CAT") against any enforcement orders or penalties that the CAA might seek to impose under these provisions.

The CA Act 2012 also provides the CAA with certain competition powers, held concurrently with the CMA. This allows the CAA to enforce competition law, conduct market studies, and make market investigation references to the CMA.

## **Legal challenges to determinations by the CAA and judicial review**

Certain of the CAA's decisions are subject to specific rights of appeal. The CA Act 2012 introduced a system of appeals relating to licence decisions of the CAA. In relation to the operator and market power determinations, the CAT will have the power to hear appeals. Appeals may be brought by the relevant operator, and any other person whose interests are materially affected by the determination. For new licence conditions (and licence modifications), the CMA has authority to hear appeals.

Appeals on licence conditions may be brought by the relevant operator, or airlines whose interests are materially affected by the decision.

In the event an appeal was successful, the CAA could be required to remake its decision or, in certain circumstances, the CAT or the CMA could substitute their decision for that of the CAA.

Where no specific rights of appeal exist, the CAA's decisions are subject to judicial review. The role of the court in judicial review proceedings is not to remake the decision being challenged, or to assess the merits of that decision. The court will review a decision only on grounds of illegality, irrationality, procedural unfairness or breach of legitimate expectations. The remedies available under judicial review include the quashing of a decision, the making of a declaration, a prohibiting or a mandatory order and the recovery of damages.

This means, for example, that successful judicial review proceedings by an airline against a CAA decision could result in a quashing of the decision and a requirement for the CAA to remake the decision.

## **Core Service Standards**

GAL's Airline Commitments include minimum service quality standards (known as Gatwick's Core Service Standards or "CSS"). This sets defined service standards for a range of passenger facilities, such as piers, lifts, escalators and moving walkways, as well as for airfield congestion and security queuing times. To the extent that GAL does not meet the defined standards, it is required to provide rebates to airlines on the per-passenger charges, which could amount to up to 7% of annual airport charges.

## **Revocation of licence**

Gatwick's licence sets out the circumstances in which the licence may be revoked by the CAA. Those circumstances include if GAL (the "**Licensee**") requests or otherwise agrees in writing with the CAA that the licence should be revoked; if GAL ceases to be the operator of all of the Airport Area (as described in the licence); if the Airport Area ceases to be a dominant area; if Gatwick ceases to be a dominant airport; if GAL fails to comply with an enforcement order (given under section 33 of the CA Act 2012), an urgent enforcement order (given under section 35 which has been confirmed under section 36 of the CA Act 2012), or to pay any penalty (imposed under sections 39, 40, 51 or 52 of the CA Act 2012) by the due date for any such payment (subject to certain conditions under the licence). Before the CAA is able to revoke CAA's licence, the effect of section 48 of the CA Act 2012 is to require the CAA to notify GAL that it intends to

revoke the licence (including giving its reasons) and give GAL an opportunity to make representations. A decision to revoke a licence can be appealed to the CAT in accordance with Schedule 4 of the CA Act 2012.

If Gatwick continues to meet the Market Power Test in section 6 of the CA Act 2012 (and is therefore required to have a licence under the CA Act 2012), GAL will not be permitted to levy charges in respect of airport operation services in the event that its licence is revoked. The revocation of GAL's licence could therefore have a material adverse impact on GAL's revenues, and consequently its ability to meet its payment obligations under the Finance Documents.

### **Environmental and health and safety considerations**

GAL's business is affected by a wide variety of EU and UK environmental, health and safety and planning laws and requirements. Gatwick's existing operations may be impacted by a number of environmental and planning factors, including those involving: aircraft movements; air quality (including emissions standards); noise, soil and water pollution arising from airport operations; discharges and surface water drainage; land and groundwater contamination; flooding; asbestos in premises and exposure to asbestos; waste handling, management and disposal; climate change; and energy use and efficiency.

Compliance with present or future environmental, health and safety and planning requirements may be costly and time-consuming and may interfere with Gatwick's existing activities and operations. Any such costs and other constraints which may exist in the future may have a material adverse effect on Gatwick's operations or its financial condition.

### **Section 30 of the Airports Act**

Section 30 of the Airports Act gives the Secretary of State the power to give directions to airport operators in the interests of national security. The directions can require airport operators to take, or refrain from taking, particular action specified in the direction. This provision allows the Secretary of State to give directions for airport closure in times of extreme international tension or in the interests of national security. This presents a risk for Gatwick due to the potential loss of control over the operational functions at Gatwick. It also presents the risk of a loss of revenue without compensation. There is no predictability or certainty as to the occurrence of events which may trigger a direction under Section 30 of the Airports Act. Section 30 is unaffected by the provisions of the CA Act 2012.

### **Other changes to the regulatory environment**

Income and/or operations at Gatwick could be adversely affected by changes in policies regarding route licensing, the "use it or lose it" rule (under which airlines are required to fly 80% of their slots or sacrifice them to other airlines), security and safety, immigration and border controls, airport development, environmental policy, tax, air passenger duty (including recent and planned increases) and the provision of airport capacity.

## **III. FINANCING RISKS**

### **Leverage Risks**

#### *Financing risk*

The Borrower Group will need to raise further debt from time to time in order, among other things, to:

- (a) finance future capital investment; and
- (b) enable it/the Issuer to refinance Bonds and other debt.

There can be no assurance that the Borrower Group will be able to raise future finance on terms that are economically viable or at all. For instance, events in the credit markets in 2007 and 2008 significantly restricted the supply of credit.

#### *Leverage*

The secured nature of the borrowings and the covenant structure put in place under the Programme allows GAL to raise debt of up to 70%, and in certain cases 72.5%, of RAB which is a higher ratio than can usually

be raised under an unsecured capital structure. Debt at higher levels of leverage could have a material adverse impact on GAL's ability to meet its payment obligations under the Finance Documents and its other borrowings.

***A significant portion of GAL's cash flow from operations is dedicated to debt payments***

Due to the secured nature of its borrowings and the structure that applies to them, GAL has been able to raise more debt than would typically be the case for an unsecured borrower. As a result, a greater portion of GAL's cash flow from operations is dedicated to payments on its debt obligations, thus reducing its flexibility to deal with significant financial under performance (e.g. as a result of Covid-19). This may increase GAL's vulnerability to any economic downturn in its business or to adverse industry conditions, which in turn could have a material adverse effect on GAL's business, financial condition and results of operations.

***Unavailability of Liquidity Facilities in the future could restrict the Security Group's ability to incur additional indebtedness***

GAL and the Issuer have Liquidity Facilities available to cover certain shortfalls in interest and other payments in respect of certain of their financial indebtedness. If the Security Group were unable to extend or replace its Liquidity Facilities when they expire, the Issuer would not be permitted to issue additional Bonds and the Security Group may not be able to incur any additional Senior Debt, which could have a material adverse effect on the Security Group's business, financial condition and results of operations.

***Modifications, waivers and consents in respect of Common Documents and Issuer Transaction Documents and enforcement of Borrower Security***

The STID provides that the Borrower Security Trustee shall seek the approval of Bondholders on certain matters, along with all other holders of Qualifying Borrower Debt, as a condition to concurring in making modifications to or granting consents or waivers or to the enforcement of the Borrower Security. Prior to the repayment in full of the Senior Debt, the Qualifying Borrower Junior Creditors (including the holders of the Class B Bonds) will not be entitled to vote (other than in respect of a Basic Terms Modification in relation to the Bonds or an Entrenched Right). It is possible that the interests of certain Qualifying Borrower Secured Creditors will not be aligned with the interests of a Class or Tranche of Bondholders and therefore there can be no assurance that any modification, consent or waiver or the enforcement action taken will be favourable to all Bondholders. In the case of modifications, consents or waivers, such changes may be detrimental to the interests of some or all Bondholders, despite the ratings of such Bonds being affirmed. The votes of the Bondholders of the relevant Class may not constitute a majority in respect of any such matter, owing to the relative size of Qualifying Borrower Debt which is capable of being voted by Authorised Credit Providers other than the Issuer (in respect of Qualifying Borrower Debt outstanding under any Borrower Loan Agreement). Such risk is increased due to the fact that: (a) the votes of the Bondholders entitled to vote on a matter (except in relation to an Entrenched Right) will be treated as a single class on a pound for pound basis with the other Qualifying Borrower Secured Creditors, whereas a vote in respect of the entire Outstanding Principal Amount under certain other Authorised Credit Facilities will be taken in respect of such decisions; and (b) only the votes of those Bondholders who participate within the Decision Period specified in the STID will be taken into account. Therefore, Bondholders alone may not be able to control the outcome of any particular approval or enforcement process and it is possible that the Borrower Security Trustee may be given an instruction which is not in the interests of Bondholders.

The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally (other than matters which concern the enforcement of the Issuer Security or modifications to the STID, which matters may only be addressed in accordance with the procedures set out in the STID as described above). These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Notwithstanding any other provision of Condition 14(d), the Bond Trustee shall be obliged, without the consent of any of the Bondholders or any other Issuer Secured Creditor, to concur with the Issuer, and/or if so requested by the Issuer direct the Issuer Security Trustee to concur with the Issuer, in making any modifications to the Issuer Transaction Documents and/or these Conditions that are requested by the Issuer in order to enable the Issuer solely to comply with any legal requirements which apply to it under EMIR, subject to receipt by the Bond Trustee and the Issuer Security Trustee of a certificate of the Issuer certifying

to the Bond Trustee and the Issuer Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to comply with its reporting, portfolio reconciliation and dispute resolution legal requirements under EMIR (and for no other purpose).

The conditions of the Bonds also provide that the Bond Trustee may, without the consent of Bondholders, agree to: (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds; or (ii) determine without the consent of the Bondholders that any Bond Event of Default or potential Bond Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Bonds in place of the Issuer, in the circumstances described in Condition 14(e) (**provided that** the Bond Trustee may not enforce the Issuer Security or modify the STID other than pursuant to the STID).

#### **Monitoring of Compliance with Warranties and Covenants and the Occurrence of Trigger Events, Loan Events of Default or Potential Loan Events of Default**

The STID provides that the Borrower Security Trustee will be entitled to assume, unless it is otherwise disclosed in any Investor Report or Compliance Certificate or the Borrower Security Trustee is expressly informed otherwise, that no Trigger Event, Loan Event of Default or Potential Loan Event of Default has occurred which is continuing. The Borrower Security Trustee will not itself monitor whether any such event has occurred. As the Issuer is a special purpose company, it will fall to the Obligors themselves to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective.

#### **Hedging Risks**

While the Issuer and GAL operate a hedging programme in accordance with the Hedging Policy, the Issuer and GAL are not required to fully or perfectly hedge their present or future interest rate or inflation exposure and may not in practice do so. GAL or the Issuer are subject to the creditworthiness of, and in certain circumstances early termination of the hedging arrangements by, either hedge counterparties (with respect to GAL) or the Issuer Hedge Counterparties.

### **IV. LEGAL RISKS**

#### **Insolvency Considerations**

##### ***Jersey Considerations***

The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (Désastre) (Jersey) Law 1990, as amended (the "**Jersey Bankruptcy Law**") declaring the property of a debtor to be "*en désastre*" (a declaration). On a declaration of *désastre*, title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "**Viscount**"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the debt.

Additionally, the shareholders of a Jersey company (but not, at this time, its creditors) can instigate a winding up of an insolvent company, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "**Jersey Companies Law**"). On a creditors' winding up, a liquidator is appointed, usually by the creditors. The liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the commencement of the winding up, no action can be taken or continued against the company except with the leave of the court. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (*inter alia*) three quarters in number and value of the creditors acceded to the arrangement.

##### ***Appointment of Administrative Receiver***

The Insolvency Act 1986 allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charges created by the Obligors and assigned by way of

security to the Borrower Security Trustee. However, as this issue is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of one or more Obligors, they would be subject to administration if they were to become insolvent.

Since the Issuer is incorporated in Jersey, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer in England (so as to prevent the appointment of an English administrator) using the capital market provisions referred to above. Accordingly, in the event that the Issuer were to become insolvent and it was not possible to appoint an administrative receiver, the Issuer could be placed into administration.

#### ***Recharacterisation of fixed security interest***

There is a possibility that a court could find that certain fixed security interests expressed to be created by the Security Documents instead take effect as floating charges. Whether the fixed security interests will be upheld will depend, among other things, on whether the Borrower Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the relevant assets and exercises that control in practice. If the fixed security interests are recharacterised as floating security interests, certain claims, including certain employee claims in respect of contributions to pension schemes and wages and the costs and expenses of an administration and/or a liquidation, may have priority over the rights of the Borrower Security Trustee or the Issuer Security Trustee, as the case may be, to the proceeds of enforcement.

#### **Mortgagee in possession liability**

Should the Borrower Security Trustee take enforcement proceedings under the Security Documents and if there is a physical entry into possession of GAL or an act of control or influence that may amount to possession, such as receiving rental income directly from a relevant tenant, the Borrower Security Trustee may be deemed to be a mortgagee in possession. A mortgagee in possession may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner. The Borrower Security Trustee has the absolute discretion at any time to refrain from taking any action under the Transaction Documents, including becoming a mortgagee in possession in respect of GAL, unless it is satisfied at the time that it is adequately indemnified by the Borrower Secured Creditors (including the Bondholders on behalf of the Issuer).

#### **Change of law**

It is possible that changes in law or regulations, or their interpretation or application (see, for example, "*Regulatory Risks – Legal challenges to determinations by the Civil Aviation Authority and judicial review*" above), after the date of the Prospectus may result in the transaction as originally structured no longer having the effect anticipated.

#### **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip-clauses"). Such provisions are similar in effect to the terms which have been included in the Issuer Transaction Documents, Common Documents and the Transaction Documents relating to the subordination of Subordinated Hedge Amounts.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflict remain unresolved.

If a creditor of the Issuer or the Borrower (such as a Hedge Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer or the Borrower, as the case may be, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could

successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Issuer Transaction Documents, Common Documents and the Transaction Documents (such as a provision of the Issuer Payment Priorities or the Borrower Post-Enforcement Priorities of Payments which refers to the ranking of the relevant Hedge Counterparties' payment rights in respect of Subordinated Hedge Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as a Hedge Counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in any of the Issuer Transaction Documents, Common Documents or Transaction Documents were successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order were recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Bondholders, the market value of the Bonds, the ability of the Borrower to satisfy its obligations under the Borrower Loan Agreements and/or the ability of the Issuer to satisfy its obligations under the Bonds.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Issuer Transaction Documents, Common Documents and Transaction Documents will include terms providing for the subordination of Subordinated Hedge Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Bonds. If any rating assigned to the Bonds is lowered, the market value of the Bonds may reduce.

## **Tax Risks**

### ***Change of tax law and practice***

The statements in relation to taxation set out in this Prospectus are based on current law and the practice of the relevant authorities in force or applied at the date of this Prospectus. Any changes in such law or practice might have an adverse effect on the financial position of the Issuer or the Borrower.

### ***The Issuer's UK tax position***

The Issuer has been advised that it should be a "securitisation company" for the purposes of the Securitisation Tax Regulations. Accordingly, the Issuer should be subject to corporation tax in the UK on its "retained profit" only in accordance with the special regime for securitisation companies as provided for by these regulations.

If the Issuer were to cease to qualify as a securitisation company, this may have an adverse effect on the Issuer's UK tax position, which could adversely affect the Issuer's ability to make timely payment of interest and principal under the Bonds.

### ***Potential secondary tax liabilities of the members of the Borrower Group and the Issuer***

Where a company fails to discharge certain tax liabilities due and payable by it within a specified time period, UK tax law imposes, in certain circumstances (including where that company has been sold so that it becomes controlled by another person), secondary liability for those overdue taxes on other companies that are or have been members of the same group of companies, or are or have been under common control, for tax purposes with the company that has not discharged its tax liabilities.

The Security Parent on behalf of itself and each other member of the Borrower Group from time to time has undertaken in the Tax Deed that no steps have been or will be taken by it or any member of the Borrower Group which could be expected to give rise to a secondary liability for the Issuer or the Borrower. If any secondary tax liabilities arise in the Issuer or the Borrower (whether in respect of a primary tax liability of a member of the Borrower Group or of another company with which the Issuer or the Borrower is or has been grouped or is under common control for UK tax purposes), and those secondary tax liabilities are not discharged by the Security Parent or any other member of the Borrower Group, and are of significant amounts, the Issuer or the Borrower could be adversely affected.

The Issuer and the members of the Borrower Group have been and are members of a VAT group that also includes members of the wider corporate group of which GAL is the representative member.

### ***Withholding tax in respect of the Bonds***

All payments under the Bonds can be made without deduction or withholding for or on account of any UK tax **provided that** they are and continue to be included in the Official List and admitted to trading on the Market (see "*Tax Considerations*" below). All payments under the Bonds can be made without deduction or withholding on account of Jersey law.

In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Bonds, neither the Issuer nor any Paying Agent nor any other person will be obliged to pay any additional amounts to Bondholders or, if Definitive Bonds are issued, Couponholders, or otherwise to compensate Bondholders or Couponholders for the reduction in the amounts they will receive as a result of such withholding or deduction.

If, as a result of a change in tax law, any withholding or deduction for or on account of any UK or Jersey Tax is required to be made, the Issuer will have the option (but not the obligation) of redeeming all (but not some only) outstanding Bonds in full at the Principal Amount Outstanding (as adjusted, in the case of the index-linked bonds, in accordance with the terms of the relevant Bonds) together with accrued interest pursuant to Condition 5 (*Interest and other Calculations*). For the avoidance of doubt, none of the Bond Trustee, Bondholders or Couponholders will have the right to require the Issuer to redeem the Bonds in these circumstances.

### ***Withholding tax in respect of the Borrower Loan Agreements***

All payments made under any of the Borrower Loan Agreements can be made without deduction or withholding for or on account of any UK tax. In the event that, for example as a result of a change in tax law, any withholding or deduction for or on account of tax is required to be made from any payment due to the Issuer under any of the Borrower Loan Agreements, the amount of that payment will be increased so that, after such withholding or deduction has been made, the Issuer will receive a cash amount equal to the amount that it would have received had no such withholding or deduction been required to be made. If the Borrower is obliged to increase any sum payable by it to the Issuer as a result of the Borrower being required to make a withholding or deduction from that payment, the Borrower will have the option (but not the obligation) to prepay all relevant outstanding advances made under the Borrower Loan Agreements in full. If the Borrower chooses to prepay the advances, the Issuer will then be required to redeem the Bonds. Such redemption would be for the Principal Amount Outstanding (as adjusted, in the case of the index-linked bonds, in accordance with the terms of the Bonds), together with accrued but unpaid interest. If the Borrower does not have sufficient funds to enable it either to repay amounts due under the Borrower Loan Agreements or to make increased payments to the Issuer, the Issuer's ability to make timely payments of interest and principal under the Bonds could be adversely affected.

### ***Withholding tax in respect of the Issuer Hedging Agreements***

It should be possible to structure the Issuer Hedging Agreements so as to ensure that all payments thereunder can be made without withholding or deduction for or on account of any UK tax. If any withholding or deduction for or on account of any tax is required to be made from any payment due from the Issuer under the Issuer Hedging Agreements, the Issuer will not be obliged to pay any additional amounts to the relevant Issuer Hedge Counterparty in respect of the amounts so required to be withheld or deducted.

If any withholding or deduction for or on account of any tax is required to be made from any payment due under the Issuer Hedging Agreements by an Issuer Hedge Counterparty, that Issuer Hedge Counterparty shall be obliged to pay an additional amount to the Issuer, in a sufficient amount so that the amount received shall be equal to the amount due and payable had such withholding or deduction not been required, but in the event of a requirement (or a substantial likelihood of such a requirement) to withhold or deduct for or on account of any tax by either party to an Issuer Hedging Agreement as a result of a change in law (or the application or official interpretation thereof), the Issuer Hedge Counterparty will have the right to terminate the Issuer Hedging Agreement (subject to the condition that the Issuer Hedge Counterparty shall first have used reasonable efforts to transfer its rights and obligations under the Issuer Hedging Agreement to another of its offices or affiliates such that payments made by or to that office or affiliate under the Issuer Hedging Agreement can be made without any withholding or deduction for or on account of tax).

## **V. ISSUER AND BOND CONSIDERATIONS**

### **Bonds obligations of Issuer only**

None of the Bonds will be obligations of, nor will they be guaranteed by, any of the Other Parties or any company in the Borrower Group. Furthermore, the Bonds are limited recourse obligations of the Issuer and no person other than the Issuer will accept any liability whatsoever to Bondholders in respect of any failure by the Issuer to pay any amount due under the Bonds.

### **Special purpose vehicles**

The Issuer is a special purpose financing entity. Other than the proceeds of the issuance of Bonds, the Issuer's principal source of funds will be pursuant to the Borrower Loan Agreements and funds available to it pursuant to the Liquidity Facilities and the Issuer Hedging Agreements.

Therefore, the Issuer is subject to all the risks relating to income and expenses to which the Borrower is subject. Such risks could limit funds available to the Borrower to enable the Borrower to satisfy in full and on a timely basis its obligations under the Borrower Loan Agreements.

Similarly, the Security Parent is a non-operating holding company. Other than by virtue of the shares it owns in GAL, the Security Parent will not have any other income or assets. The Security Parent guarantees the payment obligations of the Borrower Loan Agreements and has provided security in favour of the Borrower Secured Creditors, including the Issuer. Therefore, the Issuer is subject to the risk that the Security Parent will not have sufficient income to make payments under the guarantee or that upon the enforcement of the security provided by it, including over its shares in GAL, there are insufficient proceeds to discharge its payment obligations.

### **Subordination of the Class B Bonds**

Payments under any Class B Bonds (if issued) will rank subordinate to payments under the Class A Bonds. If on any Interest Payment Date the Issuer has insufficient funds to make payments under the Class B Bonds, the Issuer's liability to make such payments will be deferred and no non-payment Bond Event of Default will arise as a result of such non-payment. Prior to repayment in full of the Senior Debt, rights of holders of Class B Bonds will be (other than with respect to a Basic Terms Modification or other matters which affect their Entrenched Rights) generally restricted with respect to certain actions and participating in voting on STID Proposals, with the result that such holders will only be entitled to vote on certain matters and take action following repayment of the Senior Debt.

### **Reliance by the Issuer on third parties and Issuer Hedge Counterparties**

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. In particular, but without limitation, the Issuer Cash Manager has been appointed to provide cash management services to the Issuer, and the Issuer Account Bank has been appointed to provide banking services to the Issuer and the Issuer Corporate Administration Providers have been appointed to provide corporate services to the Issuer. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the ability of the Issuer to make payments owed in respect of the Bonds may be affected.

The Issuer is also reliant on the Issuer Hedge Counterparties to provide a hedge against interest rate, currency, inflation and/or other risks in respect of amounts received by the Issuer from the Borrower under the Borrower Loan Agreements and the amounts payable by the Issuer under the Bonds.

If the Issuer fails to make timely payments of amounts due under any Hedging Agreement, then it will have defaulted under that Hedging Agreement and such Hedging Agreement may be terminated by the relevant Issuer Hedge Counterparty. An Issuer Hedge Counterparty is only obliged to make payments to the Issuer as long as the Issuer complies with its payment obligations under the relevant Hedging Agreement. If a Hedging Agreement terminates or the Issuer Hedge Counterparty is not obliged to make payments or if the Issuer Hedge Counterparty defaults on its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Issuer on the due date for payment under the relevant Hedging Agreement, the Issuer will be exposed to changes in the relevant currency exchange rates and to any changes in the relevant rates of interest, where such hedges are put in place. Unless a replacement hedge is entered into, the Issuer may have insufficient funds to make payments due under the relevant Bonds.



If a Hedging Agreement terminates, then the Issuer may be obliged to make a termination payment to the relevant Issuer Hedge Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any assurance that the Issuer will be able to enter into a replacement hedging agreement, or if one is entered into, that the credit rating of the replacement hedge counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Bonds by the Rating Agencies.

If the Issuer is obliged to pay a termination payment under any Hedging Agreement, such termination payment will rank ahead of amounts due on the Bonds, except where default by, or downgrade of, the relevant Issuer Hedge Counterparty has caused the relevant Hedging Agreement to terminate. The obligation on the Issuer to make a termination payment may adversely affect the ability of the Issuer to meet its obligations under the Bonds.

### **Conflicts of interest generally**

Conflicts of interest may arise during the life of the Programme as a result of various factors involving certain transaction parties. For example, such potential conflicts may arise because one or more lenders to the Issuer or the Borrower (including under the Liquidity Facility Agreement) may also act in other capacities under the Transaction Documents, although the relevant rights and obligations under the Transaction Documents are not contractually conflicting and are independent from one another.

### **Issuer and Borrower security**

Although the Issuer Security Trustee will hold the benefit of the Issuer Security on trust for the Bondholders and the Borrower Security Trustee will hold the benefit of the Borrower Security on trust for the Borrower Secured Creditors, such security interests will also be held on trust for certain third parties. Certain of the Issuer's obligations to such third parties rank ahead of the Bondholders. Such persons include, among others, the Bond Trustee (in its individual capacity), the Issuer Security Trustee (in its individual capacity), the Issuer Hedge Counterparties (in respect of certain payments payable to them), the Liquidity Facility Providers, the Registrar, the Transfer Agents, the Paying Agents and the Issuer Account Bank in respect of certain amounts owed to them (see "*Summary of the Financing Agreements – Issuer Cash Management Agreement*" and "*Summary of the Financing Agreements – Issuer Account Bank Agreement*"). To the extent that significant amounts are owing to any such persons, the amounts available to Bondholders will be reduced. Likewise, certain of the Borrower's obligations to certain third parties will rank ahead of its obligations to the Issuer. In addition, it should be noted that unsecured creditors of the Borrower, such as trade creditors, suppliers and creditors in respect of CCF Debt, while subordinate to Borrower Secured Creditors, are not bound into the financing structure as they are not parties to the STID and the Common Terms Agreement and so will be able to petition for a winding up or administration of the Borrower where it fails to pay its unsecured debts as they fall due.

### **Conflict of interest between Bondholders**

The Bond Trust Deed requires the Bond Trustee to have regard to the interests of all the Bondholders (so long as any of the Bonds remain outstanding) equally as regards all powers, trusts, authorities, duties and discretions of the Bond Trustee as if they formed a single class (except where expressly required otherwise). However, the Bond Trust Deed also requires that, in the event of a conflict between the interests of the holders of any Class of Bonds, the Bond Trustee shall have regard to the interests of the holders of the Most Senior Class of Bonds then outstanding **provided that**, if, in the Bond Trustee's opinion, there is a conflict of interest between the holders of two or more Tranches or Sub-Classes of Bonds of the same Class, it shall have regard to the interests of the holders of the Tranche or Sub-Class of such Class then outstanding with the greatest Principal Amount Outstanding.

### **Limited liquidity of the Bonds; Absence of secondary market for the Bonds**

There can be no assurance that a secondary market for the Bonds will develop, or, if a secondary market does develop for any of the Bonds issued after the date of this Prospectus, that it will provide any holder of Bonds with liquidity or that any such liquidity will continue for the life of the Bonds. Consequently, any purchaser of the Bonds must be prepared to hold such Bonds for an indefinite period of time or until final redemption or maturity of the Bonds.

The liquidity and market value at any time of the Bonds are affected by, among other things, the market view of the credit risk of such Bonds and will generally fluctuate with general interest rate fluctuations, general economic conditions, the condition of certain financial markets, international political events and the performance and financial condition of the Borrower.

### **Optional redemption by the Issuer**

The Issuer may, if such option is specified in the relevant Final Terms or Pricing Supplement (as the case may be), elect to redeem the relevant Bonds in advance of their scheduled maturity date by giving notice to the relevant Bondholders in accordance with the Terms and Conditions. For example, the Issuer may redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds depending on the price the applicable Bonds may be redeemed at. 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 Bonds 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.

### **Rating Agency assessments, downgrades and changes to Rating Agency criteria may result in ratings volatility in respect of the Bonds**

The ratings to be assigned by the Rating Agencies to the Bonds reflect only the views of the particular Rating Agency and, in assigning the ratings, each Rating Agency takes into consideration the credit quality of the Obligors and structural features and other aspects of the transaction of which the Bonds form part. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in, or unavailability of, information in relation to the Obligors' underlying business and performance or if, in the Rating Agencies' judgement, other circumstances so warrant. If any rating assigned to the Bonds is lowered or withdrawn, the market value of the Bonds may be reduced. Future events, including events affecting the Obligors and/or circumstances relating to the industry in which the Obligors operate, could have an adverse impact on the ratings of the Bonds.

A confirmation from a Rating Agency that any action proposed to be taken by the Issuer will not have an adverse effect on the then current rating of the Bonds does not, for example, confirm that such action: (a) is permitted by the terms of the Finance Documents; or (b) is in the best interests of, or not prejudicial to, the Bondholders. While each of the Secured Creditors (including the Bondholders), the Issuer Security Trustee and the Bond Trustee (as applicable) are entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the Bonds would not be adversely affected by such action, the above does not impose or extend any actual or contingent liability on that Rating Agency to the Secured Creditors (including the Bondholders and the Bond Trustee) or the Issuer or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Bondholders and the Bond Trustee) or any other person whether by way of contract or otherwise.

Any such confirmation from a Rating Agency may or may not be given at the sole discretion of that Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation in the time available or at all. A confirmation from a Rating Agency, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Bonds form a part since the Establishment Date. A confirmation from a Rating Agency represents only a restatement of the then-current rating of the Bonds and cannot be construed as advice for the benefit of any parties to the transaction of which the Bonds form a part.

Fitch has indicated that it will no longer provide ratings confirmations as a matter of policy. To the extent that a confirmation from a Rating Agency cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Issuer Transaction Documents and specifically the relevant modification and waiver provisions.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

### **Credit ratings may not reflect all risks relating to the Bonds**

One or more independent credit rating agencies may assign an unsolicited credit rating to the Bonds. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and below and other factors that may affect the value of the Bonds. Such a rating may be lower than the rating assigned to the Bonds by the Rating Agencies and may impact the market value of the Bonds.

In addition, each of the Rating Agencies, or any other rating agency may change its methodologies for rating securities with features similar to the Bonds in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Bonds were to be subsequently lowered, this may have a negative impact on the trading price of the Bonds.

Furthermore, as a result of the EU CRA Regulation, if the status of a rating agency rating the Bonds changes or the rating is not endorsed by a credit rating agency registered under the EU CRA Regulation, European regulated investors may no longer be able to use the rating for regulatory purposes. Similarly, as a result of the UK CRA Regulation, if the status of a rating agency rating the Bonds changes or the rating is not endorsed by a credit rating agency registered under the UK CRA Regulation, UK regulated investors may no longer be able to use the rating for regulatory purposes. In both cases, any such change could cause the Bonds to be subject to different regulatory treatment. This may result in such UK or European regulated investors, as applicable, selling the Bonds, which may impact the value of the Bonds and any secondary market trading,

### **Risks related to Bonds which are linked to "benchmarks"**

LIBOR, EURIBOR and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Bonds linked to such a "benchmark". For example, on 27 July 2017, the Chief Executive of the FCA, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicated that the continuation of LIBOR on the current basis cannot, and will not, be guaranteed after 2021. It is impossible to predict whether, and to what extent, banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities, such as some of the securities envisaged to be issued under the Programme. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates during the term of the Bonds and the return on the Bonds and the trading market for LIBOR-based securities. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark or the occurrence of any other event that the relevant Issuer determines to be a Benchmark Event (as defined in the Conditions), or a determination by an Independent Adviser that a Successor Rate (as defined in the Conditions) may be available, could require or result in an adjustment to the interest provisions of the Conditions as determined by an Independent Adviser (as further described in Condition 5(i) (*Benchmark discontinuation*)), or result in other consequences, in respect of any Bonds linked to such benchmark. Any such consequence could have a material adverse effect on the value of, and return on, any such Bonds.

In particular, the Benchmarks Regulation came into force on 1 January 2018. The Benchmarks Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the EU, and, among other things: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if non-EU-based, to be subject to equivalent requirements); and (ii) prevents certain uses by EU supervised entities of "benchmarks" of unauthorised administrators. The Benchmarks Regulation could have a material impact on any Bonds linked to a "benchmark", including in any of the following circumstances:

- (i) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or register or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and
- (ii) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark.

Either of the above could potentially lead to the Bonds being de-listed, adjusted or redeemed early or otherwise affected, depending on the particular "benchmark" and the applicable terms of the Bonds.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

In addition, any other international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks".

Based on the foregoing, prospective investors in Bonds (and in particular in relation to (a) and (b) below, the Floating Rate Bonds) should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a Benchmark (including LIBOR and EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) if LIBOR or EURIBOR is discontinued or is otherwise unavailable, then the rate of interest on the Floating Rate Bonds (in relation to which Screen Rate Determination is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Interest Rate is to be determined) will be determined for a period by the fall-back provisions provided for under Condition 5(c) (*Floating Rate Bonds*) or Condition 5(i) (*Benchmark discontinuation*), although such provisions, being dependent in part upon the provision of quotations or determinations by third parties outside of the Issuer's control, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous Interest Period when LIBOR or EURIBOR was available;
- (c) if LIBOR, EURIBOR or any other relevant Benchmark is discontinued, there can be no assurance that the applicable fall-back provisions under the Hedging Agreements would operate to allow the transactions under the Hedging Agreements to effectively mitigate interest rate risk in respect of the Floating Rate Bonds; and
- (d) if LIBOR, EURIBOR or any other relevant Benchmark is discontinued, there can be no assurance that the operation of the applicable fall-back provisions under any Authorised Credit Facility would not have an indirect impact on the ability of the Issuer to meet its obligations under the Bonds.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Floating Rate Bonds and/or the Hedging Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Floating Rate Bonds.

Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR, EURIBOR or any other relevant Benchmark could affect the ability of the Issuer to meet its obligations

under the Floating Rate Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Bonds. No assurance may be **provided that** relevant changes will not occur with respect to LIBOR, EURIBOR or any other relevant Benchmark and/or that such Benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Floating Rate Bonds.

### **The market continues to develop in relation to SONIA as a reference rate for Floating Rate Bonds**

On 29 November 2017, the Bank of England and the FCA announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to SONIA over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term).

The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Bonds.

The use of Compounded Daily SONIA as a reference rate for Eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing Compounded Daily SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions as applicable to the Bonds. Furthermore, the Issuer may in future issue Bonds referencing SONIA that differ materially in terms of interest determination when compared with the Bonds. In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Holders of the Bonds should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Bonds referencing Compounded Daily SONIA.

### **SONIA differs from LIBOR in a number of material respects and has a limited history**

Compounded Daily SONIA differs from LIBOR in a number of material respects, including that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rates, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as interest reference rates for the Bonds.

Publication of SONIA in its current form began in April 2018 and it therefore has a limited history. The future performance of SONIA may therefore be difficult to predict based on the limited historical performance. The level of SONIA during the term of the Bonds may bear little or no relation to the historical level of SONIA. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA such as correlations, may change in the future.

Furthermore, the Interest Rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for holders of the Bonds to estimate reliably the amount of interest which will be payable on the Bonds, and some investors may be unable or unwilling to trade such Bonds without changes to their IT systems, both of which factors could adversely impact the liquidity of the Bonds. Further, in contrast to LIBOR-based Bonds, if the Bonds become due and payable as a result of an Event of Default under Condition 10 (*Bond Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Rate payable in respect of the Bonds shall be determined by reference to a shortened period ending immediately prior to the date on which the Bonds become due and payable.

## **The administrator of SONIA may make changes that could change the value of SONIA or discontinue SONIA**

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA (in which case a fallback method of determining the interest rate on the Bonds will apply). The administrator has no obligation to consider the interests of holders of the Bonds when calculating, adjusting, converting, revising or discontinuing SONIA.

## **Certain risks related to index-linked Bonds**

Under the Programme, the Issuer may from time to time issue Bonds with principal or interest determined by reference to an index or formula. Potential investors should be aware that they may lose all or a substantial portion of their principal of any index-linked Bonds issued under the Programme. The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any index-linked Bonds. Accordingly, each potential investor should consult its own financial and legal advisers about the risks entailed in an investment in any such Bonds and the suitability of such Bonds in the light of its particular circumstances.

## **Regulatory initiatives may have an adverse impact on the regulatory treatment of the Bonds**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position to certain investors in certain securitisation exposures and/or on the incentives for certain investors to invest in securities issued under such structures, and may thereby affect the liquidity of such securities. Investors in the Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Dealers or the Arranger makes any representation to any prospective investor or purchaser of the Bonds regarding the regulatory treatment of their investment on the Issue Date or at any time in the future.

The Basel Committee on Banking Supervision (the "**Basel Committee**") approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "Basel III"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). The Basel Committee agreed further reforms to Basel III in December 2017 in the publication entitled "*Basel III: Finalising post-crisis reforms*", including reforms relating to the standardised and internal ratings-based approaches for credit risk, and a revised output floor. The Basel Committee expects member countries to implement these 2017 reforms (sometimes referred to as "**Basel IV**") by 1 January 2023 (with the exception of those relating to the output floor, which will be phased in from 1 January 2023). Implementation of Basel III requires national legislation and, therefore, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

## **Timing of payment on Bonds**

Payment dates for the various different types of Senior Debt and Junior Debt will not necessarily coincide, and there is no obligation to ensure that a payment made in respect of any Junior Debt will not lead to a deficiency of funds to make payments in respect of Senior Debt that falls due on a later date.

## **Denominations and trading**

The Bonds of each Class, Sub-Class or Tranche will be issued in the Specified Denominations as set out in the Final Terms or Pricing Supplement (as the case may be). For so long as the Bonds of any relevant Class, Sub-Class or Tranche are represented by a Global Bond, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Bonds will be tradeable in the Minimum Denomination and the Integral Amount

up to and including the Maximum Denomination. However, if Definitive Bonds for that Class, Sub-Class or Tranche of Bonds are required to be issued and printed, any Bondholders holding Bonds having a denomination which cannot be represented by a Definitive Bond in the Minimum Denomination or higher integral multiples of the Integral Amount up to and including the Maximum Denomination will not be entitled to receive a Definitive Bond and would need to purchase a principal amount of Bonds such that its holding amounts to a Specified Denomination.

### **Book-entry form of Bonds**

The Bonds will initially only be issued in global form and deposited with a common depository, or common safekeeper, for Euroclear and Clearstream, Luxembourg. Interests in the Global Bonds will trade in book-entry form only. The common depository, or its nominee, or the common safekeeper for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Bonds representing the Bonds. Accordingly, owners of book-entry interests must rely on the procedures of Euroclear and Clearstream, Luxembourg, and non-participants in Euroclear or Clearstream, Luxembourg must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Bonds.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Bonds. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Bonds.

### **Changes in Financial Reporting Standards**

Certain provisions of the Transaction Documents contain certain conditions and/or triggers which are based upon an assessment of the financial condition of the Security Group calculated by reference to the financial statements produced in respect of the companies in the Security Group. These financial and other covenants are set at levels which are based on the current accounting principles, standards, conventions and practices adopted by the relevant companies.

The Transaction Documents provide for the possibility of adjustments to the basis of calculation of the Financial Ratios to reflect a change in accounting treatment of certain items. In certain circumstances such changes may take effect without a STID Proposal.

It is possible that any future changes in these accounting principles, standards, conventions and practices which are adopted by the companies in the Security Group may result in significant changes in the reporting of its financial performance. This, in turn, may necessitate that the terms of the conditions and triggers referred to above are renegotiated. Changes in accounting standards may also impact the tax position of the Security Group and result in increased tax payments which may ultimately have an adverse effect on the ability of the Issuer to make payments due under the Bonds.

## BUSINESS OF GATWICK AIRPORT LIMITED AND THE SECURITY GROUP

### OVERVIEW

#### Overview of Gatwick

Gatwick Airport is located around 30 miles south of Central London and 3 miles north of Crawley, West Sussex at Gatwick, West Sussex RH6 ONP.

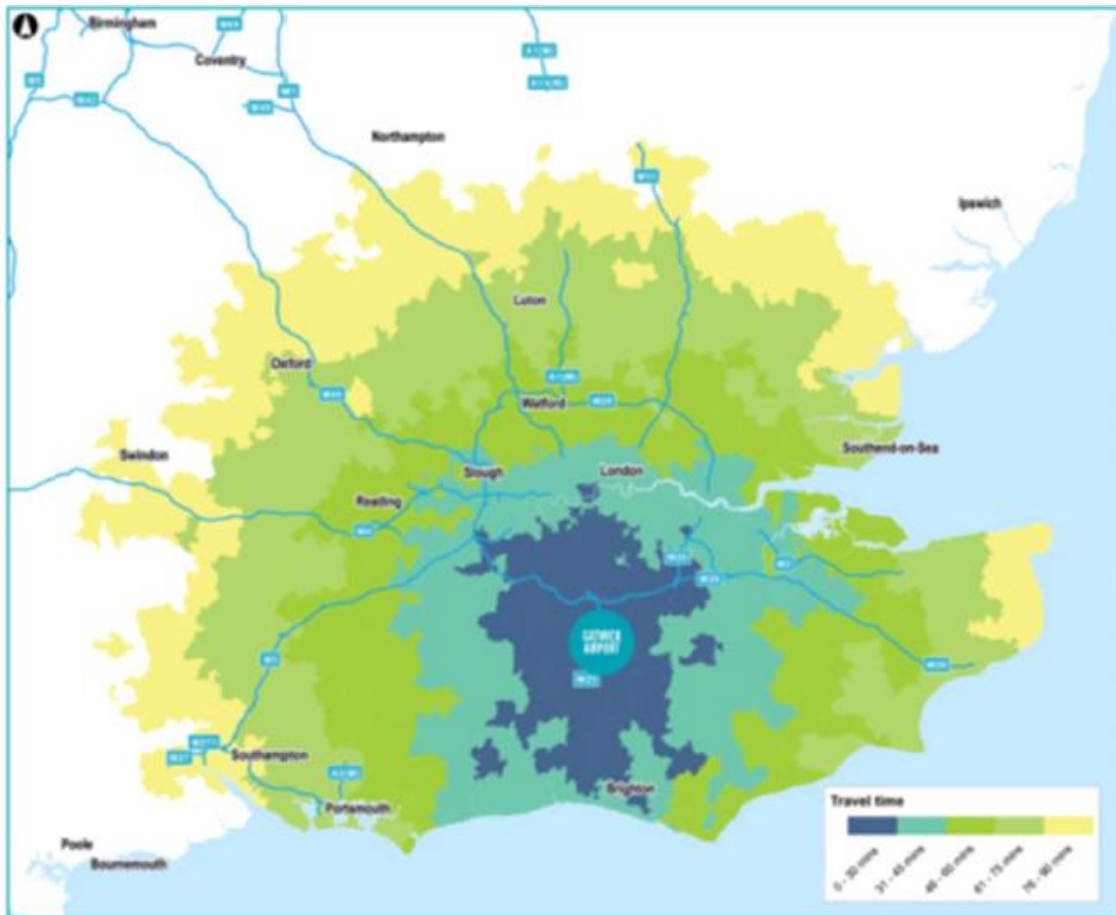


Gatwick is the UK's second busiest airport (as defined by 2019 traffic) (Source: CAA). For the year ended 31 December 2019, 46.6 million passengers passed through Gatwick, approximately 26% of airline passenger traffic in the Greater London area (Source: CAA, 2019 Airport Data), one of the busiest centres for air transport in the world. In 2019, London was the world's largest aviation market by number of passengers (Source: Euromonitor) and was Europe's most visited city by bed nights (Source: European Cities Marketing Benchmark Report 2019 – 2020). In the year to 31 December 2020, traffic has been significantly impacted by government and passenger responses to the Covid-19 pandemic and 10.2 million passengers passed through Gatwick (Source: CAA, four largest London airports' throughput to the end of December 2020). Gatwick has a high proportion of O&D passengers. (90.6% of Gatwick's passenger traffic for the year ended 31 December 2019 was O&D (Source: CAA, 2019 Airport Data)). Additionally, in the year to 31 December 2019, 80.7% of Gatwick's passenger traffic was short haul and 85% of passengers are travelling from Gatwick for leisure (Source: CAA, 2019 Airport Data); short haul and leisure are expected to recover faster than long haul and business destination traffic short haul traffic is also expected to recover faster than long haul traffic. For 2019 it was the ninth largest airport in Europe based on passenger numbers and thirteenth largest airport in the world for international passenger traffic (Source: ACI Europe, Airport Traffic Report 2019, excluding Moscow). Gatwick had 280.7 thousand passenger air transport movements in the year ended 31 December 2019 and 76.4 thousand passenger air transport movements in the year ended 31 December 2020.



A network of over 50 airlines fly from Gatwick offering a unique mix of services including low-cost airlines, full- service carriers and charter flights, as well as serving around 230 destinations. Gatwick is predominantly a point-to point airport, with 73% of Gatwick's passengers accounted for by international short-haul travel. (based on 2019 figures).

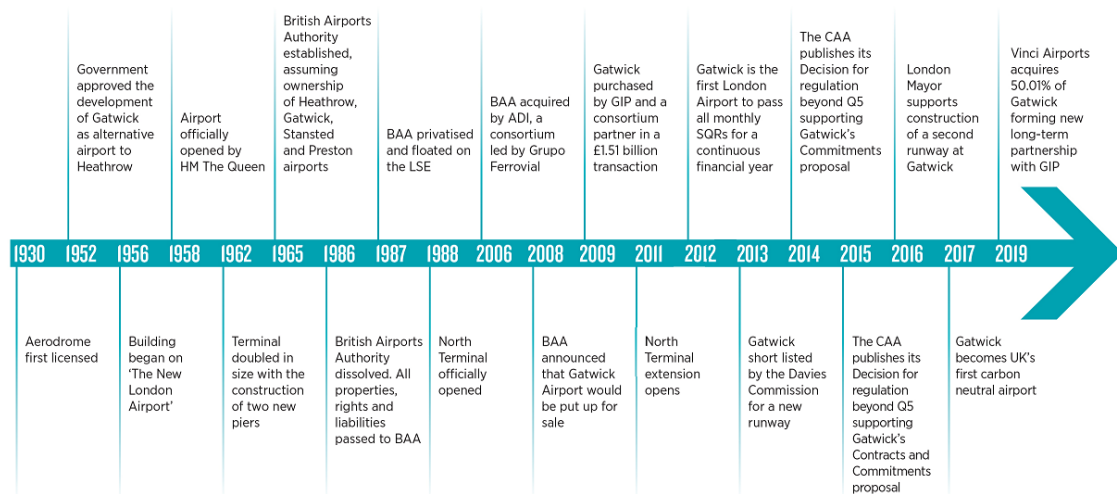
Gatwick provides a wide range of passenger services including passenger handling facilities, shops, bars, restaurants, hotels and over 40,000 public car parking spaces. Gatwick is London's best connected major airport by surface access with 3.2 million people living within 30 minutes. All of London's population and almost 15 million of the UK population live within approximately 60 minutes of Gatwick. Gatwick is easily accessible by motorway and train, taking only 30 minutes from London Victoria station on the Gatwick Express and 28 minutes to London Bridge.



The airport offers passengers 24 hour direct public transport access (by both road and rail) and the highest level of connectivity to London, the wider South-East and many parts of the UK.

Gatwick has maintained a strong focus in recent years on improving operations and the passenger experience. The Security Group has invested over £2.2 billion over the last 10 years which has provided the improved infrastructure required to generate improvements in the passenger experience.

## A brief history of Gatwick and its expansion:



Gatwick's South Terminal was officially opened by HM The Queen on 9 June 1958, with the North Terminal following 30 years later in 1988. Gatwick has undergone a number of expansion and investment programmes since the change in ownership in December 2009, including the opening of the North Terminal Extension, redevelopment of the International Departures Lounges in both terminals and the installation of the world's largest self-bag drop check-in facility in the North Terminal. Investment has also been made in the North and South Terminal forecourts, the track transit system stations, car parks and piers, to configure the aircraft stands and gate rooms in Pier 5 and to construct a new Pier 1 including a new South Terminal Baggage Factory.

In 2017, Gatwick was officially recognised as a carbon neutral airport through its use of 100% renewable electricity and Gold Standard carbon credits to offset ground fuel emissions. The award, from ACI Europe, means that Gatwick Airport Limited completed Airport Carbon Accreditation at Level 3+ in 2016 for all ground operation emissions that the airport controls – including fuels, electricity and business travel.

### Net Zero carbon

Gatwick is committed to achieving net zero carbon by 2050 for its buildings and vehicle fleet and is already halfway there (2018: 50% less than 1990 baseline). This is due to purchasing renewable electricity and a strong focus on energy efficient systems. Gatwick will keep going on this alongside strong focus on public transport and, increasingly, the transition to electric vehicles.

Gatwick is also an active member of Sustainable Aviation whose members, in February 2020, committed the UK aviation industry to achieve net zero carbon emissions by 2050. This is the first national net zero aviation commitment anywhere in the world.

### Response to Covid-19

The Covid-19 pandemic has had an unprecedented adverse impact on the global aviation industry, with significantly reduced levels of traffic and passengers and substantial cuts in capacity by airlines during 2020 with this forecast to continue in the coming months.

Until the end of February 2020, the impact at Gatwick had been restricted to a limited number of services to and from the Far East. The response of the Italian government resulted in a notable shift in traffic away from Italy during the last week of February 2020. As other European governments had imposed travel restrictions, daily passenger numbers declined throughout March. Major carriers such as easyJet, BA, TUI and Norwegian started to ground fleets serving Gatwick. The Airport remained open throughout April, May and June 2020, servicing repatriation, freight, positioning and maintenance flights alongside a small number of scheduled services.

During summer 2020, the easing of government restrictions allowed for the return of flights, supported by strong passenger demand however this was tempered slightly as a result of the uncertainty brought about by the changing of the travel corridors.

During the final quarter of 2020, the second and third national lockdowns were imposed, coupled with the border restrictions imposed on travellers from the UK, which greatly reduced demand.

From March 2020, steps have been taken to reduce immediate cash outgoings and to re-position the business for the mid-term:

- The Security Group acted to reduce operating expenditure, saving over £140 million in the year ended 31 December 2020:
  - Contractual and resourcing adjustments have been agreed with suppliers to decrease their costs;
  - Discretionary expenditure has been halted;
  - The operational footprint of the Airport was reduced on a staged basis through March. Starting with night closure and the shutdown of 2 out of 6 piers, operations were then limited to a single pier in South Terminal within an 8-hour window (2pm to 10pm). Operations then switched to North Terminal only from 15 June 2020, as easyJet restarted their operations. As at the date of this Prospectus South Terminal remains closed and the Airport continues to vary the operational footprint in the North Terminal to meet the changing demand;
  - The overall headcount of the Security Group was reduced from 3,261 in March 2020 to 1,768 at 31 December 2020, through the termination of fixed term contracts and redundancy programmes; and
  - The Security Group utilised the UK government's furlough scheme and job retention scheme throughout 2020 and 2021 to protect as many jobs as possible as passenger levels meant many of the retained employees had no work.
- A review of the Security Group's capital investment programme has resulted in the deferral of over £380 million from the investment originally planned in 2020 and 2021. Over half of the projects already in delivery have been stopped, with only operationally critical projects continuing or those that are near to completion. Further opportunities have been identified to reduce capital investment and associated cash outflow, if required.

In addition to the actions to reduce cash outgoings, the Security Group has taken steps to increase the availability of cash and committed funding available. On 3 April 2020, the Security Group entered into a new £300 million term loan (due for repayment in October 2021, extendable for an additional six months at the Security Group's option such that it would not fall due for repayment until April 2022). Gatwick is exploring options to refinance its £300 million term loan, including potential capital markets issuances. As at 31 December 2020, the Security Group held cash of £293.1 million and its £300 million Revolving Credit Facility was fully drawn. The Security Group also has access to a committed £150 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months and a £5 million committed overdraft facility. The Security Group does not, as at the date of this Prospectus, currently expect to utilise the Liquidity Facility. GAL was approved to draw up to £300 million under the Bank of England CCFF scheme. On 19 March 2021 GAL issued £275 million pursuant to the CCFF, which matures in March 2022. GAL had £175 million of CCFF commercial paper in issue as at 31 December 2020 and the 19 March 2021 issuance reflects an incremental increase in outstanding CCFF commercial paper of £100 million.

On 31 March 2021 Gatwick Airport Finance plc priced the issuance of £450,000,000 Senior Secured Notes due 2026 which is due to close on 7 April 2021. Gatwick Airport Finance plc is an indirect parent company of the Security Group and intends to downstream £370.0 million from the proceeds of the issuance of such notes to the Security Group.

The Security Group's financing arrangements are subject to compliance with financial covenants, including the Senior ICR (which is calculated on the basis of operating cash flow within a 12-month period, adjusted

downwards by a pre-defined notional (non-cash) amount, compared to net interest paid) and the Senior RAR (which is calculated by reference to net debt compared with a defined multiple of average EBITDA from the last three years). Both covenants are subject to bi-annual tests at 30 June and 31 December.

The Security Group has been granted a covenant waiver and amendment of certain terms under the financing documents, from Qualifying Borrower Secured Creditors. This includes: (a) that any Default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2020 and June 2021; and (b) thereafter, a temporary amendment (until June 2023) to the calculation of the Senior RAR to replace the April 2020 to March 2021 EBITDA in such calculation with the average of the 2017, 2018 and 2019 financial years corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

### **The UK's exit from the EU**

The transition period for the UK exiting the EU came to an end on 31 December 2020. Following this period, the UK will see no immediate change in aviation regulations or market arrangements. A trade agreement was agreed between the UK and the EU on 24 December 2020. For the aviation sector the trade agreement preserved traffic rights between the UK and the EU, with the exception of the removal of cabotage rights (i.e. the rights of UK airlines to fly routes within EU).

The UK is no longer part of the EU's aviation institutions, including the European Union Aviation Safety Agency (EASA), however the trade agreement emphasises the aim of close cooperation in this area based on mutual recognition of licences. Other regulatory impacts are largely limited by European legislation becoming UK legislation as part of the EUWA. This means there are not immediate changes to rules and regulations governing areas such as slots, airport charges, ground handling or the rights of passengers with reduced mobility.

### **Gatwick infrastructure and traffic**

Gatwick has one 3,316 metre-long runway with a total of six piers and 79 pier-served aircraft stands. Gatwick also has 68 remote aircraft parking stands. The location of the terminals, piers and car parks can be seen on the image below.



Aviation is a key part of the UK economy, facilitating the UK brand as a global and connected nation and supporting thousands of jobs and businesses up and down the country. Aviation also provides opportunities – not just allowing people to take a well-earned leisure break, or visit friends and relatives but also promotes trade and investment, tourism and international relations. The Covid-19 pandemic has had a dramatic impact on all sectors – not just transport, with aviation being severely affected and international travel falling dramatically from March 2020 onwards with the imposition of travel restrictions affecting many passengers and airlines.

However, importantly, the UK government has recognised that aviation is essential to the UK's economic recovery as well as wider agendas such as Global Britain, levelling-up and inclusive, sustainable growth. Gatwick has played an active part in working with UK government and supporting the aviation industry's recovery – being an active member of the DfT expert steering group, working with Ministers and officials on financial support measures and providing input on travel corridors and the introduction of testing to reduce and ultimately eliminate the need for quarantine.

There is long standing UK government policy support for aviation. Policy has developed over a number of years and recognises the tangible benefits aviation growth brings in terms of employment, economic confidence, growing tourism, increased trade and business investment. However, it also recognises the need for sustainable growth taking steps to mitigate environmental impacts such as carbon emissions, noise and air quality.

The Aviation Policy Framework (2013) sets out the UK government's current policy to allow the aviation sector to continue to make a significant contribution to economic growth across the UK, as well as setting out policy on important issues such as noise and climate change. It emphasises the need for airport operators to invest in delivering new capacity and improved resilience as well as maximising the use of existing capacity.

In June 2018 the UK government decided to adopt an NPS supporting a third runway at Heathrow (the NPS being recently confirmed as lawful in the courts). However, at the same time UK government also announced policy support for other airports to make best use of existing runways ("Beyond the Horizon – The future of UK aviation. Making best use of existing runways", June 2018). Airport development proposals will be considered under the relevant planning process with proposals to make best use of existing runways judged taking account of all relevant considerations, particularly economic and environmental impacts and proposed mitigations.

In December 2018, the UK government published for consultation policy proposals for a new Aviation Strategy entitled "Aviation 2050 – The future of UK aviation" (Cm9714). The policy measures were designed to develop a long-term Aviation Strategy to 2050 and beyond, aiming to achieve a safe, secure and sustainable aviation sector that meets the needs of consumers and of a global, outward-looking Britain. This consultation closed in June 2019 and although the DfT was due to finalise its strategy during 2020, this work was put on hold due to the Covid-19 pandemic. However, the development of an updated Aviation Strategy is not a process the UK government can undertake on its own and it therefore engages with a wide range of industry groups, passengers and communities to develop a long term plan for sustainable growth. One element of Gatwick's input into policy making is through the preparation of a master plan.

It is best practice to provide regular updates on how Gatwick might develop. On 18 July 2019, Gatwick published its final master plan, which includes:

- using new technology to build capacity and resilience on the main runway;
- bringing the existing standby runway into routine use for departures only alongside the main runway by the mid 2020s;
- recommending planning policy continues to safeguard land for an additional runway.

Taking into account consultation feedback, Gatwick will continue to make best use of its main runway. Gatwick also announced on 18 July 2019 that it will prepare a planning application to bring the standby runway into routine use. This will be through a Development Consent Order – a rigorous statutory planning process that will include public consultation in 2021 to allow local authorities, communities, businesses and partners the opportunity to provide more feedback as the scheme evolves. Additionally, Gatwick is recommending that national and local planning policy continues to safeguard land – as it has been since

2003 – should a new runway be required in the longer-term. As at the date of this Prospectus, Gatwick continues to seek that national and local planning policy safeguards land for an additional runway in the future.

## **COMMERCIAL STRATEGY**

Gatwick operates in a competitive market. Passengers have a choice as to which airport they fly from and airlines have alternative bases from which to operate. Gatwick's strategy is to transform the passenger experience and improve efficiency for the airlines and Gatwick itself, thereby improving its competitiveness in the London airport market. A key element of Gatwick's strategy is to build and maintain strong relationships with its airline customers, regulators and other stakeholders.

Gatwick has set out its ambition – compete to grow and become London's airport of choice, and has established six strategic priorities to which its activities are aligned.

The strategic priorities and the approach Gatwick is taking to achieve them have been outlined below:

- *deliver the best passenger experience*: by listening to its passengers and delivering the kind of service that will make them choose to fly from Gatwick;
- *help its airlines grow*: by understanding airlines' goals and developing commercial partnerships;
- *increase value and efficiency*: by maximising income, lowering its operating costs and driving capital efficiency;
- *protect and enhance its reputation*: by building strong and constructive relationships with its stakeholders based on openness and trust;
- *build a strong EHS culture*: by maintaining a relentless focus on achieving zero incidents; and
- *develop the best people, processes and technology*: by investing in high-performing people, continuous improvement and deploying the right systems.

## **Sustainability Strategy**

Gatwick's sustainability approach is built into its governance framework and is led by the Executive Management Board. Gatwick's aim is to ensure that the right systems are in place to set strategy and policies, determine and deliver appropriate plans and to manage the business safely and responsibly.

In 2010, Gatwick published its "Decade of Change" strategy, which set out ten specific strategic goals over the ten years to 2020 and Gatwick met or exceeded all of these goals by the end of 2019. Building on this success, Gatwick will shortly publish its "Second Decade of Change" sustainability goals for the period 2021-2030 to seek continued reductions in environmental impacts while generating economic and societal benefits.

Throughout 2020, Gatwick maintained its noise, air quality, water quality and biodiversity monitoring programmes, comprehensive stakeholder engagement and core elements of the sustainability action plan.

This included the following:

- Signed the UK Sustainable Aviation coalition's commitment to achieve net zero aircraft emissions by 2050;
- Joined the Government's Jet Zero Council delivery group on sustainable aviation fuels;
- Maintained Airport Carbon Accreditation at "carbon neutral" level continuously throughout 2020; and
- Continued to reuse and recycle airport waste, with 61% of Airport operational waste reused or recycled, and the remainder sent offsite for energy recovery.

Gatwick continues to build and maintain strong relationships with stakeholders including the UK government, airlines, business partners, passengers and employees. Working closely with these stakeholders ensures that the Airport can influence and shape future policy and decisions that may affect Gatwick and the aviation industry, and also to identify joint working opportunities to promote best practice.

## **STRENGTHS**

Gatwick has a number of key credit strengths. Primarily, Gatwick has a strategically advantageous position in the premium, South East UK air travel market. Gatwick is well positioned to recover from the impact of the Covid-19 pandemic and has shown consistent historic growth prior to the Covid-19 pandemic. The regulatory regime has been modernised in a manner welcomed by GAL and in line with GAL's strategy. The Security Group has taken a prudent approach to leverage and also benefits from a strong management team supported by highly experienced, long term shareholders.

### **The South East premium market**

Gatwick is located in the South East of the UK – a densely populated, affluent catchment area in the heart of the UK service economy. Air travel in the South East has grown significantly over the last forty-plus years from 17 million passenger journeys in 1968 to over 182 million in 2019 (Source: CAA). In 2017, the DfT projected total traffic growth at UK airports to continue at 1.2-1.5% per annum to reach approximately 410 million by 2050 after considering capacity constraint. Without constraints to airport growth, demand is forecast to rise to 355 million by 2030 (central scenario) and 495 million passengers in 2050 within a range of 478 to 535 million (Source: DfT 2017 paper: UK Aviation Forecasts).

London is a leading global financial centre and the South East of England as a whole accounted for 37.4% of Gross Value Added (Source: Regional Gross Value Added (Income Approach) December 2018). In 2019, the UK ranked tenth in the world for international tourism arrivals and fifth in terms of international tourism receipts (Source: World Tourism Organisation) with a significant portion of the international air traffic coming through the London area. All these factors support significant continued demand for both leisure and business O&D air traffic through Gatwick.

Runway capacity in the South East is limited at peak periods. For at least the majority of the 2020s, London's airports will be relying on their existing physical capacity to meet expected increasing demand.

### **Gatwick is well placed to recover**

Gatwick has predominantly O&D traffic which comprises approximately 90.6% of the passengers using Gatwick (Source: CAA, 2019 Airport Data). Gatwick serves a diverse passenger mix: approximately 55.5% for leisure travel, 26.3% VFR (visiting friends and relatives) and 18.2% business (Source: Gatwick Retail Profiler Survey, April 2018 – March 2019).

Within the South East airports system, Gatwick has a desirable strategic location.

The airport is conveniently situated for transport to London and the South East. The Gatwick Express provides non-stop rail services directly to London Victoria station. Gatwick's railway station is located adjacent to the South Terminal and provides frequent additional connections to other London terminals. Gatwick is also well-served by national rail links.

Gatwick is also located a short distance from Junction 9 of the M23 motorway, nine miles from London's orbital M25 motorway.

In 2019, the total number of passengers travelling by air through the four largest airports serving the Greater London area was approximately 156 million. In 2019, Gatwick accounted for 26% of this traffic (Source: CAA, 2019 Airport Data).

Gatwick is attractive due to the presence of a diverse mix of carriers due to its low aeronautical charges compared with many major European airports (such as London Heathrow), its ease of operations and quick turnaround times, its excellent transport links to central London, and its geographic placement in the large and wealthy catchment area south of London (as illustrated in the chart below).

## Gatwick's catchment area

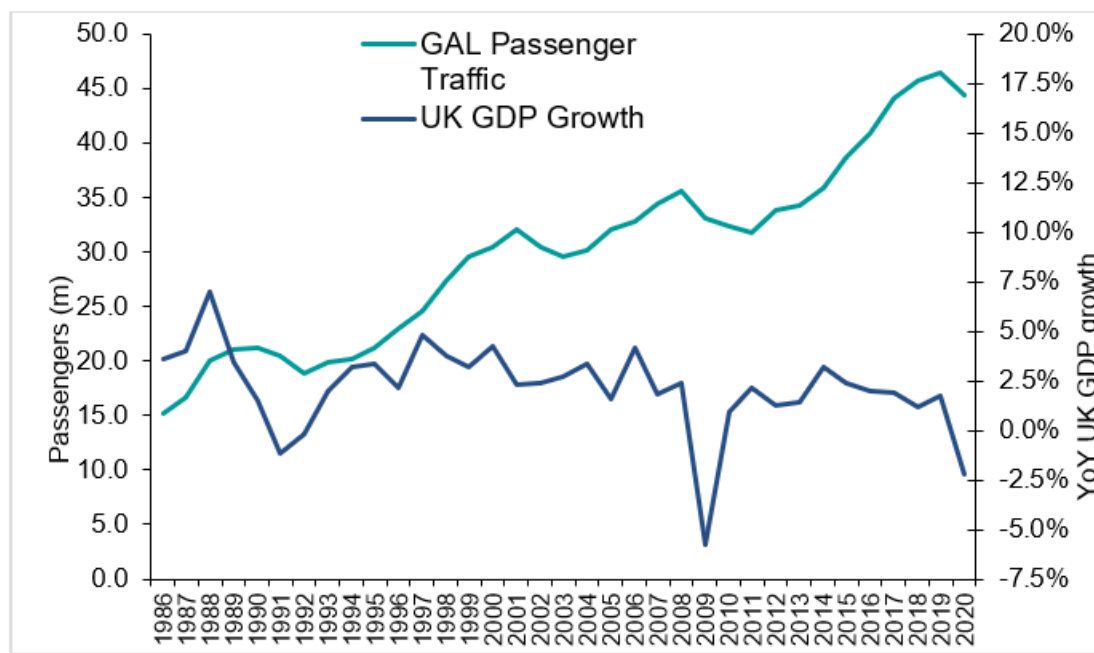


Source: UK Office for National Statistics: Mid-year population estimates 2017: 28 June 2018

### ***Relative resilience to shocks and economic downturns***

Through periods of UK GDP decline and exogenous events which have reduced the propensity to travel, Gatwick's performance has remained resilient. The chart below illustrates that over the last 30 years, demand for air travel at Gatwick has tended to return relatively quickly to historic levels following external shocks, suggesting resilience of the level of demand.





Source: GAL passenger traffic: Gatwick Management; UK GDP growth 1985-2020: Office of National Statistics  
 Note: Passenger traffic data is as at 31 March of the year given; GDP data as at: 31 December

Major events which have had a significant impact on passenger traffic include the terrorist attacks on the United States in 2001 and their aftermath, the Gulf Wars and periods of economic recession. Other events that have had a significant impact on passenger traffic at Gatwick in the last ten years include airline failures and the eruption of Eyjafjallajökull in Iceland in 2010. Recently, the Covid-19 pandemic has had a material impact on passenger traffic as the UK and other governments worldwide restricted travel for non-essential purposes at various times and imposed quarantine and other restrictions on air passengers during 2020 and 2021.

Historically (without including 2020/21 data), passenger traffic has been resilient through such events with an average reduction peak to trough of 9.3% and recovery to prior levels generally taking around 2 to 3 years. The economic downturn after the 2008 global financial crisis witnessed the most significant trough in the last 30 years with the drop from the peak totalling 11.1% and lasting five years. This trough was impacted significantly by the intermittent closure of airspace in the three months to 30 June 2010 following the eruption of Eyjafjallajökull in Iceland.

The period between 1999 and 2021 has seen a significant shift in passenger mix with European low cost traffic growing substantially and taking market share from European charter and legacy carriers. Between 2004 and 2008, Gatwick saw consistently strong growth in passenger numbers primarily as a result of easyJet expanding its activities at Gatwick. The development of the low cost carrier model, primarily led by easyJet, has continued to support passenger growth in recent years.

The scale and duration of the Covid-19 pandemic is unprecedented in nature and the relationship to previous downturn events remains uncertain. Air transport associations, such as IATA, are predicting that air travel will return to 2019 levels by 2024, which is a five year recovery period. They are also predicting that the propensity to travel will return at different rates for different segments; domestic will rebound faster than short-haul which will rebound faster than long-haul and leisure travel will rebound faster than business travel. It is likely therefore that the airline and passenger mix at Gatwick Airport will change in comparison to 2019 levels with some uncertainty as to how this mix will develop over time. Gatwick has relatively low exposure to the business travel segment. It is also well placed to adapt and evolve to this changing mix for the following reasons:

- *Flexible infrastructure:* Gatwick's infrastructure can adjust to a higher proportion of short-haul aircraft (or smaller long range aircraft operating long-haul) than during 2019 in the medium term. As an example, Gatwick has a high proportion of stands that are Multi Choice Apron, which means they can be used for a combination of small and large aircraft;

- *Multi-Service Proposition:* Gatwick tailors its service proposition to the requirements of all carrier types from full service to ultra-low cost; and
- *Highly efficient operation:* technological improvements in the pipeline for security, boarding and aircraft sequencing mean Gatwick will build back in a more productive and efficient manner. Driving this efficiency helps to underpin its aero price proposition, which in the view of Gatwick's management is competitive.

### Core Service Standards

In January and February 2020 all of the CSS measures were passed.

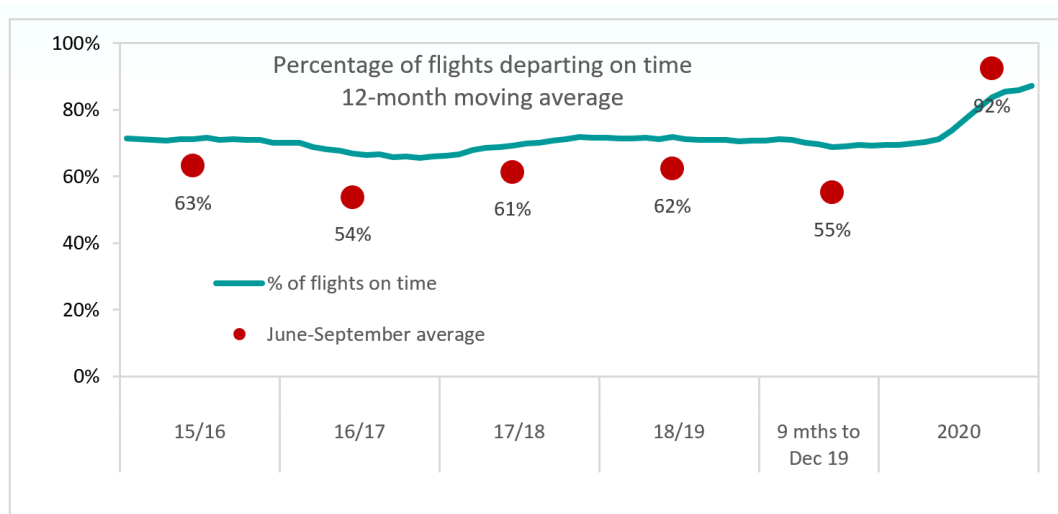
In March 2020, the impact of the Covid-19 pandemic caused a severe downturn in passenger volumes. Gatwick responded by working with our airline partners to dynamically manage the operational footprint of the Airport, eventually consolidating into low-volume operations in a single terminal. As the operation contracted, the CSS measures became impractical and, with the agreement of its airline customers, Gatwick took the decision to suspend the CSS measures. Between August and mid October 2020, as the Airport saw a short increase in passenger numbers and corresponding expansion of the operational footprint of the Airport, a number of the measures covering airfield congestion, pier service, the inter-terminal shuttle and a number of terminal facilities were reinstated. As the second lockdown took effect in early November 2020 and both passenger volumes and the operational footprint shrank again, the shuttle and terminal measures were suspended. Airfield congestion and pier service metrics continued in place. All measures in force were passed and throughout 2020 Gatwick maintained a good level of service for those passengers who travelled.

Gatwick remains committed to safeguarding a good level of service for those passengers who are permitted to fly and consults regularly with its airline customers on the status of each CSS metric. Gatwick's intention is to re-instate all the standards as soon as possible.

### Airfield Performance

On-time performance remains a key strategic priority for Gatwick as it seeks to improve the passenger experience and deliver a stable and resilient operation for its airline customers, allowing it to continue to grow its businesses from Gatwick.

The graph below shows the percentage of flights departing no later than 15 minutes after the scheduled time of departure on a rolling 12-month basis.



Source: Gatwick Management

For the year ended 31 December 2019, 69% of departures from Gatwick departed no later than 15 minutes after the scheduled time of departure and for the year ended 31 December 2020, 87% of departures from Gatwick departed no later than 15 minutes after the scheduled time of departure (although the 2020 figures reflect a lower number of air transport movements at Gatwick due to the effects of Covid-19).

A number of factors can influence on-time performance and a range of stakeholders, including Gatwick, air traffic control providers, airlines and ground handlers, have an important role to play. Some of the key challenges Gatwick faces in its normal operating conditions include: (i) a continued increase in the proportion of flights subject to airspace restrictions caused by congestion in en-route airspace corridors and/or restrictions at destination airports; and (ii) pressures in the ground handling market, with some ground handlers continuing to find it challenging to deliver against scheduled turnaround times.

Gatwick takes a proactive role in seeking to support improved on-time performance through: (i) investment in facilities to support the efficient turnaround of aircraft, including airfield and terminal works; (ii) the continuation of financial incentives for airlines and ground handlers to reward the efficient turnaround of aircraft; (iii) engagement with ground handlers to audit resource plans ahead of the summer season; and (iv) a continued strong focus on meeting the Core Service Standards to support a high-quality and efficient operation.

Major airlines operating at Gatwick have also taken significant steps to address on-time performance issues, including through: (i) scheduling adjustments; (ii) end-to-end process reviews of turnaround management; and (iii) innovative and collaborative working with Gatwick and ground handling providers.

### **Gatwick's strong financial performance reflects its diverse revenue mix**

The Security Group's revenue performance has improved in large parts as a result of increased passenger numbers which were up 29.0% over the five years ended 31 December 2019. In the year ended 31 December 2020, passenger numbers were 10.2 million (a reduction of 78.2% compared with the year ended 31 December 2019) as a result of Covid-19 and the impact it had on Gatwick's operations. EBITDA (pre-exceptional items) has increased by approximately 180% between 1 April 2009 and 31 December 2019 (a CAGR of 12.5%). In the year ended 31 December 2020, EBITDA (pre-exceptional items) was negative £25.1 million, primarily as a result of the effects of Covid-19.

The Security Group's results for the year ended 31 December 2019 continued to demonstrate strong financial performance. The Security Group's EBITDA (pre-exceptional items) was a profit of £472.7 million for year ended 31 December 2019.

Aeronautical income (after discounts and marketing support) grew to £457.2 million in the year ended 31 December 2019 (in the year ended 31 December 2020 aeronautical income reduced significantly to £89.7 million, primarily as a result of the effects of Covid-19). Retail income was £199.5 million in the year ended 31 December 2019 (in the year ended 31 December 2020 retail income reduced significantly to £49.8 million, primarily as a result of the effects of Covid-19). Car parking income was £87.2 million in the year ended 31 December 2019 (in the year ended 31 December 2020 car parking income reduced significantly to £17.7 million, primarily as a result of the effects of Covid-19).

For additional information, see "*Financial Information and Results of Operations*". *Diversified income and revenue streams*

Gatwick benefits from diversified income sources. In addition to income earned from airlines from regulated aeronautical charges, Gatwick also earns income from a variety of sources, including retail, car parking and property.

| <b>Revenue breakdown (£ millions)</b>             | <b>Year ended 31 December 2019</b> |             |                    |             |
|---|------------------------------------|-------------|--------------------|-------------|
|   | <b>Year ended 31 December 2020</b> |             | <b>(unaudited)</b> |             |
| Aeronautical income .....                         | 89.7                               | 41.3%       | 457.2              | 53.6%       |
| Retail income .....                               | 49.8                               | 22.9%       | 199.5              | 23.4%       |
| Car parking income .....                          | 17.7                               | 8.2%        | 87.2               | 10.2%       |
| Property income .....                             | 30.6                               | 14.1%       | 33.3               | 3.9%        |
|   | 12.7                               | 5.9%        | 34.5               | 4.0%        |
| Operational facilities and utilities income ..... |                                    |             |                    |             |
| Other income.....                                 | 16.5                               | 7.6%        | 41.8               | 4.9%        |
| <b>Total revenue.....</b>                         | <b>217.0</b>                       | <b>100%</b> | <b>853.5</b>       | <b>100%</b> |

#### *Aeronautical derived income*

Gatwick serves a diversified range of major airlines, employing a variety of business models (e.g. low-cost, scheduled, charter) to serve O&D short-haul leisure and business traffic and long-haul leisure.

Over 50 airlines (serving > 5k passengers per annum) operate out of Gatwick. The largest airlines by passenger numbers at Gatwick for the year ended 31 December 2019 were as follows:

| <b>Airline</b>             | <b>Air transport movements (000s)*</b> | <b>% of Total</b> | <b>Passengers (000s)</b> | <b>% of Total</b> |
|----------------------------|--|-------------------|--------------------------|-------------------|
| easyJet.....               | 122.4                                  | 44%               | 19,043                   | 41%               |
| British Airways .....      | 49.8                                   | 18%               | 7,769                    | 17%               |
| Norwegian Air Shuttle..... | 28.1                                   | 10%               | 5,310                    | 11%               |
| TUI.....                   | 13.6                                   | 5%                | 2,874                    | 6%                |
| Vueling.....               | 10.4                                   | 4%                | 1,590                    | 3%                |
| Thomas Cook.....           | 6.5                                    | 2%                | 1,388                    | 3%                |
| Ryanair.....               | 7.3                                    | 3%                | 1,218                    | 3%                |
| Virgin Atlantic .....      | 3.2                                    | 1%                | 1,035                    | 2%                |
| Emirates .....             | 2.1                                    | 1%                | 979                      | 2%                |
| Aer Lingus.....            | 4.3                                    | 2%                | 563                      | 1%                |
| WestJet.....               | 1.9                                    | 1%                | 452                      | 1%                |
| Wizz Air.....              | 2.2                                    | 1%                | 419                      | 1%                |
| Other .....                | 28.8                                   | 10%               | 3,925                    | 8%                |
| <b>Total .....</b>         | <b>280.7</b>                           | <b>100%</b>       | <b>46,565</b>            | <b>100%</b>       |

\* Commercial flight types only.

Passengers and air transport movements by airline have been provided for the year ended 31 December 2019. 2020 was significantly disrupted by Covid-19 with Gatwick's top four airlines (easyJet, British Airways, Norwegian and TUI) composing 76% of the passenger volumes. During 2021, Norwegian announced the discontinuation of their long haul routes, and Virgin Atlantic announced a temporary consolidation of their operations at Heathrow, with the intention of returning to Gatwick in line with passenger demand.

Gatwick has a diversified network of routes serving around 230 destinations worldwide. The top-twenty routes in the year ended 31 December 2019 accounted for only 37.9% of total passenger traffic, with no individual route representing more than 3.4% of the total. This means that Gatwick's revenues are resilient to airline network and route changes, with the airport not reliant on a small number of key routes. Gatwick's 2020 route network has been materially impacted by Covid-19, and therefore Gatwick has presented its 2019 figures:

| <b>Destination</b>      | <b>Number of operators flying there</b> | <b>% of total passengers</b> |
|-------------------------|---|------------------------------|
| BARCELONA .....         | 4                                       | 3.4%                         |
| DUBLIN .....            | 2                                       | 2.9%                         |
| MALAGA .....            | 4                                       | 2.4%                         |
| AMSTERDAM.....          | 2                                       | 2.4%                         |
| MADRID .....            | 4                                       | 2.2%                         |
| DUBAI.....              | 1                                       | 2.1%                         |
| ORLANDO.....            | 4                                       | 2.1%                         |
| ALICANTE.....           | 6                                       | 1.9%                         |
| GENEVA .....            | 5                                       | 1.8%                         |
| PALMA DE MALLORCA ..... | 5                                       | 1.7%                         |
| COPENHAGEN.....         | 2                                       | 1.7%                         |
| ROME (FIUMICINO).....   | 3                                       | 1.6%                         |
| EDINBURGH .....         | 2                                       | 1.6%                         |
| FARO.....               | 4                                       | 1.5%                         |
| NEW YORK JFK.....       | 2                                       | 1.5%                         |
| TENERIFE.....           | 5                                       | 1.5%                         |
| VENICE .....            | 3                                       | 1.5%                         |
| JERSEY .....            | 2                                       | 1.5%                         |
| MILAN .....             | 1                                       | 1.4%                         |
| GLASGOW.....            | 2                                       | 1.4%                         |
| Other destinations..... | -                                       | 62.1%                        |

Source: Gatwick management

Demand for slots in recent years has remained strong, with various carriers – notably easyJet, British Airways, Vueling and Norwegian Airlines – increasing frequencies and introducing new routes. There has also been more emphasis on the development of long-haul O&D traffic.

Gatwick continued to develop its route network, achieving record traffic figures during the year ended 31 December 2019 of 46.6 million passengers and with a 26% share of the London market (Source CAA, 2019 Airport Data). In the year to 31 December 2020, traffic has been significantly impacted by the Covid-19 pandemic and 10.2 million passengers passed through Gatwick.

Notable highlights during the year ended 31 December 2020 include:

- Air Baltic's opening its new service to Vilnius.
- easyJet's announcing new services to Aberdeen, Bilbao, Bourgas and Cagliari for 2021.
- New airline Blue Islands commencing services to Jersey.
- Wizz basing their first aircraft at Gatwick from November 2020 flying to various European destinations including Lanzarote and Athens.

Delivering the best passenger experience is a strategic priority for Gatwick. Adhering to a set of stringent passenger satisfaction targets, and through listening and acting upon passenger feedback, are two ways in which service overall at the Airport is monitored.

The CSS are stretching targets for a variety of measures impacting the passenger experience, from security queuing times to the availability of terminal and airfield assets, ensuring that Gatwick is constantly focused on its performance in these key areas. The scheme also incorporates the results of a passenger survey, the QSM, which provides a measure of passenger satisfaction with certain airport services and facilities (cleanliness, wayfinding, flight information, and departure lounge seat availability). If service standards are not met for a number of aspects of the Airport's facilities and services for both passengers and airlines, Gatwick pays rebates of airport charges to airlines.

Gatwick reports its performance against the CSS targets (including QSM) on a monthly basis on its website. Gatwick uses, amongst other measures, total CSS targets passed, overall QSM score, on-time departure performance and inbound baggage, to monitor whether it is delivering the best passenger experience, and this forms part of the Commitments framework under which it operates.

### ***Non-aeronautical derived income***

Gatwick has well-established retail in both the North and South Terminals with a total of approximately 27,000 square metres of retail space dedicated to restaurants, bars, specialist shops and duty free and tax free shopping with approximately 60 retail clients operating around 159 retail outlets. Concession revenues generally consist of a turnover percentage subject to minimum guarantees and concession rights are competitively tendered, at inception and on renewal. Typically, fashion retailers hold concessions for 3 years and catering for 5-10 years.

In addition, Gatwick has an extensive car park offering, comprising of 40,800 public spaces (4,900 spaces adjacent to terminals). A project to build decking in the South Terminal Long Stay car park was completed in August 2018 and delivered an increased capacity of 1,100 spaces. Both terminals at Gatwick are also served by car rental concessions.

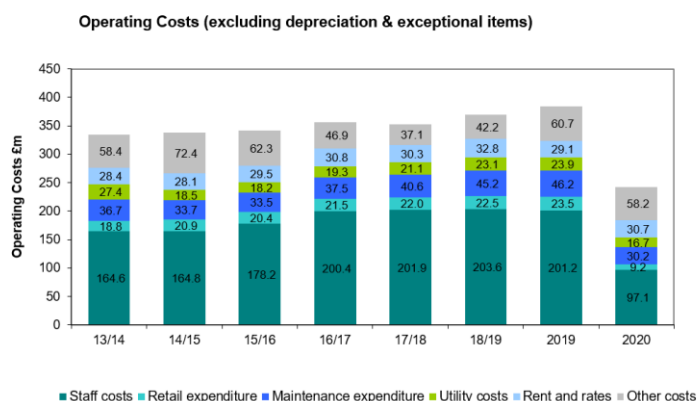
Gatwick also has a real estate portfolio which generates income, with primary tenants being airlines and associated service companies.

Management have implemented a number of initiatives to increase non-aeronautical income, including: dedicating personnel to focus on day-to-day management of concessionaires; implementing dwell time modelling, to guide layout refinements and airline operational protocols; undertaking customer research and segmentation to guide longer term re-positioning of retail brands; and refining the car park offering and online marketing strategy.

### **A predictable operating cost base**

Gatwick has a relatively stable, and predictable, cost base. Most costs at Gatwick have a strong linkage to RPI and/or are contracted on a multi-year basis providing a good degree of certainty and/or visibility.

Operating Costs analysis £'million (excluding depreciation, amortisation and exceptional items):



Source: Gatwick Management Financial results

From March 2020, to deal with the ongoing impact of the Covid-19 pandemic, the Security Group acted to reduce operating expenditure, saving over £140 million in the year ended 31 December 2020:

- Contractual and resourcing adjustments have been agreed with suppliers to decrease their costs;
- Discretionary expenditure has been halted;
- The operational footprint of the Airport was reduced on a staged basis through March. Starting with night closure and the shutdown of 2 out of 6 piers, operations were then limited to a single pier in South Terminal within an 8-hour window (2pm to 10pm). Operations then switched to North Terminal only from 15 June 2020, as easyJet restarted their operations. As at the date of this Prospectus South Terminal remains closed and the Airport continues to vary the operational footprint in the North Terminal to meet the changing demand;
- The overall headcount of the Security Group was reduced from 3,261 in March 2021 to 1,768 at 31 December 2020, through the termination of fixed term contracts and redundancy programmes; and
- The Security Group utilised the UK government's furlough scheme and job retention scheme throughout 2020 and 2021 to protect as many jobs as possible as passenger levels meant many of the retained employees had no work.

GAL recognises three trade unions who represent its employees. Relationships with all three unions have historically been cordial with no instances of industrial action during the past 20 years.

GAL will continue its focus on maintaining strong relationships with full-time union officials, and building solid working relationships with representatives.

Further details on the breakdown of Gatwick's operating costs can be found in GAL's financial statements, which are incorporated by reference into this Prospectus.

### A deliverable Capital Investment Programme

The key strategic objective for Gatwick is to compete to grow and become the airport of the future and a model for sustainable growth. A key enabler in delivering this objective is continued focus on transforming the passenger and airline experience of using Gatwick through both investment in modern infrastructure and improving service standards. This will ensure customers enjoy a superior airport experience relative to competitors, encouraging greater utilisation of Gatwick and supporting its long-term growth ambitions. The key investment drivers for the Airport are as follows:

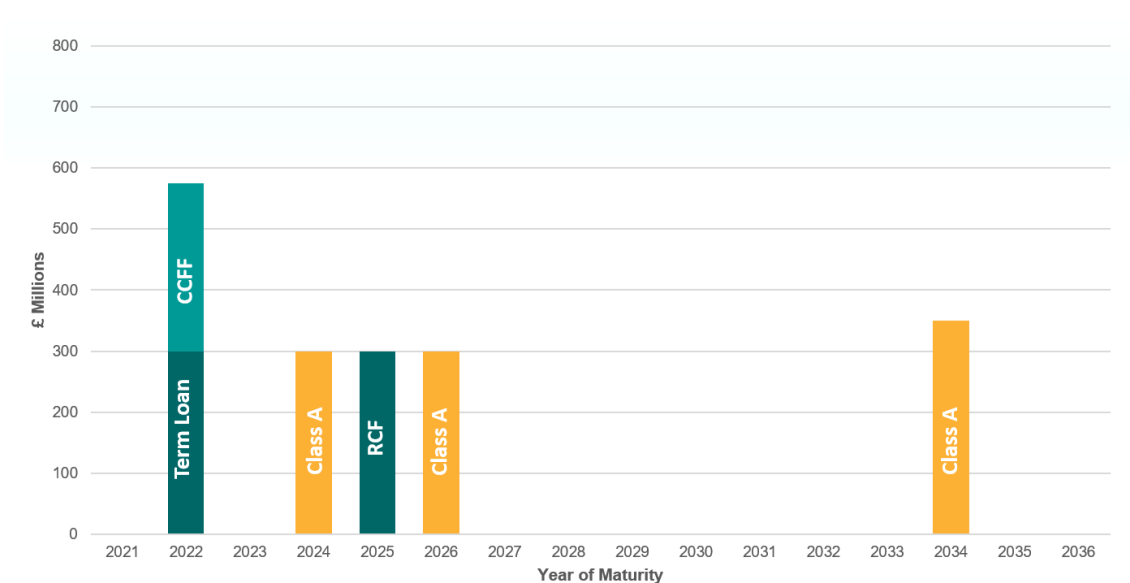
- Capacity

- Cost Efficiencies
- EH&S, Security and Compliance
- Service Quality
- Commercial Revenue
- Asset Stewardship and Resilience

See "Financial Information and Results of Operations – Capital Investment Programme" for further information.

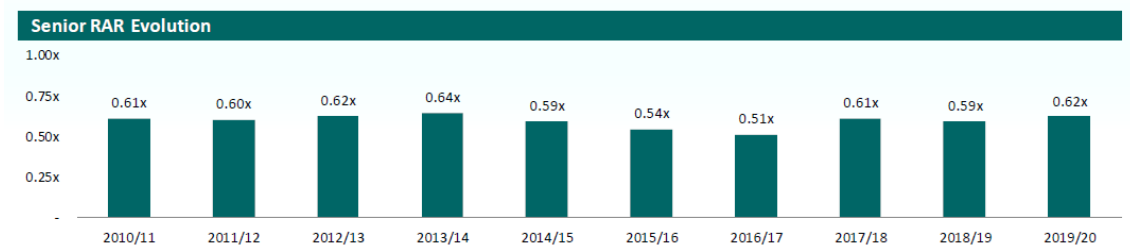
### Prudent approach to leverage

The Security Group's current repayment profile is set out in the chart below.



Source: Gatwick Management Financial results

The Senior RAR as at 31 March for each of the ten years prior to the Covid-19 pandemic is set out in the chart below:



Source: Gatwick Management Financial results

The Security Group has also taken action during the Covid-19 pandemic to quickly enhance its liquidity and engage with bondholders to deal with the impact of Covid-19 on its financial ratios. The Security Group has managed its liquidity with long term debt maturities and the earliest Class A bond matures in 2024. The Revolving Credit Facility has been extended to 2025 and the Term Loan Facility is extendable (at the option of GAL) to April 2022. Gatwick is exploring options to refinance the Term Loan Facility, including potential capital markets issuances. To ensure the Security Group had sufficient liquidity to deal with the

ongoing Covid-19 pandemic in March 2020 it drew the full amount of its Revolving Credit Facility and in April 2020 negotiated its Term Loan Facility. To mitigate the impact of the Covid-19 pandemic on its financial ratios, the Security Group agreed a covenant waiver and amendment of certain terms under its financing documents. In August 2020, GAL received approval to draw up to £300 million under the Bank of England CCFF. The Security Group also has a £5 million overdraft and £150 million Liquidity Facility (for debt service) that remain available should they be required. See further "*Description of Indebtedness – Senior Borrower Group Indebtedness*".

The Security Group has also retained investment grade ratings for its secured financing (as at the date of this Prospectus, BBB (negative outlook) from S&P Global Ratings UK Limited, BBB+ (negative outlook) from Fitch Ratings Limited and Baa2 (negative outlook) from Moody's Investors Service Limited).

### **Favourable economic regulation**

The CA Act 2012 replaced the system of economic regulation of airports under the Airports Act with a system that allows the CAA to apply a more flexible approach in terms of how the CAA may choose to regulate.

Under the provisions of CA Act 2012 and for the new regulatory period that commenced 1 April 2014, the CAA has granted licences to airport operators which it determined to meet the Market Power Test of having substantial market power, where competition law would provide insufficient protection against the risk of an abuse of that power and where the benefits of intervention through licensing were likely to outweigh the adverse effects. Airport operators who continue to meet the Market Power Test are only permitted to levy charges in respect of airport operation services where they have been granted a licence by the CAA.

Where the CAA determined that a licence is required, the CA Act 2012 gives the CAA greater flexibility to align the regulatory requirements that it imposes with the market and competitive position at the relevant airport, concentrating more on service quality and performance incentives.

Where a licence is not required, the activities of airports and airport operators remains subject to general competition law and the provisions of the Airport Charges Regulations 2011, which imposes requirements relating to, among other things, pricing transparency. Compliance with both competition law and the Airport Charges Regulations 2011 is monitored by the CAA.

In January 2014 the CAA published its market power determination for Gatwick, finding that Gatwick passes the Market Power Test in the CA Act 2012 and therefore is required to have a licence under the new framework. Also, in February 2014, the CAA published its proposed licence for Gatwick which came into force on 1 April 2014, incorporating Airline Commitments proposed by GAL within a licence. The CA Act 2012 introduced a new general duty for the CAA to carry out its functions in a manner which furthers the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services, where appropriate by doing so in a manner which will promote competition in the provision of airport operation services. In carrying out its general duty, the CAA is required, among other things, to have regard to "the need to secure that each holder of a licence is able to finance its provision of airport operation services in the area for which the licence is granted".

In relation to licence provisions designed to ensure financial resilience at licensed airports, the CA Act 2012 provides for derogations to be given for pre-existing financing arrangements. The CAA will be precluded from removing or amending these derogations without first determining: (i) that there has been a material change in circumstances since the derogation was granted; and (ii) the benefits of removing the derogation are likely to outweigh the costs to passengers.

The CA Act 2012 also provides for:

- an appeals process associated with the market power determination and wider licence granting and modification system; and
- concurrent competition powers for the CAA (with the CMA, formerly the Competition Commission and OFT prior to 1 April 2014).

The CAA has the powers under CA Act 2012 to impose penalties for breach of licence conditions or breach of an enforcement order issued in relation to a licence condition.



On 1 April 2014, when the economic regulatory framework under the CA Act 2012 and GAL's new licence came into force, the requirement for GAL to prepare and publish separate regulatory accounts, which applied under the regulatory regime of the Airports Act 1986, fell away. As a result, the concept of "Regulatory RAB" for the purpose of the Finance Documents, which is derived from the RAB figure set out in those regulatory accounts, ceased to exist and is no longer used by GAL as the basis for its financial covenant reporting under the Common Terms Agreement.

In accordance with the terms of the Finance Documents, GAL now determines RAB for the purpose of calculating its financial ratios on the basis of "Transfer RAB" being, as at any date, the aggregate of the product of: (a) the sum of the Relevant EBITDA for the previous three consecutive periods of twelve months preceding such date as determined by reference to the financial statements for such twelve months divided by three; and (b) the Relevant Multiple (which is equal to 11.1).

#### ***GAL's licence and updated and extended Airline Commitments***

The Commitments made for the period 1 April 2021 to 31 March 2025 build on the success of the Commitments in place for the period 1 April 2014 to 31 March 2021. The finalised extended Commitments include a number of enhancements and improvements to the existing commitments, including:

- *Service:* Gatwick commits to maintain excellent service delivery for its passengers and airlines and will remain financially incentivised to do so. Informed by consultation and passenger research, many of the existing service standards have been updated, and new standards for wifi connectivity, Special Assistance service and Flight Information Screen system availability have been added.
- *Investment:* Gatwick will continue to consult annually on a five year capital investment plan, and has amended the consultation process to provide earlier insight and greater clarity for airlines and passenger representatives on emerging projects. Gatwick have also increased the minimum capital investment Commitment to £120 million per annum on average.
- *Price:* Gatwick will limit the maximum annual rate of increase in its gross yield to RPI+0%, referencing the gross yield for the year ending 31 March 2019. In addition, the gross yield ceiling has been simplified to be a year-by-year limit rather than an average measured over the Commitments Term. The new, simplified gross yield ceiling will give greater certainty to airlines about the maximum level of future charges.
- *Operational initiatives:* To increase the focus of Gatwick, its airlines, ground handlers and air traffic control provider on delivering resilient and punctual services, Gatwick will set itself formal targets for average on time departure punctuality to be at least 70% in the summer season and 75% in the winter season. Gatwick will invest in a portfolio of operational initiatives and financial incentives for airlines and/or their ground handlers, with the aim of enabling airlines to achieve these punctuality targets. Gatwick will consult with airlines annually on the proposed on-time departure programme; and
- *Capacity Growth:* Gatwick commits to seek to increase the resilient capacity of its airfield infrastructure, and to continue for the present to bear the cost of developing these plans, securing necessary political and planning approvals, and implementing the project. This includes potential projects to maximise the use of the existing main runway and to bring into routine use the standby runway. Gatwick is not adjusting its price commitment in response to the additional capital expenditure which Gatwick may incur in this period in preparation for obtaining the DCO or in implementing the resulting infrastructure projects.

Gatwick furthermore decided to accelerate the pricing benefit inherent in these Commitments to be effective retrospectively from 1 January 2020, bringing pricing benefits to airlines sooner.

Gatwick had a net aeronautical income per passenger of £9.82 for the year ended 31 December 2019 which, in the opinion of Gatwick's management, is significantly more competitive than Heathrow. With the majority of airlines at Gatwick now operating under bilaterally agreed long term contractual agreements, the competitive advantage offered by this regulatory environment is a key element to deliver a fast recovery.

In October 2020 the CAA, the economic regulator, published a consultation on its policy towards the regulation of Gatwick Airport. The consultation outlined broad support for Gatwick's finalised extended

commitments. In February 2021 the CAA gave formal notice (CAP2103) under section 22(2) of the CA Act 2012 of its proposal to modify GAL's licence to accept GAL's proposed new commitments as the basis of its economic regulation of GAL for the four year period from 2021/22 to 2024/25.

### ***Licensing***

GAL's licence also includes a financial resilience condition, under which GAL is required to act in a manner calculated to secure that it has available to it sufficient resources including financial, management and staff resources, to enable it to provide airport operation services at the airport. There is also an obligation for GAL to pre-notify the CAA of certain changes to the Finance Documents. In addition, the CAA also sets out a process for monitoring GAL's performance under the Airline Commitments.

The CA Act 2012 also introduced a new general duty for the CAA to carry out its functions in a manner which furthers the interests of users of existing and future air transport services regarding the range, availability, continuity, cost and quality of airport operation services, where appropriate by doing so in a manner which will promote competition in the provision of airport operation services. In carrying out its general duty, the CAA is required, among other things, to have regard to "the need to secure that each holder of a licence is able to finance its provision of airport operation services in the area for which the licence is granted".

In relation to licence provisions designed to ensure financial resilience at licensed airports, the CA Act 2012 provides for derogations to be given for pre-existing financing arrangements. The CAA is precluded from removing or amending these derogations without first determining: (i) that there has been a material change in circumstances since the derogation was granted; and (ii) the benefits of removing the derogation are likely to outweigh any adverse effects to passengers.

All airport operators are also subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate that it is competent to conduct aerodrome operations safely. This licensing requirement is not affected by the CA Act 2012.

### **An experienced management team**

GAL has in place a strong executive management team, which delivers experienced airport, operational, regulatory and financial expertise. A stable operations management team is in place, ensuring continuity as the strategic direction of Gatwick is driven forward.

The management team consists of world-class senior management, with experience gained at a wide range of airports and companies, including BAA, GE, BA, National Express, Edinburgh Airport, Budapest Airport and Stansted Airport, backed up by GIP and VINCI operating executives. The team is led by Stewart Wingate, who has been CEO of Gatwick for the last 11 years and prior to that held senior roles at Glasgow and Budapest airports. For further information on the management team, including their professional biographies, please see "*Employees and pensions – Executive Management*".

In the time that the executive management team has been in place, a number of improvements to the operation of Gatwick have been implemented and projects initiated as summarised in the sections above.

### **Gatwick's highly experienced, long term shareholders**

Between 2009 and 2019, Gatwick was owned by funds managed by Global Infrastructure Partners ("**GIP**"), a US\$71 billion independent, specialist infrastructure fund. Gatwick is GIP's largest asset under management across all of its funds. Gatwick benefits from a large team of GIP personnel working within the business.

Following an acquisition by VINCI Airports ("**VINCI**"), which completed on 13 May 2019, Gatwick is 50.01% owned by VINCI, a leading worldwide airport operator with a network of 45 airports in 12 countries. VINCI agreed to pay £2.9 billion for its stake in the holding company of Gatwick on 27 December 2018 (implying an equity value of £5.8 billion). The remaining 49.99% remains owned by funds managed by GIP, including a separate fund managed on behalf of the California Public Employees' Retirement System Fund ("**CalPERS**"), which holds an approximately 9.99% interest in Gatwick. VINCI and the GIP-managed funds have entered into a shareholders' agreement governing Ivy Super Topco Limited, under which VINCI and the GIP-managed funds (in aggregate) each have the right to appoint five directors to the boards of Ivy Super Topco Limited and GAL.

The shareholders' strategic direction for Gatwick remains stable. Management's priority is to transform the passenger experience and improve efficiency for the airlines and the airport itself, improving Gatwick's competitiveness in the London airport market.

Gatwick benefits from these supportive shareholders, each with long term experience investing in airports across the world such as Lisbon, Kansai, London City and Edinburgh.

### ***Corporate structure***

GAL is the owner and operator of Gatwick.

On 3 December 2009, GAL was acquired from BAA by Ivy Bidco Limited, a UK incorporated company, together with certain car parks which were acquired by Ivy Subco Limited, a wholly owned subsidiary of Ivy Bidco Limited. On 2 March 2011, ownership of GAL was transferred to Ivy Holdco Limited and GAL acquired the car parks from Ivy Subco Limited which was subsequently dissolved on 10 April 2012.

On 31 March 2015, the Group undertook a restructuring whereby the Gatwick Airport Finance plc (at the time known as Ivy Midco Limited), sold 100% of the issued share capital of Ivy Bidco Limited to Ivy Holdco Limited. Following this transaction, GAL acquired 100% of the issued share capital of Ivy Bidco Limited from Ivy Holdco Limited.

As at the date of this Prospectus, Ivy Holdco Limited had four wholly-owned subsidiaries: GAL, Ivy Bidco Limited, Gatwick Airport Pension Trustees Limited and Gatwick Funding Limited.

Ivy Super Topco Limited (as the ultimate UK parent of GAL) and its subsidiaries are ultimately indirectly owned through a number of UK and overseas holding companies and limited liability partnerships. See "*Gatwick's highly experienced, long term shareholders*".

### **RELATED PARTY TRANSACTIONS**

GAL has entered into, and may from time to time in the future enter into, transactions with certain affiliates of GAL and its shareholders. All such contracts are and will be negotiated on an arms' length basis in line with Board policy.

### **INSURANCE**

GAL's insurance department (supported by an insurance broker and claims handling agent) provides risk management, insurance and claims handling services to Gatwick, arranging both annual and multi-year insurance programmes. The programme is renewable annually on 31 March (save for the environmental insurance policy which expires in December 2024 and the Public Offering of Securities Insurance which expires in February 2023), and includes the following insurance cover for GAL (all subject to relevant limits and deductibles):

- Property damage and business interruption insurance (including terrorism);
- Aviation and public liability insurance;
- Construction all risks insurance (including terrorism);
- Environmental insurance;
- Employers' liability insurance;
- Employment practices insurance;
- Directors' and Officers' insurance;
- Pension Trustee Liability insurance;
- Crime insurance;
- Motor and Personal Accident and Travel insurance; and

- Public Offering of Securities Insurance.

Insurance cover is provided by a combination of insurance market entities.

## **EMPLOYEES AND PENSIONS**

### **Employees**

During the year ended 31 December 2020, the Security Group had average FTE employees of 2,515 compared to 3,052 during the nine months ended 31 December 2019. Average operational FTE employee numbers decreased from 2,565 to 2,091 during the year, and non-operational FTE employees decreased from 487 to 424. At 31 December 2020 there were 1,768 FTE employees.

### **Pensions**

Following the change in ownership, GAL's employees ceased to be eligible to remain as members of the BAA defined benefit pension scheme. On the date of sale, GAL established a new defined benefit plan (with benefits and contribution rates that replicated those of the BAA defined benefit pension scheme) for those employees who were previously members of the BAA defined benefit pension scheme. Employees were granted the option to transfer to the new scheme; 1,825 members transferred. A bulk transfer of the pension liabilities and the corresponding assets from the BAA defined benefit pension scheme to GAL's new plan was made on 1 June 2010. A commutation payment of £104.7 million was required to be made by GAL to the BAA defined benefit pension scheme to extinguish all GAL's liabilities and obligations under that scheme. This payment was also made on 1 June 2010.

- GAL operates two pension schemes: a defined contribution scheme of which the majority of employees are members and into which all new employees are enrolled (and have been since 30 June 2008, the date on which the defined benefit scheme was closed to new members by BAA); and
- a defined benefit plan which during 2016/17 was amended following consultation with the 1,196 then active members which resulted in 999 employees transitioning to the defined contribution scheme, 142 employees leaving the business under a special severance scheme and 55 employees remaining active. The amended defined benefit plan had 42 active, 1,247 deferred and 473 retired members as at 30 September 2019. These employees were members (or eligible to become members) of the BAA pension scheme at the time of acquisition.

As at 31 December 2020 the scheme was recorded in the financial statements of the Issuer at a deficit of £38.1 million. See note 25 to the consolidated financial statements of the Issuer for more information on the defined benefit pension plan.

For additional information, see "*Risk Factors – Commercial Risks – Pensions*".

### **Executive Management**

The Executive Committee develops and recommends to the Board, medium and long-term business development strategies for the GAL with particular focus on the GAL's operations. It ensures the delivery of agreed strategies by providing guidance, approvals, governance and monitoring. The members of the Executive Committee are:

#### ***Stewart Wingate, Chief Executive Officer (CEO)***

Stewart is the Chief Executive Officer (CEO). Stewart was with BAA from 2004 until September 2009, first as Customer Services Director of Glasgow Airport, then as Chief Executive Officer of Budapest Airport and most recently as Managing Director of Stansted Airport. He is a Chartered Engineer and a Fellow of the Institute of Engineering and Technology. Stewart has a Masters in Business Administration with distinction and a first-class honours degree in Electrical and Electronic Engineering.

It should be noted that Stewart Wingate is employed by GIP and seconded to GAL.

***Lorenzo Rebel, Interim Chief Financial Officer (CFO)***

Lorenzo was appointed as acting Chief Financial Officer (CFO) in November 2020 and had previously been Deputy CFO. He started his career as an external auditor at PwC before joining VINCI in 2009 as a Financial Controller for Eastern Europe. Lorenzo held different positions in finance and internal audit within the VINCI Group before being appointed the CFO of Nantes Atlantique Airport in 2015.

Before joining Gatwick, he was the CFO of the Salvador Bahia Airport in Brazil since 2017. Lorenzo is a graduate in Finance from the Grenoble School of Business (MBA). Lorenzo was appointed Interim Chief Financial Officer on 2 February 2021.

***Adrian Witherow, Chief Operating Officer (COO)***

Adrian was appointed Chief Operating Officer (COO) in July 2020, with responsibility for overseeing the day-to-day running of the airport and ensuring a return to growth.

He has 20 years' experience across various industries, including operations, process improvement, change management and supply chains. In 2013, Adrian joined GIP. He became Head of Operations at Gatwick and then held the role of COO at Edinburgh Airport.

Adrian has a Professional Diploma in Accounting from Dublin City University and a Masters' Degree in Chemical Engineering from Queen's University of Belfast.

***Cedric Laurier, Chief Technical Officer***

A graduate of the Ecole Nationale des Ponts et Chaussées and the Institut Français d'Urbanisme, Cédric Laurier began his career in 1996 at the Paris Chamber of Commerce and Industry. He then joined the Networks Deployment Department of Lyonnaise Communications (Suez Group) before joining the VINCI Group's Cofiroute subsidiary in 2003. He worked for 5 years as special advisor and subsequently project manager of the Duplex 86.

He joined Aéroports de Paris in 2008, where he worked for 4 years as Project director for the construction of the S4 satellite of Charles de Gaulle airport before becoming Director of the project management division in 2012. He was appointed as Technical Director of VINCI Airports in 2018 and subsequently appointed Chief Technical Officer of Gatwick Airport in May 2019.

***Jonathan Pollard, Chief Commercial Officer (CCO)***

Jonathan joined Gatwick's executive team in September 2020. Prior to this, over a three-year period as Chief Commercial Officer at Luton Airport, he helped deliver significant growth in passenger volume, as well as the completion of a significant terminal transformation programme.

He holds a BSc in Air Transport Management from Loughborough University and joined National Express Group as a graduate in 2005, going on to hold several executive roles.

***Robert Herga, General Counsel and Company Secretary***

Robert was appointed General Counsel and Company Secretary for GAL in March 2010. Robert was General Counsel and Company Secretary at BAA until 2009 having spent 20 years in various roles within the legal department. Prior to that he had undertaken legal roles within British Steel and BT. Immediately before joining Gatwick Robert was General Counsel and Company Secretary at Carpetright plc.

***John Higgins, Business Improvement Director***

John was appointed to the newly created role of Business Improvement Director in October 2017. He began his career with General Electric as a graduate trainee and held a number of senior roles with the company, including MD of their Industrial Diamond business in Ireland and later running their pipeline business for Europe and Asia.

John joined Gatwick as Head of Airfield in 2012 and led the rollout of our programme to improve runway efficiency. He went on to oversee the development of our baggage strategy and, most recently, has been driving improvements in capital delivery.

John graduated with an honours degree in mechanical engineering and a Masters in Business from University College Dublin.

***David Conway, HR Director***

David was appointed as HR Director in January 2021 and has over 30-years of experience in the oil & energy, aviation and retail industries for brand leaders including BP, British Airways and Safeway.

He joined Gatwick from BP where he worked for 13.5 years. His last role was HR Vice President for BP's Alaska business which operated the Prudhoe Bay oil field and the trans-Alaska pipeline. David previously worked for British Airways in Operations and HR and started his career with Safeway in Customer Service and Operations.

***Bronwen Jones, Development Director***

Bronwen Jones was appointed Development Director in October 2017. Bronwen joined BAA in 1989 as a graduate trainee with a degree in business studies from Aston University. In 1995, she moved to Heathrow Airport and worked in a wide variety of operational roles before returning to Gatwick in 2003 as Head of Customer Services. More recently, as Head of Development, Bronwen has played a central role in some of our largest transformational programmes, including self-service bag drop, the North Terminal development programme and the creation of Gatwick Connects.

***Tim Norwood, Director of Corporate Affairs, Planning and Sustainability***

Tim joined Gatwick as Chief Planning Officer in February 2017 with responsibility for the development of the long term masterplan and subsequently took on the role of Director of Corporate Affairs and Sustainability, creating a combined Directorate. He was previously Chief Planning Officer at EDF Energy with responsibility for securing consent for the Hinkley Point C Project and progressing the planning and environmental assessment work for nuclear new build at Sizewell. Prior to that, Tim held several planning roles in BAA at Heathrow and Stansted. Tim has also worked in local government and consultancy.

Tim is a member of the Royal Town Planning Institute. He has a Masters in Town Planning from the University of Newcastle upon Tyne and a geography degree from the University of London.

***Alasdair Scobie, Capital Programmes Director***

Alasdair was appointed Capital Programmes Director in November 2019, with responsible for delivery of Gatwick's £1 billion plus five-year Capital Investment Plan. He joined Gatwick in 2014 as Head of Commercial Operations before moving in 2017 to become Head of Capital Investment Delivery (Infrastructure), where he led the delivery of Gatwick's infrastructure focused Capital Investment Programmes across Airfield, Baggage and Piers.

Alasdair began his career serving as an officer in the British Army which took him across the globe in both combat and infrastructure roles. He has an honours degree in Accounting and Finance from the University of Glasgow, and a Masters in Business Administration from the University of Oxford.

***Nick Batchelor, IT Director***

Nick was appointed IT Director in November 2019. He has worked in mission critical IT environments for nearly 30 years with a specific background in IT Operations, Infrastructure and Enterprise Architecture. Nick has worked in a number of business domains including Financial Services and Manufacturing as well as Transportation with nearly ten years at Network Rail prior to joining Gatwick. In his current role at Gatwick, Nick is responsible for the evolution and performance of IT Business Services and Infrastructure, as well as the delivery of technology projects that form part of Gatwick's Capital Investment Programme.

Nick joined Gatwick in 2012 and has held several roles including Head of IT Infrastructure and Head of IT Operations, where he oversaw significant improvements in IT system availability and security.

Nick has an Honours degree in English Literature from the University of Oxford and a Masters in Computer Science from the University of London.

***Rachel Bulford, Retail Director***

Rachel was appointed Retail Director in July 2020, having joined Gatwick as Head of Retail in 2016. She is responsible for the shops, restaurants, media advertising and foreign exchange across the airport. Her role includes developing and executing Gatwick's retail strategy and delivering projects that add to or reconfigure the retail space.

Rachel began her career at Marks & Spencer as a graduate trainee and went on to hold various roles at the retailer including working in international development in India, Russia and South Korea. She then worked in emerging markets for luxury retailer Burberry before working as a strategy consultant for OC&C and latterly at Homebase.

Rachel graduated from Emmanuel College, Cambridge University and holds a Masters in Business from City, University of London Business School (formerly Cass Business School).

**The Board of Directors**

The Board of Directors of Gatwick Airport Limited determines the Security Group's long-term strategy, to ensure that the Security Group acts ethically and has the necessary resources to meet its objectives, to monitor performance, and to ensure the Security Group meets its responsibilities as a leading airport company.

The current directors and secretary of Gatwick Airport Limited are set out below:

***Sir David Higgins (Non-executive Chairman)***

Sir David Higgins became Chairman of Gatwick Airport on 1 January 2017.

Sir David has been non-executive Chairman of High Speed 2 since March 2014 and has made strong progress in establishing an organisation capable of commencing construction in 2017. As Chief Executive of Network Rail, Sir David initiated a major reform programme focusing on transparency, value for money and accountability.

Sir David also served as Chief Executive of the London 2012 Summer Olympics Delivery Authority, establishing the organisation and negotiating the overall budget with HM Treasury, and led the commercial negotiations for Stratford City, London & Continental Railways, and Westfield. He is a current Director of the Commonwealth Bank of Australia.

Sir David holds a degree in Engineering from Sydney University and a Diploma from the Securities Institute. He is also a Fellow of both the Royal Academy of Engineering and the Institute of Civil Engineers.

***Stewart Wingate (Chief Executive Officer)***

See above.

***Lorenzo Rebel (Interim Chief Financial Officer)***

See above.

***Michael McGhee (Non-executive Director, GIP representative)***

Michael is a transport partner of GIP and is based in London. He was a Managing Director of the Investment Banking Department of Credit Suisse and Head of the Global Transportation and Logistics Group since 1998. Previously he was head of BZW's Global Transportation Group, since founding it in July 1990, and has advised governments on several privatisations in the transport sector globally.

***David McMillan (Non-executive Director, CalPERS representative)***

David McMillan has had a long career in the transport sector, with a focus on aviation. Previously he has held a number of key positions including Chair of the global Flight Safety Foundation and Director General of Eurocontrol, which coordinates air traffic across 40 European states. Before that he was UK Director General of Civil Aviation and spoke for Europe on environmental issues at ICAO. Earlier in his career, David led the UK government on the establishment of both the NATS PPP and of Network Rail; and was

Secretary to the RUCATSE report on airport capacity in South East England. David started his career in the Diplomatic Service and is a fellow of both the Chartered Institute of Transport and the Royal Aeronautical Society.

***William Woodburn (Non-executive Director, GIP representative)***

Bill Woodburn is a Founding Partner. He chairs the Portfolio Management Committee and is a member of the Investment, Operating and Valuation Committees. He oversees GIP's Operating Team and is based in Stamford, Connecticut. Prior to the formation of GIP in 2006, Mr. Woodburn spent 23 years at GE, where he most recently served as President and CEO of GE Infrastructure. During his tenure at GE, he oversaw several key acquisitions including those that led to the GE entry and expansion in the water technology business. Mr. Woodburn previously served as Executive Vice President and as a member of the four person Office of the CEO at GE Capital. He served on the GE Capital Board for 2000 and 2001. Mr. Woodburn holds M.S. and B.S. degrees in Engineering from Northwestern University and the U.S. Merchant Marine Academy. He is a member of the Boards of Directors of Gatwick Airport Limited, Competitive Power Ventures and EnLink Midstream.

***Philip Iley (Non-executive Director, GIP representative)***

Philip Iley is an Investment Principal at GIP focusing on the transport infrastructure sector. Prior to joining GIP in 2016, Philip spent over 20 years as an investment banker at Credit Suisse, heading their Transport & Logistics team from 2006-16. He is also a director on the board on Italo, Europe's largest private high speed rail operator. Philip has a BA (Hons) Law & Accountancy degree from Manchester University.

***Martin Soderbom (Non-executive Director, GIP representative)***

Marten Soderbom is a Principal at GIP and is based in London. Marten focuses on the transport sector at GIP and worked on the recent sale of Gatwick, the sale of London City Airport and the acquisition of NTV Italo Rail. Marten is a member of the Board of Directors of Gatwick Airport Limited.

Prior to joining GIP in 2012, Marten spent 12 years at Credit Suisse, where he was a Director in the Transport team. His experience includes numerous airport, port and rail M&A transactions and privatisations. He also has M&A, capital raising and restructuring experience in other transport sub-sectors including airline, shipping and bus.

***Nicolas Notebaert (Non-executive Director, VINCI representative)***

Nicolas Notebaert is a member of the VINCI Group Executive Committee and serves as CEO of VINCI Concessions, bringing together global market leaders VINCI Airports, VINCI Highways and VINCI Railways.

Nicolas Notebaert oversees a network of world-class transport infrastructures spanning over 18 countries, including 45 airports, 26 road infrastructures and 4 railway projects.

Nicolas Notebaert joined the VINCI Group in 2002 as Head of Operations for the French road concession Cofiroute, before being appointed Director of Business Development for VINCI Concessions France in 2004. In February 2008, he became Chairman of VINCI Airports and joined VINCI Concessions' Executive Committee. Prior to joining the VINCI Group, he held various positions in the French Ministry of Public Works and served as a cabinet member of the French Minister for Transportation and Infrastructure between 1995 and 2002. He started his career in 1994 as a consultant to the World Bank. Nicolas Notebaert is a graduate of Ecole Polytechnique (X 89) and Ecole Nationale des Ponts et Chaussées (Ponts 94). As President of VINCI Airports, Nicolas Notebaert holds leadership positions in prominent projects throughout the world: board member of Gatwick Airport Limited, Aeroportos de Portugal (ANA) and Kansai Airports (Japan), President of the Board of Nuevo Pudahuel (the consortium operating Santiago's international airport), Chairman of the Board of Cambodia Airports, Chairman of the board of Aerodom (Dominican Republic), President of the Supervisory Board of Aéroports de Lyon, Chairman of the board of Aéroports du Grand Ouest.

***Olivier Mathieu (Non-executive Director, VINCI representative)***

Olivier Mathieu is an alumnus of the ESSEC business school (MBA). He began his career as an adviser to the Chief Financial Officer of VINCI in 1995. He then became financial controller at G+H Montage (VINCI



Group – Germany) in 1998-1999, Chief Financial Officer of Sogea-Satom (Africa branch of VINCI Construction) from 2002 to 2006, and Chief Administrative and Financial Officer of VINCI Construction International Network (Africa, Overseas France, Germany, Central Europe) from 2006 to 2009.

Olivier Mathieu became Chief Financial and Asset Management Officer of VINCI Concessions in September 2009, and he was appointed Executive Vice-President of VINCI Concessions in 2012.

***Remi Maumon de Longevialle (Non-executive Director, VINCI representative)***

Rémi graduated from Ecole Polytechnique and ENSAE in France and has also a Master of Public Affairs from Sciences-Po Paris. He started his career at PwC where he was a member of the PPP / Project Finance team in Paris for 2 years. He joined VINCI in 2012 as Project Manager in the VINCI Concessions Structured Finance team where he took part in the financing of large infrastructure projects in Europe and Latin America (motorways, railways and stadiums).

In 2014, he joined the Business Development team of VINCI Airports as Project Manager. He was notably in charge of the successful bid, closing and operational take-over of the Kansai airports in Japan from 2015 to 2016. Rémi was then appointed as Project Director for the Middle-East and Central Asia region where he managed several airport acquisition projects before being named Chief Financial Officer of VINCI Airports in 2018.

***Pierre-Hugues Schmit (Non-executive Director, VINCI representative)***

A graduate of Ecole Polytechnique (Paris) in 2001 and the French National University of Civil Aviation (ENAC in Toulouse) in 2003, Pierre-Hugues has also spent one year in UC Berkeley as graduate student in transportation engineering.

Pierre-Hugues worked at the French CAA for 7 years, 3 of which as the head of the French Airlines Department (2006-2009). From 2010 to 2012, Pierre-Hugues worked as an advisor to the French Transportation Minister. He then joined Aéroports de Paris as deputy director of the Le Bourget division. In 2014, along with three partners he founded La compagnie, a scheduled airline based in Paris delivering pure business class service to New York.

Pierre-Hugues joined VINCI Airports in June 2017 where he supervises the airport business on air service development, extra aeronautical activities and airport operations.

***Eric Delobel (Non-executive Director, VINCI representative)***

Joining Quille (Bouygues Group) in 1995, he held various positions in the area of project management before moving into real estate development for Bouygues Immobilier, Hammerson, then Foruminvest as Director of programs and development, respectively. After joining VINCI at the end of 2009, he moved to Slovakia at the beginning of 2010 as Chief Executive Officer of the Granvia concession company in charge of the funding, design, construction and operation of the 52km R1-PR1bina expressway, which opened to traffic in October 2011.

He joined VINCI Airports in 2012 as Deputy Managing Director of the future Grand Ouest airport, with responsibility for its implementation and the transfer from Nantes Atlantique. In 2014, Eric Delobel was appointed Managing Director for West Region in France. He is a member of the VINCI Airports Executive Committee. On 4 April 2016, he was appointed Chief Executive Officer of Cambodia Airports, the concession company in charge of operation and development of the 3 international airports of Cambodia. On 1 August 2019, Eric Delobel was appointed Chief Technical Officer of VINCI Airports.

***Reference/Disclaimer***

All information contained in this Prospectus in respect of total traffic growth at UK airports has been reproduced from information published by the Department of Transport in its paper entitled "DfT 2017 paper: UK Aviation Forecasts". All information contained in this Prospectus in respect of UK airport passenger volumes has been reproduced from information published by the CAA, Gatwick Management and the Department of Transport. All information contained in this Prospectus in respect of Gatwick's passenger demographic has been reproduced from information published by Gatwick Management. All information contained in this Prospectus in respect of the UK GDP growth for the years 1985 to 2019 has been reproduced from information published by the Office of National Statistics. The Issuer confirms that

all information in this Prospectus in respect of total traffic growth at UK airports, UK airport passenger volumes, 2017 mid-year population estimates, Gatwick's passenger demographic and UK GDP growth for the years 1985 to 2019 has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by each of the Department for Transport, CAA and the UK Office for National Statistics (as the case may be), no facts have been omitted which would render this reproduced information inaccurate or misleading.

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## FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The consolidated audited financial statements of the Security Parent for the last three financial periods are incorporated by reference into this Prospectus. The commentary in this section should be read in conjunction with those financial statements.

### OVERVIEW

The Security Group has reported a loss of £465.5 million for the year ended 31 December 2020 compared to a profit of £152.6 million for the year ended 31 December 2019.

### RESULTS FROM OPERATIONS

#### Passenger traffic trends

In the year ended 31 December 2020, passenger numbers reduced by 78.2% from 46.6 million in the prior year to 10.2 million as a result of Covid-19 and the impact it had on the Airport's operations. See "*Business of Gatwick Airport Limited and the Security Group – Response to Covid-19*" above.

Passenger behaviour when restrictions have been lifted to destinations shows pent up demand for travel which is expected to come to fruition in summer 2021 as testing becomes more widespread and the vaccines start to be rolled out. Testing and vaccination roll out is likely to lead to restrictions on travel being eased both in the UK and abroad.

|  | <b>Year ended 31<br/>December 2020</b> | <b>Year ended 31<br/>December 2019</b> |
|--|--|--|
| Passengers .....   | 10,164,896                             | 46,567,523                             |
| Air transport movements (ATM).....                           | 76,364                                 | 280,656                                |
| Passengers per ATM .....                                     | 133.1                                  | 165.9                                  |
| Seats per ATM .....  | 192.4                                  | 192.2                                  |
| Average load factor (%) (commercial flight types only) ..... | 69.2                                   | 86.3                                   |

The table below outlines passenger numbers by region.

|  | <b>Year ended 31<br/>December 2020</b> | <b>Year ended 31<br/>December 2019</b> |
|--|--|--|
|  | <i>(million)</i>                       |  |
| <i>Short-haul</i>                              |  |  |
| Europe (including UK and Channel Islands)..... | 8.1                                    | 36.6                                   |
| Northern Africa.....                           | 0.2                                    | 1.0                                    |
|  | <b>8.3</b>                             | <b>37.6</b>                            |
| <i>Long-haul</i>                               |  |  |
| North America.....                             | 0.6                                    | 4.1                                    |
| Caribbean and Central America .....            | 0.7                                    | 2.2                                    |
| South America .....                            | 0.1                                    | 0.3                                    |
| Sub-Saharan Africa.....                        | 0.1                                    | 0.5                                    |
| Middle East and Central Asia.....              | 0.3                                    | 1.4                                    |
| Far East and South Asia .....                  | 0.1                                    | 0.5                                    |
|  | <b>1.9</b>                             | <b>9.0</b>                             |
| <b>Total passengers</b> .....                  | <b>10.2</b>                            | <b>46.6</b>                            |

#### *Short Haul European Traffic*

Passenger traffic on European routes has a large degree of pent up demand. Each time a country or region is added to the travel corridor list, demand has soared. Conversely, when a country or destination is removed from the travel corridor list, demand has considerably reduced.

Air Baltic commenced a new route to Vilnius, Lithuania from July 2020 which they now plan to increase to daily for summer 2021.

Wizz based their first aircraft at Gatwick from November 2020 flying to various European destinations including Lanzarote and Athens. Wizz continued to fly several Eastern European routes as and when government restrictions allow.

British Airways consolidated their short haul programme at London Heathrow, as has Aer Lingus, TAP, Icelandair and Air Malta. All carriers, except for BA, have confirmed a planned return to Gatwick for summer 2021.

### ***Long Haul Traffic***

Long haul traffic has been particularly hard hit by Covid-19 as for much of 2020 restrictions have meant that many long haul flights are only available for those travelling for essential reasons.

Flights to the Caribbean recommenced with BA in July and primarily attracted passengers visiting friends and relatives, growing into a leisure market through the summer. Air Transat started flights to Canada in July with WestJet also flying services from August 2020. Qatar recommenced flights to Doha in August 2020, averaging 4 services a week. For many destinations, restrictions on who could travel kept load factors low.

In December 2020 TUI recommenced leisure flights to Cuba, St Lucia and Aruba.

Since the end of March 2020, Virgin consolidated their London services temporarily in Heathrow with their intention to return to Gatwick in line with passenger demand. Norwegian Air Shuttle has also discontinued its long haul fleet whilst they put in place financing solutions for their long term future operations from Gatwick. This, together with the restrictions on travel to the USA, has meant that Gatwick has not had scheduled USA flights since April 2020.

Chinese carriers have been heavily restricted by the Chinese authorities in relation to the frequency and destination of the international routes they are permitted to fly. The few services they can operate are using Heathrow.

With the exception of Virgin, who do not expect to return to Gatwick in 2021, all of the long haul carriers whom were at the Airport previously are planning to operate services again in summer 2021.

### ***Route Impacts***

The first quarter of 2020 started positively with the expectation of new routes commencing from Wizz to Krakow and Warsaw and Gatwick looking to welcome back Delta with a daily Boston flight from May 2020, an expansion for Virgin to add a daily JFK flight from June 2020 a new three per week service from China Southern and increased frequencies from China Eastern to Shanghai. However, the effects of Covid-19 started to be felt with Chinese carriers in late January 2020 and then more widely across many long haul and European routes toward the end of February 2020 and into March 2020. When the UK lockdown occurred on 23 March 2020, demand disappeared and flights were focused on repatriation.

Gatwick experienced a near complete removal of routes and passenger volumes due to the Covid-19 pandemic throughout April, May and early June 2020. During this period there were minimal passenger flights operated by Ryanair (Ireland and Alicante) and Belavia (Belarus) and for part of the period by Wizz (Budapest and Bucharest). Gatwick remained open throughout, also servicing cargo, training, positioning and maintenance flights.

In June 2020 easyJet recommenced flights and subject to the varying changes of government restrictions and regulations have continued to operate flights for the remainder of the year adjusting destinations and frequencies to match demand. Turkish also recommenced flying in June 2020 to Dalaman and Antalya followed by Istanbul in July and Vueling recommenced flights to Spain, followed by Italy and France.

Many more carriers returned to Gatwick in July 2020, including British Airways long haul, TUI, Norwegian, Air Baltic and Air Transat. In August these were joined by Qatar and WestJet and various short haul airlines.

One new destination was launched this summer by Air Baltic to Vilnius, Lithuania. This proved successful and they plan to make it a daily service in summer 2021 to complement their existing frequencies to Estonia and Latvia.

easyJet remains the dominant carrier at Gatwick accounting for 69% of the passengers in the period from April to December 2020.

## FINANCIAL REVIEW

During the year ended 31 December 2020 the Security Group made a loss after tax of £465.5 million (yearended 31 December 2019: £152.6 million profit).

### A. Revenue

In the year to 31 December 2020, the Security Group's revenue decreased as a result of the Covid-19 pandemic which caused a 78.2% decrease in passenger volume, impacting all revenue streams.

|   | <b>Year ended 31<br/>December 2020</b> | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |
|---|--|--|
|   | <i>(£ million)</i>                     |  |
| Aeronautical income .....                         | 89.7                                   | 457.2  |
| Retail income .....                               | 49.8                                   | 199.5  |
| Car parking income .....                          | 17.7                                   | 87.2   |
| Property income .....                             | 30.6                                   | 33.3   |
| Operational facilities and utilities income ..... | 12.7                                   | 34.5   |
| Other income.....                                 | 16.5                                   | 41.8   |
| <b>Total revenue .....</b>                        | <b>217.0</b>                           | <b>853.5</b>   |

#### Aeronautical income

Aeronautical income is driven by traffic volume, the level of airport charges and the terms of bilateral contracts with airlines. During the year ended 31 December 2020, aeronautical income decreased by 80.0% or £367.5 million to £89.7 million. This was driven by the reduction in passenger volumes (78.2%) and a decrease in the average income per passenger.

The CAA granted a licence to Gatwick under section 15(5) of the CA Act 2012 which came into effect on 1 April 2014. The current regulatory approach for Gatwick is based on the Airport Commitments to airlines (including bilateral contracts negotiated with individual airlines), underpinned by a licence issued by the CAA and supplemented by a monitoring regime.

The Airport Commitments limit the increase in airport charges per passenger, measured over the seven year Commitments period (1 April 2014 – 31 March 2021), to an average of RPI+1.0% per annum under the published airport tariff (i.e. excluding the terms of bilateral contracts) and an average of RPI+0.0% per annum including the terms of bilateral contracts. The increase in airport charges in any given year of the seven year Commitments period may be higher or lower than the average price limits over the seven year period.

In January 2020 Gatwick issued to its airlines a finalised set of updated and extended Commitments for the period 1 April 2021 to 31 March 2025; these include a simplified gross yield ceiling to give greater certainty on future charges. Gatwick also decided to accelerate the pricing benefit in these Commitments to be effective retrospectively from 1 January 2020.

Including the impact of bilateral pricing agreements, the aeronautical income per passenger for the period ended 31 December 2020 was £8.82, equivalent to a year-on-year decrease of 10.1%. Key drivers of the reduction in the income per passenger include: (i) GAL's decision to accelerate the pricing benefit under the new Commitments; (ii) bilateral agreements, including incentives to support the re-start of services during the Covid-19 pandemic; and (iii) a higher proportion of traffic in the winter season when lower airport charges apply.

#### Retail income

Net retail income decreased by £147.8 million or 75.7% during the year ended 31 December 2020 compared to a 78.2% decrease in passengers. Net retail income per passenger is calculated as follows:

|                        | <b>Year ended 31<br/>December 2020</b>      | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |
|------------------------|---|--|
|                        | <i>(£ million, unless otherwise stated)</i> |  |
| Duty and tax free..... | 13.2  | 59.8   |

|  | <b>Year ended 31<br/>December 2020</b> | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |
|--|--|--|
| Specialist shops .....                       | 11.6                                   | 45.7   |
| Catering.....                                | 12.2                                   | 46.9   |
| Bureau de change.....                        | 5.0                                    | 26.8   |
| Other retail .....                           | 7.8                                    | 20.3   |
|  | <u>49.8</u>                            | <u>199.5</u>   |
| Less: retail expenditure .....               | (2.3)                                  | (4.2)  |
| Net retail income.....                       | <u>47.5</u>                            | <u>195.3</u>   |
| Passengers ( <i>million</i> ) .....          | 10.2                                   | 46.6   |
| <b>Net retail income per passenger .....</b> | <b><u>£4.66</u></b>                    | <b><u>£4.19</u></b>                                    |

In the year ended 31 December 2020, net retail income decreased by 75.7% period-on-period to £47.5 million with an increase in income per passenger of 11.2% to £4.66.

The extreme impact of Covid-19 and the significant reduction in the numbers of passengers travelling has also affected retail performance. The suspension of operations from the South Terminal in June 2020 also resulted in retail units closing. Retail and Food and Beverage has also been affected by the various UK government restrictions implemented throughout 2020 to control the spread of the virus including bans on non-essential retail trading and limits on opening hours. Gatwick has worked closely with retailers to re-open their units and ensure the appropriate measures and processes are in place to protect passenger safety.

### Car parking income

Net car parking income decreased by £57.1 million or 84.1% during the year ended 31 December 2020. Net car parking income per passenger is calculated as follows:

|   | <b>Year ended 31<br/>December 2020</b>      | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |
|---|---|--|
|   | <i>(£ million, unless otherwise stated)</i> |  |
| Car parking income.....                           | 17.7  | 87.2   |
| Less: car parking expenditure.....                | (6.9)                                       | (19.3)   |
| Net car parking income .....                      | 10.8  | 67.9   |
| Passengers ( <i>million</i> ) .....               | 10.2  | 46.6   |
| <b>Net car parking income per passenger .....</b> | <b><u>£1.06</u></b>                         | <b><u>£1.46</u></b>                                    |

For the year ended 31 December 2020, parking income was heavily impacted by Covid-19 and reduced passenger volumes. In response, the product offering was flexed in line with demand and Gatwick has worked closely with suppliers to reduce costs to a minimum whilst maintaining service levels. However given the proportion of fixed costs associated with parking, net car parking income decreased by 84.1% compared to 2019 and net car parking income per passenger decreased by 27.4% compared to the year ended 31 December 2019.

### Other income categories

For the year ended 31 December 2020, income from property decreased by £2.7 million to £30.6 million compared to £33.3 million for the year ended 31 December 2019, primarily as a result of terminal closures. For the year ended 31 December 2020, the decrease in operational facilities and utilities income, of 63.2% and other income of 60%, to £12.7 million and £16.5 million respectively, was driven by the decrease in passenger numbers.

### Income per Passenger

Income per passenger for the year ended 31 December 2020 increased by £3.02 (16.5%) to £21.27 compared to £18.32 for the year ended 31 December 2019. This was partly due to a higher proportion being related to property income, which realised an increase in income per passenger of £2.29 (319.8%) to £3.00 from £0.71 for the year ended 31 December 2019 as a result of the reduced passenger numbers. Retail gross income per passenger increased £0.60 in the year to £4.88 and other income increased £0.72 in the year to £1.62 per passenger, offset by decreases in income per passenger for aeronautical and car parking income which, as explained above, are both directly related to passenger numbers.

## B. Operating costs

In the year ended 31 December 2020 operating costs pre exceptional items decreased by 25.1% year-on-year compared to a decrease in passenger numbers of 78.2%.

|   | Year ended 31<br>December 2020 | Year ended 31<br>December 2019<br>(unaudited) |
|---|--------------------------------|---|
|   | <i>(£ million)</i>             |   |
| Staff costs.....  | 97.1                           | 201.2   |
| Retail expenditure .....  | 2.3                            | 4.2   |
| Car parking expenditure .....   | 6.9                            | 19.3  |
| Maintenance and IT expenditure .....  | 30.2                           | 46.2  |
| Utility costs .....   | 16.7                           | 23.9  |
| Rent and rates.....   | 30.7                           | 29.1  |
| Other operating expenses .....  | 58.2                           | 60.7  |
| <b>Total operating costs (pre-exceptional items and excluding depreciation and amortisation).....</b> | <b>242.1</b>                   | <b>384.6</b>                                  |
| Depreciation and amortisation.....  | 180.4                          | 179.3   |
| <b>Total operating costs (pre-exceptional items).....</b>   | <b>422.5</b>                   | <b>563.9</b>                                  |

During the year ended 31 December 2020, staff costs, the largest operating cost, decreased by £104.1 million or 51.7%. The average number of FTE employees reduced from 3,188 for the year ended 31 December 2019 to 2,515 for the same period in 2020, a 44.0% reduction compared to the equivalent 31 December 2019 position of 3,154 FTE employees. This in part reflects the outcome of a re-organisational change programme instigated in 2019 but is primarily driven by the actions taken by management as a result of the Covid-19 situation. In March 2020 Gatwick took a number of steps to respond to the emerging pandemic, including launching Covid-19 special severance and compulsory redundancy programmes, alongside terminating the majority of fixed term contracts and reducing hours and pay by 20% for remaining staff. Aside from this volume impact on cost, staff costs are net of furlough monies received in the period.

Retail expenditure decreased by £1.9 million for the year ended 31 December 2020 as a result of the cessation of the Gatwick Connects product and a decline in E-commerce and advertising revenue (reflecting the general downturn in passengers and trading).

Car park expenditure decreased by £12.4 million or 64.2% for the year ended 31 December 2020; this was achieved through a combination of lower variable costs (a direct result of lower demand due to passenger volumes) and management taking action to manage the fixed cost elements in a timely manner.

Depreciation and amortisation was comparable with 2019.

Maintenance and IT expenditure decreased £16.0 million or 34.6% for the year ended 31 December 2020. Following the travel restrictions announced towards the end of March, Gatwick entered into discussions with all major suppliers and third party service providers in order to manage the cost base appropriately. In some cases, this meant negotiating a reduced service and in others it meant pausing, deferring or stopping activities.

Rent and rates increased by £1.6 million or 5.5% for the year ended 31 December 2020 due to a one-off rebate received in 2019 for a change in valuation methodology.

Utility costs decreased by £7.2 million for the year ended 31 December 2020. This was primarily due to lower wholesale prices although consumption also reduced due to infrastructure closures and lower occupancy of rental and office space due to Covid-19.

## C. EBITDA

Reconciliation of earnings before interest, tax, depreciation and amortisation ("**EBITDA**") to operating profit:

| Year ended 31<br>December 2020 | Year ended 31<br>December 2019<br>(unaudited) |
|--------------------------------|---|
| <i>(£ million)</i>             |   |

|   | <b>Year ended 31<br/>December 2020</b> | <b>Year ended 31<br/>December 2019<br/>(unaudited)</b> |
|---|--|--|
| Operating (loss)/profit .....                 | (248.1)                                | 275.0  |
| Add back: depreciation and amortisation ..... | 180.4                                  | 179.3  |
| Exceptional costs.....                        | 42.6                                   | 18.4   |
| <b>EBITDA</b> .....                           | <b>(25.1)</b>                          | <b>472.7</b>   |

The Security Group defines EBITDA as profit for the period before depreciation, amortisation, profit/(loss) on disposal of fixed assets, investment property revaluations, exceptional items, net finance costs, and tax. EBITDA is a non-IFRS measure and not a uniformly or legally defined financial measure. EBITDA is not a substitute for IFRS measures in assessing our overall financial performance.

EBITDA is included in this Prospectus because it is a measure of the Security Group's operating performance and the Security Group believes that EBITDA is useful to investors as it is frequently used by securities analysts, investors and other interested parties. EBITDA is useful to management and investors as a measure of comparative operating performance from year to year as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of the Security Group's asset base (primarily depreciation and amortisation), capital structure (primarily finance costs), and items outside the control of management (primarily taxes).

EBITDA is used as a financial metric when assessing the credit worthiness of the Security Group by credit rating analysts and utilised to calculate the Security Group's debt leverage position and interest coverage under the financial covenants as defined within the Common Terms Agreement.

Exceptional costs have been disclosed separately above due to the one off nature of the costs which relate to Covid-19 special severance and compulsory redundancy programmes, an incentive scheme following the change of ownership in 2019 and reorganisation costs for a scheme commenced prior to the Covid-19 pandemic.

EBITDA decreased by £497.8 million during the year ended 31 December 2020 compared to the year ended 31 December 2019 due to a significant reduction in passenger numbers (78.2% from 46.6 million to 10.2 million), as a result of the impact Covid-19 had on the Airport's operations.

#### D. RATIOS

"**Senior RAR**" means the ratio of: (a) the sum of: (i) Senior Debt (other than amounts committed but not outstanding under an Authorised Credit Facility); plus (ii) amounts drawn on the Liquidity Facility (other than in respect of a Standby Drawing) and amounts drawn from the Liquidity Standby Account; plus (iii) any Permitted Financial Indebtedness (other than the CCF Debt) incurred pursuant to paragraphs (a)(iv) to (a)(viii) of the definition thereof that is not, pursuant to the STID, subordinated to the Senior Debt; less (iv) amounts held in Authorised Investments or cash in any Borrower Account (excluding any Excluded Cash); to (b) RAB.

Reconciliation of Senior RAR:

|   | <b>As at / for the year<br/>ended 31<br/>December 2020</b> | <b>As at / for the year<br/>ended 31 December<br/>2019<br/>(unaudited)</b> |
|---|--|--|
|   | <i>(£ million)</i>   |  |
| Class A 6.125 Bonds .....                                 | 300.0  | 300.0  |
| Class A 6.5 Bonds .....                                   | 300.0  | 300.0  |
| Class A 5.25 Bonds .....                                  | 300.0  | 300.0  |
| Class A 5.75 Bonds .....                                  | 300.0  | 300.0  |
| Class A 4.625 Bonds .....                                 | 350.0  | 350.0  |
| Class A 2.625 Bonds .....                                 | 300.0  | 300.0  |
| Class A 3.125 Bonds .....                                 | 350.0  | 350.0  |
| Class A 3.25 Bonds .....                                  | 300.0  | 300.0  |
| Class A 2.875 Bonds .....                                 | 300.0  | 300.0  |
| Other Senior Debt .....                                   | 600.0  | 85.0   |
| Accretion on inflation-linked Treasury Transactions ..... | 25.1   | 56.2   |
| Senior Debt .....   | 3,425.1  | 2,941.2  |



|                                     | As at / for the year<br>ended 31<br>December 2020 | As at / for the year<br>ended 31 December<br>2019<br>(unaudited) |
|-------------------------------------|---|--|
|                                     | <i>(£ million)</i>                                |  |
| Less: Cash .....                    | (293.1)   | (10.0)   |
| <b>Senior Net Debt (X)</b> .....    | <b>3,132.0</b>                                    | <b>2,931.2</b>   |
| <b>RAB (Y)</b> <sup>(1)</sup> ..... | <b>3,317.2</b>                                    | <b>4,902</b>   |
| <b>Senior RAR (X/Y)</b> .....       | <b>0.94</b>                                       | <b>0.60</b>  |

**Notes:**

<sup>(1)</sup> Since 1 April 2014, RAB has been calculated under the Transfer RAB methodology utilising a Relevant Transfer Value of £2,622.4 million as at 1 April 2014 with a relevant multiple of 11.1.

Senior RAR is included in this Prospectus because it is financial covenant that applies to the Security Group pursuant to the Finance Documents.

"**Senior ICR**" means for any Relevant Period, the ratio of: (a) Cashflow from Operations of the Borrower (after adding back any cash outflows of a one-off, non-recurring extraordinary or exceptional nature in respect of the Borrower and excluding extraordinary revenues), less corporation tax paid to HMRC, less two per cent. of RAB; to (b) interest, commitment fees and equivalent recurring finance charges (excluding, for the avoidance of doubt, amounts used to repay accretions by indexation to the notional amount of any inflation-linked Treasury Transactions) paid or, in the case of forward looking ratios, forecasted to be paid on Senior Debt, the Liquidity Facility and any Permitted Financial Indebtedness that is not, pursuant to the STID, subordinated to such Senior Debt (less all interest received or, in the case of forward looking ratios, interest forecasted to be received by any Obligor from any third party other than pursuant to a Permitted Inter-Company Loan).

Reconciliation of Senior ICR:

|  | As at / for the year<br>ended 31<br>December 2020 | As at / for the year<br>ended 31 December<br>2019<br>(unaudited) |
|--|---|--|
|  | <i>(£ million)</i>                                |  |
| Cash generated from operations .....   | (122.1)   | 469.9  |
| Add back: one off, non-recurring extraordinary or exceptional items .....    | 46.7  | 12.9   |
| Less: UK corporation tax paid .....  | (0.5)   | (42.7)   |
| Less: 2% of Total RAB .....  | (82.2)  | (94.0)   |
| <b>Cash Flow (A)</b> .....   | <b>(158.1)</b>                                    | <b>346.1</b>   |
| Net interest and equivalent charges paid on Senior Debt <sup>(1)</sup> ..... | 122.8   | 109.8  |
| <b>Total Interest (B)</b> .....  | <b>122.8</b>                                      | <b>109.8</b>   |
| <b>Senior ICR (A/B)</b> .....  | <b>(1.29)</b>                                     | <b>3.15</b>  |

**Note:**

<sup>(1)</sup> Interest and equivalent charges paid on Senior Debt comprises all interest paid, including interest paid which is capitalised into the cost of tangible fixed assets.

Senior ICR is included in this Prospectus because it is financial covenant that applies to the Security Group pursuant to the Finance Documents.

"**Senior Net Debt to EBITDA**" means for any financial period: (a) the sum of: (i) Senior Debt (other than amounts committed but not outstanding under an Authorised Credit Facility); plus (ii) amounts drawn on the Liquidity Facility (other than in respect of a Standby Drawing) and amounts drawn from the Liquidity Standby Account; plus (iii) any Permitted Financial Indebtedness (other than the CCF Debt) incurred pursuant to paragraphs (a)(iv) to (a)(viii) of the definition thereof that is not, pursuant to the STID, subordinated to the Senior Debt; less (iv) amounts held in Authorised Investments or cash in any Borrower Account (excluding any Excluded Cash); to (b) EBITDA.

|   | As at / for the year<br>ended 31<br>December 2020 | As at / for the year<br>ended 31 December<br>2019<br>(unaudited) |
|---|---|--|
|   | <i>(£ million)</i>                                |  |
| Class A 6.125 Bonds .....                                 | 300.0   | 300.0  |
| Class A 6.5 Bonds .....                                   | 300.0   | 300.0  |
| Class A 5.25 Bonds .....                                  | 300.0   | 300.0  |
| Class A 5.75 Bonds .....                                  | 300.0   | 300.0  |
| Class A 4.625 Bonds .....                                 | 350.0   | 350.0  |
| Class A 2.625 Bonds .....                                 | 300.0   | 300.0  |
| Class A 3.125 Bonds .....                                 | 350.0   | 350.0  |
| Class A 3.25 Bonds .....                                  | 300.0   | 300.0  |
| Class A 2.875 Bonds .....                                 | 300.0   | 300.0  |
| Other Senior Debt .....                                   | 600.0   | 85.0   |
| Accretion on inflation-linked Treasury Transactions ..... | 25.1  | 56.2   |
| Senior Debt .....   | 3,425.1   | 2,941.2  |
| Less: Cash .....  | (293.1)   | (10.0)   |
| <b>Senior Net Debt (X)</b> .....                          | <b>3,132.0</b>                                    | <b>2,931.2</b>   |
| <b>EBITDA (Y)</b> .....                                   | <b>(25.1)</b>                                     | <b>472.7</b>   |
| <b>Senior Net Debt to EBITDA (X/Y)</b> .....              | <b>-(<sup>(1)</sup>)</b>                          | <b>6.2</b>   |

**Note:**

<sup>(1)</sup> Senior Net Debt to EBITDA is not provided for the year ended 31 December 2020 as EBITDA is a negative number and therefore the resulting figure is not meaningful.

Senior Net Debt to EBITDA is included in this Prospectus because it is a measure of the Borrower Group's leverage and the Borrower Group believes that Senior Net Debt to EBITDA is useful to investors as a measure of comparative leverage from year to year as it disregards the Transfer RAB methodology that forms the basis of the Senior RAR ratio (which utilises a Relevant Transfer Value of £2,622.4 million as at 1 April 2014 with a relevant multiple of 11.1). Senior Net Debt to EBITDA is also a metric frequently used by ratings agencies in assessing the Borrower Group's leverage.

"**EBITDA Margin**" means for any financial year, the Borrower Group's EBITDA as a percentage of its total revenue.

|                                  | For the year ended<br>31 December 2020 | For the year ended<br>31 December 2019<br>(unaudited) |
|----------------------------------|--|---|
|                                  | <i>(£ million)</i>                     |   |
| <b>EBITDA (X)</b> .....          | <b>(25.1)</b>                          | <b>472.7</b>  |
| <b>Total Revenue (Y)</b> .....   | <b>217.0</b>                           | <b>853.5</b>  |
| <b>EBITDA Margin (X/Y)</b> ..... | <b>-</b>                               | <b>55.4%</b>  |

EBITDA Margin is included in this Prospectus because it is a measure of the Borrower Group's profitability as a proportion of the revenues it generates and the Borrower Group believes that EBITDA Margin is useful to investors because it allows for comparison from year to year of changes in the amount of revenue converted into profit.

## CAPITAL INVESTMENT PROGRAMME

The key strategic objective for Gatwick is to compete to grow and become London's airport of choice. A key enabler in delivering this objective is continued focus on transforming the passenger and airline experience of using the Airport through both investment in modern infrastructure and improving service standards. This will ensure that airlines can operate efficiently and customers enjoy a superior airport experience relative to competitors, encouraging greater utilisation of Gatwick and supporting its long-term growth ambitions. The key investment drivers for the Airport are as follows:

- Capacity
- Service Quality
- Cost Efficiencies
- Commercial Revenue
- EHS, Security and Compliance
- Asset Stewardship and Resilience

From April 2014, and following completion of Gatwick's £1.2 billion Q5 Capital Investment Programme, regulatory oversight of Gatwick has evolved in response to the seven year Commitments framework, under which Gatwick has made price, service quality, capital investment and consultation undertakings to its customers. Rather than being constrained by a fixed capital investment programme, the new framework allows flexibility, innovation and pace in making investments at the Airport to improve services for our passengers and airline customers. The framework included a commitment to undertake capital investment expenditure of at least £100.0 million per annum on average over the seven years to March 2021. Cumulative capital expenditure over the commitments period totals £1,423.5 million and is significantly in excess of the minimum investment level.

In July 2019 Gatwick published its 2019 Capital Investment Programme outlining plans to invest £1.1 billion over the next five years. Following the impact of Covid-19 on the business in 2020, capital expenditure was £86.0 million in the year ended 31 December 2020. Many projects already in delivery at the start of 2020 were stopped during 2020, with only operationally critical projects or those that were near to completion continuing.

Closure of construction sites was not mandated by the UK government during lockdown, therefore Gatwick was able to work with contractors to review safe working practices and as a result was able to maintain progress on a number of projects that were on site, and in some cases, even benefit from the low volume of operational activity. The Group continues to review its Capital Investment Programme and plans to publish an updated version in due course.

A review of the Group's capital investment programme has resulted in the deferral of over £380 million from the investment originally planned in 2020 and 2021. Over half of the projects already in delivery have been stopped, with only operationally critical projects continuing or those that are near to completion. Further opportunities have been identified to reduce capital investment and associated cash outflow, if required.

Key capital investment projects and programmes which were paused during the year ended 31 December 2020 can be summarised as follows:

- *Pier 6 Programme:* Following completion during the first half of 2020 of enabling works (including taxiway alignment and stand reconfiguration) and initial construction works on the main extension to Pier 6, this programme was put on hold in the summer of 2020, with a view to restarting again in line with anticipated airline growth and airline fleets moving to aircraft with more seats. The scheme once complete will include an additional eight A321 compatible gates.
- *Security Programme:* At the beginning of 2020 planning began on a significant programme of works to upgrade passenger and staff screening technology as mandated by the DfT; this will eventually impact multiple sites across the campus: central search areas, flight connections, staff search areas in terminals and office blocks, external access posts, maintenance hangars, and the cargo centre. In response to Covid-19, along with other UK airports, Gatwick have sought and obtained agreement from the DfT to slow the introduction of this new technology.
- *Other paused projects:*

- the new multi-storey short-stay car park in the North Terminal;
- the project to introduce "robotic parking" aimed at offering the convenience of valet parking, but without the need for passengers to hand over their keys;
- the new rapid exit taxiway aimed at improving the resilience of the runway operation and on-time performance; and
- the automated boarding gates project which will utilise biometrics to make the future boarding process more efficient. A number of new e-gates did become operational on Pier 1 and for North Terminal domestic passengers at the beginning of 2020.

During the year Gatwick controlled and delivered its Capital Investment Programme through several individual programmes covering the key elements of the Airport. Key capital investment projects and programmes completed or in construction during the year ended 31 December 2020 can be summarised as follows:

- *Buildings and Structures*: Investment continued during the year on the Airport's terminals and surface access routes with a view to improving resilience, efficiency and passenger service. A new automated call forward system has successfully been delivered across the central search areas in the North Terminal, making the passenger journey through the security lanes even more efficient. Construction of the rail station expansion continued throughout 2020 and Gatwick has worked successfully with Network Rail and the other funding bodies to re-phase the Airport's financial contribution into future years. During 2020 work also began on a forecourt charging project which will enable the Airport to charge vehicles for using its forecourts directly outside the terminals to drop off passengers.
- *Covid-19 measures*: Investment was made during the year on a number of Covid-19 related measures including installation of the UK's first UV treatment of security trays and perspex screens for check in desks.
- *IT and air traffic control resilience*: A programme of works to maintain Gatwick's existing IT asset base and improve the equipment, systems and processes in air traffic control has been ongoing. This programme, which aims to ensure operational resilience, remains a key component of Gatwick's capital investment plans going forward.
- *Airfield Programme*: During 2020, there continued to be investment in airfield asset stewardship and resilience in terms of taxiway and runway rehabilitation, with planned work in both areas completing ahead of schedule due to reduced operational activity on the runway. Construction continued during 2020 on a project to replace the entire airfield data network with new resilient fibre-optic cabling.

Gatwick's target annual capital expenditure for the next three years is set out below. These are Gatwick's plans as at the date of this Prospectus and therefore are subject to change and Gatwick's actual capital expenditure for the next three years may differ materially.

|                           | <u>Year ended 31<br/>December 2021</u> | <u>Year ended 31<br/>December 2022</u> | <u>Year ended 31<br/>December 2023</u> |
|---------------------------|--|--|--|
|                           |  | <i>(£ million)</i>                     |  |
| Capital expenditure ..... | 33.9                                   | 113.0                                  | 140.0                                  |

## **AIRPORT REGULATION**

### **OVERVIEW**

The principal elements of the current regulatory framework for airports in the UK derive from the CA Act 2012. This has replaced the economic regulation elements of the Airports Act. Under the CA Act 2012, economic licencing applies to 'dominant areas' within 'dominant airports', which explicitly correlates to the competition law concept of dominance.

The CA Act 2012 replaced the previous system of designation under the Airports Act. One of the central features of the revised regulatory framework is to ensure that regulation assists in enhancing the passenger experience.

This section describes:

- the functions of the CAA, including a short summary of the previous economic regulatory framework under the Airports Act;
- the development of the economic regulatory framework under the CA Act 2012, which replaced the economic regulation provisions in the Airports Act and modernised the economic regulation of airports by: (i) providing for new duties of the CAA, including a general duty for the CAA to further the interests of users of air transport services in a manner that will promote competition in the provision of airport operation services and, in doing so, to have regard to the need to secure that a licence holder can finance its provision of such services; (ii) providing a statutory footing for existing financing arrangements at licensed airports; and (iii) introducing a licensing regime with provision for a more flexible approach in the regulation of airports, more appropriate to competitive and market positions of each airport;
- the main provisions of the CAA's licence for Gatwick;
- the performance of Gatwick under the new regulatory framework, and the scope of the midterm review of GAL Airline Commitments framework by the CAA;
- other relevant regulatory factors; and
- changes to the basis on which GAL calculates its financial ratios under the Finance Documents as a result of adopting Transfer RAB due to the revised regulatory regime introduced by the CA Act 2012 and GAL's licence.

### **DESCRIPTION OF THE FUNCTIONS OF THE CAA**

The CAA is the independent aviation regulator in the UK, with responsibility for economic regulation, competition law relating to airport operations services, airspace policy, safety regulation and consumer protection. The CAA is also the designated Independent Supervisory Authority for a number of pieces of EU legislation. The functions of the CAA include:

- the regulation of airlines, and the economic regulation of airports and National Air Traffic Services;
- imposition of an economic licence for airports where the CAA judges the airport to have passed the Market Power Test;
- issuing aerodrome licences to airports and ensuring that the holders of an aerodrome licence are competent and suitable persons to hold such a licence;
- investigating possible breaches of airspace rules and regulations under the Air Navigation Order and the Rules of the Air Regulations 2007;
- monitoring safety performance of the aviation system through the Safety Regulation Group;
- enforcement of the Ground Handling Directive (96/67/EC) – implemented into UK law in the Airports (Groundhandling) Regulations 1997;

- enforcement of the Flight Compensation Regulation (EC 261/2004) as incorporated into domestic law by virtue of the EUWA, the regulation concerning the rights of disabled persons and persons with reduced mobility when traveling by air (EC 1107/2006) as incorporated into domestic law by virtue of the EUWA; and
- managing the ATOL scheme, licensing UK airlines and managing consumer issues.

The CAA is also required to apply the provisions of the 2011 Regulations, which implement the Airport Charges Directive (2009/12/EC) in the UK and came into force on 10 November 2011. The purpose of the Directive is to require transparency, user-consultation and the application of the principle of non-discrimination by airports when calculating charges levied on users. It also requires there to be an independent national authority to arbitrate and settle disputes. The CAA is the relevant independent authority in the UK.

The 2011 Regulations apply only to airports located in the UK that have more than 5 million passenger movements per year. Gatwick is therefore one of the airports to which the 2011 Regulations apply. However, the existing form of economic regulation to which Gatwick is subject already contains many of the features of the 2011 Regulations, including:

- a non-discriminatory charging system;
- a consultation process between airport operators and airport users with respect to the level of airport charges (or constructive engagement – see also below); and
- service quality standards.

The 2011 Regulations specify a minimum level of information which airport users and airport operators are required to provide to each other. Airport users must provide annual traffic and fleet composition forecasts, development projects and requirements from the airport. In turn, operators must consult annually with airport users on future charges, service quality levels and the information on which the charges level has been based. The 2011 Regulations provide for penalties for non-compliance with these provisions.

## **THE CURRENT REGULATORY FRAMEWORK**

### **Economic Regulation under the CA Act 2012**

The CA Act 2012 was granted Royal Assent in December 2012. The main provisions came into effect on 6 April 2013. The CAA issued the notice of the licences under the new regime in February 2014, and these licences came into force on 1 April 2014, i.e. at the expiry of the Q5 price control period.

The main elements of the CA Act 2012 are:

- ***Duties of the regulator:*** The CA Act 2012 introduced a revised "general duty" for the CAA, under which the CAA must carry out its functions in a manner which it considers will further the interests of existing and future consumers of passenger and freight services at UK airports, regarding the range, availability, continuity, cost and quality of airport operation services. Where appropriate, the CAA must do so by promoting effective competition. The CAA is required to have regard to a number of factors, including:
  - the need to secure that each holder of a licence is able to finance its provision of airport operation services in the area for which the licence is granted;
  - user demand;
  - promotion of economy and efficiency;
  - measures to reduce, control or mitigate the adverse environmental impacts of the airport; and
  - regulating in a targeted, transparent, consistent and proportionate manner.

- **Financial resilience:** While recognising the need to ensure financial resilience at licensed airports, the CA Act 2012 gives statutory recognition to pre-existing financing arrangements in the airport sector. The CAA is required to have regard to the need to secure that licence holders are able to finance their provision of airport operation services. Licence conditions will be subject to appropriate derogations (i.e. suspensions of the relevant licence provisions relating to financial resilience) where these cut across financing in existence at the time the CA Act 2012 was enacted.
- In granting a licence (as discussed below), the CAA may not provide for derogations relating to financial arrangements that have been entered into before the CA Act 2012 was enacted to be terminated by reference to any time or event; nor may the CAA provide for it to determine to which financial arrangements the derogations apply. Similarly, the CAA is precluded from modifying a licence condition where the condition contains a derogation for financing arrangements entered into before the CA Act 2012 was enacted, without first determining: (i) that there has been a material change in circumstances since the derogation was granted; and (ii) the benefits of removing the derogation are likely to outweigh the adverse effects to passengers.
- **Licensing:** The CA Act 2012 introduces an economic licensing regime with licences applying to "dominant areas" within "dominant airports", which replaces the previous system of designation under the Airports Act. This is to allow for the possibility that the airport operator may have substantial market power in relation to only some of the activities that it carries on at the airport and also to allow for the future licensing of separate operators of parts of the airport such as terminals or satellites at a single airport site which is itself dominant. In both cases dominance is assessed by reference to the Market Power Test under Section 6 of the CA Act 2012 and the CAA Market Power Test Guidance, published 17 August 2016. In determining dominance and pursuant to section 6 of the CA Act 2012, the CAA is required to demonstrate that:
  - the operator of the relevant airport or airport area has, or is likely to acquire, substantial market power, either alone or otherwise;
  - that competition law does not provide sufficient protection against the risk that the relevant operator may engage in conduct which constitutes an abuse of that market power; and
  - the benefits, for passengers and users of cargo services, of regulating the relevant operator by means of a licence are likely to outweigh the adverse effects.

Licences will be imposed only where the CAA demonstrates the existence of each of the above. Airports falling outside these criteria will be subject to the general competition law, which will be enforced by the relevant competition authorities including the CAA, and the provisions of the Airport Charges Regulations 2011 enforced by the CAA. Even where a licence is required, the CA Act 2012 does not stipulate that price controls follow automatically, although the CAA must impose price control conditions where it considers that it is necessary or expedient to do so having regard to its statutory duties. The CA Act 2012 allows the CAA flexibility in the licence conditions that it imposes, so as to reflect the market and competitive position of each airport. For example, the CAA could impose a range of possible price controls such as setting maximum prices or a system of price monitoring.

All airport operators are subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate that it is competent to conduct aerodrome operations safely. That licensing requirement is not affected by CA Act 2012.

- **Appeals:** The CA Act 2012 provides for a system of appeals relating to licence decisions of the CAA. Appeals in relation to operator and market power determinations would be to the CAT. Such appeals would be capable of being brought by the relevant operator, and any other person whose interests are materially affected by the determination, on the grounds that the decision in question was based on an error of fact, wrong in law or based on a wrong exercise of discretion. Appeals in relation to the imposition and modification of licence conditions would be to the CMA. Such appeals would be capable of being brought by the relevant operator, or airlines whose interests are materially affected by the decision. The grounds for bringing an appeal are identical to those in relation to market power and operator determinations. The CA Act 2012 requires appellants to obtain leave of the CMA to bring an appeal and allows it to refuse vexatious appeals. Similarly, under its rules, the CAT has the power to reject an application made on vexatious grounds, or to

reject an appeal made by an appellant which has habitually and persistently brought vexatious proceedings.

- **Competition powers:** The CA Act 2012 grants the CAA competition powers, to be held concurrently with the CMA, in respect of services provided by airport operators and "third party" airport service providers. This allows the CAA to enforce competition law, conduct market studies, and make market investigation references to the CMA in the airports sector. The CAA has the power to impose fines of up to 10% of turnover for infringements of the Competition Act 1998, under its concurrent mandate.
- **Enforcement:** In addition to concurrent competition enforcement powers, the CA Act 2012 gives the CAA powers to enforce licence conditions, including the power to impose fines of up to 10% of the operator's turnover if the conditions are breached. Orders and penalties are subject to a right of appeal to the CAT.
- **Aviation security:** The CA Act 2012 transfers aviation security regulation functions to the CAA, in order to rationalise the number of regulators in the sector. The Secretary of State will, however, retain responsibility for overall aviation security policy.

#### ***The CAA's licence granted to GAL (for the period 1 April 2014 to 31 March 2021)***

The CA Act 2012 requires the CAA to justify – by way of competition analysis – the need for continued regulation. The CAA published its initial views in February 2012 that Gatwick meets the Market Power Test in the CA Act 2012. This was followed by the CAA publishing its "minded to" market analysis for consultation in May 2013, which continued to find that Gatwick meets the market power test. The CAA published its market power determination in January 2014, finding that Gatwick passed the Market Power Test in the CA Act 2012. This decision could have been appealed by Gatwick, or others whose interests are materially affected, to the CAT. The deadline for such an appeal passed on 10 March 2014 and no appeals were lodged with the CAT.

On 3 October 2013 the CAA issued for consultation its Final Proposals for regulation at Gatwick beyond 31 March 2014, together with a draft licence incorporating GAL's Airline Commitments. The Airline Commitments were initially proposed as part of Gatwick's Business Plan submission to the CAA. It proposed that Gatwick would enter into a set of legally enforceable Airline Commitments to all airlines operating at Gatwick covering price, service, transparency, financial resilience, operational resilience and dispute resolution. The Airline Commitments would be in place for a period of seven years from 1 April 2014. GAL envisaged that there would be a series of bilateral contracts incorporating, for example, price, service and duration agreed on a commercial basis between GAL and certain individual airlines.

In December 2013, GAL amended its Airline Commitments proposal reflecting increased passenger forecasts, to incorporate a maximum average revenue yield over the next seven years, based on published prices at RPI+1.0% per year, and average prices (taking into account bilateral contracts) at RPI+0.0% per year (i.e. the 'blended price'). In parallel, GAL continued discussions with airlines to agree bilateral contracts. In early January 2014, GAL had agreed Heads of Terms with a number of airlines.

In January 2014, following the CAA's Market Power determination, the CAA published its Notice under section 15(1) and (3) of the CA Act 2012 that proposed to grant a licence for GAL from 1 April 2014, incorporating Airline Commitments proposed by GAL.

On 13 February 2014, the CAA published its Notice granting a licence to GAL. The notice confirmed that the new regulatory approach for Gatwick would be based on its Airline Commitments to airlines (including bilateral contracts negotiated with individual airlines) and underpinned by a CAA licence and supplemented by a monitoring regime (which sits outside the licence).

It is therefore a requirement of the licence that GAL complies with its obligations in the Airline Commitments. This includes that GAL complies with its commitment to incorporate a maximum average revenue yield over the next seven years, based on published prices at RPI+1.0% per year, and average prices (taking into account bilateral contracts) at RPI+0.0% per year (i.e. the 'blended price'). GAL must comply with its Airline Commitment to undertake capital investment expenditure of at least £100 million per annum on average over the next seven years. Obligations on third parties, contained in the Airline Commitments do not form part of the licence.



In reaching its conclusion, the CAA considered that the combination of Gatwick's Airline Commitments and bilateral contacts would:

- Better further the interests of passengers as it could be tailored more to the business needs of individual airlines and their passengers, providing greater flexibility while still providing protection to all passengers. There could also be advantages from a reduction in complexity and a refocus of relationships towards airlines and away from the CAA.
- The Airline Commitments provide more certainty to airlines and GAL as they last for seven rather than five years, providing GAL with greater incentives to outperform assumptions on commercial revenues, efficiency and to grow traffic.

Part of the CAA's licence conditions includes making the entering into of the Airline Commitments a licence condition and prevents GAL from unilaterally varying the Airline Commitments, despite the already legally binding status of Airline Commitments. GAL also undertook to the CAA and the airlines operating at Gatwick at least two years prior to the end of the initial term of the Airline Commitments of its intention with regards to the modification, extension, termination, or otherwise of the Airline Commitments.

The CAA's licence includes a financial resilience condition. This requires GAL to produce a certificate of adequacy of resources covering the following twenty four months and submit this to the CAA on an annual basis. This condition also restricts the business of GAL to the businesses undertaken on 1 April 2014, including the owning, operation and development of the airport and associated facilities. Any other business the average annual expenditure which exceeds 2% of the value of the shadow RAB (described below) will require the written consent of the CAA. The financial resilience condition requires undertakings from the ultimate holding company of GAL to not take action that would likely cause a breach of the licence and provide information requested by the CAA to enable GAL to comply with the licence. There is an obligation for GAL in its licence to pre- notify the CAA before amending or varying any of its financial documents in respect of credit rating requirements. While not contained in its licence, GAL has committed to notifying the CAA of any changes in the banking ringfence relating to the credit rating.

Requirements as to operational resilience are included within GAL's Airline Commitments and as such form part of the licence conditions. The CAA can propose to introduce modifications to the licence conditions to the extent it considers such modifications are in the passenger interest. Such a licence modification could be appealed by the airport or airlines, to the CMA.

As noted above, the CAA also set out a process for monitoring GAL's performance under the Airline Commitments (underpinned by a licence). The CAA's monitoring (not incorporated in the licence) will include:

- Monitoring the blended price actually charged under the Airline Commitments and bilateral contracts to identify whether it is consistent with the CAA's view of a "fair price" based on a RAB counterfactual construct.

The CAA included GAL's blended price under Airline Commitments of RPI+0.0% in the licence conditions.

The CAA calculated a fair price benchmark of RPI-1.6% per year (over five years) versus GAL's blended price (the most appropriate comparison) of RPI+0.0% per year.

Under the terms of the Airline Commitment, actual pricing may be above or below RPI+1% (gross) or RPI+0% (blended) in a given year based on the price path chosen by GAL (e.g. if it decided to front or back-load the price trajectory). For this reason, actual prices may also be above or below the RPI-1.6% benchmark. Pricing may also vary for other reasons e.g. actual traffic being different from CAA forecasts. Annual monitoring by the CAA will take into account material reasons for price variance.

- Monitoring service quality performance and undertake an investigation if GAL fails an individual metric for more than six months.
- Requiring GAL to undertake (but not publish) a shadow RAB calculation for the CAA (although there is no presumption that the shadow RAB number would be used as the basis for a future price

cap). The basis for rolling forward the shadow RAB is set out in Appendix J of the CAA's notice granting the licence to GAL.

- A review of the Airline Commitments framework in the second half of 2016 to identify whether as a whole they are operating in passengers' interests, including a request for stakeholders' views (see below "*The CAA mid term review of GAL's Airline Commitments framework*").

In its fair price calculation, the CAA has assumed that GAL will undertake capital investment expenditure of at least £160 million per annum on average. However, the fair price calculation is used for monitoring purposes only and the licence requires that on average at least £100m per annum capital investment be made in Gatwick's asset base.

If, as part of the CAA's monitoring of the Airline Commitments, the CAA considers that the introduction of further licence conditions, or modifications to existing licence conditions is in passenger interest, then the CAA can propose such modifications at that time. This could be for example, to introduce a requirement for GAL to set its charges consistent with the CAA's view of its 'fair price' or its view of minimum capital investment expenditure. As outlined previously, such licence modifications could be appealed by the airport or airlines, to the CMA.

The licence came into force on 1 April 2014, and no interested party sought to appeal the licence to the Competition Commission (replaced by the CMA on 1 April 2014).

#### ***Performance of GAL under 2014 – 2021 Airline Commitments framework***

The new regime has performed well for passengers and airlines, and in many aspects it has been ahead of the performance anticipated by the CAA.

GAL has entered into a number of contractual agreements with airlines, which together account for more than 90% of passengers for the year ending 31 March 2019. By way of the contracts and Airline Commitments framework, GAL has delivered a blended price over the six years that has declined by 2.4% per year in real terms. This compares with the CAA's 'fair price' benchmark of -1.6%, and Gatwick's blended yield Commitment of -0.0%.

Gatwick has delivered consistently good service performance in nearly all areas. Over the period from 1 April 2014 to 31 December 2019 Gatwick achieved 98% of its monthly Core Service Standards. See further "*Business of Gatwick Airport Limited and the Security Group – Core Service Standards*").

GAL's Airline Commitments prescribe various financial and operational resilience stipulations. In consultation with airlines and other stakeholders, Gatwick has put in place an operational resilience plan. These principles, policies, and processes are reviewed and consulted on annually and adapted accordingly. In terms of financial resilience, the Directors of GAL have provided annual confirmations of adequate financial resources to operate the airport and provide the Core Services. GAL's financial information commitments are also fulfilled by way of disclosures within GAL's end of year statutory accounts.

In May 2020, in accordance with Condition D1.2 of the Licence published in February 2014, Gatwick submitted to the CAA a "Certificate of Adequacy of Resources". Due to the impact of COVID-19 this certificate used the option where GAL highlighted to the CAA the uncertainty around the impact of the COVID-19 virus, consistent with the narrative in its published statutory accounts. No further formal regulatory action was taken following the submission of this certificate. GAL is however keeping the CAA apprised of trading conditions on an ongoing basis.

Over the Airline Commitments period, Gatwick has also continued to invest in developing its assets to meet the needs of a growing number of passengers and changing requirements of its customers. Gatwick has invested over £1.4 billion during period from 1 April 2014 to 31 March 2021. This compares to Gatwick's commitment of investing £700 million over the seven year Airline Commitment term (equivalent to an average of £100 million per annum). It also compares to the CAA's projected capex of around £160 million per year that was used in its fair price calculation of RPI-1.6%. The Airline Commitments framework also sets out a capital investment consultation process. Gatwick discussed and agreed with its airline customers a revised multi-lateral consultation structure to meet these requirements. Over the first three years of the Airline Commitments period, Gatwick has consulted on three rolling 5 year Capital Investment Programmes (CIP), as well as having carried out three performance reviews of the delivery of the CIP, which focus on the preceding and following 12 month periods. Gatwick also holds bi-monthly stakeholder

meetings that look at the progress of Major Development Projects (defined as individual projects greater than £10 million), as well as holding separate working groups looking at the options, scope, cost and business case for Major Development Projects. This new approach to consultation, as well as effective bilateral dialogue with leading airlines under the terms of their contracts, has enabled Gatwick to adapt to the changing environment and gain prompt consensus amongst its core stakeholders. Gatwick has also benefited from direct consultation with the Airport's Passenger Advisory Group, resulting in refinements to its investment plans.

Based on the above, Gatwick has fulfilled its monitoring obligations as summarised in the previous section, and as set out by the CAA in its Notice granting the licence published in February 2014.

### ***The CAA mid term review of GAL's Airline Commitments framework***

When adopted in 2014, GAL's Airline Commitments framework was a new and innovative approach to economic regulation. As part of the monitoring requirements set out in its Notice granting the licence, the CAA undertook a short and focused review of this framework in the second half of 2016 to identify whether as a whole they are operating in passengers' interests.

The CAA published its conclusions from the review in December 2016. The findings did not propose any changes to either the regulatory framework or the specifics of the economic licence. In its conclusions the CAA observed that "Many aspects of the new framework appear to be working well", specifically:

- GAL has entered into contracts with airlines covering >85% of passenger traffic;
- traffic growth was ahead of expectations and passenger satisfaction was rising;
- GAL's pricing was below the CAA's 'fair price' path and meeting its service quality targets; and
- no airlines were calling for a return to the previous regulatory regime.

The CAA did however identify three areas of concern where it expected improvements by GAL:

- *Airfield infrastructure*: "We look to GAL to make good progress with its current proposals. If capacity constraints are not being addressed, then we may need to consider further measures."
- *Airline relationships*: Good relationships at commercial, strategic and financial level but: "It is important that GAL takes steps to improve its relationships with airlines, especially at operating level" and the CAA could consider further measures.
- *On-time performance*: The CAA recognises that GAL has introduced operational initiatives to address some of the likely causes of poor On Time Performance (OTP), but the CAA is concerned about differences between GAL and the airlines' analysis into causes of delay. The CAA led an independent study in spring 2017 to help inform all parties.

GAL has responded positively to the review and welcomes the CAA's recognition of benefits for passengers. In relation to the specific concerns raised by the CAA, GAL have taken steps to address these concerns. In particular:

- Airfield infrastructure investment was accelerated in the 2017 Capital Investment Programme.
- GAL has worked with the airline community to reform the operational consultation framework and introduced a new "Joint Operations Group" as a focus for working more collaboratively with airlines on operational issues.
- Together with airlines, GAL has worked to make gains in on-time performance and have observed real gains from summer 2017. This is despite some of the underlying factors, such as delays driven by European airspace constraints continuing to increase.

### ***GAL's updated and extended Airline Commitments framework***

Under its commitment GAL undertook to notify the CAA and all Operators at the airport at least 2 years prior to the end of the Term of its intention with regards to the continuation of commitments, if any, on

pricing, service standards, continuity of service, operational and financial resilience, investment consultation and financial information.

In December 2018, GAL set out proposals to update and extend the Commitments for the period April 2021 to March 2025. Following extensive consultation with passenger representatives and airlines, and informed by the latest passenger research, GAL published for consultation an updated set of proposed commitments in October 2019. Following the October 2019 consultation GAL published its final Commitments in January 2020.

### ***Key features of the updated and extended Airline Commitments framework***

The Commitments made for the period 1 April 2021 to 31 March 2025 build on the success of the Commitments in place for the period 1 April 2014 to 31 March 2021. The key features of the new Commitments are:

- *Term:* A new, extended term for the Commitments from 1 April 2021 to 31 March 2025.
- *Price:* Gross yield: the maximum average annual rate of increase in gross yield will reduce from RPI +1% to RPI +0%, referencing the achieved gross yield for the year ending 31 March 2019. In addition, the gross yield ceiling has been simplified to be a year-by-year limit rather than an average measured over the Commitments Term.

The new, simplified gross yield ceiling will give greater certainty to passengers and airlines about the maximum level of future charges.

GAL accelerated the pricing benefit inherent in these Commitments to be effective retrospectively from 1 January 2020, bringing pricing benefits to airlines sooner. This benefit was delivered to airlines operating under the airport tariff through the issuance of appropriate credit notes (for the period 1 January to 31 March 2020) and adjustments to the published airport tariff (for the period 1 April 2020 to 31 March 2021).

- *Service:* GAL commits to maintain excellent service delivery for its passengers and airlines, and will remain financially incentivised to do so, both through continuation of the charges rebate regime and as the airport continues to seek to grow. Recognising the need to meet the specific requirements of all passengers, and informed by in-depth consultations with airlines and passenger representatives, and by the latest passenger research, GAL has developed an updated set of Core Service Standards.

The new Core Service Standards include tighter targets on some existing measures and the inclusion of some new metrics across a wider range of GAL's service delivery, and are significantly enhanced relative to the existing Commitments. This gives assurance to airlines and passengers of continuing good service outcomes at Gatwick through to the middle of this decade.

These service Commitments will be implemented from 1 April 2021 when the existing Commitments expire. Continued engagement from the airline community will be required to finalise the detail for measuring some of the changed standards.

- *Investment:* Further to the October 2019 Consultation, GAL increased the minimum investment commitment from £100 million per year to at least £120 million per year on average over the six year period from 2019/20 to the end of the extended Commitments period (i.e. 2024/25) (at 2018/19 prices). GAL expects to continue to consult annually with airlines and passenger representatives on the rolling five year Capital Investment Programme.

Following constructive dialogue with airlines regarding the process by which GAL consults its users annually on the five year Capital Investment Programme, GAL proposed in its October 2019 paper to make further improvements to its capital consultation arrangements. These are designed to provide earlier insight and greater clarity for airlines and passenger representatives on emerging projects, and a clearer focus for discussions on the future strategic direction of GAL's Capital Investment Programme.

Further to the consultation on its October 2019 proposal, GAL has worked with the airlines to develop a further process to enable users to track progress of identified ongoing capital projects.

- *Operational initiatives:* To increase the focus of GAL, its airlines, ground handlers and air traffic control provider on delivering resilient and punctual services, GAL will set itself formal targets for average on time departure punctuality to be at least 70% in the summer season and 75% in the winter season. GAL will invest in a portfolio of operational initiatives and financial incentives for airlines and/or their ground handlers, with the aim of enabling airlines to achieve these punctuality targets. GAL will consult with airlines annually on the proposed on-time departure programme. GAL will report to airlines and their ground handlers on the punctuality performance of each season shortly after its conclusion. If seasonal punctuality drops below the relevant target, then GAL will consult with the airlines, their ground handlers and the passenger representatives on a root cause analysis of the airport's and airlines' collective performance over the season, and then develop with airlines a punctuality improvement plan. This plan will be updated following subsequent seasons until performance improves above the target.
- *Capacity Growth:* GAL commits to seek to increase the resilient capacity of its airfield infrastructure, and to continue for the present to bear the cost of developing these plans, securing necessary political and planning approvals, and implementing the project. This includes potential projects to maximise the use of the existing main runway and to bring into routine use the Northern runway.

On 18 July 2019, GAL published its Master Plan, including its intention to undertake further work in order to prepare an application for a DCO for the routine use of the Northern Runway. Consistent with GAL's December 2018 proposals, GAL is not adjusting its price commitment in response to the additional capital expenditure which GAL may incur in this period in preparation for obtaining the DCO or in implementing the resulting infrastructure projects.

Following feedback from airlines and passenger representatives to the October 2019 consultation GAL decided to make a number of enhancements that were reflected in a set of finalised Commitments issued in January 2020. These included:

- Undertakings to work with the airline community to develop the security and airfield metrics further.
- Enhancements to the runway availability measure, the terminal departure lounge seating QSM and outbound baggage measure.
- An increase to its minimum capital investment commitment from £100 million to £120 million per annum on average in 2018/19 prices.
- An enhancement to the capital consultation commitment to enable users to track progress of identified capital project;
- Clarification that, whilst the over and under recovery mechanism within the existing commitments is no longer relevant, GAL still intend to ensure that users are not disadvantaged in the unlikely scenario that an inadvertent over-recovery against the price ceiling occurs (e.g. when there is a difference between forecast and out-turn gross yields).
- Guidance regarding how we believe the net yield is likely to develop over the Commitments period relative to gross yield.

In October 2020 the CAA issued a consultation regarding the Economic Regulation of Gatwick Airport Limited (CAP 1973). In the consultation the CAA indicated that their current view was that they should accept GAL's proposed new commitments. The CAA furthermore observed that "*Viewed as a whole, and bearing in mind the impact of Covid-19 on the future outlook, the package of changes set out by GAL is likely to be the consumers' interest*". The CAA has furthermore observed that it plans to add two specific items to their ongoing monitoring of GAL:

1. GAL's performance in relation to seating facilities in the departure lounges.
2. The average level of discounts that GAL offers to airlines.

In February 2021 the CAA gave formal notice (CAP2103) under section 22(2) of the CA Act 2012 of its proposal to modify GAL's licence to accept GAL's proposed new commitments as the basis of its economic regulation of GAL for the four year period from 2021/22 to 2024/25.

## **OTHER REGULATORY FACTORS**

### **Enforcement under the Civil Aviation Act 2012**

The CA Act 2012 provides for CAA enforcement of licence conditions, meaning that the CAA has the power to serve contravention notices, enforcement orders and urgent enforcement orders on GAL. Where the CAA serves an enforcement or urgent enforcement order on an operator, that operator will be under a duty to comply with the terms of that order. The CAA may take action, including seeking injunctive relief, in order to ensure that an operator does not breach its duty to comply with an enforcement order.

In addition, failure to comply with licence conditions, information notices, enforcement orders or competition law could result in penalties for offending operators of up to 10% of turnover at the relevant airport. Penalties may be imposed on a daily basis or as a fixed amount. Gatwick would have a right of appeal to the CAT against any enforcement orders or penalties that the CAA might seek to impose under these provisions.

The CA Act 2012 also provides the CAA with certain competition powers, held concurrently with the CMA, previously the OFT and Competition Commission. This allows the CAA to enforce competition law, conduct market studies, and make market investigation references to the CMA.

### **IMPACT OF THE REVISED REGULATORY REGIME ON GAL'S FINANCIAL REPORTING UNDER THE FINANCE DOCUMENTS**

On 1 April 2014, when the economic regulatory framework under the CA Act 2012 and GAL's new licence came into force, the requirement for GAL to prepare and publish separate regulatory accounts, which applied under the regulatory regime of the Airports Act 1986, fell away. As a result, the concept of "Regulatory RAB" for the purpose of the Finance Documents, which is derived from the RAB figure set out in those regulatory accounts, ceased to exist and is no longer used by GAL as the basis for its financial covenant reporting under the Common Terms Agreement.

In accordance with the terms of the Finance Documents, GAL now determines RAB for the purpose of calculating its financial ratios on the basis of "Transfer RAB" being, as at any date, the aggregate of the product of: (a) the sum of the Relevant EBITDA for the previous three consecutive periods of twelve months preceding such date as determined by reference to the financial statements for such twelve months divided by three; and (b) the Relevant Multiple (which is equal to 11.1)

To mitigate the impact of the Covid-19 pandemic on its financial ratios, on 22 September 2020, GAL entered into an amendment and waiver agreement with the Borrower Security Trustee (on the instructions of the Qualifying Borrower Secured Creditors) to amend the definition of "Transfer RAB" in respect of the period from (and excluding) 30 June 2021 until (and including) 30 June 2023 to replace the Relevant EBITDA in respect of each calendar quarter during the period from (and including) 1 April 2020 to (and including) 31 March 2021 with the following (representing the average Relevant EBITDA figures for the relevant quarter across the three years prior to 31 March 2020):

|  |              |
|--|--------------|
| 1 April 2020 to 30 June 2020 (inclusive)       | £134,430,291 |
| 1 July 2020 to 30 September 2020 (inclusive)   | £187,907,418 |
| 1 October 2020 to 31 December 2020 (inclusive) | £76,978,795  |
| 1 January 2021 to 31 March 2021 (inclusive)    | £42,025,921  |

"**Relevant EBITDA**" means consolidated earnings before interest, tax, depreciation and amortisation and pre-exceptional costs (revenues minus expenses) in respect of the business carried out within the Security Group insofar as such business was brought into account or not expressly disallowed by the CAA for any price determination previously published by the Regulator for the Borrower for the purpose of imposing price caps pursuant to section 40(4) of the Airports Act prior to its repeal.

The Relevant EBITDA figure for each financial year of GAL will be set out in the directors' report accompanying GAL's year end audited financial statements, which will be published on the Designated Website.

For further details of the financial covenants to which GAL is subject pursuant to terms of the Finance Documents see "*Summary of the Financing Agreements*" below.

## DESCRIPTION OF THE ISSUER AND THE OBLIGORS

### GATWICK FUNDING LIMITED

The Issuer, Gatwick Funding Limited, was incorporated in Jersey, Channel Islands on 21 January 2011. The Issuer was incorporated under the Companies (Jersey) Law 1991, as amended, as a public company of unlimited duration and with limited liability. Its registered number is 107376. The Issuer is and always intends to be resident in the United Kingdom only for tax purposes.

The Issuer's registered office is at 44 Esplanade, St Helier, Jersey JE4 9WG, where the Issuer's register of members is kept (telephone number +44 (0) 1534 504000). The memorandum and articles of association of the Issuer may be inspected at the registered office of the Issuer. The Issuer has unlimited corporate capacity under Jersey law.

The Issuer is wholly owned by GAL and is indirectly wholly owned by the Security Parent. See "*Business of Gatwick Airport Limited and the Security Group*" for further information. The Issuer has no subsidiaries.

### Directors, Secretary and Corporate Services

The directors of the Issuer and their respective addresses and other principal activities are:

| <u>Name</u>              | <u>Nationality</u> | <u>Business Address</u>   | <u>Other Principal Activities</u>            |
|--------------------------|--------------------|---|--|
| Helena Whitaker          | British            | 35 Great St Helens, London<br>EC3A 6AP  | Director of Intertrust<br>Management Limited |
| Cliff Pearce             | British            | 35 Great St Helens, London<br>EC3A 6AP  | Director of Intertrust<br>Management Limited |
| William Alan<br>Woodburn | American           | 5 <sup>th</sup> Floor Destinations Place,<br>Gatwick Airport, Gatwick, West<br>Sussex RH6 0NP | Operating Partner of<br>GIP                  |
| Michael John<br>McGhee   | British            | 5 <sup>th</sup> Floor Destinations Place,<br>Gatwick Airport, Gatwick, West<br>Sussex RH6 0NP | Transport Partner of<br>GIP                  |
| Philip Marc Iley         | British            | 5 <sup>th</sup> Floor Destinations Place,<br>Gatwick Airport, Gatwick, West<br>Sussex RH6 0NP | Investment Principal of<br>GIP               |

The Secretary of the Issuer is Intertrust Offshore Limited whose registered office is at 44 Esplanade, St Helier, Jersey JE4 9WG.

The Issuer Corporate Administration Providers have agreed, pursuant to on terms of the Issuer Corporate Administration Agreement dated on the Establishment Date, to provide certain corporate administration services to the Issuer, including the provisions of directors and the secretary. Fees are payable to Intertrust Offshore Limited and Intertrust Management Limited thereunder.

The directors receive no remuneration from the Issuer for their services. The directors do not hold any direct, indirect, beneficial or economic interest in any of the shares of the Issuer. The directorship of Helena Whitaker and Claudia Wallace is provided as part of the Issuer Corporate Services Provider's overall corporate administration service provided to the Issuer pursuant to the Issuer Corporate Administration Agreement.

The directors of the Issuer may engage in other activities and have other directorships. As a matter of Jersey law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Issuer, regardless of any other directorship such director may hold.

None of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interests or other duties as listed above.

### Principal Activities

The Issuer was established as a special purpose vehicle and its principal activities will be acquiring, holding and managing its rights and assets under the Borrower Loan Agreements following the issue of Bonds in



connection with the execution and performance of the Issuer Transaction Documents, the execution and performance of all documents to which it is expressed to be a party and the exercise of related rights and powers and other activities reasonably incidental thereto.

### **Management and Control**

The Issuer is managed and controlled in Gatwick West Sussex, United Kingdom.

### **Share Capital**

The Issuer may issue an unlimited number of shares with no par value. As at the date of this Prospectus two shares have been issued and paid up at the price of £1.00 each.

### **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers LLP at The Portland Building, 25 High Street, Crawley, West Sussex, RH10 1BG.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in Jersey.

### **GATWICK AIRPORT LIMITED**

GAL, Gatwick Airport Limited, was incorporated in England and Wales on 19 February 1986. GAL was incorporated as a private limited company under the Companies Act 1985, as amended, and operates under the Companies Act 2006. Its registered number is 01991018.

GAL's registered office is at 5<sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP, where GAL's register of members is kept (telephone number +44 1293 503616). The memorandum and articles of association of GAL may be inspected at the registered office of GAL.

GAL is wholly owned by Ivy Holdco Limited, a private limited company incorporated in England and Wales and having its registered office at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom (the Security Parent). Its registered number is 7497036.

### **Directors, Secretaries and Corporate Services**

The directors and company secretaries of GAL and their respective addresses and other principal activities are:

| <u>Name</u>                | <u>Nationality</u> | <u>Business Address</u>   | <u>Other Principal Activities</u>      |
|----------------------------|--------------------|---|--|
| Sir David Hartmann Higgins | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Non-executive chairman                 |
| Stewart Wingate            | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | None                                   |
| Lorenzo Rebel              | French             | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | None                                   |
| Eric Marc Jacques Delobel  | French             | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Chief Technical Officer VINCI Airports |
| Philip Marc Iley           | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Investment Principal GIP               |

| <b>Name</b>                     | <b>Nationality</b> | <b>Business Address</b>   | <b>Other Principal Activities</b>                       |
|---------------------------------|--------------------|---|---|
| Olivier Mathieu                 | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Executive Vice President and CFO Vinci Concessions      |
| Remi Maumon De Longevialle      | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Chief Financial Officer VINCI Airports                  |
| Michael John McGhee             | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Transport Partner GIP                                   |
| David Loch McMillan             | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick. West Sussex RH6 0NP | Non-executive director                                  |
| Nicolas Notebaert               | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | CEO Vinci Concessions & President of Vinci Airports     |
| Pierre-Hugues Paul Louis Schmit | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Chief Commercial and Operational Officer VINCI Airports |
| Marten Per Soderbom             | Swedish            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Principal GIP   |
| William Alan Woodburn           | American           | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Operating Partner of GIP                                |

The secretaries of GAL are Robert David Herga whose business address is at 5<sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP and TMF Corporate Administration Services Limited whose registered office is at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom.

The directors of GAL may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of GAL, regardless of any other directorship such director may hold.

None of the directors of GAL has any actual or potential conflict between their duties to GAL and their private interests or other duties as listed above. See "*Business of Gatwick Airport Limited and the Security Group – Pensions and Employees – The Board of Directors*" for more information about the directors.

### **Principal Activities**

GAL was established as a private limited company and its principal activities are other business activities. For a detailed description of the principal activities of GAL, see "*Business of Gatwick Airport Limited and the Security Group*".

### **Management and Control**

GAL is managed and controlled in Gatwick, West Sussex, United Kingdom.

### **Share Capital**

The authorised share capital of GAL as at 31 December 2020 was £4,099,362, comprising 4,099,362 shares of £1 each. The issued and paid up share capital of GAL is £4,099,362 as at the date of this Prospectus.

### **Auditors**

The auditors of GAL are PricewaterhouseCoopers LLP at The Portland Building, 25 High Street, Crawley, West Sussex, RH10 1BG.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

## IVY BIDCO LIMITED

Ivy Bidco Limited, was incorporated in England and Wales on 18 January 2011. On 31 March 2015 Ivy Bidco Limited acceded to GAL's current Authorised Credit Facility (see "*Summary of the Financing Agreements – Authorised Credit Facility Agreement*" below) as an Additional Borrower and to the Common Terms Agreement, the Tax Deed, the STID and the Master Definitions Agreement as a Borrower and Obligor, save that it is not an Obligor for the purposes of the Hedging Policy, any Hedging Agreement or certain amendment provisions of the STID. Ivy Bidco Limited was incorporated as a private limited company under the Companies Act 1985, as amended, and operates under the Companies Act 2006. Its registered number is 06879093.

Ivy Bidco Limited's registered office is at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom, where Ivy Bidco Limited's register of members is kept (telephone number +44 1293 503616). The memorandum and articles of association of Ivy Bidco Limited may be inspected at the registered office of Ivy Bidco Limited.

Ivy Bidco Limited is wholly owned by GAL and is indirectly wholly owned by the Security Parent. See "*Business of Gatwick Airport Limited and the Security Group*" for further information. Ivy Bidco Limited has no subsidiaries.

### Directors, Secretary and Corporate Services

The directors and company secretary of Ivy Bidco Limited and their respective addresses and other principal activities are:

| <u>Name</u>                     | <u>Nationality</u> | <u>Business Address</u>   | <u>Other Principal Activities</u>                       |
|---------------------------------|--------------------|---|---|
| Eric Marc Jacques Delobel       | French             | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Chief Technical Officer VINCI Airports                  |
| Philip Marc Iley                | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Investment Principal GIP                                |
| Olivier Mathieu                 | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Executive Vice President and CFO Vinci Concessions      |
| Remi Maumon De Longevialle      | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Chief Financial Officer VINCI Airports                  |
| Michael John McGhee             | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Transport Partner GIP                                   |
| David Loch McMillan             | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick. West Sussex RH6 0NP | Non-executive director                                  |
| Nicolas Notebaert               | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | CEO Vinci Concessions & President of Vinci Airports     |
| Pierre-Hugues Paul Louis Schmit | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Chief Commercial and Operational Officer VINCI Airports |
| Marten Per Soderbom             | Swedish            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Principal GIP   |

| <u>Name</u>           | <u>Nationality</u> | <u>Business Address</u>   | <u>Other Principal Activities</u> |
|-----------------------|--------------------|---|-----------------------------------|
| William Alan Woodburn | American           | 5 <sup>th</sup> Floor Destinations Place,<br>Gatwick Airport, Gatwick, West<br>Sussex RH6 0NP | Operating Partner of<br>GIP       |

The secretary of Ivy Bidco Limited is TMF Corporate Administration Services Limited whose registered office is at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom.

The directors of Ivy Bidco Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Ivy Bidco Limited, regardless of any other directorship such director may hold.

None of the directors of Ivy Bidco Limited has any actual or potential conflict between their duties to Ivy Bidco Limited and their private interests or other duties as listed above.

### **Principal Activities**

Ivy Bidco Limited was established as a private limited company and its principal activities are an investment property holding company. For a detailed description of the principal activities of Ivy Bidco Limited, see "*Business of Gatwick Airport Limited and the Security Group*".

### **Management and Control**

Ivy Bidco Limited is managed and controlled in London, United Kingdom.

### **Share Capital**

The authorised share capital of Ivy Bidco Limited is £687,596,520, comprising 687,596,520 shares of £1 each. The issued and paid up share capital of the Borrower is £687,596,520 as at the date of this Prospectus.

### **Auditors**

The auditors of Ivy Bidco Limited are PricewaterhouseCoopers LLP at The Portland Building, 25 High Street, Crawley, West Sussex, RH10 1BG.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

### **IVY HOLDCO LIMITED**

The Security Parent, Ivy Holdco Limited, was incorporated in England and Wales on 18 January 2011. The Security Parent was incorporated as a private limited company under the Companies Act 1985 and operates under the Companies Act 2006. Its registered number is 7497036.

The Security Parent's registered office is at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom, where the Security Parent's register of members is kept (telephone number +44 1293 503616). The memorandum and articles of association of the Security Parent may be inspected at the registered office of the Security Parent.

The Security Parent is wholly owned by Ivy Super Holdco Limited, a private limited company incorporated in England and Wales and having its registered office at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom. Its registered number is 12069556.

## Directors, Secretary and Corporate Services

The directors and company secretary of the Security Parent and their respective addresses and other principal activities are:

| <u>Name</u>                     | <u>Nationality</u> | <u>Business Address</u>   | <u>Other Principal Activities</u>                       |
|---------------------------------|--------------------|---|---|
| Eric Marc Jacques Delobel       | French             | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Chief Technical Officer VINCI Airports                  |
| Philip Marc Iley                | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Investment Principal GIP                                |
| Olivier Mathieu                 | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Executive Vice President and CFO Vinci Concessions      |
| Remi Maumon De Longevialle      | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Chief Financial Officer VINCI Airports                  |
| Michael John McGhee             | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Transport Partner GIP                                   |
| David Loch McMillan             | British            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Non-executive director                                  |
| Nicolas Notebaert               | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | CEO Vinci Concessions & President of Vinci Airports     |
| Pierre-Hugues Paul Louis Schmit | French             | 12 Rue Louis Bleriot, Rueil-Malmaison, France, 92500                                    | Chief Commercial and Operational Officer VINCI Airports |
| Marten Per Soderbom             | Swedish            | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Principal GIP   |
| William Alan Woodburn           | American           | 5 <sup>th</sup> Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex RH6 0NP | Operating Partner of GIP                                |

The secretary of Security Parent is TMF Corporate Administration Services Limited whose registered office is at 8<sup>th</sup> Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom.

The directors of the Security Parent may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Security Parent, regardless of any other directorship such director may hold.

None of the directors of the Security Parent has any actual or potential conflict between their duties to the Security Parent and their private interests or other duties as listed above.

### Principal Activities

The Security Parent was established as a private limited company and its principal activities are acting as, and in connection with being, a holding company.

### Management and Control

The Security Parent is managed and controlled in London, United Kingdom.

**Share Capital**

The authorised share capital of the Security Parent is £254,417,216, comprising 254,417,216 shares of £1 each. The issued and paid up share capital of the Security Parent is £254,417,216 as at the date of this Prospectus.

**Auditors**

The auditors of the Security Parent are PricewaterhouseCoopers LLP at The Portland Building, 25 High Street, Crawley, West Sussex, RH10 1BG.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

## SUMMARY OF THE FINANCING AGREEMENTS

The following is a summary of certain terms of the principal Transaction Documents, including the CTA, the STID, the Bond Trust Deed and the Security Documents and is qualified in its entirety by reference to the detailed provisions of the Transaction Documents. Potential investors should refer to "Cashflows", for a detailed description of the various priority of payment waterfalls.

The Issuer's assets, including without limitation its rights under the Transaction Documents, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Bonds.

### GENERAL OVERVIEW

The Finance Parties (which includes the Issuer) all benefit from common terms under their relevant debt instrument and a common security package granted by GAL, Ivy Bidco Limited and the Security Parent (as Obligors under the CTA). It is a requirement of the CTA that any future provider of an Authorised Credit Facility must accede to and be bound by the terms of the CTA (see " – *Common Terms Agreement*" below) and the intercreditor arrangements contained in the STID (see " – *Security Trust and Intercreditor Deed*" below). The Issuer, as provider of each loan to GAL corresponding to the proceeds of an issuance of Bonds, will also be party to and be bound by the CTA and the STID.

The CTA sets out the common terms applicable to the Borrower Loan Agreements and each other Authorised Credit Facility into which GAL and any other Borrower enters. Save for certain limited exceptions, no Finance Party can have additional representations, covenants, trigger events or loan events of default beyond the common terms deemed to be incorporated by reference into their Authorised Credit Facilities through their execution of, or accession to, the CTA.

The STID regulates among other things: (i) the claims of the Borrower Secured Creditors; (ii) the exercise and enforcement of rights by the Borrower Secured Creditors; and (iii) the giving of instructions, consents and waivers and, in particular, the basis on which votes of the Borrower Secured Creditors will be counted.

With the exception of certain Jersey law governed documents, all agreements listed below and non-contractual obligations arising out of or in connection with them will be governed by English law and subject to the exclusive jurisdiction of the English courts.

### 22 September 2020 Amendments

Given the impact of the Covid-19 global pandemic, GAL undertook a STID Proposal in summer 2020 that resulted in it entering into an amendment and waiver agreement with the Borrower Security Trustee (on the instructions of the Qualifying Borrower Secured Creditors) dated 22 September 2020 in respect of the Master Definitions Agreement and the Common Terms Agreement. This amendment and waiver agreement provided a number of short term waivers, approvals and amendments to ensure the business is well positioned to recover.

Among other things, the amendment and waiver agreement records:

- a waiver of any Default in respect of the financial ratios which may arise in respect of the Calculation Dates falling on 31 December 2020 and 30 June 2021;
- an amendment to the calculation of Transfer RAB for the Calculation Dates from (and including) December 2021 to (and including) June 2023, such that the amount to be included in the calculation as Relevant EBITDA for each calendar quarter in the period of 12 months commencing on 1 April 2020 is replaced with an average of the respective quarterly Relevant EBITDA in 2017, 2018 and 2019;
- the waiver of certain other technical Defaults which may arise from actions taken by any Governmental Agency relating directly to the COVID-19 pandemic and which result in a full or partial closure of, or a full or partial suspension of operations at, Gatwick Airport, although currently no such Defaults are expected;
- approval pursuant to paragraph (a)(iv) of the definition of "Permitted Financial Indebtedness" in the MDA to permit issuance of up to £300,000,000 of unsecured commercial paper under the CCF

programme (which is not included within the calculation of the Senior RAR, and shall not constitute Borrower Secured Liabilities or benefit from the security created pursuant to the Security Documents);

- a waiver of certain consequences of the occurrence of a Trigger Event; and
- an amendment to the definition of "Relevant Period".

Furthermore, given the implementation of the above waivers, approvals and amendments, the Borrower has undertaken to provide the Borrower Secured Creditors and the Issuer Secured Creditors (by publication on the Designated Website) a quarterly information package in respect of quarter end dates from 30 September 2020 to 30 June 2021 inclusive, to include traffic updates, financial ratios and six month liquidity forecasts.

If any six month liquidity forecast shows that Available Cash minus Required Expenditure (each as defined in the STID Proposal) is less than £225,000,000, the Borrower will be required to provide a remedial plan outlining how it intends to address the issue, and monthly updates to both the plan and the liquidity forecast until the issue is resolved. If Available Cash minus Required Expenditure is less than £150,000,000, any failure to provide the remedial plan or undertake the actions set out in such plan within the time periods specified in the plan will result in a Loan Event of Default.

Finally, the Borrower proposes that, conditional upon the requested consents being provided, further restrictions on Restricted Payments shall apply, such that no Restricted Payments shall be made prior to the Calculation Date falling on 31 December 2021, and any Restricted Payments made in the period prior to the next Calculation Date falling after 30 June 2023 shall be subject to a tighter Senior RAR test (0.60 for Calculation Dates up to and including June 2022, and thereafter 0.65, on an adjusted basis), meeting the current Senior RAR threshold of 0.70 on an unadjusted basis, and a six month liquidity test, and may not be made if amounts are outstanding in respect of any CCFF Debt.

## **Common Terms Agreement**

### ***General***

As noted above, all Finance Parties must accede to the CTA in respect of their Authorised Credit Facilities (including the Borrower Loan Agreements).

Other Borrower Secured Creditors which are party to the CTA include the Hedge Counterparties (see "*Hedge Counterparties and the STID*"), the Liquidity Facility Providers (see "*Liquidity Facility Agreement*") and the Initial ACF Finance Parties.

It is a requirement of the CTA that future providers of Authorised Credit Facilities must also accede to and be bound by the CTA and the STID. GAL will be able to incur additional Senior Debt (including in respect of amounts owed to the Issuer under the Borrower Loan Agreements and corresponding to additional Series of Class A Bonds) if, by reference to the most recently delivered financial statements (see "*Information Covenants*" below), the Senior RAR, taking into account such indebtedness, is less than 0.70. However, if such financial indebtedness will be used to fund RAB-Eligible Capex, GAL will be able to incur additional Senior Debt if the Senior RAR, taking into account such indebtedness, is less than 0.725.

In addition, the Issuer is able to incur additional indebtedness in respect of Class B Bonds and lend the proceeds of those Bonds to GAL if GAL has first obtained a confirmation from the relevant rating agencies stating that the then rating of the Class A Bonds then outstanding would not be reduced as a result of the issuance of such Class B Bonds below the lower of: (a) the credit rating of the Class A Bonds as at their Issue Date; or (b) the then current rating of such Class A Bonds before the proposed issuance.

The CTA also sets out the cash management arrangements applicable to GAL (see "*Borrower Cash Management*" below) and the hedging policy (see "*Hedging*" below).



## ***Representations***

The Obligors make certain representations and warranties (subject to detailed carve-outs, exceptions and qualifications set forth in the CTA) to each Finance Party on the Establishment Date and the Initial Issue Date. These representations and warranties include the following as to:

- (a) its corporate status, power and authority and certain other legal matters;
- (b) non-conflict with documents binding on it (to an extent which has a Material Adverse Effect), constitutional documents, licences or laws;
- (c) accuracy of financial statements;
- (d) no existing default or Trigger Event;
- (e) compliance with obligations under the Transaction Documents;
- (f) consents, leases, licences, authorisations and approvals are obtained and complied with;
- (g) ownership of assets;
- (h) the ownership structure of the Security Group;
- (i) no rights to call for the issue or allotment of share capital;
- (j) insurances required to be maintained are in full force and effect;
- (k) no Insolvency Event in relation to it;
- (l) the choice of English law being recognised and enforced;
- (m) payment of all taxes and lack of deductions required in respect of payments under any Finance Document;
- (n) no claims, disputes or investigations being made or conducted against it with respect to Taxes;
- (o) no liability in respect of any Financial Indebtedness other than Permitted Financial Indebtedness or pursuant to a Permitted Transaction;
- (p) pensions;
- (q) raking and enforceability of security;
- (r) no current litigation;
- (s) the accuracy and completeness of each prospectus;
- (t) compliance with environmental laws and absence of environmental claims against it;
- (u) all arrangements or contracts with any person being on an arm's length basis;
- (v) its centres of main interests for the purpose of Council Regulation (EC) No 1346/2000;
- (w) intellectual property; and
- (x) ownership of land and the existence of encumbrances thereon.

The Initial Date Representations are deemed to be repeated by the relevant Obligor (by reference to the facts and circumstances existing at such time) on the date upon which any new Authorised Credit Facility is entered into and each Issue Date.

The Repeated Representations are deemed to be repeated by the relevant Obligor (by reference to the facts and circumstances existing at such time) on: (i) the date of each utilisation request and the first day of any

borrowing; (ii) each Payment Date; and (iii) in the case of an Obligor acceding to an Authorised Credit Facility, on the date of its accession.

### ***Covenants***

The CTA contains certain covenants from each of the Obligors. A summary of the covenants which are included in the CTA is set out in " – *Information Covenants*", and " – *Operating and Financial Covenants*" below.

#### ***Information Covenants***

Prior to the occurrence of a Trigger Event, Borrower Secured Creditors will receive, either directly from GAL or through the agent or administrative representative party for their Authorised Credit Facility:

- (a) annual, audited and consolidated (which will include the Issuer) financial statements delivered within 120 days after the end of each financial year;
- (b) 6-month consolidated, unaudited financial statements delivered within 60 days after the end of the first half of the financial year;
- (c) annual regulatory accounts (for so long as it is required to prepare and publish them) delivered within 120 days of the end of each regulatory year;
- (d) a copy of the annual capital expenditure budget delivered within 15 days of board approval and within 60 days of the end of the current financial year;
- (e) a copy of GAL's calculations of Projected Excess Cashflow for each financial year delivered not later than 15 days prior to the beginning of such financial year;
- (f) a Compliance Certificate, which will be delivered: (i) at the same time as the financial statements referred to in (a), (b) and (c) above; and (ii) within the required period as set forth in the Restricted Payment Condition. The Compliance Certificate will be published on the Designated Website and confirm information including:
  - (i) in respect of a Calculation Date falling in March, the actual Senior RAR and actual Senior ICR for the period of 12 months ending on such Calculation Date and the forecast Senior RAR and forecast Senior ICR for the 12 month period following such Calculation Date and each of the two subsequent 12 month periods;
  - (ii) in respect of a Calculation Date not falling in March:
    - (A) the actual Senior ICR and actual Senior RAR for the period of 12 Months ending on that Calculation Date and the forecast Senior ICR and the forecast Senior RAR for the period to 31 March in the next subsequent calendar year and for the two subsequent 12 month periods from such 31 March;
    - (B) that the Senior ICR for the immediately preceding March Calculation Date has been recalculated and that the re-calculated Senior ICR "[is/is not] lower" than the Senior ICR which was determined as at the immediately preceding March Calculation Date; and if the recalculated Senior ICR "is lower", the re-calculated Senior ICR; and
    - (C) that the Senior RAR for the immediately preceding March Calculation Date has been recalculated and that the re-calculated Senior RAR "[is/is not] higher" than the Senior RAR which was determined as at the immediately preceding March Calculation Date; and if the recalculated Senior RAR "is higher", the re-calculated Senior RAR;
- (g) an Investor Report, which will be delivered: (i) at the same time as the financial statements referred to in (a), (b) and (c) above; and (ii) within the required period as set forth in the Restricted Payment Condition. The Investor Report will be published on the Designated Website and confirm information including:

- (i) in respect of a Calculation Date falling in March:
  - (A) the actual Senior RAR and actual Senior ICR for the period of 12 months ending on such Calculation Date and the forecast Senior RAR and the forecast Senior ICR for the period of 12 months starting on such Calculation Date; and
  - (B) if a Trigger Event is subsisting, the forecast Senior RAR and the forecast Senior ICR for the following two subsequent 12 month periods (see " – *Trigger Events - Trigger Event Consequences*" below);
- (ii) in respect of a Calculation Date not falling in March:
  - (A) the actual Senior RAR and actual Senior ICR for the period of 12 months ending on such Calculation Date and the forecast Senior RAR and the forecast Senior ICR for the period of 12 months starting on such Calculation Date;
  - (B) that the Senior ICR for the immediately preceding March Calculation Date has been recalculated and that the re-calculated Senior ICR "[is/is not] lower" than the Senior ICR which was determined as at the immediately preceding March Calculation Date; and if the recalculated Senior ICR "is lower", the re-calculated Senior ICR;
  - (C) that the Senior RAR for the immediately preceding March Calculation Date has been recalculated and that the re-calculated Senior RAR "[is/is not] higher" than the Senior RAR which was determined as at the immediately preceding March Calculation Date; and if the recalculated Senior RAR "is higher", the re-calculated Senior RAR; and
  - (D) if a Trigger Event is subsisting (or occurs due to the re-calculated Senior RAR and/or Senior ICR values as set forth in (B) and (C) above), the forecast Senior RAR and/or the forecast Senior ICR for the following two subsequent 12 month periods (see " – *Trigger Event Consequences*" below); and
- (iii) an update regarding the business generally, any regulatory and business developments, the amount of capital expenditures, acquisitions and disposals and financing and hedging positions;
- (h) subject to any duty of confidentiality and any applicable legal or regulatory restrictions, certain other material information about the business and financial condition of each of the Obligors as may be requested or required to be delivered from time to time (on the instruction of the relevant Borrower Secured Creditors).

Each Obligor also undertakes to provide:

- (a) notification of any Default or Trigger Event (see " – *Events of Default*" and " – *Trigger Events*" below);
- (b) notification of the address of the Designated Website or notice if the Designated Website cannot be accessed or is infected by any electronic virus or similar software for a period of five Business Days; and
- (c) subject to any duty of confidentiality and any applicable legal or regulatory restrictions, details of any investigation or procedure involving any Regulator or other government authority where the subject matter of the enquiry investigation or proceeding of the subject matter would, or would be reasonably likely to, if adversely determined have a Material Adverse Effect.

The Obligors are required to provide certain additional information upon the occurrence of a Trigger Event (for a further description see " – *Trigger Event Consequences*" below).

### *Operating and Financial Covenants*

The covenants given by each of the Obligors include the following (subject to detailed carve-outs, exceptions and qualifications set forth in the CTA):

- (a) limiting its business to the Permitted Business;
- (b) operating and maintaining its business in accordance with its constitutional documents, Good Industry Practice and the requirements that the Regulators are entitled to impose;
- (c) obtaining and maintaining consents, licences, authorisations and approvals;
- (d) maintaining its corporate status;
- (e) complying with all judgments, laws, rules, regulations, agreements, orders or decrees;
- (f) ensuring that any unsecured and unsubordinated claims of the Secured Creditors against it under the Finance Documents will rank at least *pari passu* with all the claims of all its other unsecured and unsubordinated creditors;
- (g) negative pledge;
- (h) restrictions on disposals;
- (i) restrictions on incurrence of financial indebtedness;
- (j) complying with the Hedging Policy;
- (k) restrictions on mergers;
- (l) restrictions on acquisitions;
- (m) restrictions on joint ventures;
- (n) compliance with environmental laws;
- (o) notice of environmental claims;
- (p) maintaining necessary insurances and depositing proceeds in the Operating Accounts;
- (q) restrictions on the making of loans;
- (r) complying with cash management obligations (see " – Borrower Cash Management" below);
- (s) maintaining bank accounts which are separate from those of any other person or entity (other than any other Obligor);
- (t) no change to its constitutional documents without the prior written consent of the Borrower Security Trustee;
- (u) restrictions on redemption or issuance of share capital;
- (v) maintaining necessary intellectual property rights;
- (w) maintaining ratings of the Bonds and cooperating with Rating Agencies;
- (x) ensuring all transactions are entered into on arm's length terms;
- (y) ensuring compliance with prudent accounting standards;
- (z) completing all acts and things necessary to give effect to the terms of the relevant Finance Documents;

- (aa) to take all such actions necessary for the purpose of perfecting, protecting and preserving rights under the Security Documents;
- (bb) restrictions on settlements of claims;
- (cc) retention and replacement of auditors;
- (dd) restrictions on changes to its financial year end;
- (ee) restrictions on distributions to shareholders;
- (ff) complying with pension obligations and providing notices from the Pensions Regulator;
- (gg) restrictions on acquiring businesses with pension liabilities;
- (hh) no change of its centre of main interests for the purpose of Council Regulation (EC) No. 1346/2000
- (ii) paying Taxes; and
- (jj) complying with the Tax Deed.

***Trigger Events***

The CTA contains a separate category of events, the occurrence of which do not result in a default, but which do result in certain increased operational restrictions and requirements for GAL, including the prohibition of distributions to shareholders. This section describes these Trigger Events, their consequences and their remedies.

*Trigger Event Types*

The Trigger Events include:

- (a) a breach of the following financial ratios:
  - (i) the Senior RAR for any Calculation Date within the Relevant Period is or is forecast to be more than 0.70; or
  - (ii) the Senior ICR for any Calculation Date within the Relevant Period is or is forecast to be less than 1.50;
- (b) a credit rating downgrade of two or more of the long term public credit ratings of the Class A Bonds by two or more notches below the initial ratings assigned to the Class A Bonds;
- (c) the amount of GAL's unspent, budgeted, Capital Expenditure over the 12 months following the most recently occurring Calculation Date is more than the aggregate of:
  - (i) the undrawn available commitment under the Capex Facility as at such Calculation Date;
  - (ii) cash credited to the bank accounts of GAL or invested in Authorised Investments (excluding any Excluded Cash) as at such Calculation Date; and
  - (iii) Projected Excess Cashflow before Capex for such 12 month period;
- (d) the amount of the Issuer's estimated recurring fees and expenses, interest and equivalent finance charges for the 12 months following the most recently occurring Calculation Date on Issuer Senior Debt is more than the sum of any amounts available to the Issuer for drawing under the Liquidity Facility, plus any amounts in a liquidity standby account attributable to the Issuer's proportion under the Liquidity Facility or available to the Issuer in a liquidity reserve account as at such Calculation Date;
- (e) the amount of GAL's estimated recurring fees and expenses, interest and equivalent finance charges for the 12 months following the most recently occurring Calculation Date on Senior Debt is more than the sum of any amounts available to GAL for drawing under the Liquidity Facility, plus any

amounts in a liquidity standby account attributable to the GAL proportion under the Liquidity Facility or available to GAL in a liquidity reserve account as at such Calculation Date;

- (f) the Issuer draws down under the Liquidity Facility (excluding any drawing or repayment of any Standby Drawing) or withdraws sums credited to a liquidity reserve account (if any) and the withdrawal results in the occurrence of a Trigger Event under paragraph (d) above;
- (g) GAL draws down under the Liquidity Facility (excluding any drawing or repayment of any Standby Drawing) or withdraws sums credited to a liquidity reserve account (if any) and the withdrawal results in the occurrence of a Trigger Event under paragraph (e) above;
- (h) an enforcement order or compliance order is issued under any applicable law or regulation (including any order made pursuant to section 41 of the Airports Act) if such order would reasonably be expected to have a Material Adverse Effect;
- (i) a notice is issued to terminate any licence required for the carrying on of the business of GAL or of any proposed or actual modification to any such licence which, if implemented, would reasonable be expected to have a Material Adverse Effect;
- (j) the commencement of the final reading of draft legislation in the House of Lords or the House of Commons (whichever occurs later) of legislation relating to the business of any Obligor if such legislation would (if enacted) reasonably be expected to have a Material Adverse Effect;
- (k) a Loan Event of Default is continuing (for further detail see " – *Events of Default*" below);
- (l) on any Calculation Date, the aggregate amount of all accretions by indexation to the notional amount of any inflation-linked treasury transactions exceeds 8% of RAB; and
- (m) the auditors of an Obligor qualify the audited consolidated (if applicable) financial statements of an Obligor, on the grounds that:
  - (i) the auditors have inadequate information;
  - (ii) the auditors are unable to prepare financial statements on a going concern basis; or
  - (iii) the qualification could be expected to be adverse to the interests of the Secured Creditors,in a manner or to an extent which would have a Material Adverse Effect.

#### *Trigger Event Consequences*

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived or deemed remedied in accordance with the CTA, certain consequences will result, including:

- (a) a block on Restricted Payments;
- (b) in respect of the Trigger Events described in (d), (e), (f), (g) and (i) of " – *Trigger Event Types*" above, the Obligors must provide such information as may be requested by the Borrower Security Trustee and must provide written proposals for appropriate remedial action and related timetables and meet with the Borrower Secured Creditors to discuss such proposals. For all other Trigger Events described in the section entitled " – *Trigger Event Types*" above, this consequence also applies but only if such Trigger Event is continuing for 12 months or more;
- (c) the Investor Reports must contain additional Senior RAR and Senior ICR calculations as described in (g)(i)(B) and (g)(ii)(D) of " – *Information Covenants*" above;
- (d) provided the Trigger Event is continuing for 12 months or more, the Borrower Security Trustee may commission an independent review to be conducted by technical or other appropriate advisers to examine the causes of the relevant Trigger Event and recommend appropriate measures; and
- (e) provided the Trigger Event is continuing for 12 months or more, the Borrower Security Trustee will be entitled to participate in discussions with the Regulator regarding the Trigger Event and its remedy.

### *Trigger Event Remedies*

At any time when an Obligor believes that a Trigger Event has been remedied in accordance with the detailed provisions of the CTA, it must provide the Borrower Security Trustee with a certificate signed by a director of the Obligor to that effect and provide such evidence in support of such certificate as the Borrower Security Trustee may reasonably require. In the case of the Trigger Events referred to in paragraphs (h) and (k) of the section entitled "*Trigger Event Types*" above, the Borrower Security Trustee must respond confirming that the relevant Trigger Event has, in its reasonable opinion, been remedied or setting out its reasons for believing that such Trigger Event has not been remedied. The Trigger Event will continue to be a Trigger Event until such time as the Borrower Security Trustee is reasonably satisfied that the Trigger Event has been remedied.

### *Events of Default*

The CTA contains a number of events of default which will be Loan Events of Default under each Finance Document (other than, in respect of the Hedge Counterparties, the Hedging Agreements and in respect of the Liquidity Facility Providers, the Liquidity Facility Agreement). Subject, in some cases and including, as stated below, to agreed exceptions, materiality thresholds and qualifications, reservations of law, grace periods and remedies, the Loan Events of Default are:

- (a) non-payment of amounts payable under the Finance Documents;
- (b) non-compliance with certain other obligations under the Finance Documents;
- (c) material misrepresentation;
- (d) insolvency of any Obligor or insolvency proceedings being commenced against any Obligor;
- (e) the occurrence of a default for non-payment under any Non-ACF Financial Indebtedness totalling more than 0.5% of RAB;
- (f) termination of any material licence or authorisation which is required for the carrying on of a material part of the Permitted Business of GAL or of the business of the Issuer where this would be expected to have a Material Adverse Effect;
- (g) repudiation, illegality or unenforceability of a Transaction Document or any material obligation contained therein;
- (h) any of the security created pursuant to the Security Documents ceasing to be in full force and effect;
- (i) certain governmental action which would be reasonably likely to have a Material Adverse Effect;
- (j) any change in law which would be reasonably likely to have a Material Adverse Effect or any change in the insolvency regime applicable to an Obligor which would have an adverse material effect on the rights, interests and/or remedies of the Secured Creditors;
- (k) failure by any Obligor to comply with any final judgment;
- (l) an Obligor ceasing to carry on its business or a substantial part of its business which when such cessation has or would be expected to have a Material Adverse Effect;
- (m) commencement of proceedings against the Obligor or its assets;
- (n) the Senior RAR as at the most recently occurring Calculation Date is more than 0.85;
- (o) the Senior ICR as at the most recently occurring Calculation Date is or is less than 1.1;
- (p) non-compliance by any party to the Tax Deed; and
- (q) the occurrence of a Bond Event of Default.

In respect of the Loan Events of Default described in (n) and (o) above, no Loan Event of Default will have occurred if, within 30 days of the relevant Calculation Date, GAL procures that Additional SP Contributions

are made and applied in prepayment of the Senior Debt such that the Senior RAR is lower than 0.85 and the Senior ICR is higher than 1.1.

The CTA also provides for an Accepted Restructuring Event regime where if there occurs an actual change in law or regulation and its effect would be to:

- (i) restrict the ability of GAL to grant fixed or floating security over all of its assets;
- (ii) restrict the ability of GAL to appoint an administrative receiver; or
- (iii) establish a special insolvency regime,

and, such proposed or actual change would otherwise result in the occurrence of a Trigger Event, a Potential Loan Event of Default or a Loan Event of Default as described in (j) above, then only a Trigger Event will arise until either (a) such event is remedied or (b) the date falling on the later of: (1) twelve months after the date of the occurrence of the Trigger Event; or (2) nine months after the date on which the relevant Loan Event of Default would (but for the Accepted Restructuring Event regime) have first occurred at which point (in the case of (b)) a Loan Event of Default will occur. Certain other Loan Events of Default (including relating to insolvency) are not included in this regime.

### ***Borrower Cash Management***

#### *Operating Account*

The CTA requires GAL to open and maintain the Operating Account with the Borrower Account Bank.

Under the CTA, GAL will ensure that all of its revenues (other than any interest or income on Authorised Investments and Standby Drawings) and all amounts drawn under its debt will be paid into the Operating Account or into the Borrower Liquidity Reserve Account. GAL will use the funds standing to the credit of the Operating Account and the Borrower Liquidity Reserve Account to make payments permitted pursuant to the Transaction Documents.

The Operating Account will be the sole current account of GAL through which all operating and capital expenditures, any Taxes incurred by GAL, distributions to shareholders and (subject to the terms of the Finance Documents) payments in respect of the Financial Indebtedness of the Security Group will be cleared.

Prior to the delivery of any Loan Enforcement Notice or Loan Acceleration Notice, payments from the Operating Account to a Borrower Secured Creditor will be paid in accordance with the pre-enforcement priority of payments waterfall which is set forth in detail in "*Cashflows - Borrower Pre-Enforcement Priority of Payments*".

#### *Authorised Investments*

The Security Group may invest in Authorised Investments from such part of the amounts standing to the credit of any of the Obligor Accounts from time to time as is prudent.

Application of Borrower Post-Enforcement Priority of Payments in certain circumstances If, prior to the delivery of a Loan Enforcement Notice:

- (a) a Hedge Counterparty becomes entitled to terminate any treasury transaction under a Borrower Hedging Agreement due to non-payment or due to the occurrence of an additional termination event (as further described below in "*Hedging*"); or
- (b) on any Payment Date there are insufficient funds available to the Obligors to pay in full all Borrower Secured Liabilities falling due for payment on such date,

then for so long as any such event is continuing unremedied or unwaived, the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments (as described further in "*Security Trust and Intercreditor Deed - Enforcement and Acceleration*" below and in "*Cashflows - Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments*") will apply and GAL will ensure that no amounts are applied in discharging any liabilities due to a Borrower Secured Creditor unless on the date such amounts are to be



applied all sums then due and payable to each prior ranking Borrower Secured Creditor have been first discharged in full.

#### *Liquidity Facility*

Any amounts drawn by GAL in respect of a GAL Liquidity Shortfall either under the Liquidity Facility or from the Liquidity Standby Account shall be deposited in the Operating Account and paid in respect of paragraphs (a) to (f) (other than items (f)(i), (iii) and (iv)) (inclusive) in "*Cashflows - Borrower Pre-Enforcement Priority of Payments*" (excluding, for the avoidance of doubt, any termination payments and all other unscheduled amounts payable to any Borrower Hedge Counterparty).

### **Security Trust and Intercreditor Deed**

#### *General*

The Intercreditor Arrangements are contained in the STID and the CTA, and in relation to the Issuer, in the Issuer Deed of Charge (see "*– Issuer Deed of Charge*" below). The Intercreditor Arrangements bind each of the Secured Creditors (including the Issuer) and each of the Obligor.

The Borrower Secured Creditors will include all providers of Senior Debt that enter into or accede to the STID. Any new Authorised Credit Provider will be required to accede to the STID and the CTA. The STID also contains provisions restricting the rights of Subordinated Intragroup Creditors and contains mechanics requiring any creditors in respect of Subordinated Intragroup Liabilities to accede to the STID as a Subordinated Intragroup Creditor.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Secured Creditors; (c) the rights of the Secured Creditors to instruct the Borrower Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Secured Creditors; and (e) the giving of consents and waivers and the making of modifications to the Common Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Borrower Secured Creditors, both before and after the delivery of a Loan Acceleration Notice and for the subordination of all claims of Subordinated Intragroup Creditors, or claims among the Security Group. Each Borrower Secured Creditor and each Obligor give certain undertakings in the STID which serve to maintain the integrity of these arrangements. The Issuer Deed of Charge and Issuer Cash Management Agreement provide for the ranking in point of payment of the claims of the Issuer Secured Creditors (as described further in "*– Issuer Deed of Charge*" and "*– Issuer Cash Management Agreement*" below).

#### *Modifications, Consents and Waivers*

##### *General*

The STID contains detailed provisions setting out the voting and instruction mechanics in respect of: (a) Ordinary Voting Matters; (b) Extraordinary Voting Matters; and (c) Entrenched Rights and Reserved Matters (as further described below in "*– Types of Voting Categories*"). Subject to Entrenched Rights and Reserved Matters (which will always require the consent of all of the Secured Creditors in the case of Entrenched Rights, and, in the case of Reserved Matters, only, the relevant Secured Creditors who are affected) and Extraordinary Voting Matters, the Borrower Security Trustee will only agree to any modification of or grant any consent or waiver under the Common Documents with the consent of or if so instructed by the relevant majority of Participating QBS Creditors **provided that** the relevant Quorum Requirement has been met.

GAL is entitled to provide the Borrower Security Trustee with a STID Proposal. The notice will certify whether such STID Proposal is a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter or whether it gives rise to an Entrenched Right (as further described in "*– Types of Voting Categories*" below) and stating the Decision Period (as further described in "*– Decision Periods*" below). If the STID Proposal is in relation to a Discretion Matter, GAL must also provide a certificate evidencing this status. If the STID Proposal is in relation to an Entrenched Right, GAL must include information as to the Secured Creditors who are affected by such Entrenched Right.

The Borrower Security Trustee will, within five Business Days of receipt of a STID Proposal, send a STID Voting Request in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to each Qualifying Borrower Secured Creditor (through its Secured Creditor Representative, which in respect of the Issuer shall be the Bond Trustee for each corresponding Sub-Class of Bonds). If the STID Proposal gives rise to an Entrenched Right, the STID Voting Request will contain a request that each relevant Affected Borrower Secured Creditor (including where the Issuer is an Affected Borrower Secured Creditor, each Issuer Secured Creditor who is affected) confirm whether or not it wishes to consent to the relevant STID Proposals that would affect the Entrenched Right.

The Qualifying Borrower Secured Creditors representing at least 10% of the Qualifying Borrower Debt are able to challenge GAL's determination of the voting category of a STID Proposal. In addition, the Secured Creditors, through their respective Secured Creditor Representatives, are able to challenge GAL's determination as to whether there is an Entrenched Right, subject to such dissenting creditors providing supporting evidence or substantiation for their disagreement with such determination. Challenging creditors that comply with the foregoing requirements may instruct the Borrower Security Trustee to inform GAL in writing within ten Business Days of receipt of the relevant STID Voting Request that they disagree with GAL's determination and specifying, as applicable, the voting category they propose should apply or whose Entrenched Right is affected along with the required supporting evidence. GAL and the relevant Qualifying Borrower Secured Creditors and/or relevant Borrower Secured Creditors will agree the voting category or whether there is an Entrenched Right within ten Business Days from receipt by GAL of the relevant notice from the Borrower Security Trustee. If they are unable to agree within this time, or if no agreement can be reached, then an appropriate expert will make a decision as to the voting category or whether there is an Entrenched Right which decision will be final and binding on each of the parties.

#### *Types of Voting Categories*

##### *Ordinary Voting Matters*

Ordinary Voting Matters include all matters which are not designated as Extraordinary Voting Matters or Discretion Matters (see " – *Extraordinary Voting Matters*" and " – *Discretion Matters*" below). If the Quorum Requirement is met (see " – *Quorum Requirements*" below), a resolution in respect of an Ordinary Voting Matter may be passed by a simple majority of the Qualifying Borrower Debt that was voted.

##### *Extraordinary Voting Matters*

The STID also describes the treatment of Extraordinary Voting Matters. If the Quorum Requirement for an Extraordinary Voting Matter is met (see " – *Quorum Requirements*" below), the majority required to pass a resolution in respect of an Extraordinary Voting Matter will be at least 75% of the Participating QBS Creditors by reference to the Outstanding Principal Amount of the aggregate Voted Qualifying Debt of such Participating QBS Creditors.

##### *Entrenched Rights*

Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Affected Borrower Secured Creditor(s). When the Affected Borrower Secured Creditor is the Issuer, consent must be obtained from each affected Issuer Secured Creditor.

##### *Reserved Matters*

Reserved Matters are matters which, subject to the STID and the CTA, a Borrower Secured Creditor is free to exercise in accordance with its own debt instrument including:

- (a) to receive any sums owing to it for its own account;
- (b) to make determinations of and require the making of payments due and payable to it;
- (c) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the terms of the CTA, the STID and the other Finance Documents;
- (d) to receive notices under the Finance Documents;

- (e) to assign its rights or transfer any of its rights and obligations under any Authorised Credit Facility to which it is a party subject to the provisions of the STID; and
- (f) in the case of each Hedge Counterparty: (i) to terminate the relevant Hedging Agreement provided such termination is a Permitted Hedge Termination or to terminate the relevant Hedging Agreement in part and amend the terms of the Hedging Agreement to reflect such partial termination; or (ii) to exercise rights permitted to be exercised by it under a Hedging Agreement.

***Discretion Matters***

The Borrower Security Trustee may (but is not obliged to) make modifications to the Finance Documents without the consent of any other Secured Creditor where such modifications, consents or waivers:

- (a) in the opinion of the Borrower Security Trustee, are:
  - (i) to correct manifest errors or an error in respect of which an English court could reasonably be expected to make a rectification order; or
  - (ii) of a formal, minor, administrative or technical nature,
- (b) would not, in the opinion of the Borrower Security Trustee materially prejudice the interests of any of the Qualifying Borrower Secured Creditors.

***Quorum Requirements***

Pursuant to the terms of the STID, the Quorum Requirement is: (a) in respect of an Ordinary Voting Matter, one or more Participating QBS Creditors representing in aggregate at least 20% of the entire Outstanding Principal Amount of all Qualifying Borrower Debt; and (b) in respect of an Extraordinary Voting Matter, one or more Participating QBS Creditors representing, in aggregate, at least 50% of the entire Outstanding Principal Amount of all Qualifying Borrower Debt. If the Quorum Requirement for an Extraordinary Voting Matter is not met by the Business Day immediately preceding the last day of the Decision Period (as described further below in " – *Decision Periods*"), the Decision Period will be extended and the Quorum Requirement will reduce to 20% of the aggregate Outstanding Principal Amount of all Qualifying Borrower Debt.

***Decision Periods***

The STID includes relevant Decision Periods, which must not be less than: (a) ten Business Days from the date of delivery of the STID Proposal for any Discretion Matter; (b) ten Business Days from the date of receipt of the relevant STID Voting Request, or if there is an agreement or determination that the original STID Voting Request is incorrect, the date of receipt of the amended STID Voting Request (the "**Decision Commencement Date**") for any Ordinary Voting Matter; (c) 15 Business Days from the Decision Commencement Date for any Extraordinary Voting Matter; and (d) 15 Business Days from the Decision Commencement Date for an Entrenched Right. However, the Decision Period for an Entrenched Right for which the Issuer is the Affected Borrower Secured Creditor will not be less than 45 days.

In the case of an Extraordinary Voting Matter for which the Quorum Requirement has not been met during the initial Decision Period, the Decision Period may be extended for a further ten days to allow for a second vote at the lower quorum threshold (as further described in " – *Quorum Requirements*" above).

Modifications, consents and waivers will be passed by the requisite number of creditors as further described in " – *Types of Voting Categories*" above.

***Qualifying Borrower Debt***

***General***

Creditors to whom Qualifying Borrower Debt is owed are entitled to vote the amount of such debt when consenting to proposals made by GAL or instructing the Borrower Security Trustee to take action in accordance with the STID. Qualifying Borrower Debt means Qualifying Borrower Senior Debt prior to repayment in full of the Senior Debt and Qualifying Borrower Junior Debt following such repayment.

Subject to Entrenched Rights and Reserved Matters, prior to payment in full of the Qualifying Borrower Senior Debt, only the relevant Qualifying Borrower Senior Creditors that are owed, or deemed to be owed, Qualifying Borrower Senior Debt may vote (through their Secured Creditor Representatives). Upon repayment in full of the Qualifying Borrower Senior Debt, only the Qualifying Borrower Junior Creditors that are owed, or deemed to be owed, Qualifying Borrower Junior Debt may vote (through their Secured Creditor Representatives).

#### *Qualifying Borrower Senior Debt*

Qualifying Borrower Senior Debt is comprised of: (a) the principal amount outstanding that is owed to the Issuer by the Borrower under any Borrower Loan Agreements and corresponding to the Class A Bonds; (b) the market-to-market value which would be payable in respect of closed out cross-currency hedging transactions if an early termination date was designated at such time under the cross currency hedging transactions in respect of Class A Bonds; (c) the principal amounts outstanding or committed designated as Senior Debt under the Initial Authorised Credit Facility Agreement; and (d) the principal amounts outstanding or committed under any other Authorised Credit Facility ranking *pari passu* with (a), (b) and (c).

#### *Qualifying Borrower Junior Debt*

Qualifying Borrower Junior Debt is comprised of: (a) the principal amount outstanding that is owed to the Issuer by the Borrower under the Borrower Loan Agreements and corresponding to Class B Bonds; (b) the market-to-market value which would be payable in respect of closed out cross-currency hedging transactions if an early termination date was designated at such time under the cross currency hedging transactions in respect of Class B Bonds; (c) the principal amounts outstanding designated as Junior Debt under the Initial Authorised Credit Facility Agreement; and (d) the principal amounts outstanding under any other Authorised Credit Facility ranking *pari passu* with (a), (b) and (c).

#### *Certification of amounts of Qualifying Borrower Debt*

Each Qualifying Borrower Secured Creditor must certify to the Borrower Security Trustee the relevant amount of the Qualifying Borrower Debt that it is permitted to vote within five Business Days of delivery of the applicable notice from the Borrower Security Trustee. If any Qualifying Borrower Secured Creditor fails to provide such certification through its Secured Creditor Representative within the time required, then the Borrower Security Trustee will notify GAL of such failure. GAL must promptly inform the Borrower Security Trustee of the Outstanding Principal Amount of Qualifying Borrower Debt of such Qualifying Borrower Secured Creditor and such notification will be binding on the relevant Qualifying Borrower Secured Creditors except in the case of manifest error and without liability to GAL.

#### *Tranching of Qualifying Borrower Debt and Determination of Voted Qualifying Debt for which the Issuer is a Creditor*

As described in the section " – *Qualifying Borrower Debt*" above, amounts owed to the Issuer by the Borrower under the Borrower Loan Agreements are included in the Qualifying Borrower Senior Debt and/or the Qualifying Borrower Junior Debt. However, the Issuer Secured Creditors, as opposed to the Issuer itself, are entitled to vote in respect of such amounts. When the Bond Trustee (as the Issuer's Secured Creditor Representative) casts its votes on the Issuer's behalf, it will do as instructed by the relevant Issuer Secured Creditors. The Qualifying Borrower Senior Debt or the Qualifying Borrower Junior Debt, as the case may be, corresponding to the Bonds outstanding will be divided into tranches as set out below.

In the case of (a) and (b) of Qualifying Borrower Senior Debt (as described further in " – *Qualifying Borrower Senior Debt*" above):

- (a) a tranche for the holders of each Sub-Class of Class A Bonds equal to the aggregate Principal Amount Outstanding of each Sub-Class of the Class A Bonds; and
- (b) a tranche for each Cross Currency Hedge Counterparty in relation to Class A Bonds in respect of all transactions arising under the relevant Issuer Hedging Agreements equal to the Outstanding Principal Amount of the relevant Issuer Hedging Agreements.

In the case of (a) and (b) of Qualifying Borrower Junior Debt (as described further in " – *Qualifying Borrower Junior Debt*" above):

- (a) a tranche for the holders of each Sub-Class of Class B Bonds equal to the aggregate Principal Amount Outstanding of each Sub-Class of the Class B Bonds; and
- (b) a tranche for each Cross Currency Hedge Counterparty in relation to Class B Bonds in respect of all transactions arising under the relevant Issuer Hedging Agreements equal to the Outstanding Principal Amount of the relevant Issuer Hedging Agreement.

Holders of each Sub-Class of Class A Bonds will vote in respect each Class A Bond voting tranche, and following repayment in full of the Senior Debt, holders of each Sub-Class of Class B Bonds will vote in respect of each Class B Bond voting tranche in accordance with the voting procedures set out in the Bond Trust Deed. A vote by the holder of a specified Principal Amount Outstanding of Bonds of any Sub-Class will be deemed to be a vote by the Issuer in respect of the same principal amount of the corresponding Class A Bond or Class B Bond voting tranche as described above.

Decisions by Bondholders as described in (a) and (c) above will be determined on a "pound for pound" basis between votes cast in favour and votes cast against. Votes cast in favour and votes cast against will then be aggregated by the Borrower Security Trustee with the votes cast for and against by the other Qualifying Borrower Secured Creditors.

When voting in respect of each cross currency voting tranche, each Issuer Hedge Counterparty will vote the Outstanding Principal Amount of all transactions arising under each Cross Currency Hedging Agreement to which it is a party in respect of the relevant Class of Bonds. A vote by an Issuer Hedge Counterparty in respect of the Outstanding Principal Amount of a Cross Currency Hedging Agreement will be deemed to be a vote by the Issuer in respect of the same Outstanding Principal Amount of the corresponding Cross Currency Hedging Agreement voting tranche.

Decisions by each Issuer Hedge Counterparty will not be divided between votes cast in favour or against but will be a single vote of such amount in relation to all transactions under the relevant Cross Currency Hedging Agreement.

Only principal amounts of the relevant voting tranches that vote on a proposed resolution within the Decision Period will be counted towards the Quorum Requirement.

#### *QBS Creditor Instructions*

Qualifying Borrower Secured Creditors with at least 10% of the aggregate Outstanding Principal Amount of all Qualifying Borrower Debt may instruct the Borrower Security Trustee to exercise any of the rights granted to the Borrower Security Trustee under the Common Documents and: (i) to appoint a person specified by such Qualifying Borrower Secured Creditor(s) to investigate the calculations contained in any Compliance Certificate; and (ii) following delivery of a Loan Enforcement Notice but prior to delivery of a Loan Acceleration Notice to send a Further Enforcement Instruction Notice.

#### ***Enforcement and Acceleration***

Following a Loan Event of Default and for so long as it is continuing, the Borrower Security Trustee will request an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives) as to whether the Borrower Security Trustee should deliver a Loan Enforcement Notice to enforce all or part of the Borrower Security and/or deliver a Loan Acceleration Notice to accelerate all of the obligations secured under the Borrower Security.

When voting on an Enforcement Instruction Notice:

- (a) the Quorum Requirement will be one or more Participating QBS Creditors representing, in aggregate, at least 33 $\frac{1}{3}$ % of the aggregate Outstanding Principal Amount of all Qualifying Borrower Debt;
- (b) the Decision Period will be ten Business Days from the date of delivery of the Enforcement Instruction Notice or Further Enforcement Instruction Notice; and

- (c) the majority required to pass the resolution will be more than 50% of the Voted Qualifying Debt.

***Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments***

After delivery to GAL of a Loan Enforcement Notice, but prior to the delivery of a Loan Acceleration Notice, the whole of the Borrower Security will become enforceable. Subject to certain matters and to certain exceptions, following an enforcement, any proceeds of enforcement or other monies held by the Borrower Security Trustee under the STID will be applied by the Borrower Security Trustee in accordance with the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments waterfall. See "*Cashflows - Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments*" for a detailed description.

***Borrower Post-Enforcement (Post-Acceleration) Priority of Payments***

Upon delivery to GAL of a Loan Acceleration Notice all Borrower Secured Liabilities will be accelerated in full. Subject to certain matters and to certain exceptions following an acceleration, any proceeds of acceleration or monies held by the Borrower Security Trustee under the STID will be applied by the Borrower Security Trustee in accordance with the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments waterfall. See "*Cashflows - Borrower Post-Enforcement (Post-Acceleration) Priority of Payments*" for a detailed description.

***Permitted Enforcement – Liquidity Facility Agent***

Prior to the delivery of a Loan Enforcement Notice and/or Loan Acceleration Notice, if an Obligor has defaulted on any payment obligation under the Liquidity Facility Agreement, the Liquidity Facility Agent shall be entitled to exercise any right against any Obligor to recover any amounts due and payable under the Liquidity Facility Agreement.

***Distressed Disposals***

On the occurrence of a Distressed Disposal the Borrower Security Trustee may, without any consent from any Borrower Secured Creditor, release any Borrower Security as is required to effect the disposal in accordance with the STID. The net proceeds of disposal are to be applied in accordance with priorities of payments (see the section " – *Enforcement and Acceleration*" above and "*Cashflows*").

***Conditions Precedent***

The conditions precedent to among other things the signing of the CTA, the Establishment Date, the Initial Issue Date and the initial utilisation under the Initial Authorised Credit Facility Agreement are set out in the CP Agreement as agreed between, among others, the Bond Trustee, the Borrower Security Trustee and the Obligors.

***Borrower Security Agreement***

***Security***

Pursuant to the Borrower Security Agreement between GAL, the Security Parent and the Borrower Security Trustee, the obligations set forth thereunder became effective on the Initial Issue Date. Under the Borrower Security Agreement GAL and the Security Parent guarantee each other's obligations under the Finance Documents and each of GAL and the Security Parent grant a security interest over all of their assets (subject to certain limited exceptions).

The security constituted by the Borrower Security Agreement is expressed to include, amongst other things:

- (a) first fixed charges over:
- (i) the shares in GAL and the Issuer including all dividends, interest and other monies payable in respect thereof and all other rights related thereto;
  - (ii) GAL's and the Security Parent's right, title and interest from time to time in and to certain land and other real property and the proceeds of any disposal thereof;
  - (iii) all present and future plant, machinery, office equipment, computers, vehicles and other chattels;

- (iv) all monies standing to the credit of GAL's bank accounts;
  - (v) certain Intellectual Property Rights owned by GAL and the Security Parent;
  - (vi) uncalled capital and goodwill;
  - (vii) each Authorised Investment;
  - (viii) all present and future book debts; and
  - (ix) all benefit in respect of its insurances;
- (b) an assignment of GAL's and the Security Parent's right in respect of all Transaction Documents and other designated material contracts; and
- (c) a first floating charge of the whole of the undertaking of GAL and the Security Parent.

Any entity acquired or established by any Obligor which becomes a New Obligor under the STID will be required to provide supplementary security over its assets and a guarantee of the Obligors' obligations under the Finance Documents.

#### **Ivy Bidco Limited Security Agreement**

In connection with its accession to GAL's current Authorised Credit Facility Agreement as an Obligor and an Additional Borrower (see "*Authorised Credit Facility Agreement*" below), Ivy Bidco Limited has entered into a Security Agreement with GAL and the Security Parent in favour of the Borrower Security Trustee pursuant to which Ivy Bidco Limited has granted security over all of its assets and a Ivy Bidco Limited, GAL and the Security Parent guarantee of GAL's and each other's obligations under the Finance Documents.

The security constituted by the Ivy Bidco Security Agreement is expressed to include, amongst other things:

- (a) first fixed charges over:
- (i) Ivy Bidco Limited's right, title and interest from time to time in and to certain land and other real property and the proceeds of any disposal thereof;
  - (ii) all present and future plant, machinery, office equipment, computers, vehicles and other chattels;
  - (iii) all monies standing to the credit of Ivy Bidco's bank accounts;
  - (iv) any Intellectual Property Rights owned by Ivy Bidco Limited;
  - (v) uncalled capital and goodwill;
  - (vi) certain investments;
  - (vii) all present and future book debts; and
  - (viii) all benefit in respect of its insurances;
- (b) an assignment of Ivy Bidco Limited's rights in respect of all Transaction Documents and other designated material contracts relating to its assets; and
- (c) a first floating charge of the whole of the undertaking of Ivy Bidco Limited.

#### **Hedging**

For the purposes of this Section, Group means the Security Parent and its Subsidiaries including the Issuer.

### ***Hedge Counterparties and the STID***

Each Hedge Counterparty will become a Borrower Secured Creditor party to the STID and the CTA and, in the case of such a treasury transaction with the Issuer, the Issuer Deed of Charge.

Cross Currency Hedge Counterparties are able to vote on STID Proposals in respect of the market-to-market value of any transactions in respect of the Class A and Class B Bonds only to the extent that such value represents an amount which would be payable to them if an early termination date was designated in respect of such transactions and such transactions are closed out at such time (see " – *Security Trust and Intercreditor Deed - Qualifying Borrower Debt*" above).

Payments owed to the Hedge Counterparties under Rate Hedging Agreements in respect of scheduled amounts and unscheduled amounts (including termination payments) will rank senior to or *pari passu* with interest or principal payments on Senior Debt (see " – *Security Trust and Intercreditor Deed - Enforcement and Acceleration*" above).

### ***General Principles***

GAL and the Issuer are the only members of the Group permitted to enter into Hedging Agreements.

The purpose of the hedging policy is to manage the exposure of the Group to fluctuations in interest rates, currencies and other financial or operational risks. No member of the Group will enter into treasury transactions for the purpose of speculation, but rather only to manage risk inherent in its business or financings. Subject to the approvals contemplated above, the Hedging Policy will be reviewed from time to time by the Group and amended (subject to and in accordance with the provisions of the STID) as appropriate in line with market developments, regulatory developments, Good Industry Practice and the Group's funding arrangements and requirements.

### ***Currency Risk Principles***

The Group must not (after taking into account any natural hedging arising from operating income of the Group received in currencies other than sterling and any Cross Currency Hedging Agreement to which GAL or the Issuer is party) bear currency risk in respect of any foreign currency denominated debt instruments (excluding any fees payable in respect of any foreign currency denominated Authorised Credit Facility).

GAL will be permitted to enter into currency hedges to hedge any non-sterling revenues or expenditures **provided that** such hedging is entered into in the ordinary course of business and not for speculative purposes. The counterparties under such hedging arrangements will not be required to be party to the STID and will not benefit from the Borrower Security or have any voting rights. GAL will be permitted to provide collateral support in respect of such hedging arrangements.

### ***Interest Rate Risk Principles***

The Group may hedge its exposure to interest rate risk through a combination of cash balances, Authorised Investments and derivative instruments such as interest rate swaps and/or inflation swaps, subject to the parameters detailed below. The Group will not, at any time enter into non-sterling denominated interest rate swaps or inflation swaps except as part of a Cross Currency Hedging Agreement.

The Group will hedge its exposure to interest rate risk on its interest outgoings such that (without double counting) any basis swaps and, in the case of the Issuer, amounts receivable under the Borrower Loan Agreements:

- (a) at least 75% of the Relevant Debt of the Group from time to time effectively bears either a fixed rate of interest or inflation-linked rate of interest until the end of the then current Regulatory Period; and
- (b) at least 50% of the Relevant Debt of the Group from time to time effectively bears either a fixed rate of interest or inflation-linked rate of interest until the immediately following Regulatory Period.



Relevant Debt means (without double counting) the aggregate, at the time, of the outstanding:

- (a) Qualifying Borrower Senior Debt, excluding for these purposes any mark-to-market value of any transactions under Cross Currency Hedging Agreements and the principal amount outstanding under the Revolving Facility at such time;
- (b) Qualifying Borrower Junior Debt, excluding for these purposes any mark-to-market value of any transactions under Cross Currency Hedging Agreements;
- (c) the Principal Amount Outstanding under the Class A Bonds; and
- (d) the Principal Amount Outstanding under the Class B Bonds,

**provided that** for the purposes of calculating Relevant Debt only, non-sterling denominated debt shall be deemed to be converted to sterling at the rate specified in the relevant Cross Currency Hedging Agreement related to the relevant non-sterling denominated debt.

The Group will not, at any time, hedge its exposure to interest rate risk such that the Total Notional Hedged Amount (defined below) exceeds the Hedging Limit. The Total Notional Hedged Amount will be the aggregate, at the time, of: (a) the outstanding notional amount of treasury transactions under the relevant Hedging Agreements which are interest rate swap transactions and inflation swap transactions (excluding, prior to (but including upon and following) any Loan Event of Default, any Pre-hedges (as defined below) and excluding the notional amount of any treasury transactions which are inflation swap transactions which do not provide for any payment obligations referenced to floating rate interest); and (b) the outstanding principal amount of the Fixed-rate Debt and **provided that** the Total Notional Hedged Amount shall be calculated by netting the Notional Amount (as defined in the relevant Hedging Agreements) of any Treasury Transaction to which a member of the Group is a party against the Notional Amount (as defined in the relevant Hedging Agreements) of any Treasury Transaction to which a member of the Group is a party and which provide for opposite payment obligations. Fixed-rate Debt is the aggregate, at the time, of the outstanding Relevant Debt that bears either a fixed rate of interest or inflation-linked return.

The Group will, in addition, be permitted to enter into Pre-hedges. Any Pre-hedge must have an effective date no later than 24 months from the date of entry into such treasury transaction and must be hedging Financial Indebtedness which is projected to be incurred within 24 months from the execution date and which is not projected to breach the Additional Indebtedness Tests at the projected date of incurrence. Subject to no Loan Event of Default having occurred, such Pre-hedges will not count towards the Hedging Limit prior to the applicable effective date of the relevant Pre-hedge.

#### ***Other Hedging Risk Principles***

GAL will be permitted to enter into hedges (including, but not limited to, index-linked instruments) to hedge its forecast operating revenues or operating or capital expenditures (including, but not limited to, electricity price hedging and commodities hedging in respect of materials required for development projects). This hedging must be entered into in the ordinary course of business, relate to the business requirements of GAL and not be for speculative purposes. The counterparties under such hedging arrangements will not be required to be party to the STID and will not benefit from the Borrower Security or have any voting rights. GAL will be permitted to provide collateral support in respect of such hedging arrangements.

#### ***Principles relating to Hedge Counterparties and Hedging Agreements***

All Hedging Agreements and Pre-hedges must comply upon their execution with the requirements set out in the then current Rating Agency Criteria at the time the Hedging Agreement is entered into unless the Rating Agencies providing the ratings for the outstanding Bonds have confirmed that the previous Rating Agency Criteria remains acceptable.

The Issuer or, as applicable, GAL will only enter into a Hedging Agreement with a Hedge Counterparty if such Hedging Agreement limits the termination events thereunder in accordance with the hedging policy including as follows:

- (a) non-payment or non-delivery by the Issuer or, as applicable, GAL, under such Hedging Agreement;

- (b) certain insolvency events affecting the Issuer or, as the case may be, GAL;
- (c) any termination event under the relevant Hedging Agreement relating to illegality (as defined in the relevant Hedging Agreement);
- (d) certain tax events;
- (e) redemption of the Relevant Debt hedged by such treasury transactions;
- (f) following the delivery of a Loan Acceleration Notice or a Bond Enforcement Notice;
- (g) GAL and/or the Issuer (as applicable) do not comply with the Hedging Limit;
- (h) to the extent that the aggregate notional amount of Treasury Transactions which hedge any particular portion of non-sterling denominated Relevant Debt at that time exceeds the outstanding principal amount of such debt in which event each such Treasury Transaction shall be terminated on a *pro rata* basis;
- (i) to the extent that the aggregate notional amount of treasury transactions which hedge any particular portion of the Fixed-rate Debt exceeds the outstanding principal amount of such debt, in which event such treasury transaction will be terminated on a *pro rata* basis;
- (j) in the case of any Pre-hedges and/or any other inflation or interest rate swap transactions: (i) pursuant to any mandatory termination provision in the relevant Hedging Agreement; or (ii) in respect of the Pre-hedge only, to the extent that the projected Financial Indebtedness is not incurred as projected or has been incurred and the relevant pre-hedging is no longer required;
- (k) prior to the effective date of a Pre-hedge and in respect of such Pre-hedge only, any of the events outlined in section 5(a) and section 5(b) of the relevant Hedging Agreement; and
- (l) upon agreement between the parties.

Where GAL and the Issuer have entered into back-to-back hedge agreements, GAL and the Issuer shall terminate any such back-to-back transactions immediately upon and to the extent of any termination of corresponding Treasury Transaction by the Issuer and the relevant Hedge Counterparty as permitted by the terms of the Hedging Policy.

All Hedging Agreements must be entered into in the form, as amended by the parties thereto, of the 1992 ISDA Master Agreement (Multicurrency – Cross Border), the 2002 ISDA Master Agreement or any successor thereto published by ISDA unless otherwise agreed by the Borrower Security Trustee.

## **OTHER FINANCE DOCUMENTS**

### **Authorised Credit Facility Agreement – Revolving Facility**

GAL and the ACF Arrangers entered into an Authorised Credit Facility Agreement on 21 June 2018 under which the ACF Lenders made available to GAL a £300,000,000 Revolving Facility to be applied towards its general corporate and working capital purposes. The Revolving Facility is not subject to any cleardown provisions requiring the facility to be repaid in full during each year.

The Obligors make representations and warranties, covenants and undertakings to the ACF Finance Parties on the terms set out in the CTA.

The Loan Events of Default under the CTA apply under the Authorised Credit Facility Agreement.

The ability of the ACF Finance Parties to accelerate any sums owing to them under the Authorised Credit Facility Agreement upon or following the occurrence of a Loan Event of Default thereunder is subject to the STID. However, no further drawings may be made under the Authorised Credit Facility Agreement following the occurrence of a Loan Event of Default which is continuing.

Ivy Bidco Limited is an Additional Borrower under the Authorised Credit Facility Agreement and in connection with it becoming an Additional Borrower, Ivy Bidco Limited also acceded to the Common Terms Agreement, the STID, the Tax Deed and the Master Definitions Agreement as a Borrower and an

Obligor, save that it did not become a Borrower for the purposes of the Hedging Policy, any Hedging Agreement or for the purposes of certain amendment provisions of the STID.

### **Authorised Credit Facility Agreement – Term Loan Facility**

GAL and the ACF Arrangers entered into an Authorised Credit Facility Agreement on 3 April 2020 under which the ACF Lenders made available to GAL a £300,000,000 Term Loan Facility to be applied towards repaying and reducing amounts outstanding under the Revolving Facility. The maturity date of the Term Loan Facility is April 2021 although GAL has exercised its option to extend the maturity date to 16 October 2021, and there is a further option to extend to 16 April 2022.

The Obligors make representations and warranties, covenants and undertakings to the ACF Finance Parties on the terms set out in the CTA.

The Loan Events of Default under the CTA apply under the Authorised Credit Facility Agreement.

The ability of the ACF Finance Parties to accelerate any sums owing to them under the Authorised Credit Facility Agreement upon or following the occurrence of a Loan Event of Default thereunder is subject to the STID. However, no further drawings may be made under the Authorised Credit Facility Agreement following the occurrence of a Loan Event of Default which is continuing.

### **Borrower Loan Agreements**

#### ***General***

On or prior to the issuance by the Issuer of a Sub-Class or Class of Bonds under the Programme, the Issuer, the Borrower and the Borrower Security Trustee will enter into a Borrower Loan Agreement, the terms of which will be agreed at the relevant time, and the aggregate proceeds of the issuance of such Sub-Class or Class of Bonds will be on-lent to the Borrower under such Borrower Loan Agreement, except that, in relation to any issuances of Bonds which are fungible with an existing issuance of a Sub-Class or Class of Bonds, the Issuer will make available further facilities under the Borrower Loan Agreement relating to such existing issuance of a Sub-Class or Class of Bonds in an aggregate amount equal to the proceeds of each such new issuance under the terms of such Borrower Loan Agreement.

Each Advance (or each Sub-Advance together making a single Advance) made under a Borrower Loan Agreement will correspond to the principal amount of each Sub-Class or Class of Bonds issued on the corresponding Issue Date such that the economic terms of each Advance match the economic terms of the corresponding Sub-Class or Class of Bonds. The making of each Advance will be subject to the satisfaction of the conditions precedent set out in the relevant Borrower Loan Agreement, which will include a condition that the Security Parent will be an Obligor in respect of that Advance.

#### ***Matching of obligations***

As each Advance is structured and tranching to match the tenor, interest rate and payment dates of each, Sub-Class of Bonds, the Advances have characteristics that demonstrate capacity to produce funds to service any payments due and payable under each, Sub Class or Class of the Bonds.

#### ***Advances***

All Advances made or to be made by the Issuer under each Borrower Loan Agreement are or will be in amounts and at rates of interest (or such discount or indexed amount) corresponding to amounts and rates set out in the relevant Final Terms or Pricing Supplement (as the case may be) and will have interest periods which match the Interest Periods for the corresponding Tranche, Sub-Class or Class of Bonds but will have interest payment dates three Business Days prior to the Interest Payment Date on the related Sub-Class or Class of Bonds. Interest on each Advance made under each Borrower Loan Agreement will accrue from the date of such Advance. In addition, each Advance will be repayable on the Business Day falling three Business Days prior to the Scheduled Redemption Date in respect of the related Bonds together with any accrued but unpaid ongoing facility fees.

### ***Prepayments***

If the Borrower is required to prepay amounts outstanding under a Borrower Loan Agreement, it will prepay the relevant Advances or part thereof together with accrued interest, any prepayment fees and other break fees, costs and expenses and where applicable any make-whole amounts, then payable under a Borrower Loan Agreement and other relevant Transaction Documents to correspond to the amounts payable by the Issuer in respect of the corresponding early redemption of the corresponding Sub-Class or Class of Bonds.

### ***Fees***

In consideration for the Issuer agreeing to make the Advances available under a Borrower Loan Agreement, the Borrower will agree to pay to the Issuer the initial and ongoing facility fees set out in the relevant Borrower Loan Agreement.

Prior to an Issue Date, the Borrower shall pay on behalf of the Issuer by way of the initial facility fee any expenses of the Issuer reasonably incurred in connection with the issue of Bonds including, *inter alia*, the fees and expenses of the Bond Trustee, the Issuer Security Trustee, the Agents, the Issuer Cash Manager, the Issuer Account Bank, the Issuer Corporate Administration Providers, the Issuer's legal advisers, accountants and auditors and any amounts payable to the Issuer Hedge Counterparties.

After the relevant Issue Date, the Borrower will pay periodically a facility fee by way of the ongoing facility fee which shall meet the ongoing costs, losses and expenses of the Issuer in respect of amounts owed to, *inter alios*, the Bond Trustee, the Issuer Security Trustee (and any receiver appointed by the Issuer Security Trustee), the Agents, the Issuer Cash Manager, the Issuer Account Bank, the Issuer Corporate Administration Providers, the Liquidity Facility Providers, the Issuer's legal advisers, accountants and auditors and any amounts payable to the Issuer Hedge Counterparties (in each case to the extent not covered by the initial facility fee) and Liquidity Facility Providers.

### ***Secured obligations***

The obligations of the Borrower under each Borrower Loan Agreement will be secured pursuant to the Borrower Security Agreement, and such obligations will be guaranteed by each other Obligor in favour of the Borrower Security Trustee, who will hold the benefit of such security and guarantees on trust for the Borrower Secured Creditors (including the Issuer) on the terms of the STID.

### ***Loan Event of Default***

The Issuer's obligations to repay principal and pay interest on the Bonds are intended to be met primarily from the payments of principal and interest received from the Borrower under the corresponding Borrower Loan Agreement and payments received under any related Hedging Agreements. Failure of the Borrower to repay an Advance on the maturity date in respect of such Advance (which corresponds to the Business Day falling three Business Days prior to the Scheduled Redemption Date of the corresponding Sub-Class or Class of Bonds) will be a Loan Event of Default under the relevant Borrower Loan Agreement, although it will not, of itself, constitute a Bond Event of Default. The Maturity Date under the Bonds corresponding to the relevant Advance will fall two years after the Scheduled Redemption Date, to cater solely for the possibility that the Borrower might default on repayment of the Borrower Loans. In the event of such a Loan Event of Default, the Bonds will accrue interest at a floating rate, which will be met from any available proceeds from the Borrower Loans or, if insufficient, from drawings under the Liquidity Facility to the extent available. If the Bonds are not redeemed in full by their Maturity Date, there will be a Bond Event of Default.

### ***Withholding/deductions***

The Borrower agrees to make all payments to the Issuer free and clear of any withholding on account of tax unless it is required by law to do so – in such circumstances the Borrower will gross-up such payments.

### **Borrower Account Bank Agreement**

#### ***General***

GAL established or caused to be established on or before the Establishment Date a sterling operating account, a mandatory standby repayment account and a borrower hedge collateral account and may at a

later date establish a liquidity reserve account (together with any other accounts that may be opened from time to time, the Borrower Accounts). The Borrower Accounts are held with the Borrower Account Bank pursuant to the Borrower Account Bank Agreement dated on the Establishment Date between GAL, the Borrower Account Bank and the Borrower Security Trustee. Any Liquidity Standby Account opened under the Liquidity Facility Agreement will be opened and maintained with the Borrower Account Bank under the Borrower Account Bank Agreement.

### ***Termination***

The Borrower Account Bank may resign its appointment upon not less than 120 days' notice to GAL **provided that** such resignation shall not take effect until a substitute Borrower Account Bank with the Requisite Rating has been duly appointed.

GAL may revoke its appointment of the Borrower Account Bank by not less than 30 days' notice to the Borrower Account Bank **provided that** such revocation shall not take effect until a substitute has been duly appointed. Furthermore, GAL may terminate the appointment of the Borrower Account Bank if, *inter alia*: (a) an Insolvency Event occurs in relation to the Borrower Account Bank; (b) the Borrower Account Bank no longer maintains the Requisite Rating with any two of the Rating Agencies; and (c) if the Borrower Account Bank defaults in the performance of any of its material obligations under the Borrower Account Bank Agreement subject to the applicable grace period.

### ***Description of Borrower Account Bank***

The Borrower Account Bank is Santander UK.

Santander UK is a public limited liability company that was incorporated in England and Wales on 12 September 1988 (then called Abbey National plc) under the Companies Act 1985 with registered number 2294747 and is the successor company to which Abbey National Building Society transferred its business in July 1989.

The principal executive office and registered office of Santander UK is at 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number of Santander UK's registered office is +44 (0) 870 607 6000.

Santander UK is a wholly-owned subsidiary of Santander UK Group Holdings plc. Banco Santander, S.A. and its subsidiary Santusa Holding, S.L., together, hold the entire issued share capital of Santander UK Group Holdings plc. The Santander UK Group operates primarily in the UK, under UK law and regulation, and are part of the Banco Santander group.

The information in the preceding two paragraphs has been provided solely by Santander UK for use in this Prospectus. Except for the foregoing two paragraphs, Santander UK does not accept responsibility for this Prospectus.

### **Liquidity Facility Agreement**

Each Liquidity Facility Provider is a Borrower Secured Creditor and Issuer Secured Creditor party to the STID and the CTA.

The amounts owed to the Liquidity Facility Providers other than Liquidity Subordinated Amounts do not constitute Qualifying Borrower Senior Debt. However, fees, interest and principal payable to the Liquidity Facility Providers will rank senior to interest and principal payments on the Class A Bonds (see " – *Security Trust and Intercreditor Deed - Enforcement and Acceleration*").

On the Establishment Date, GAL and the Issuer entered into the Liquidity Facility Agreement with the Liquidity Facility Providers pursuant to which the Liquidity Facility Providers agreed to make the Liquidity Facility available to meet certain liquidity shortfalls.

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Providers will provide a 364-day commitment in an aggregate sterling amount specified in the Liquidity Facility Agreement to permit drawings to be made by: (i) GAL in circumstances where GAL has or will have a GAL Liquidity Shortfall; and (ii) the Issuer in circumstances where the Issuer has or will have a GFL Liquidity Shortfall. The Liquidity Facility shall not be available to provide for any termination payments or other unscheduled amounts payable by the Issuer or GAL to the Hedge Counterparties.

The Liquidity Facility Agreement provides that the amounts repaid by GAL or the Issuer to the Liquidity Facility Providers may be redrawn.

Each Liquidity Facility Provider must be a bank which as at the Establishment Date has the Requisite Rating.

The Liquidity Facility Agreement provides that if: (i) at any time the relevant rating of a Liquidity Facility Provider falls below the Requisite Rating; or (ii) a Liquidity Facility Provider does not agree to renew such Liquidity Facility prior to the expiry of the 364 day period, GAL and/or the Issuer will:

- (a) use all reasonable endeavours to replace the relevant Liquidity Facility Provider with a party having the Requisite Rating and/or enter into a substitute liquidity facility agreement with a party having the Requisite Rating; and
- (b) if a replacement is not made (or if the affected Liquidity Facility Provider does not procure a guarantee of its obligations from a guarantor with the Requisite Rating) or a substitute agreement is not entered into within the relevant time period specified in the Liquidity Facility Agreement, be entitled to require make a Standby Drawing in respect of such Liquidity Facility Provider's under a commitment.

A Standby Drawing will generally be repayable, together with any interest accrued thereon, only if: (i) the affected Liquidity Facility Provider is re-rated with the Requisite Rating (or higher); or (ii) the relevant Liquidity Facility Provider assigns or transfers its rights, benefits and obligations to a substitute Liquidity Facility Provider in accordance with the Liquidity Facility Agreement; or (iii) GAL and/or the Issuer serve a notice of cancellation to the affected Liquidity Facility Provider in accordance with the Liquidity Facility Agreement.

Interest accrues on any drawing (including a Standby Drawing) made under the Liquidity Facility Agreement provided by the Liquidity Facility Providers at a reference rate (of LIBOR) plus a margin plus certain step-up amounts. Under the Liquidity Facility Agreement, GAL and the Issuer are also required to pay additional amounts if: (i) a withholding or deduction for or on account of tax is imposed on payments made by it to the relevant Liquidity Facility Provider; or (ii) if the relevant Liquidity Facility Provider suffers an increase in the cost of providing the relevant Liquidity Facility.

Under the terms of the CTA and the STID (in the case of GAL) and the Issuer Cash Management Agreement and the Issuer Deed of Charge (in the case of the Issuer), all indebtedness outstanding under the Liquidity Facility Agreement (other than certain liquidity subordinated amounts) will rank in priority to amounts payable under the Authorised Credit Facilities and the Class A Bonds (as applicable).

#### **Declaration of Trust over Liquidity Standby Account**

On the Initial Issue Date, GAL, the Borrower Security Trustee, the Issuer Security Trustee and the Issuer entered into a declaration of trust in relation to the Liquidity Standby Account, under which GAL acts as trustee in respect certain property including the amount of any Standby Drawing(s) made by the Liquidity Facility Provider(s) to the Liquidity Standby Account. The beneficiaries under the Liquidity Standby Account Declaration of Trust will be GAL and the Issuer and their beneficial interests in the trust will be determined by the terms of the Liquidity Standby Account Declaration of Trust based on the respective amounts, from time to time, of the Outstanding Principal Amount under the Authorised Credit Facilities and the Principal Amount Outstanding of the Class A Bonds.

GAL and the Issuer granted security over their respective beneficial interests in the Liquidity Standby Account Declaration of Trust under the terms of the Borrower Security Agreement (in the case of GAL) and under the Issuer Deed of Charge (in the case of the Issuer).

Standby Drawings made to the Liquidity Standby Account are subject to the Liquidity Standby Account Declaration of Trust and no Liquidity Facility Provider has any proprietary interest or security interest in such amounts, save as arises under the Security Documents.

#### **Tax Deed**

Pursuant to the Tax Deed, among other things, each of the Covenantors has made representations as at the Initial Issue Date and given covenants in relation to its tax affairs and the tax affairs of its group (where

applicable) for the benefit of the Issuer Security Trustee (as trustee for the Issuer Secured Creditors) and the Borrower Security Trustee (as trustee for the Borrower Secured Creditors) with a view to protecting the Security Group from various tax-related risks.

The effect of the representations and covenants given by the Covenantors is that the risk of any member of the Security Group being subject to an unexpected tax liability which might affect its ability to perform its obligations under any of the Transaction Documents should be minimised.

A breach of the terms of the Tax Deed shall not give rise to any liability under the Tax Deed to the extent that the tax liability that arises is less than 0.5% of RAB.

## **ISSUER TRANSACTION DOCUMENTS**

### **The Issuer Deed of Charge**

#### *General*

On the Establishment Date, the Issuer entered into the Issuer Deed of Charge with the Issuer Secured Creditors, any receiver and any other creditor of the Issuer which accedes to the Issuer Deed of Charge.

#### *Issuer Security*

- Pursuant to the Issuer Deed of Charge, from the Initial Issue Date, the Issuer secured its obligations to the Issuer Secured Creditors by granting the following security (the "**Issuer Security**"):
  - an absolute assignment (or, to the extent not assignable, a first fixed charge) of all of its rights in respect of the Issuer Transaction Documents and the Finance Documents to which the Issuer is a party (other than the Issuer Deed of Charge, the Bond Trust Deed and the Jersey Corporate Administration Agreement);
  - an absolute assignment (or, to the extent not assignable, a first fixed charge) of all of its rights in respect of any amount standing from time to time to the credit of the Issuer Accounts and all interest paid or payable in relation to those amounts and all debts represented by those amounts;
  - an absolute assignment (or, to the extent not assignable, a first fixed charge) of all its rights in relation to the Issuer's interest in the trust created under the Liquidity Standby Account Declaration of Trust;
  - a first fixed charge of all its rights in respect of each Authorised Investment of the Issuer; and
  - a first floating charge over the whole of the Issuer's assets (including, without limitation, its uncalled capital) other than any assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under the Issuer Deed of Charge.

The Issuer Security is held on trust by the Issuer Security Trustee for itself and on behalf of the Issuer Secured Creditors in accordance with, and subject to the Issuer Deed of Charge.

#### *Restrictions on the exercise of rights*

The Issuer Deed of Charge contains certain restrictions on the exercise of rights. These include that, each of the Issuer Secured Creditors agrees with the Issuer and the Issuer Security Trustee that: (a) only the Issuer Security Trustee may enforce the Issuer Security in accordance with the terms of the Issuer Deed of Charge; (b) it will not take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer; and (c) it will not take any other steps or action against the Issuer or in relation to the Issuer Security for the purpose of recovering any of the secured liabilities or enforcing any rights arising out of the Issuer Transaction Documents against the Issuer or take any other proceedings in respect of or concerning the Issuer or the Issuer Security **provided that**, subject to items (a) and (b) above, the Liquidity Facility Agent and the Issuer Hedge Counterparties may sue for, commence or join legal or arbitration proceedings against the Issuer to recover any amounts due and payable in respect of or under the Liquidity Facility Agreement or the relevant Issuer Hedge Agreement, as the case may be.

Furthermore, each of the Issuer Secured Creditors agrees that all obligations of the Issuer to each Issuer Secured Creditor are limited in recourse to the Issuer Security. If: (a) there is no Issuer Security remaining which is capable of being realised or otherwise converted into cash; (b) all amounts available from the Issuer Security have been applied to meet or provide for the relevant obligations in accordance with the provisions of the Issuer Deed of Charge; and (c) there are insufficient amounts available from the Issuer Security to pay in full the secured liabilities, then the Issuer Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

#### ***Priority of payments upon acceleration***

After the service of a Bond Enforcement Notice by the Bond Trustee in accordance with Condition 10(b) (*Delivery of Bond Enforcement Notice*) the Issuer Cash Manager shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts (subject to certain exceptions) to make payments in accordance with the Issuer Post-Enforcement Priority of Payments waterfall. See "*Cashflows - Issuer Post-Enforcement Priority of Payments*" for more detail.

#### ***Enforcement of the Issuer Security***

The Issuer Security Trustee will be bound to enforce the Issuer Security if directed to do so by the Bond Trustee, **provided that** the Issuer Security Trustee has been indemnified and/or secured to its satisfaction against any liabilities.

The Issuer Security will become immediately enforceable following the occurrence of a Bond Event of Default and the delivery of a Bond Enforcement Notice by the Bond Trustee or, if there are no Bonds outstanding, upon failure by the Issuer to pay any other secured liability on its due date.

#### **Bond Trust Deed**

##### ***General***

On the Establishment Date, the Issuer and the Bond Trustee entered into the Bond Trust Deed pursuant to which the Bonds will be constituted. The Bond Trust Deed includes the form of the Bonds and contains a covenant from the Issuer to the Bond Trustee to pay all amounts due under the Bonds. The Bond Trustee holds the benefit of that covenant on trust for itself and the Bondholders in accordance with their respective interests.

##### ***Enforcement***

The Bond Trustee may at any time, at its discretion and without notice:

- (a) take such action, proceedings and/or other steps as it may think fit against or in relation to the Issuer or any other person to enforce its obligations under the Bond Trust Deed, the conditions, the Bonds or any other Issuer Transaction Document to which the Bond Trustee is a party,
- (b) exercise any of its rights under, or in connection with, the Bond Trust Deed, the Conditions or any other Issuer Transaction Document and/or
- (c) give any directions to the Issuer Security Trustee under or in connection with any Issuer Transaction Document (including, but not limited to, the giving, subject to the delivery of a Bond Enforcement Notice, of a direction to the Issuer Security Trustee to enforce the Issuer Security).

##### ***Waiver of a Bond Event of Default***

The Bond Trustee may, without the consent or sanction of the Bondholders or any other Issuer Secured Creditor at any time (but only if in its opinion such waiver will not be materially prejudicial to the interests of the Most Senior Class of Bondholders) determine that any event which would otherwise constitute a Bond Event of Default or Potential Bond Event of Default shall not be treated as such for the purposes of the Bond Trust Deed **provided that** the Bond Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Bonds then outstanding or of a request in writing made by holders of not less than 25% in aggregate of the principal amount of the Most Senior Class of Bonds then outstanding.



### ***Modification***

The Bond Trustee may without the consent or sanction of the Bondholders and without the consent of the other Issuer Secured Creditors (other than any Issuer Secured Creditor which is party to the relevant documents), at any time and from time to time concur with the Issuer and any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification to the Bond Trust Deed, the Conditions, the Bonds and/or the other Issuer Transaction Documents (other than a Basic Terms Modification) (subject as provided in the STID in relation to any Common Documents) which may, in the opinion of the Bond Trustee, be proper to make **provided that** the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders of the Most Senior Class of Bonds then outstanding and **provided further that** if any such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent.

The Bond Trust Deed provides that in connection with the exercise by it of any of its trusts, powers, authorities or discretions under the Bond Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Issuer Transaction Document the Bond Trustee shall:

- (a) have regard to the general interests of the Bondholders of each Class or Sub-Class as a class or sub-class; and
- (b) except where expressly provided otherwise, have regard to the interests of the Class A Bondholders and the Class B Bondholders equally, **provided that** the Bond Trustee shall have regard to the interest only of the holders of the Most Senior Class of Bonds if, in the Bond Trustee's opinion, there is a conflict between the interests of the Class A Bondholders and the Class B Bondholders.

### ***Action, proceedings and indemnification***

The Bond Trustee shall not be bound to take any actions, proceedings, or steps in relation to the Bond Trust Deed, the Bonds or any other Issuer Transaction Document unless directed or requested to do so in writing by the Issuer Qualifying Creditors together holding or representing 25% or more of the Issuer Qualifying Debt, and then only if it shall be indemnified to its satisfaction against any liabilities relating to such actions.

Only the Bond Trustee may enforce the provisions of the Bond Trust Deed or the other Issuer Transaction Documents to which it is party.

### ***STID voting requests***

Subject to the provisions of the STID, on receipt of a STID Voting Request from the Borrower Security Trustee in respect of a STID Proposal that gives rise to an Entrenched Right in respect of which the Issuer is an Affected Borrower Secured Creditor, the Bond Trustee shall convene a meeting of the holders of each Sub-Class of Bonds then outstanding and affected by such Entrenched Right.

On receipt of a STID Voting Request from the Borrower Security Trustee in respect of an Ordinary Voting Matter or Extraordinary Voting Matter or other STID Proposal, the Bond Trustee shall promptly send a copy of such notice to the Bondholders.

In respect of a STID Proposal which does not give rise to an Entrenched Right, no physical meetings of Bondholders will be held in respect of any vote.

### ***Issuer representations***

The Issuer makes representations (subject to detailed carve-outs, exceptions and qualifications set forth in the Bond Trust Deed) in the Bond Trust Deed as at the date of the Bond Trust Deed and at each Issue Date, including as to:

- (a) its corporate status, power and authority and certain other legal matters;
- (b) the enforceability of the Transaction Documents;
- (c) non-conflict with the documents binding on it, its constitutional documents, licences and laws;

- (d) no existing default or potential default;
- (e) consents, licences, authorisations and approvals are obtained and complied with;
- (f) no current litigation;
- (g) no insolvency event in relation to it; and
- (h) ranking of security.

***Issuer covenants***

The covenants given by the Issuer in the Bond Trust Deed (subject to detailed carve-outs, exceptions and qualifications) include the following:

- (a) conduct its business in accordance with its obligations under the Bond Trust Deed;
- (b) give the Bond Trustee such documents needed to discharge or exercise its powers under the Bond Trust Deed or by operation of law;
- (c) ensure compliance with accounting requirements as set forth by the relevant Stock Exchange;
- (d) keep proper books of account and allow the Bond Trustee free access to such books of account;
- (e) send to the Bond Trustee every document issued or sent to its shareholders;
- (f) execute and perform such acts necessary in order for the Bond Trustee to discharge its functions under the Bond Trust Deed;
- (g) maintain those Agents required in accordance with the Conditions and maintain such other agents as may be required by the Conditions or by any other stock exchange (not being the Stock Exchange) on which the Bonds may be listed;
- (h) procure the Principal Paying Agent and the Registrar notify the Bond Trustee in the event they do not receive payment of the full amount due on all Bonds, Receipts or Coupons;
- (i) if the relevant Final Terms or Pricing Supplement (as the case may be) indicate that the Bonds are to be listed on a relevant Stock Exchange, maintain the quotation or listing on the relevant Stock Exchange of those of the Bonds;
- (j) send to the Bond Trustee and obtain its approval, prior to the date on which any such notice is to be given, the form of every notice to be given to the Bondholders;
- (k) notify the Bond Trustee if payments by the Issuer become subject to withholding;
- (l) deliver to the Bond Trustee a certificate setting out the total number and aggregate nominal amount of the Bonds of each Class or Sub-Class which:
  - (i) up to and including the date of such certificate have been purchased by the Issuer or any Obligor and cancelled; and
  - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer or any Obligor;
- (m) procure that each of the Agents makes available for inspection by Bondholders copies of the Bond Trust Deed, the Agency Agreement and the then latest audited balance sheet and profit and loss account (consolidated if applicable) of the Issuer;
- (n) procure the delivery of legal opinion(s) as to English and any other relevant law, addressed to the Bond Trustee, dated the date of any modification or amendment or supplement to the Bond Trust Deed;

- (o) give notice to the Bond Trustee of the proposed redemption of the Bonds of any Class or Sub-Class;
- (p) minimise taxes and any other costs arising in connection with its payment obligations in respect of the Bonds;
- (q) maintain its registered office in Jersey;
- (r) give notice to the Bond Trustee of the occurrence of any Bond Event of Default or Potential Bond Event of Default; and
- (s) for so long as any of the Bonds are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act furnish, information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## **Issuer Cash Management Agreement**

### ***General***

The Issuer has appointed GAL as the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement dated on the Establishment Date. Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager undertakes certain cash administration functions on behalf of the Issuer.

### ***Cash management functions***

As part of its duties under the Issuer Cash Management Agreement, the Issuer Cash Manager, *inter alia*: (a) operates the Issuer Accounts and effect payments to and from the Issuer Accounts in accordance with the provisions of the relevant Issuer Transaction Document; (b) procures that all payments of principal, interest, the ongoing facility fee, the initial facility fees or other amounts received or to be received under the Borrower Loan Agreements are identified and calculated as such; (c) invests funds not immediately required by the Issuer in Authorised Investments in accordance with the provisions of the Issuer Cash Management Agreement; and (d) makes determinations and perform certain obligations on behalf of the Issuer as set out in, and in accordance with, the provisions of the Liquidity Facility Agreement including directing the Issuer to make drawings (or making drawings on behalf of the Issuer) under the Liquidity Facility Agreement.

### ***Liquidity facility***

Allowing sufficient time to deliver any relevant LF Notice of Drawing, the Issuer Cash Manager (on behalf of the Issuer) shall determine the amount of any anticipated GFL Liquidity Shortfall on the next Interest Payment Date after taking into account the balance standing to the credit of the Issuer Accounts (excluding any Issuer Collateral Accounts) which will be available to the Issuer on the next Interest Payment Date. Any amounts standing to the credit of the Issuer Liquidity Reserve Account (if any) will be applied to decrease the amount which would otherwise constitute a GFL Liquidity Shortfall by applying such amount towards payment of items (a) to (e), (f)(i) and (f)(ii) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (excluding any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty). The Issuer, or the Issuer Cash Manager on its behalf, will issue a notice of drawing to the facility agent under the Liquidity Facility Agreement to cover any such liquidity shortfall.

### ***Pre-enforcement priority of payments***

Prior to the delivery of a Bond Enforcement Notice by the Bond Trustee in accordance with Condition 10(b) (*Delivery of Bond Enforcement Notice*), amounts standing to the credit of the Issuer Accounts (subject to certain exceptions), will be applied by the Issuer Cash Manager (on behalf of the Issuer) in accordance with the Issuer pre-enforcement priority of payments waterfall as described in more detail in "*Cashflows - Issuer Pre-Enforcement Priority of Payments*".

### ***Termination***

The Issuer may terminate the appointment of the Issuer Cash Manager: (a) at any time with at least 90 days' prior notice and the consent of the Issuer Security Trustee; (b) if default is made by the Issuer Cash Manager

in the performance or observance of any of its material covenants and material obligations under the Issuer Cash Management Agreement subject to the applicable grace period; (c) if any Insolvency Event occurs in relation to the Issuer Cash Manager; and (d) if a Bond Enforcement Notice is given and the Issuer Security Trustee is of the opinion that the continuation of the appointment of the Issuer Cash Manager is materially prejudicial to the interests of the Issuer Secured Creditors.

Subject to certain conditions (including that a suitable successor Issuer Cash Manager has been installed), the Issuer Cash Manager is entitled to resign upon giving 30 days' written notice of termination to the Issuer and the Issuer Security Trustee.

## **Issuer Account Bank Agreement**

### ***General***

The Issuer has established or caused to be established on or before the Establishment Date sterling, euro and U.S. dollar operating accounts and an issuer collateral account and may at a later date establish an issuer liquidity reserve account (together, the Issuer Accounts). The Issuer Accounts are held with the Issuer Account Bank pursuant to the Issuer Account Bank Agreement dated on the Establishment Date between the Issuer, the Issuer Account Bank and the Issuer Security Trustee.

### ***Termination***

The Issuer Account Bank may resign its appointment upon not less than 120 days' notice to the Issuer **provided that** such resignation shall not take effect until a substitute Issuer Account Bank with the Requisite Ratings has been duly appointed.

The Issuer may revoke its appointment of the Issuer Account Bank by not less than 30 days' notice to the Issuer Account Bank **provided that** such revocation shall not take effect until a substitute has been duly appointed. Furthermore, the Issuer may terminate the appointment of the Issuer Account Bank if, *inter alia*: (a) an Insolvency Event occurs in relation to the Issuer Account Bank; (b) the Issuer Account Bank no longer maintains the Requisite Rating with any two of the Rating Agencies; or (c) the Issuer Account Bank defaults in the performance of any of its material obligations under the Issuer Account Bank Agreement subject to the applicable grace period.

### ***Description of Issuer Account Bank***

The Issuer Account Bank is Santander UK.

Santander UK is a public limited liability company that was incorporated in England and Wales on 12 September 1988 (then called Abbey National plc) under the Companies Act 1985 with registered number 2294747 and is the successor company to which Abbey National Building Society transferred its business in July 1989.

The principal executive office and registered office of Santander UK is at 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number of Santander UK's registered office is +44 (0) 870 607 6000.

Santander UK is a wholly-owned subsidiary of Santander UK Group Holdings plc. Banco Santander, S.A. and its subsidiary Santusa Holding, S.L., together, hold the entire issued share capital of Santander UK Group Holdings plc. The Santander UK Group operates primarily in the UK, under UK law and regulation, and are part of the Banco Santander group.

The information in the preceding two paragraphs has been provided solely by Santander UK for use in this Prospectus. Except for the foregoing two paragraphs, Santander UK does not accept responsibility for this Prospectus.

### **Agency Agreement**

Pursuant to the Agency Agreement entered into on the Establishment Date between the Issuer, the Bond Trustee, the Registrar, the Principal Paying Agent, the Exchange Agent and the Agent Bank, provision has been made for, among other things, payment of principal and interest in respect of the Bonds and the maintenance of a register of the holders of the Bonds.

## CASHFLOWS

The following sets out the various priorities of payment as included in the respective Finance Documents or Issuer Transaction Documents, as more fully summarised in "Summary of the Financing Documents" above.

### **Borrower Pre-Enforcement Priority of Payments**

Prior to delivery of a Loan Enforcement Notice or a Loan Acceleration Notice, payments to Borrower Secured Creditors will be made, on each Payment Date (or in the case of paragraphs (a) to (c) below, on any day on which such amounts are due and payable) out, of monies standing to the credit of the Operating Account (other than, in each case to the extent paid from monies standing to the credit of the Operating Account, (x) Borrower Hedge Replacement Premium (if any) which shall be paid directly to the relevant Borrower Hedge Counterparty and (y) the amount (if any) of any cash benefit in respect of a Tax Credit that has been received by the Borrower in respect of an Borrower Hedging Agreement that the Borrower is required to pay to an Borrower Hedge Counterparty under Section 2(d)(iii) of the relevant Borrower Hedging Agreement, which shall be paid to the relevant Borrower Hedge Counterparty in accordance with the relevant Borrower Hedging Agreement) in the following order, without double-counting:

- (a) *first, pro rata*, according to the respective amounts thereof in or towards satisfaction of: (i) the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to the Borrower Security Trustee or any Receiver under any Transaction Document; and (ii) to the Issuer by way of Ongoing Facility Fee, the amounts due in respect of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee and the Bond Trustee;
- (b) *second, pro rata*, according to the respective amounts thereof in or towards satisfaction of: (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement; and (ii) to the Issuer by way of Ongoing Facility Fee, in or towards satisfaction, *pro rata* and *pari passu* of the amounts payable by the Issuer in respect of:
  - (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;
  - (ii) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements; and
  - (iv) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement;
- (c) *third*, prior to the delivery of a Bond Enforcement Notice only, an amount to the Issuer by way of Ongoing Facility Fee in or towards satisfaction, *pro rata* and *pari passu*, of:
  - (i) payment of amounts due and payable to any third party creditors of the Issuer, or to become due and payable to any third party creditors of the Issuer prior to the next Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere);
  - (ii) any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of UK corporation tax, other than UK corporation tax on the Issuer Profit Amount which shall be met by the Issuer out of the Issuer Profit Amount, and other tax for which the Issuer is liable under the laws of any jurisdiction; and
  - (iii) to the Issuer by way of Ongoing Facility Fee an amount equal to the Issuer Profit Amount;

- (d) *fourth, pro rata*, according to the respective amounts thereof, *pro rata* and *pari passu*:
- (i) to the Issuer by way of Ongoing Facility Fee in respect of all amounts due by the Issuer to any Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement) (other than amounts in respect of any Liquidity Subordinated Amounts);
  - (ii) all amounts due by the Borrower to any Liquidity Facility Provider (and any Liquidity Facility Agent and arranger under any Liquidity Facility Agreement) (other than in respect of any Liquidity Subordinated Amounts); and
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each facility agent under each Authorised Credit Facility;
- (e) *fifth, pro rata*, according to the respective amounts thereof, *pro rata* and *pari passu*:
- (i) all amounts in respect of all scheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of scheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (f) *sixth, pro rata*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of, *pro rata* and *pari passu*:
- (i) to the Issuer all amounts of interest due or overdue in respect of the Borrower Loans relating to payments of interest on the Class A Bonds (other than any Subordinated Step-Up Fee Amounts);
  - (ii) all amounts of interest, underwriting and commitment commissions due or overdue in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all termination amounts or other unscheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between the Issuer and an Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts);
  - (iv) all amounts in respect of all termination amounts or other unscheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts);
  - (v) all amounts in respect of all scheduled amounts (other than principal exchange amounts) payable to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements); and
  - (vi) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all amounts in respect of scheduled amounts (other than principal exchange amounts) payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds;

- (g) *seventh, pro rata*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of, *pro rata* and *pari passu*:
- (i) all amounts of principal due or overdue in respect of the Borrower Loans relating to repayments of principal on the Class A Bonds;
  - (ii) all amounts of principal due or overdue in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all scheduled principal exchange amounts and all termination amounts or other unscheduled sums payable by the Issuer to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) the Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts);
  - (iv) all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Borrower to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements); and
  - (v) all amounts due to the Permitted Secured Guarantee Beneficiaries in respect of Permitted Secured Guarantee Liabilities in an aggregate amount up to the Permitted Secured Guarantee Maximum Amount;
- (h) *eighth*, in or towards satisfaction of any amount payable under any Borrower Loan Agreement in respect of any Make-Whole Amount due and payable on the Class A Bonds;
- (i) *ninth, pro rata*, according to the respective amounts thereof, *pro rata* and *pari passu*:
- (i) all amounts in respect of all scheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of scheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (j) *tenth, pro rata*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of, *pro rata* and *pari passu*:
- (i) to the Issuer all amounts of interest due or overdue in respect of the Borrower Loans relating to payments of interest on the Class B Bonds (other than Subordinated Step-Up Fee Amounts);
  - (ii) all amounts of interest, underwriting and commitment commissions due or overdue in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all termination amounts or other unscheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between the Issuer and an Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts);
  - (iv) all amounts in respect of all termination amounts or other unscheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of

- Junior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts);
- (v) all amounts in respect of all scheduled amounts (other than principal exchange amounts) payable to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt (other than amounts due under the Borrower Loan Agreements);
  - (vi) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all scheduled amounts (other than principal exchange amounts) payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds;
  - (vii) to the Borrower Liquidity Reserve Account the amount required to satisfy the minimum debt service funding requirements set out in paragraph 3.3 (*Capex Funding Trigger and Debt Service Funding Trigger*) of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) of the CTA; and
  - (viii) to the Issuer Liquidity Reserve Account the amount required to satisfy the minimum debt service funding requirements set out in paragraph 3.2 (*Capex Funding Trigger and Debt Service Funding Trigger*) of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) of the CTA;
- (k) *eleventh, pro rata*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of, *pro rata* and *pari passu*:
- (i) to the Issuer all amounts of principal due or overdue in respect of the Borrower Loans relating to repayments of principal on the Class B Bonds;
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Issuer to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts);
  - (iii) all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Borrower to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than amounts due under the Borrower Loan Agreements); and
  - (iv) all amounts of principal due or overdue in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
- (l) *twelfth*, in or towards satisfaction of any amount payable under any Borrower Loan Agreement in respect of any Make-Whole Amount due and payable on the Class B Bonds;
- (m) *thirteenth*, so much of the interest under the Borrower Loan Agreements as relates to Subordinated Step Up Fee Amounts in respect of the Class A Bonds;
- (n) *fourteenth*, so much of the interest under the Borrower Loan Agreements as relates to Subordinated Step-Up Fee Amounts in respect of the Class B Bonds;
- (o) *fifteenth, pro rata* and *pari passu*, according to the respective amounts thereof:
- (i) to the Issuer by way of Ongoing Facility Fee, in respect of any Liquidity Subordinated Amount due by the Issuer to a Liquidity Facility Provider; and
  - (ii) any Liquidity Subordinated Amount due by the Borrower to a Liquidity Facility Provider; and



- (p) *sixteenth, pro rata*, according to the respective amounts thereof, *pro rata* and *pari passu*:
  - (i) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of any Issuer Subordinated Hedge Amounts due or overdue by the Issuer to an Issuer Hedge Counterparty; and
  - (ii) any Borrower Subordinated Hedge Amounts due or overdue to a Borrower Hedge Counterparty.

**Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments**

Subject to certain matters and to certain exceptions, following delivery of a Loan Enforcement Notice but prior to delivery of a Loan Acceleration Notice, all Available Enforcement Proceeds will be applied by the Borrower Security Trustee as set out below, without double-counting:

- (a) *first, pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of: (i) the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to the Borrower Security Trustee or any Receiver under any Transaction Document; and (ii) to the Issuer by way of Ongoing Facility Fee, the amounts due in respect of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee, the Bond Trustee and any Receiver under any Issuer Transaction Document;
- (b) *second, pro rata* and *pari passu*, according to the respective amounts thereof in or towards satisfaction of: (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement; and (ii) to the Issuer by way of Ongoing Facility Fee, in or towards satisfaction, *pro rata* and *pari passu* of the amounts payable by the Issuer in respect of:
  - (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;
  - (ii) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements; and
  - (iv) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement;
- (c) *third*, prior to the delivery of a Bond Enforcement Notice only, an amount to the Issuer by way of Ongoing Facility Fee in or towards satisfaction, *pro rata* and *pari passu*, of:
  - (i) payment of amounts due and payable to any third party creditors of the Issuer, or to become due and payable to any third party creditors of the Issuer prior to the next Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere);
  - (ii) any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of UK corporation tax, other than UK corporation tax on the Issuer Profit Amount which shall be met by the Issuer out of the Issuer Profit Amount, and other tax for which the Issuer is liable under the laws of any jurisdiction; and
  - (iii) to the Issuer by way of Ongoing Facility Fee an amount equal to the Issuer Profit Amount;
- (d) *fourth, pro rata* and *pari passu*, according to the respective amounts thereof:
  - (i) to the Issuer by way of Ongoing Facility Fee in respect of all amounts due by the Issuer to any Liquidity Facility Provider (and any facility agent and arranger under the Liquidity

- Facility Agreement) (other than amounts in respect of any Liquidity Subordinated Amounts);
- (ii) all amounts due by the Borrower to any Liquidity Facility Provider (and any Liquidity Facility Agent and arranger under any Liquidity Facility Agreement) (other than in respect of any Liquidity Subordinated Amounts); and
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each facility agent under each Authorised Credit Facility;
- (e) *fifth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) all amounts in respect of all scheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of scheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (f) *sixth, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) to the Issuer all amounts of interest due or overdue in respect of the Borrower Loans relating to payments of interest on the Class A Bonds (other than any Subordinated Step-Up Fee Amounts);
  - (ii) all amounts of interest, underwriting and commitment commissions due or overdue in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all termination amounts or other unscheduled amounts payable to by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between the Issuer and an Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts);
  - (iv) all amounts in respect of all termination amounts or other unscheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts);
  - (v) all amounts in respect of all scheduled amounts (other than principal exchange amounts) payable to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements); and
  - (vi) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all amounts in respect of scheduled amounts (other than principal exchange amounts) payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds;
- (g) *seventh, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) all amounts of principal due or overdue in respect of the Borrower Loans relating to repayments of principal on the Class A Bonds;

- (ii) all amounts of principal due or overdue in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all scheduled principal exchange amounts and all termination amounts or other unscheduled sums payable by the Issuer to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts);
  - (iv) all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Borrower to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements); and
  - (v) all amounts due to the Permitted Secured Guarantee Beneficiaries in respect of Permitted Secured Guarantee Liabilities in an aggregate amount up to the Permitted Secured Guarantee Maximum Amount;
- (h) *eighth*, in or towards satisfaction of amounts payable under any Borrower Loan Agreement in respect of any Make-Whole Amount due and payable on the Class A Bonds;
- (i) *ninth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) all amounts in respect of all scheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement between a Borrower and a Borrower Hedge Counterparty in respect of Junior Debt (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of scheduled amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement between the Issuer and an Issuer Hedge Counterparty in respect of Junior Debt (other than in respect of Issuer Subordinated Hedge Amounts);
- (j) *tenth, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) to the Issuer all amounts of interest due or overdue in respect of the Borrower Loans relating to payments of interest on the Class B Bonds (other than Subordinated Step-Up Fee Amounts);
  - (ii) all amounts of interest, underwriting and commitment commissions due or overdue in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all termination amounts or other unscheduled amounts payable to by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between the Issuer and an Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts);
  - (iv) all amounts in respect of all termination amounts or other unscheduled amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts);
  - (v) all amounts in respect of all scheduled amounts (other than principal exchange amounts) payable to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt (other than amounts due under the Borrower Loan Agreements);

- (vi) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of scheduled amounts (other than principal exchange amounts) payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds;
  - (vii) to the Borrower Liquidity Reserve Account the amount required to satisfy the minimum debt service funding requirements set out in paragraph 3.3 of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) of the Common Terms Agreement; and
  - (viii) to the Issuer Liquidity Reserve Account the amount required to satisfy the minimum debt service funding requirements set out in paragraph 3.2 of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) of the Common Terms Agreement;
- (k) *eleventh, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) to the Issuer all amounts of principal due or overdue in respect of the Borrower Loans relating to repayments of principal on the Class B Bonds;
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Issuer to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts);
  - (iii) all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Borrower to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than amounts due under the Borrower Loan Agreements);
  - (iv) all amounts of principal due or overdue in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
- (l) *twelfth*, in or towards satisfaction of amounts payable under any Borrower Loan Agreement in respect of any Make-Whole Amount due and payable on the Class B Bonds;
- (m) *thirteenth*, so much of the interest under the Borrower Loan Agreements as relates to Subordinated Step Up Fee Amounts in respect of the Class A Bonds;
- (n) *fourteenth*, so much of the interest under the Borrower Loan Agreements as relates to Subordinated Step-Up Fee Amounts in respect of the Class B Bonds;
- (o) *fifteenth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) to the Issuer by way of Ongoing Facility Fee, in respect of any Liquidity Subordinated Amount due by the Issuer to a Liquidity Facility Provider; and
  - (ii) any Liquidity Subordinated Amount due by the Borrower to a Liquidity Facility Provider;
- (p) *sixteenth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of any Issuer Subordinated Hedge Amounts due or overdue by the Issuer to an Issuer Hedge Counterparty; and
  - (ii) any Borrower Subordinated Hedge Amounts due or overdue to a Borrower Hedge Counterparty;
- (q) *seventeenth*, (following repayment in full of the Senior Debt and the Junior Debt) all amounts of interest due or overdue in respect of Second Lien Debt;

- (r) *eighteenth*, (following repayment in full of the Senior Debt and the Junior Debt) all amounts of principal due or overdue in respect of Second Lien Debt; and
- (s) *nineteenth*, any surplus (if any) to an account or accounts specified by the Borrower Security Trustee to be applied by it thereafter in accordance with the foregoing provisions.

**Borrower Post-Enforcement (Post-Acceleration) Priority of Payments**

Subject to certain matters and to certain exceptions, following an enforcement and an acceleration, all Available Enforcement Proceeds will be applied by the Borrower Security Trustee as set out below, without double-counting:

- (a) *first, pro rata and pari passu*, according to the respective amounts thereof in or towards satisfaction of: (i) the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by any Obligor to the Borrower Security Trustee or any Receiver under any Transaction Document; and (ii) to the Issuer by way of Ongoing Facility Fee, the amounts due in respect of the fees, costs, charges, liabilities, expenses and other remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee, the Bond Trustee and any Receiver under any Transaction Document;
- (b) *second, pro rata and pari passu*, according to the respective amounts thereof in or towards satisfaction of: (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement; and (ii) to the Issuer by way of Ongoing Facility Fee, in or towards satisfaction, *pro rata and pari passu* of the amounts payable by the Issuer in respect of:
  - (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Agents incurred under the Agency Agreement or any Calculation Agency Agreement;
  - (ii) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;
  - (iii) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements; and
  - (iv) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement;
- (c) *third*, prior to the delivery of a Bond Enforcement Notice only, an amount to the Issuer by way of Ongoing Facility Fee in or towards satisfaction, *pro rata and pari passu*, of:
  - (i) payment of amounts due and payable to any third party creditors of the Issuer, or to become due and payable to any third party creditors of the Issuer prior to the next Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere); and
  - (ii) any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of UK corporation tax, other than UK corporation tax on the Issuer Profit Amount, which shall be met by the Issuer out of the Issuer Profit Amount and other tax for which the Issuer is liable under the laws of any jurisdiction; and
  - (iii) to the Issuer by way of Ongoing Facility Fee an amount equal to the Issuer Profit Amount;
- (d) *fourth, pro rata and pari passu*, according to the respective amounts thereof:
  - (i) to the Issuer by way of Ongoing Facility Fee in respect of all amounts due by the Issuer to any Liquidity Facility Provider (and any facility agent and arranger under the Liquidity

- Facility Agreement) (other than amounts in respect of any Liquidity Subordinated Amounts);
- (ii) all amounts due by a Borrower to any Liquidity Facility Provider (and any Liquidity Facility Agent and arranger under the Liquidity Facility Agreement) (other than in respect of any Liquidity Subordinated Amounts); and
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of each facility agent under the relevant Authorised Credit Facility;
- (e) *fifth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) all amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between a Borrower and a Borrower Hedge Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of the amounts payable by the Issuer to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (f) *sixth, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) all amounts of interest due in respect of the Borrower Loans relating to payments of interest on the Class A Bonds (other than Subordinated Step-Up Fee Amounts); and
  - (ii) all amounts of interest, underwriting and commitment commissions due or overdue in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
- (g) *seventh, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) all amounts of principal due or overdue in respect of the Borrower Loans relating to repayments of principal on the Class A Bonds;
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of any sums due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts);
  - (iii) all amounts of principal due or overdue in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iv) any sums due and payable to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt (other than in respect of Borrower Subordinated Hedge Amounts); and
  - (v) all amounts due to the Permitted Secured Guarantee Beneficiaries in respect of Permitted Secured Guarantee Liabilities in an aggregate amount up to the Permitted Secured Guarantee Maximum Amount;
- (h) *eighth*, in or towards satisfaction of amounts payable under any Borrower Loan Agreement in respect of any Make-Whole Amount due and payable on the Class A Bonds;
- (i) *ninth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) all amounts payable to each Borrower Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between a Borrower and a Borrower Hedge

- Counterparty (other than amounts in respect of Borrower Subordinated Hedge Amounts); and
- (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of the amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts);
- (j) *tenth, pro rata and pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
- (i) to the Issuer all amounts of interest due in respect of the Borrower Loans relating to payments of interest on the Class B Bonds (other than Subordinated Step-Up Fee Amounts); and
  - (ii) all amounts of interest, underwriting and commitment commissions due or overdue in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
- (k) *eleventh, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) to the Issuer all amounts of principal due or overdue in respect of the Borrower Loans relating to repayments of principal on the Class B Bonds;
  - (ii) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of any sums due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (iii) all amounts of principal due or overdue in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements);
  - (iv) all sums due and payable to each Borrower Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt (other than amounts due under the Borrower Loans and other than in respect of Borrower Subordinated Hedge Amounts);
- (l) *twelfth*, in or towards satisfaction of amounts payable under any Borrower Loan Agreement in respect of any Make-Whole Amount due and payable on the Class B Bonds;
- (m) *thirteenth*, to the Issuer in or towards satisfaction of all Subordinated Step-Up Fee Amounts in respect of the Class A Bonds;
- (n) *fourteenth*, to the Issuer in or towards satisfaction of all Subordinated Step-Up Fee Amounts in respect of the Class B Bonds;
- (o) *fifteenth, pro rata and pari passu*, according to the respective amounts thereof;
- (i) to the Issuer by way of Ongoing Facility Fee in or toward satisfaction of any Liquidity Subordinated Amount due by the Issuer to an Liquidity Facility Provider; and
  - (ii) any Liquidity Subordinated Amount due by the Borrower to a Liquidity Facility Provider;
- (p) *sixteenth, pro rata and pari passu*, according to the respective amounts thereof:
- (i) to the Issuer by way of Ongoing Facility Fee (or pursuant to a back-to-back hedge agreement) in respect of any Issuer Subordinated Hedge Amounts due or overdue to any Issuer Hedge Counterparty, and
  - (ii) any Borrower Subordinated Hedge Amounts due or overdue to a Borrower Hedge Counterparty;
- (q) *seventeenth*, following all amounts of interest due or overdue in respect of Second Lien Debt;

- (r) *eighteenth*, all amounts of principal due or overdue in respect of Second Lien Debt; and
- (s) *nineteenth*, the surplus (if any) together with all amounts standing to the credit of the Obligor Accounts shall be available to each Obligor entitled thereto to deal with as it sees fit.

#### **Issuer Pre-Enforcement Priority of Payments**

Prior to the delivery of a Bond Enforcement Notice, amounts standing to the credit of the Issuer Accounts (subject to certain exceptions), will be applied by the Issuer Cash Manager (on behalf of the Issuer) in accordance with the following priority of payments, in each case only to the extent that preceding items have been paid in full and the relevant payment does not cause the Issuer Accounts to become overdrawn:

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of:
  - (i) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts due and payable (including any amounts in respect of VAT) by the Issuer on such Interest Payment Date to the Bond Trustee or any of its Appointees under the Bond Trust Deed or any other Issuer Transaction Document to which it is a party; and
  - (ii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts due and payable (including any amounts in respect of VAT) by the Issuer on such Interest Payment Date to the Issuer Security Trustee or any of its Appointees under the Issuer Deed of Charge or any other Issuer Transaction Document to which it is a party;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts payable by the Issuer in respect of any amounts due and owing by the Issuer in respect of:
  - (i) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Paying Agents, Exchange Agent, Agent Bank, Registrar and Transfer Agent incurred under the Agency Agreement and any Calculation Agent under the Calculation Agency Agreement;
  - (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager under this Agreement;
  - (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Administration Providers incurred under the Issuer Corporate Administration Agreements;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of:
  - (i) amounts due and payable to any third party creditors of the Issuer, or to become due and payable to any third party creditors of the Issuer prior to the next Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Interest Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents (and for which payment has not been provided for elsewhere); and
  - (ii) any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of all UK corporation tax and other tax for which the Issuer is liable under the laws of any jurisdiction other than UK corporation tax at the standard rate from time to time on the Issuer Profit Amount (which shall be met by the Issuer out of the Issuer Profit Amount);
- (d) *fourth*, all amounts payable by the Issuer to the Liquidity Facility Providers (and any Liquidity Facility Agent and arranger under the Liquidity Facility Agreement) (other than in respect of any Liquidity Subordinated Amounts);



- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof:
- (i) all scheduled amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or Class A Bonds between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (ii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of all scheduled amounts received by the Issuer from the Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or Class A Bonds entered into between the Issuer and an Issuer Hedge Counterparty;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, in each case without double counting:
- (i) all amounts of interest due or overdue in respect of the Class A Bonds (other than principal and Subordinated Step-Up Fee Amounts);
  - (ii) all termination amounts or other unscheduled amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds between the Issuer and an Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts);
  - (iii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of all termination amounts or other unscheduled amounts received by the Issuer from the Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) entered into between the Issuer and an Issuer Hedge Counterparty;
  - (iv) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of all scheduled amounts (other than principal exchange amounts) received by the Issuer from the Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds entered into between the Issuer and an Issuer Hedge Counterparty; and
  - (v) all amounts in respect of scheduled amounts (other than principal exchange amounts) payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of the Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds;
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, in each case without double counting:
- (i) all amounts of principal due or overdue in respect of the Class A Bonds;
  - (ii) all termination amounts or other unscheduled amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of the Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds between the Issuer and an Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts);
  - (iii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of all termination amounts or other unscheduled amounts received by the Issuer from the Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility

- (other than the Borrower Loan Agreements) or the Class B Bonds entered into between the Issuer and an Issuer Hedge Counterparty;
- (iv) all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Issuer to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (v) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of all scheduled principal exchange amounts and all termination amounts or other unscheduled sums received by the Issuer from the Issuer Hedge Counterparty under any Cross Currency Hedging Agreement entered into between the Issuer and an Issuer Hedge Counterparty in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds;
- (h) *eighth*, in or towards satisfaction of any Make-Whole Amount payable on the Class A Bonds;
- (i) *ninth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof:
- (i) all scheduled amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or Class B Bonds between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (ii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of all scheduled amounts received by the Issuer from the Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or Class B Bonds entered into between the Issuer and an Issuer Hedge Counterparty;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, in each case without double counting:
- (i) all amounts of interest due or overdue in respect of the Class B Bonds (other than Subordinated Step-Up Fee Amounts);
  - (ii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of scheduled amounts (other than principal exchange amounts) received by the Issuer from the Issuer Hedge Counterparty under any Cross Currency Hedging Agreement received by the Issuer from the Issuer Hedge Counterparty in respect of Junior Debt (other than amounts due under the Borrower Loan Agreements) or the Class B Bonds;
  - (iii) all amounts in respect of all scheduled amounts (other than principal exchange amounts) payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds; and
  - (iv) to the Issuer Liquidity Reserve Account, the amount required to satisfy the minimum debt service funding requirements set out in paragraph 3.2 of part 3 (*Trigger Event Remedies*) of schedule 3 (*Trigger Event*) of the Common Terms Agreement;
- (k) *eleventh*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, in each case without double counting:
- (i) all amounts of principal due or overdue in respect of the Class B Bonds;

- (ii) all scheduled principal exchange amounts and all termination amounts or other unscheduled sums due and payable by the Issuer to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than amounts due under the Borrower Loan Agreements) or the Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (iii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of scheduled principal exchange amounts and all termination amounts or other unscheduled sums received by the Issuer from the Issuer Hedge Counterparty under any Cross Currency Hedging Agreement received by the Issuer from the Issuer Hedge Counterparty in respect of Junior Debt outstanding under any Authorised Credit Facility (other than amounts due under the Borrower Loan Agreements) or the Class B Bonds;
- (l) *twelfth*, in or towards satisfaction of any Make-Whole Amount payable on the Class B Bonds;
  - (m) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of all Subordinated Step-Up Fee Amounts due or overdue in respect of the Class A Bonds;
  - (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of all Subordinated Step-Up Fee Amounts due or overdue in respect of the Class B Bonds;
  - (o) *fifteenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Liquidity Subordinated Amounts due by the Issuer to the Liquidity Facility Providers;
  - (p) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any Issuer Subordinated Hedge Amounts due or overdue to an Issuer Hedge Counterparty;
  - (q) *seventeenth*, after retaining the Issuer Profit Amount, (which the Issuer may, after meeting any corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer), any remaining amount by way of rebate of Ongoing Facility Fees to the Borrower under the terms of the Borrower Loan Agreements.

#### **Issuer Post-Enforcement Priority of Payments**

After the service of a Bond Enforcement Notice by the Bond Trustee in accordance with Condition 10(b) (*Delivery of Bond Enforcement Notice*) the Issuer Cash Manager shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts (subject to certain exceptions) to make payments in the following order of priority:

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of:
  - (i) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Bond Trust Deed or relevant Issuer Transaction Document) by the Issuer to the Bond Trustee or any of its Appointees under the Bond Trust Deed or any other Issuer Transaction Document to which it is a party;
  - (ii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in this Deed or relevant Issuer Transaction Document) by the Issuer to the Issuer Security Trustee or any of its Appointees under this Deed or any other Issuer Transaction Document to which it is a party; and
  - (iii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in

this Deed) by the Issuer to any Receiver appointed by the Issuer Security Trustee under this Deed;

- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof in respect of any amounts due and payable by the Issuer in respect of:
- (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Paying Agents, Exchange Agent, Agent Bank, Registrar and Transfer Agent incurred under the Agency Agreement and any Calculation Agent under the Calculation Agency Agreement (including any amounts in respect of VAT to the extent provided therein);
  - (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement (including any amounts in respect of VAT to the extent provided therein);
  - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager under the Issuer Cash Management Agreement (including any amounts in respect of VAT to the extent provided therein); and
  - (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Administration Providers incurred under the Issuer Corporate Administration Agreements (including any amounts in respect of VAT to the extent provided therein),
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due from the Issuer to the Liquidity Facility Providers (and any Liquidity Facility Agent and arranger under the Liquidity Facility Agreement) (other than in respect of any Liquidity Subordinated Amounts);
- (d) *fourth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof of, in each case without double counting:
- (i) all amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (ii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of amounts received by the Issuer from the Issuer Hedge Counterparties (other than the Borrower) under any Rate Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds entered into between the Issuer and an Issuer Hedge Counterparty (other than the Borrower);
- (e) *fifth*, in or towards satisfaction of all amounts of interest due and payable in respect of the Class A Bonds (other than Subordinated Class A Step-Up Fee Amounts);
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, in each case without double counting:
- (i) all amounts of principal due and payable or overdue in respect of the Class A Bonds and
  - (ii) all amounts due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Senior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts);
  - (iii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of any amounts received by the Issuer from the Issuer Hedge Counterparties under any Cross Currency Hedging Agreement entered into

between the Issuer and an Issuer Hedge Counterparty in respect of Senior Debt outstanding under any Authorised Credit Facility (other than any Borrower Loan Agreement) or the Class A Bonds;

- (g) *seventh*, in or towards satisfaction of any Make-Whole Amount payable on the Class A Bonds;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof of, in each case without double counting:
  - (i) all amounts payable to each Issuer Hedge Counterparty under any Rate Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds between the Issuer and an Issuer Hedge Counterparty (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (ii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of amounts received by the Issuer from the Issuer Hedge Counterparties (other than the Borrower) under any Rate Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds entered into between the Issuer and an Issuer Hedge Counterparty (other than the Borrower);
- (i) *ninth*, in or towards satisfaction of all amounts of interest due and payable in respect of the Class B Bonds (other than Subordinated Class B Step-Up Fee Amounts);
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of:
  - (i) all amounts of principal due and payable or overdue in respect of the Class B Bonds;
  - (ii) all amounts due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and
  - (iii) all amounts due and payable by the Issuer to the Borrower pursuant to any back-to-back hedging arrangements in respect of any amounts received by the Issuer from the Issuer Hedge Counterparties under any Cross Currency Hedging Agreement entered into between the Issuer and an Issuer Hedge Counterparty in respect of Junior Debt outstanding under any Authorised Credit Facility (other than the Borrower Loan Agreements) or the Class B Bonds;
- (k) *eleventh*, in or towards satisfaction of any Make-Whole Amount on the Class B Bonds;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of all Subordinated Step-Up Fee Amounts due and payable or overdue in respect of the Class A Bonds;
- (m) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of all Subordinated Step-Up Fee Amounts due and payable or overdue in respect of the Class B Bonds;
- (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of any Liquidity Subordinated Amounts due and payable to the Liquidity Facility Providers by the Issuer;
- (o) *fifteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any Issuer Subordinated Hedge Amounts due or overdue to any Issuer Hedge Counterparty; and
- (p) *thereafter*, after retaining the Issuer Profit Amount (which the Issuer may, after meeting any corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person

nominated by the Issuer), any remaining amount by way of rebate of the Initial Facility Fee and/or Ongoing Facility Fee pursuant to the terms of the Borrower Loan Agreements.

## TERMS AND CONDITIONS

*The following is the text of the terms and conditions which (subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms or Pricing Supplement (as the case may be) and, save for the italicised paragraphs) will be incorporated by reference into each Global Bond and each definitive Bond (in the latter case only if such incorporation by reference is permitted by the rules of the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Bond will have endorsed thereon or attached thereto such terms and conditions). Further information with respect to each Tranche of Bonds will be given in the relevant Final Terms or Pricing Supplement (as the case may be) which will provide for those aspects of these Conditions which are applicable to such Tranche of Bonds and, in the case of all Sub-Classes, the terms of the relevant advance under the loan agreement to be entered into by, among others, the Issuer and Gatwick Airport Limited or Ivy Bidco Limited or any other entity which accedes to the Common Terms Agreement and the STID as a borrower (the "**Borrower**") (the "**Borrower Loan Agreement**"). Either: (i) the full text of these terms and conditions together with the relevant Part A of the Final Terms or Part A of the Pricing Supplement; or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions) will be endorsed upon, or attached to, each Global Bond and definitive Bond. References in the Conditions to Bonds are as the context requires, references to the Bonds of one Sub-Class only, not to all Bonds which may be issued under the Programme. Reference should be made to the "Pro Forma Final Terms" or the "Pro Forma Pricing Supplement" for a description of the content of Final Terms or Pricing Supplement (as the case may be) which will specify which of the terms are to apply in relation to the relevant Bonds.*

References herein to the Bonds shall be references to the Bonds of a Sub-Class and shall mean:

- (a) in relation to a Global Bond, units of each Specified Denomination in the Specified Currency;
- (b) any Global Bond;
- (c) any Bearer Bonds issued in exchange for a Global Bond in bearer form; and
- (d) Registered Bonds (whether or not issued in definitive form and whether or not in exchange for a Global Bond in registered form).

Gatwick Funding Limited (the "**Issuer**") has established a bond programme (the "**Programme**") for the issuance of the Class A Bonds and/or the Class B Bonds (the "**Bonds**"). Bonds issued under the Programme on a particular Issue Date comprise a Series (a "**Series**"), and each Series comprises one or more Classes of Bonds (each a "**Class**"). Each Class may comprise one or more Sub-Classes (each a "**Sub-Class**") and each Sub-Class comprises one or more tranches (each a "**Tranche**").

The Bonds will be designated as Class A Bonds or Class B Bonds. Each Sub-Class will be denominated in different currencies or have different interest rates, maturity dates or other terms. Bonds of any Class may be zero coupon ("**Zero Coupon Bonds**"), fixed rate ("**Fixed Rate Bonds**"), floating rate ("**Floating Rate Bonds**"), index-linked ("**Indexed Bonds**") or instalment bonds ("**Instalment Bonds**") depending on the method of calculating interest payable in respect of such Bonds and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law or regulation.

The terms and conditions applicable to any particular Sub-Class of Bonds are these terms and conditions ("**Conditions**") as may be completed by Part A of a set of final terms in relation to such Sub-Class ("**Final Terms**") or Part A of a pricing supplement, in relation to such Sub-Class ("**Pricing Supplement**"). In the event of any inconsistency between these Conditions and the relevant Final Terms or Pricing Supplement (as the case may be), the relevant Final Terms or Pricing Supplement (as the case may be) shall prevail.

The Bonds will be subject to and have the benefit of a bond trust deed to be dated the Establishment Date (as defined below) as the same may be amended, supplemented, restated and/or novated from time to time (the "**Bond Trust Deed**"), between the Issuer and Deutsche Trustee Company Limited as trustee (the "**Bond Trustee**", which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the "**Agency Agreement**") to be dated on or about the Establishment Date (to which, among others, the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying

Agents (in the case of Bearer Bonds) or the Transfer Agents and the Registrar (in the case of Registered Bonds) are party). As used herein, each of "**Principal Paying Agent**", "**Paying Agents**", "**Exchange Agent**", "**Agent Bank**", "**Transfer Agent**" and/or "**Registrar**" means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agent and/or Registrar, respectively, and, in each case, any successor to such person in such capacity, and Agents shall mean the Principal Paying Agent, the Transfer Agent, the Exchange Agent, the Registrar, the Agent Bank, any Calculation Agent (as defined below) appointed thereunder and any additional Paying Agents also appointed thereunder. The Bonds may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of schedule 1 to the Agency Agreement, the "**Calculation Agency Agreement**") between, *inter alia*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the "**Calculation Agent**").

On or about the Establishment Date, the Issuer will enter into a deed of charge (as amended, supplemented and/or restated from time to time the "**Issuer Deed of Charge**") with Deutsche Trustee Company Limited as security trustee (the "**Issuer Security Trustee**", which expression includes the security trustee or trustees for the time being of the Issuer Deed of Charge), pursuant to which on or prior to the Initial Issue Date the Issuer will grant the "**Issuer Security**" (as defined in Condition 4(a) (*Security*)) to the Issuer Security Trustee for itself and on behalf of the Bond Trustee (for itself and on behalf of the Bondholders), the Bondholders, the Couponholders, each Issuer Hedge Counterparty, each Liquidity Facility Provider, the Principal Paying Agent, each Paying Agent, the Exchange Agent, the Calculation Agent (if any), the Transfer Agent, the Registrar, Santander UK (acting in its capacity as "**Issuer Account Bank**" and any other financial institution which accedes to the Issuer Account Bank Agreement as an Issuer Account Bank), the Agent Bank, Gatwick Airport Limited (in its capacity as "**Issuer Cash Manager**") under the Issuer cash management agreement entered into by, among others, the Issuer and the Issuer Cash Manager (as amended, supplemented and/or restated from time to time the "**Issuer Cash Management Agreement**") and Intertrust Offshore Limited (in its capacity as the "**Jersey Corporate Administration Provider**") and Intertrust Management Limited (in its capacity as the "**UK Corporate Administration Provider**" and, together with the Jersey Corporate Administration Provider, the "**Issuer Corporate Administration Providers**") (together, the "**Issuer Secured Creditors**").

On or before the Establishment Date, the Issuer will enter into a dealership agreement (as amended, supplemented and/or restated from time to time the "**Dealership Agreement**") with the dealers (or dealer, as the case may be) named therein (the "**Dealers**" or the "**Dealer**" (as the case may be)) in respect of the Programme, pursuant to which any of the Dealers may enter into a Subscription Agreement (each a "**Subscription Agreement**") in relation to each Sub-Class of Bonds issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Sub-Class of Bonds. In any Subscription Agreement relating to a Sub-Class of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Sub-Class of Bonds.

On or around the Establishment Date, the Issuer and the Borrower will enter into a liquidity facility agreement (as amended, supplemented and/or restated from time to time the "**Liquidity Facility Agreement**") with certain liquidity facility providers (together, the "**Liquidity Facility Providers**") pursuant to which the Liquidity Facility Providers agree to make certain facilities (the "**Liquidity Facilities**") available to meet liquidity shortfalls.

The Issuer may enter into certain currency, inflation-linked and interest rate hedging agreements (as amended, supplemented and/or restated from time to time together, the "**Issuer Hedging Agreements**") with certain hedge counterparties (together, the "**Issuer Hedge Counterparties**") in respect of certain Sub-Classes of Bonds, pursuant to which the Issuer hedges certain of its currency and interest rate obligations. The Issuer may also enter into back to back swap arrangements with the Borrower on substantially the same terms as the corresponding Issuer Hedging Agreements between the Issuer and the relevant Issuer Hedge Counterparties.

On the Establishment Date, the Issuer will enter into the common terms agreement with, among others, the Borrower (as amended, supplemented and/or restated from time to time the "**Common Terms Agreement**") and a security trust and intercreditor deed between amongst others, the Obligors, Deutsche Trustee Company Limited (in its capacity as the Borrower Security Trustee) and the other creditors referred to therein (the "**Borrower Secured Creditors**") (as amended, supplemented and/or restated from time to time the "**STID**").



The deed of charge and guarantee executed by each of the Obligors in favour of the Borrower Security Trustee on or about the Establishment Date (as amended, supplemented and/or restated from time to time the "**Borrower Security Agreement**") (to become effective on or prior to the Initial Issue Date) comprise the "**Security Documents**".

The Bond Trust Deed, the Bonds (including these Conditions and the applicable Final Terms or Pricing Supplement (as the case may be)), the Issuer Deed of Charge, the Agency Agreement, the Liquidity Facility Agreement, the Issuer Hedging Agreements, the Borrower Loan Agreement, the Common Terms Agreement, the Borrower Security Agreement, the STID, the conditions precedent agreement to be entered into between, among others, the Issuer, the Bond Trustee, the Issuer Security Trustee, the Borrower Security Trustee and the Obligors on the Establishment Date (the "**CP Agreement**"), the Issuer Cash Management Agreement, the master definitions agreement between, among others, the Issuer and the Bond Trustee to be dated the Establishment Date (as amended, supplemented and/or restated from time to time the "**Master Definitions Agreement**"), the Issuer account bank agreement between, among others, the Issuer Account Bank, the Issuer and the Issuer Security Trustee (as amended, supplemented and/or restated from time to time the "**Issuer Account Bank Agreement**") and the Tax Deed to be dated on or prior to the Establishment Date (as amended, supplemented and/or restated from time to time the "**Tax Deed**"), and any related document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, together referred to as the "**Issuer Transaction Documents**".

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), in the relevant Final Terms or Pricing Supplement (as the case may be) the Bond Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents. Copies of the Issuer Transaction Documents (other than the Dealership Agreement) are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds (as defined below)) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds (as defined below)), save that, if this Bond is an unlisted Bond of any Sub-Class, the applicable Final Terms or Pricing Supplement (as the case may be) will only be obtainable by a Bondholder holding one or more unlisted Bonds of that Sub-Class and such Bondholder must provide evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Bonds and identity.

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the Issuer Deed of Charge, the relevant Final Terms or Pricing Supplement (as the case may be) and the other Issuer Transaction Documents applicable to them. In these Conditions, words denoting the singular number only shall include the plural number also and *vice versa*.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Agreement and these Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement.

Any reference in these Conditions to a matter being "**specified**" means the same as may specified in the relevant Final Terms or Pricing Supplement (as the case may be).

1. **Form, Denomination and Title**

(a) ***Form, Denomination and Title***

The Bonds are in bearer form ("**Bearer Bonds**") or in registered form ("**Registered Bonds**") as specified in the applicable Final Terms or Pricing Supplement (as the case may be) and, in the case of Definitive Bonds, serially numbered in the Specified Currency and the Specified Denomination(s) **provided that** in the case of any Bonds which are to be admitted to trading on the Main Market of the London Stock Exchange or offered to the public in the United Kingdom in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"), the minimum Specified Denomination shall not be less than €100,000 or the equivalent of €100,000 in any other currency as at the date of issue of the relevant Bonds (or such other amount required by applicable law from time to time as stated in the applicable Final Terms or Pricing Supplement) and in the

case of the Bonds in respect of which the publication of a Prospectus is not required under the UK Prospectus Regulation or the EU Prospectus Regulation the minimum Specified Denomination shall not be less than that required by applicable law as stated in the applicable Final Terms or Pricing Supplement. Bonds may be issued in such denomination and higher integral multiples of a smaller amount if specified in the applicable Final Terms or Pricing Supplement (as the case may be). Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination and Registered Bonds may not be exchanged for Bearer Bonds. References in these Conditions to Bonds include Bearer Bonds and Registered Bonds and all Sub-Classes, Classes, Tranches and Series.

So long as the Bonds are represented by a temporary Global Bond or permanent Global Bond and the relevant Clearing System(s) so permit, the Bonds shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Bonds may be Fixed Rate Bonds, Floating Rate Bonds, Zero Coupon Bonds, Indexed Bonds or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Final Terms or Pricing Supplement (as the case may be).

Bonds may be Indexed Bonds, Instalment Bonds or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Final Terms or Pricing Supplement (as the case may be).

Interest-bearing Bearer Definitive Bonds are issued with Coupons (as defined below) (and, where appropriate, a Talon, (as defined below)) attached. After all the Coupons attached to, or issued in respect of, any Bearer Bond which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and (if necessary) one further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

Any Bearer Definitive Bond the principal amount of which is redeemable in instalments may be issued with one or more Receipts (as defined below) (and, where appropriate, a Talon) attached thereto. After all the Receipts attached to, or issued in respect of, any Instalment Bond which was issued with a Talon have matured, a receipt sheet comprising further Receipts (other than Receipts which would be void) and (if necessary) a further Talon will be issued against presentation of the relevant Talon at the specified office of any Paying Agent.

Subject as set out below, title to the Bearer Bonds, Receipts and Coupons will pass by delivery and title to the Registered Bonds will pass upon registration of transfers in the Register by the Registrar, in accordance with the provisions of the Agency Agreement. The Issuer, the Bond Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Bond, Receipt or Coupon and the registered holder of any Registered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Bond, without prejudice to the provisions set out in the next succeeding paragraphs.

For so long as any of the Bonds is represented by a Global Bond held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Bond Trustee and the Agents as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Bonds, for which purpose the bearer of the relevant Bearer Global Bond or the registered holder of the relevant Registered Global Bond shall be treated by the Issuer, the Bond Trustee and any Agent as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the relevant Global Bond and the expressions "**Bondholder**" and "**holder of Bonds**" and related expressions shall be construed accordingly.

For so long as the DTC or its nominee is the registered owner or holder of a Registered Global Bond, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Bonds represented by such Registered Global Bond for all purposes under the Bond Trust Deed and the Agency Agreement and the Bonds except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

In determining whether a particular person is entitled to a particular nominal amount of Bonds as aforesaid, the Bond Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or Pricing Supplement (as the case may be) or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

(b) ***Fungible Issues of Bonds comprising a Sub-Class***

The Issuer may, from time to time, without the consent of the Bondholders, Receiptholders or Couponholders, create and issue further Bonds having the same terms and conditions as the Bonds of a Sub-Class in all respects (or in all respects except for the first payment of interest). Accordingly, a Sub-Class of Bonds may comprise a number of issues in addition to the initial Tranche of such Sub-Class. Such further issues of the same Sub-Class will be consolidated and form a Series with the prior issues of that Sub-Class.

2. **Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

(a) ***Exchange of Bonds***

Subject to Condition 2(f) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms or Pricing Supplement (as the case may be), be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date for any payment of interest or Interest Amount, the Coupon in respect of that payment of interest or Interest Amount need not be surrendered with it. Registered Bonds may not be exchanged for Bearer Bonds.

(b) ***Transfers of interests in Registered Global Bonds***

Transfers of beneficial interests in Registered Global Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Bonds in definitive form or for a beneficial interest in another Registered Global Bond only in the authorised denominations set out in the applicable Final Terms or Pricing Supplement (as the case may be) and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Bond Trust Deed and the Agency Agreement. Transfers of a Registered Global Bond registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(c) ***Transfers of Registered Definitive Bonds***

Subject as provided in Conditions 2(d) (*Registration of transfer upon partial redemption*), 2(e) (*Exchange or Transfer at the Expense of Transferor Bondholder*), 2(f) (*Closed Periods*), 2(g) (*Regulations Concerning the Transfer of Registered Bonds*), and 2(i) (*Transfers of interests in Legended Bonds*), upon the terms and subject to the conditions set forth in the Bond Trust Deed and the Agency Agreement, a Registered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms or Pricing Supplement (as the case may be)). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Bond for registration of the transfer of the Registered Bond (or the relevant part of the Registered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required the Registrar or, as the case may be, by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Bond Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Bond in definitive form of a like aggregate nominal amount to the Registered Bond (or the relevant part of the Registered Bond) transferred. In the case of the transfer of part only of a Registered Bond in definitive form, a new Registered Bond in definitive form in respect of the balance of the Registered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(d) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Bonds under Condition 7 (*Redemption, Purchase and Cancellation*), the Issuer shall not be required to register the transfer of any Registered Bond, or part of a Registered Bond, called for partial redemption.

(e) ***Exchange or Transfer at the Expense of Transferor Bondholder***

Registration of Bonds on exchange or transfer will be effected at the expense of the transferor Bondholder by or on behalf of the Issuer, the Transfer Agent or the Registrar, and upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(f) ***Closed Periods***

No transfer of a Registered Bond may be registered, nor may any exchange of a Bearer Bond for a Registered Bond occur during the period of 15 days ending on the due date for any payment of principal, interest, Interest Amount or Redemption Amount on that Bond.

(g) ***Regulations Concerning the Transfer of Registered Bonds***

All transfers of Registered Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Principal Paying Agent, the Bond Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder who requests in writing a copy of such regulations.

(h) ***Transfers of interests in Regulation S Global Bonds***

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Bond to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a Transfer Certificate, copies of which are available from the specified office of any Transfer Agent, from the transferor of the Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of paragraph (i) above, such transferee may take delivery through a Legended Bond in global or definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

(i) ***Transfers of interests in Legended Bonds***

Transfers of Legended Bonds or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Bonds, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Bonds or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

3. **Status of Bonds**

(a) ***Status of Class A Bonds***

This Condition 3(a) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class A Bonds.

The Class A Bonds, Class A Coupons, Class A Talons and Class A Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Issuer Secured Creditors*) and rank *pari passu* without any preference among themselves.

(b) ***Status of Class B Bonds***

This Condition 3(b) is applicable only in relation to Bonds which are specified as being a Sub-Class of Class B Bonds.

The Class B Bonds, Class B Coupons, Class B Talons and Class B Receipts (if any) are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with Issuer Secured Creditors*), are subordinated to the Class A Bonds, Class A Coupons, Class A Receipts and Class A Talons (if any) and rank *pari passu* without any preference among themselves.

4. **Security, Priority and Relationship with Issuer Secured Creditors**

(a) ***Security***

As continuing security for the payment or discharge of all present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Issuer Secured Creditor under each Issuer Transaction Document (the "**Issuer Secured Liabilities**" (including, without limitation, all monies payable in respect of the Bonds, Coupons and Receipts and otherwise under the Bond Trust Deed, the Issuer Deed of Charge and any deed or other document executed in accordance with the Bond Trust Deed or Issuer Deed of Charge and expressed to be supplemental to the Bond Trust Deed or Issuer Deed of Charge (as applicable) (the "**Trust Documents**") (including, without limitation, the remuneration, expenses and other claims of the Bond Trustee under the Bond Trust Deed and the Issuer Security Trustee and any Receiver appointed under the Issuer Deed of Charge))), the Issuer has entered into the Issuer Deed of Charge to create as far as permitted by and subject to compliance with any applicable law, the following security (the "**Issuer Security**") in favour of the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors:

- (i) an assignment by way of first fixed security of all of the rights of the Issuer under each Issuer Charged Document (other than the Trust Documents);
- (ii) a first fixed charge over all of the rights in the Issuer Accounts;
- (iii) an assignment by way of first fixed security, subject to a proviso for re-assignment on redemption (or, to the extent not assignable, a first fixed charge), of all rights of the Issuer in relation to the GFL Interest (as defined under the Liquidity Standby Account Declaration of Trust) in respect of the Liquidity Standby Account;
- (iv) a first fixed charge over all rights of the Issuer in respect of the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Issuer Charged Property and any compensation which may be payable to it in respect of those authorisations;
- (v) a first fixed charge over all of the rights of the Issuer in respect of each Authorised Investment of the Issuer; and
- (vi) a first floating charge over all the Issuer's assets including, without limitation, the Issuer's uncalled capital other than any assets at any time otherwise effectively charged or assigned by way of a fixed charge or assignment and the Jersey Corporate Administration Agreement.

All Bonds issued by the Issuer under the Programme will share in the Issuer Security constituted by the Issuer Deed of Charge, upon and subject to the terms thereof.

(b) ***Relationship among Bondholders and with other Issuer Secured Creditors***

The Bond Trust Deed contains provisions detailing the Bond Trustee's obligations to consider the interests of Bondholders as regards all discretions of the Bond Trustee (except where expressly provided otherwise or referred to in Condition 15 (*Bond Trustee Protections*)).

(c) ***Enforceable Security***

In the event of the Issuer Security becoming enforceable as provided in the Issuer Deed of Charge, the Bond Trustee shall, if directed or requested in writing by the Issuer Qualifying Creditors together holding or representing 25% or more of the Issuer Qualifying Debt, direct the Issuer Security Trustee to enforce its rights with respect to the Issuer Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder, **provided that** neither the Bond Trustee nor the Issuer Security Trustee shall be obliged to take any action unless they are indemnified and/or secured and/or prefunded to their satisfaction.

For the purpose of these Conditions:

**"Borrower Hedge Counterparty"** means a Hedge Counterparty who is a party to a Borrower Hedging Agreement (together, the Borrower Hedge Counterparties);

**"Cross Currency Hedge Counterparties"** means (a) the Issuer Hedge Counterparties which are party to a Cross Currency Hedging Agreement and which are party to the STID and (b) any counterparty to a Cross Currency Hedging Agreement which is or becomes party to the STID in accordance with the STID and **"Cross Currency Hedge Counterparty"** means any of such parties;

**"Cross Currency Hedging Agreement"** means any Hedging Agreement in respect of a Treasury Transaction which is a currency swap or exchange transaction;

**"Hedge Counterparties"** means (a) the Issuer Hedge Counterparties (b) the Borrower Hedge Counterparties and (c) any counterparty which accedes as a hedge counterparty to the STID and the Common Terms Agreement and, in the case of any Treasury Transaction with the Issuer, the Issuer Deed of Charge and Hedge Counterparty means any of such parties;

**"Hedging Agreement"** means any Treasury Transaction entered or to be entered into by the Issuer or the Borrower with a Hedge Counterparty under the Hedging Policy to hedge interest rate exposure, index exposure and currency risk in relation to the Relevant Debt or the Bonds;

**"Hedging Policy"** means the initial hedging policy applicable to the Obligors and the Issuer set out in Schedule 5 (*Hedging Policy and Overriding Provisions Relating to Hedging Agreements*) to the Common Terms Agreement as such hedging policy may be amended from time to time by agreement between the Borrower Security Trustee, the Issuer, the Borrower and the Hedge Counterparties in accordance with the STID;

**"Issuer Hedge Counterparty"** means a Hedge Counterparty who is party to an Issuer Hedging Agreement (together, the **"Issuer Hedge Counterparties"**);

**"Issuer Qualifying Creditors"** means, in respect of Issuer Qualifying Debt:

- (i) for so long as any Class A Bonds remain outstanding, the holders of the Class A Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class A Bonds; or
- (ii) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the holders of the Class B Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class B Bonds;

**"Issuer Qualifying Debt"** means:

- (i) for so long as any Class A Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class A Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class A Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions; or
- (ii) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class B Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class B Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions;

**"Relevant Debt"** has the meaning given to it in the Hedging Policy; and

**"Treasury Transaction"** means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index-linked agreement, interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined similar agreement or any derivative transaction protecting against or benefitting from fluctuations in any rate or price.

(d) ***Application After Enforcement***

After enforcement of the Issuer Security, the Issuer Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts and any other proceeds of the enforcement of the Issuer Security to make payments in accordance with the Issuer Post-Enforcement Priority of Payments (as set out in the Issuer Deed of Charge).

5. **Interest and other Calculations**

(a) ***Interest Rate and Accrual***

Each Bond (unless specified in the relevant Final Terms or Pricing Supplement (as the case may be) to be a Zero Coupon Bond) bears interest on its Principal Amount Outstanding (or as otherwise specified in the relevant Final Terms or Pricing Supplement, as the case may be) from the Interest Commencement Date at the Interest Rate, such interest being payable in arrear (unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be)) on each Interest Payment Date.

Interest will cease to accrue on each Bond (or, in the case of the redemption of part only of a Bond, that part only of such Bond) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate that would otherwise apply in respect of unpaid amounts on such Bonds at such time to the Bond Relevant Date.

In the case of interest on Class B Bonds only, if, on any Interest Payment Date, prior to the delivery of a Bond Enforcement Notice, there are insufficient funds available to the Issuer in accordance with the applicable Issuer Payment Priorities (after taking into account the amounts available to be drawn by the Issuer under any Liquidity Facility) to pay such accrued interest, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earliest of: (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of the Issuer Cash Management Agreement, sufficient funds available to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which the Senior Debt has been paid in full; and (iii) the date on which a Bond Enforcement Notice has been delivered. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Bonds at such time.



If any "**Maximum Interest Rate**" or "**Minimum Interest Rate**" is specified in the relevant Final Terms or Pricing Supplement (as the case may be), then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified, as the case may be.

(b) ***Business Day Convention***

If any date referred to in these Conditions or the relevant Final Terms or Pricing Supplement (as the case may be) is specified to be subject to adjustment in accordance with a Business Day convention (each, a "**Business Day Convention**") and would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified in the relevant Final Terms or Pricing Supplement (as the case may be) is:

- (i) the "**Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day;
- (ii) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (iii) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.

(c) ***Floating Rate Bonds***

This Condition 5(c) is applicable only if the relevant Final Terms or Pricing Supplement (as the case may be) specify the Bonds as Floating Rate Bonds and in the limited circumstances set out in Condition 5(d) (*Fixed Rate Bonds*) and Condition 5(e) (*Indexed Bonds*).

(i) ***Screen Rate Determination***

Subject to Condition 5(i) (*Benchmark discontinuation*), if "**Screen Rate Determination**" is specified in the relevant Final Terms or Pricing Supplement (as the case may be) as the manner in which the Interest Rate(s) is/are to be determined, and if a Reference Rate and a Relevant Screen Page are so specified and the Reference Rate so specified is not SONIA, the Interest Rate applicable to the Bonds for each Interest Period will be determined by the Agent Bank (or the Calculation Agent, if applicable) on each Interest Determination Date on the following basis:

- (A) if the Relevant Screen Page displays a rate which is a composite quotation or customarily supplied by one entity, the Agent Bank (or the Calculation Agent, if applicable) will determine the Relevant Rate (as defined in Condition 5(j) (*Definitions*));
- (B) in any other case, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the Relevant Rates which appear on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date (as defined in Condition 5(j) (*Definitions*)) **provided that**, if five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Agent Bank (or Calculation Agent, if applicable) for the purpose of determining the arithmetic mean (rounded as provided in Condition 5(f) (*Rounding*)) of the offered quotations;
- (C) if, in the case of paragraph (A) above, such rate does not appear on that Relevant Screen Page or, in the case of paragraph (B) above, fewer than two such rates appear on that Relevant Screen Page or if, in either case, the Relevant Screen Page is unavailable, the Agent Bank (or the Calculation Agent, if applicable) will:
  - (1) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Relevant Rate at

approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and

- (2) determine the arithmetic mean of such quotations; and
- (D) if fewer than two such quotations are provided as requested in paragraph 5(c)(i)(C) above, the Agent Bank (or the Calculation Agent, if applicable) will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at approximately 11.00 am (local time in the Relevant Financial Centre of the Relevant Currency) on the relevant Interest Determination Date (as defined in Condition 5(j) (*Definitions*)) for loans in the Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount (as defined in Condition 5(j) (*Definitions*)), and the Interest Rate for such Interest Period shall be the sum of the rate or (as the case may be) the arithmetic mean so determined and (a) for any Interest Period that ends before the Scheduled Redemption Date, the Margin and (b) for any Interest Period that ends on or after the Scheduled Redemption Date, the Margin and the Step-Up Floating Fee Rate. However, if the Agent Bank or the Calculation Agent (as applicable) is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of a preceding Interest Period.

(ii) *ISDA Determination*

If "**ISDA Determination**" is specified in the relevant Final Terms or Pricing Supplement (as the case may be) as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Interest Period will be the sum of the relevant ISDA Rate and (a) for any Interest Period that ends before the Scheduled Redemption Date, the Margin and (b) for any Interest Period that ends on or after the Scheduled Redemption Date, the Margin and the Step-Up Floating Fee Rate where ISDA Rate in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Agent Bank (or the Calculation Agent, if applicable) under an interest rate swap transaction if the Agent Bank (or the Calculation Agent, if applicable) were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Pricing Supplement (as the case may be);
- (B) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration (as defined in Condition 5(j) (*Definitions*)); and
- (C) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") for a currency, the first day of that Interest Period, (2) if the relevant Floating Rate Option is based on the Euro-zone interbank offered rate ("**EURIBOR**"), the first day of that Interest Period or (3) in any other case (such as in the case of SONIA), as specified in the relevant Final Terms or Pricing Supplement (as the case may be).

(iii) *Provisions relating to Floating Rate Bonds which reference SONIA*

If the relevant Final Terms or Pricing Supplement (as the case may be) specifies the Interest Rate applicable to the Bonds as being Floating Rate and the Reference Rate

specified in the applicable Final Terms or Pricing Supplement (as the case may be) is SONIA, the Interest Rate applicable to the relevant Bonds for the relevant Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus the applicable relevant margin (for the purposes of this Condition 5(c)(iii), the "**Relevant Margin**") specified in the relevant Final Terms or Pricing Supplement (as the case may be), all as determined by the Calculation Agent.

For the purposes of this Condition 5(c)(iii):

"**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

"**d**" means, for any Interest Period, the number of calendar days in such Interest Period;

"**d<sub>o</sub>**" means, for any Interest Period, the number of London Banking Days in such Interest Period;

"**i**" means, for any Interest Period, a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Interest Period to, and including, the last London Banking Day in such Interest Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**" means, for any London Banking Day "i", the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date which is "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Bonds become due and payable);

"**p**" means the whole number specified as the Observation Look-back Period in the applicable Final Terms, such number representing a number of London Business Days and which shall not be specified in the applicable Final Terms as less than five without the prior agreement of the Calculation Agent;

"**SONIA**" means the Sterling Overnight Index Average;

"**SONIA Reference Rate**" means, in respect of any London Banking Day, "i", a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"SONIA<sub>LPLBD</sub>" means, in respect of any London Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

Subject to Condition 5(i) (*Benchmark discontinuation*), if in respect of any London Banking Day in the relevant Observation Period, the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:

- (i) (A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA rate to the Bank Rate over the previous five London Banking Days on which a SONIA rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
- (ii) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

If the SONIA rate ceases to exist and the Calculation Agent determines that there is no industry accepted successor rate for debt market instruments linked to the SONIA rate, and that no substitute or other successor base rate is comparable to the SONIA rate, the Floating Rate will be determined by the Calculation Agent in its sole discretion and acting in good faith and in a commercially reasonable manner.

If the relevant Series of Bonds become due and payable in accordance with Condition 7 (*Redemption, Purchase and Cancellation*) or Condition 10 (*Bond Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms or Pricing Supplement (as the case may be), be deemed to be the date on which such Bonds became due and payable and the Interest Rate on such Bonds shall, for so long as any such Bond remains outstanding, be that determined on such date.

(d) ***Fixed Rate Bonds***

This Condition 5(d) is applicable only if the relevant Final Terms or Pricing Supplement (as the case may be) specify the Bonds as Fixed Rate Bonds.

Subject to the next paragraph, the Interest Rate applicable to the Bonds for each Interest Period will be the rate specified in the relevant Final Terms or Pricing Supplement (as the case may be).

The Interest Rate applicable to the Bonds for each Interest Period from (and including) the Scheduled Redemption Date will be a floating rate equal to the sum of (a) the rate determined in accordance with Condition 5(c) (*Floating Rate Bonds*) if that Condition otherwise applied and (b) the Step-Up Fixed Fee Rate.

(e) ***Indexed Bonds***

This Condition 5(e) is applicable only if the relevant Final Terms or Pricing Supplement (as the case may be) specify the Bonds as Indexed Bonds.

Payments of principal on, and interest payable in respect of, the Bonds will be subject to adjustment for indexation and to the extent set out in Condition 6(b) (*Application of the Index Ratio*).

Subject to the next paragraph, the Interest Rate applicable to the Bonds for each Interest Period will be the rate specified in the relevant Final Terms or Pricing Supplement (as the case may be).

The Interest Rate applicable to the Bonds for each Interest Period from (and including) the Scheduled Redemption Date will be a floating rate equal to the sum of (a) the arithmetic mean rate determined in accordance with Condition 5(c) (*Floating Rate Bonds*) if that Condition otherwise applied and (b) the Step-Up Fixed Fee Rate.

(f) ***Rounding***

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, unit means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(g) ***Calculations***

The amount of interest payable in respect of any Bond for each Interest Period shall be calculated by applying the Interest Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Bond divided by the Calculation Amount (as defined in Condition 5(j) (*Definitions*)) and, in the case of Indexed Bonds only, adjusted according to the indexation set out in Condition 6(b) (*Application of the Index Ratio*), unless an Interest Amount is specified in respect of such period in the relevant Final Terms or Pricing Supplement (as the case may be), in which case the amount of interest payable in respect of such Bond for such Interest Period will equal such Interest Amount.

(h) ***Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts***

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank (or the Calculation Agent, if applicable) may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an "**Instalment Amount**"), obtain any quote or make any determination or calculation, the Agent Bank (or the Calculation Agent, if applicable) will determine the Interest Rate and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Specified Denomination of Bonds for the relevant Interest Period (including, for the avoidance of doubt, any applicable Index Ratio to be calculated in accordance with Condition 6(b) (*Application of the Index Ratio*)), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount, Principal Amount Outstanding or any Instalment Amount to be notified to, in the case of Bearer Bonds, the Paying Agents or in the case of Registered Bonds, the Registrar, and, in each case, the Bond Trustee, the Issuer, the Bondholders and the London Stock Exchange and each other listing authority, stock exchange and/or quotation system by or on which the relevant Bonds have then been admitted to listing, trading and/or quotation as soon as possible after its determination but in no event later than: (i) (in case of notification to the Stock Exchange and each other listing authority, stock exchange and/or quotation system by which the relevant Bonds have then been admitted to listing, trading and/or quotation) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an

extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Sub-Class or Class of Bonds are for the time being listed or by which they have been admitted to listing, to the Principal Paying Agent, the Bond Trustee and to the Bondholders in accordance with Condition 16 (*Notices*). If the Bonds become due and payable under Condition 10 (*Bond Events of Default*), the accrued interest and the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously provided in accordance with this Condition 5 but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Bond Trustee. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Agent Bank (or the Calculation Agent, if applicable) or, as the case may be, the Bond Trustee pursuant to this Condition 5 or Condition 6 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(i) ***Benchmark discontinuation***

(i) *Independent Adviser*

Notwithstanding Conditions 5(c)(i) (*Screen Rate Determination*), 5(c)(ii) (*ISDA Determination*) and 5(c)(iii) (*Provisions relating to Floating Rate Bonds which reference SONIA*), if the Issuer determines in good faith that a Benchmark Event occurs in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Interest Rate (or any component part thereof) to be determined by reference to such Original Reference Rate, then the Issuer shall notify the Calculation Agent and use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(i)(ii) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(i)(iii) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 5(i)(iv) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 5(i) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Bondholders, the Issuer, the Agents or any other party specified in the applicable Final Terms or Pricing Supplement (as the case may be) as being responsible for calculating the Interest Rate for any determination made by it or for any advice given to the Issuer in connection with the operation of this Condition 5(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(i)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the relevant Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Bonds (subject to the further operation of this Condition 5(i) in the event of a further Benchmark Event affecting the Successor Rate); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(i)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the relevant Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Bonds (subject to the further operation of this Condition 5(i) in the event of a further Benchmark Event affecting the Alternative Rate).

(iii) *Adjustment Spread*

If the Independent Adviser determines: (i) that an Adjustment Spread should be applied to the Successor Rate or the Alternative Rate (as the case may be); and (ii) the quantum of,

or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be for each subsequent determination of a relevant Interest Rate (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable)).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(i) and the Independent Adviser determines: (i) that amendments to these Conditions (including without limitation, amendments to the definitions of Day Count Fraction, Business Day, Interest Payment Date, Interest Determination Date, Relevant Time or Relevant Screen Page and related provisions) and the method for determining the fallback rate in relation to the Bonds are necessary to follow market practice or to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (ii) the terms of the Benchmark Amendments, then the Calculation Agent shall, at the direction and expense of the Issuer and subject to the Issuer giving notice thereof in accordance with Condition 5(i)(v) (*Notices, etc.*), without any requirement for the consent or approval of Bondholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice provided that the Calculation Agent shall not be obliged to effect any Benchmark Amendment if in the sole opinion of the Calculation Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions or the Agency Agreement in any way.

Notwithstanding any other provision of this Condition 5(i), if, as a result of the determination of any Successor Rate, Alternative Rate or Adjustment Spread, in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(i), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

In connection with any such variation in accordance with this Condition 5(i)(iv), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Bonds are for the time being listed or by which they have been admitted to trading.

(v) *Notices, etc.*

The Issuer will notify the Bond Trustee, any other party specified in the applicable Final Terms or Pricing Supplement (as the case may be) as being responsible for calculating the Interest Rate and, in accordance with Condition 16 (*Notices*), the Holders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(i).

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Bond Trustee, the Paying Agent and the Holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under the provisions of this Condition 5(i), the Original Reference Rate and the fallback provisions provided for in Condition 5(i) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Interest Rate on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this Condition 5(i) by such Interest Determination Date, the Interest Rate applicable to the next succeeding Interest Period shall be equal to the Interest Rate last determined in relation to the Bonds in respect of the immediately preceding Interest Period (though substituting, where a different Margin or Maximum or Minimum Interest Rate is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Interest Rate relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Interest Rate relating to that last preceding Interest Period).

For the avoidance of doubt, this Condition 5(i)(vii) shall apply to the determination of the Interest Rate on the relevant Interest Determination Date only, and the Interest Rate applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(i).

(viii) *Definitions*

In this Condition 5(i):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines should be applied to the Successor Rate or the Alternative Rate (as the case may be) as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate or (where (A) above does not apply) in the case of a Successor Rate, the Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Replacement Rate; or
- (C) (if the Independent Adviser determines that (A) above does not apply and no such spread, formula or methodology is recognised or acknowledged as being customary market usage as referred to in (B) above) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);
- (D) (if the Independent Adviser determines that (A) above does not apply and no such spread, formula or methodology is recognised or acknowledged as being customary market usage as referred to in (B) above or as being the industry standard as referred to in (C) above) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative to the Reference Rate which the Independent Adviser determines in accordance with Condition 5(i)(ii) (*Successor Rate or Alternative Rate*) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the



relevant component part thereof) or if no such rate exists, the rate which is most comparable to the Original Reference Rate, for a comparable interest period and in the same Specified Currency as the Bonds;

**"Benchmark Amendments"** has the meaning given to it in Condition 5(i)(iv) (*Benchmark Amendments*);

**"Benchmark Event"** means:

- (A) the Original Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered;
- (B) the later of: (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); and (ii) the date falling six months prior to the specified date referred to in (B)(i) above;
- (C) the later of: (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; and (ii) the date falling six months prior to the specified date referred to in (C)(i) above;
- (D) the later of: (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date; and (ii) the date falling six months prior to the specified date referred to in (D)(i) above;
- (E) the later of: (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is or will, by a specified future date be no longer representative of the underlying market; and (ii) the date falling six months prior to the specified date referred to in (E)(i) above; or
- (F) it has or will become unlawful for the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Holder using the Original Reference Rate;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(i)(i) (*Independent Adviser*) at its own expense;

**"Original Reference Rate"** means the originally-specified Reference Rate used to determine the relevant Interest Rate (or any component part thereof) on the Bonds;

**"Relevant Nominating Body"** means, in respect of the Original Reference Rate:

- (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates; (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; (c) a group of the aforementioned central banks or other supervisory authorities; or (d) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(j) **Definitions**

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

**"Bond Relevant Date"** means, in respect of any Class, Sub-Class or Tranche of the Bonds, the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Indexed Bonds in accordance with Condition 6(b) (*Application of the Index Ratio*)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 16 (*Notices*);

**"Business Day"** means a day which is:

- (i) in relation to any sum payable in sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement (as the case may be); and
- (ii) in relation to any sum payable in a currency other than sterling, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the Relevant Currency (which in the case of a payment in U.S. dollars shall be New York and in the case of any payment in euro shall be a TARGET Settlement Day) and in each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement (as the case may be);

**"Calculation Amount"** means the amount specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Bond for any period of time (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual (ICMA)"** is specified:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it ends, 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:
    - I. 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
    - II. 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 but excluding the next Determination Date; and

**"Determination Date"** means the date specified as such hereon or, if none is so specified, the Interest Payment Date;

- (ii) if **"Actual/365"** or **"Actual/Actual"** is specified, 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 (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366, and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **"Actual/365 (Fixed)"** is specified, the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is specified, the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (1) the last day of the Calculation Period is the 31<sup>st</sup> day of a month but the first day of the Calculation Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if **"30E/360"** or **"Eurobond Basis"** is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

**"euro"** means the lawful currency of the Participating Member States;

**"Instalment Amount"** has the meaning given to it in Condition 5(h) (*Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*);

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Final Terms or Pricing Supplement (as the case may be);

**"Interest Determination Date"** means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the specified currency is sterling, the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms or Pricing Supplement (as the case may be));

**"Interest Payment Date"** means the date(s) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);

**"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 Rate"** means the rate of interest payable from time to time in respect of the Bonds and which is either specified as such in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Final Terms or Pricing Supplement (as the case may be);

**"ISDA Benchmarks Supplement"** means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Bonds of the relevant Series (as specified in the relevant Final Terms or Pricing Supplement)) as published by the International Swaps and Derivatives Association, Inc.;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Bonds of the relevant Series (as specified in the relevant Final Terms or Pricing Supplement, as the case may be) and, if specified in the relevant Final Terms or Pricing Supplement, as the case may be, as supplemented by any applicable supplement to the ISDA Definitions) as published by the International Swaps and Derivatives Association, Inc. including, if specified in the relevant Final Terms or Pricing Supplement, the ISDA Benchmark Supplement;

**"Issue Date"** means the date specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);

**"Margin"** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);

**"Maturity Date"** means the date specified in the relevant Final Terms or Pricing Supplement (as the case may be) as the final date on which the principal amount of the Bond is due and payable;

**"Maximum Interest Rate"** the maximum rate of interest specified in the relevant Final Terms or Pricing Supplement (as the case may be) which the Interest Rate shall in no event be greater than;

**"Minimum Interest Rate"** means the minimum rate of interest specified in the relevant Final Terms or Pricing Supplement (as the case may be) which the Interest Rate shall in no event be less than;

**"Participating Member State"** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty establishing the European Communities (as amended), and Participating Member States means all of them;

**"Principal Amount Outstanding"** means, in relation to a Bond, Sub-Class or Class, the original face value thereof less any repayment of principal made to the Holder(s) thereof in respect of such Bond, Sub-Class or Class;

**"Redemption Amount"** means the amount provided under Condition 7(d) (*Optional Redemption*), unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be);

**"Reference Banks"** means the institutions specified as such or, if none, four major banks selected by the Agent Bank (or the Calculation Agent, if applicable) in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable), on behalf of the Issuer, in its sole and absolute discretion;

**"Relevant Currency"** means the currency specified as such or, if none is specified, the currency in which the Bonds are denominated;

**"Relevant Financial Centre"** means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);

**"Relevant Rate"** means the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Pricing Supplement (as the case may be));

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service (including the Reuters Money 3000 Service (Reuters)) as may be specified in the relevant Final Terms or Pricing Supplement (as the case may be), or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

**"Representative Amount"** means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Pricing Supplement (as the case may be) as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

**"Scheduled Redemption Date"** has the meaning given to it in the applicable Final Terms or Pricing Supplement (as the case may be);

**"Specified Duration"** means, with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is specified, a period of time equal to the relative Interest Period;

**"Step-Up Fixed Fee Rate"** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such rate is specified, zero;

**"Step-Up Floating Fee Rate"** means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such rate is specified, zero;

**"sub-unit"** means in the case of any currency, the lowest amount of such currency that was available as legal tender in the country of such currency;

**"TARGET2 Settlement Day"** means any day on which the TARGET2 system is open; and

**"TARGET2 system"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET2).

(k) ***Agent Bank, Calculation Agent and Reference Banks***

The Issuer will procure that there shall at all times be an Agent Bank (and a Calculation Agent, if applicable) and four Reference Banks selected by the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to a Bond as indicated in the relevant Final Terms or Pricing Supplement (as the case may be) and for so long as it is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer acting through the Agent Bank (or the Calculation Agent, if applicable) will select another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Agent Bank (or the Calculation Agent, if applicable) is unable or unwilling to act as such or if the Agent Bank (or the Calculation Agent, if applicable) fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Bond Trustee) a successor to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(l) ***Determination or Calculation by Bond Trustee***

*This clause has been deleted.*

(m) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 5 (*Interest and other Calculations*) whether by the Bond Trustee, the Principal Paying Agent or the Agent Bank (or the Calculation Agent, if applicable) shall (in the absence of wilful default, gross negligence,

bad faith or manifest error) be binding on the Issuer, each Obligor, the Agent Bank, the Bond Trustee, the Principal Paying Agent, the other Agents and all Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Obligors, the Bond Trustee, the Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Agent Bank or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6. **Indexation**

This Condition 6 is applicable only if the relevant Final Terms or Pricing Supplement (as the case may be) specify the Bonds as Indexed Bonds.

(a) **Definitions**

"**affiliate**" means in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls directly or indirectly, that person or any entity, directly or indirectly under common control with that person and, for this purpose, control means control as defined in the Companies Act 2006, including the meaning given to the term "Companies Acts" in section 2 of the Companies Act 2006, with the addition of the words "to the extent that they are in force" at the end of section 2(1)(a) and any regulations made pursuant to those Acts to the extent that they are in force (the "**Companies Act**");

"**Base Index Figure**" means (subject to Condition 6(c)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms or Pricing Supplement (as the case may be);

"**Index**" or "**Index Figure**" means, subject as provided in Condition 6(c)(i) (*Change in base*), the UK Retail Price Index ("**RPI**") (for all items) published by the Central Statistical Office and available to view at [www.statistics.gov.uk](http://www.statistics.gov.uk) (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt.

Any reference to the "**Index Figure**" applicable to a particular Calculation Date shall, subject as provided in Conditions 6(c) (*Changes in Circumstances Affecting the Index*) and 6(e) (*Cessation of or Fundamental Changes to the Index*), and if "3 months lag" is specified in the relevant Final Terms or Pricing Supplement (as the case may be), be calculated in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(Day\ of\ Calculation\ Date - 1)}{(Days\ in\ month\ of\ Calculation\ Date)} \times (RPI_{m-2} - RPI_{m-3})$$

And rounded to five decimal places (0.000005 being rounded upwards) and where:

"**IFA**" means the Index Figure applicable;

"**RPI<sub>m-3</sub>**" means the Index Figure for the first day of the month that this three months prior to the month in which the payment falls due;

"**RPI<sub>m-2</sub>**" means the Index Figure for the first day of the month that is two months prior to the month in which payment falls due;

Any reference to "**Index Figure applicable**" to a particular Calculation Date shall, subject as provided in Conditions 6(c) (*Changes in Circumstances Affecting the Index*) and 6(e) (*Cessation of or Fundamental Changes to the Index*), and if "8 months lag" is specified in the relevant Final Terms or Pricing Supplement (as the case may be), be calculated in accordance with the following formula:

$$IFA = RPI_{m-8} + \frac{(Day\ of\ Calculation\ Date - 1)}{(Days\ in\ month\ of\ Calculation\ Date)} \times (RPI_{m-7} - RPI_{m-8})$$

And rounded to five decimal places (0.000005 being rounded upwards) and where:

"**IFA**" means the Index Figure applicable;

"**RPI<sub>m-8</sub>**" means the Index Figure for the first day of the month that is eight months prior to the month in which payment falls due;

"**RPI<sub>m-7</sub>**" means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due;

If the Index is replaced, the Issuer will describe the replacement Index in a supplementary prospectus;

"**Index Ratio**" applicable to any month means the Index Figure applicable to such month divided by the Base Index Figure;

"**Limited Index Ratio**" means (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

"**Limited Indexation Factor**" means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, **provided that** (a) if such ratio is greater than the maximum indexation factor specified in the relevant Final Terms or Pricing Supplement (as the case may be) (the "**Maximum Indexation Factor**"), it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the minimum indexation factor specified in the relevant Final Terms or Pricing Supplement (as the case may be) (the "**Minimum Indexation Factor**"), it shall be deemed to be equal to such Minimum Indexation Factor;

"**Limited Indexation Month**" means any month specified in the relevant Final Terms or Pricing Supplement (as the case may be) for which a Limited Indexation Factor is to be calculated;

"**Limited Indexed Bonds**" means Indexed Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) applies; and

"**Reference Gilt**" means the United Kingdom government stock specified as such in the relevant Final Terms or Pricing Supplement (as the case may be), for so long as such stock is in issue, as the benchmark gilt the maturity of which most closely matches the average life of the relevant Indexed Bonds, and thereafter such issue of index-linked United Kingdom government stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an "**Indexation Adviser**").

(b) ***Application of the Index Ratio***

Each payment of interest and principal in respect of the Bonds shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the (Index Ratio or Limited Index Ratio in the case of Limited Indexed Bonds) applicable to the month in which such payment falls to be made and rounded in accordance with Condition 5(f) (*Rounding*).

(c) ***Changes in Circumstances Affecting the Index***

(i) ***Change in base:*** If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the calendar month from and including that in which such substitution takes effect (A) the definition of Index and Index Figure in Condition 6(a) (*Definitions*) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor), and (B) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

(ii) ***Delay in publication of Index:*** If the Index Figure relating to any month (the "**relevant month**") which is required to be taken into account for the purposes of the determination

of the Index Figure for any date is not published on or before the 14<sup>th</sup> Business Day before the date on which any payment of interest or principal on the Bonds is due (the "**date for payment**"), the Index Figure relating to the relevant month shall be (A) such substitute index figure (if any) as the Indexation Advisor considers to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK government for such purposes) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked United Kingdom government stock selected by the Indexation Adviser (and approved by the Bond Trustee); or (B) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to (A) above) before the date for payment.

(d) ***Application of Changes***

Where the provisions of Condition 6(c)(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 6(c)(ii)(B), the Index Figure relating to the relevant month is subsequently published while a Bond is still outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Bond other than upon final redemption of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 6(c)(ii)(B), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the 14<sup>th</sup> Business Day before the date for payment; and
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) ***Cessation of or Fundamental Changes to the Index***

- (i) If (A) the Bond Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) that the Index has ceased to be published or (B) the Bond Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) when any change is made to the coverage or the basic calculation of the Index which constitutes a fundamental change which would, in the opinion of the Bond Trustee acting solely on the advice of an Indexation Adviser, be materially prejudicial to the interests of the Bondholders, the Bond Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Bond Trustee together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made.
- (ii) If the Issuer and the Bond Trustee fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in paragraph (i) above, a bank or other person in London shall be appointed by the Issuer and the Bond Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 Business Day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.



- (iii) If any payment in respect of the Bonds is due to be made after the cessation or changes referred to in paragraph (i) above but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 6(c)(ii) (*Delay in publication of Index*)) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event, or in the event of any payment (also referred to below as a "**provisional payment**") on the Bonds having been made on the basis of an Index applicable under Condition 6(c)(ii)(A) and the Bond Trustee (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 6(e), then:
- (A) in relation to a payment of principal or interest in respect of the Bonds other than upon final redemption of such Bond, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Bonds on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the sum which would have been paid on the Bonds if such adjustment or substituted index had been in effect on that date; or
- (B) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (iv) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Bond Trustee or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Bond Trustee and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the other Issuer Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 16 (*Notices*) of such amendments as promptly as practicable following such notification.

## 7. **Redemption, Purchase and Cancellation**

### (a) ***Scheduled Redemption***

Unless previously redeemed in full, or purchased and cancelled as provided below, or unless such Bond is stated in the relevant Final Terms or Pricing Supplement (as the case may be) as having no fixed Maturity Date, each Sub-Class of Bonds will be redeemed on the Scheduled Redemption Date as follows and to the following extent:

- (i) if, by the Scheduled Redemption Date, the Issuer has received repayment of the related advance (in accordance with the provisions of the Borrower Loan Agreement) of a principal amount equal to the Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*)) of such Sub-Class, then the Bonds of such Sub-Class will be redeemed in full (after exchange of such principal amount to the relevant currency pursuant to the relevant Cross Currency Hedging Agreement, if such a Cross Currency Hedging Agreement has been entered into); and
- (ii) if, by the Scheduled Redemption Date, the Issuer has received repayment of the related advance (in accordance with the provisions of the Borrower Loan Agreement) of a principal amount less than the Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*)) of such Sub-Class, then the Bonds of such Sub-Class will be redeemed *pro rata* in part to the extent of the amount which is so deposited (after exchange of such principal amount to

the relevant currency pursuant to the relevant Cross Currency Hedging Agreement, if such a Cross Currency Hedging Agreement has been entered into).

If the Bonds of a Sub-Class are not redeemed in full by the Scheduled Redemption Date, then on each Interest Payment Date which thereafter occurs, the Bonds of such Sub-Class will be redeemed in full or, as the case may be, *pro rata* in part to the extent of the principal amount (after exchange of such principal amount to the relevant currency pursuant to the relevant Cross Currency Hedging Agreement, if such a Cross Currency Hedging Agreement has been entered into or, if there is no longer a Cross Currency Hedging Agreement in place and the Sub-Class is denominated in a currency other than the currency of the related advance, at a spot rate of exchange) which, if any, is received by the Issuer in repayment of the related advance(s) (in accordance with the provisions of the Borrower Loan Agreement) until the earlier of (a) such time as such Sub-Class of Bonds is redeemed in full or (b) the Maturity Date specified in the relevant Final Terms or Pricing Supplement (as the case may be) for such Sub-Class.

(b) ***Final Redemption***

If the Bonds of a Sub-Class have not previously been redeemed in full, or purchased and cancelled, the Bonds will be finally redeemed at the then Principal Amount Outstanding (in the case of Indexed Bonds as adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*)) of such Sub-Class plus accrued but unpaid interest on the Maturity Date specified in the relevant Final Terms or Pricing Supplement (as the case may be) for such Sub-Class.

In the case of principal on Class B Bonds only, if, on any date on or after the Maturity Date but prior to the delivery of a Bond Enforcement Notice on which such Bond is to be redeemed (in whole or in part), there are insufficient funds available to the Issuer to pay such principal, the Issuer's liability to pay such principal will be treated as not having become payable and will be deferred until the earliest of (i) the next following Interest Payment Date on which the Issuer has, in accordance with the cash management provisions of the Issuer Cash Management Agreement, sufficient funds to pay such deferred amounts (including any interest accrued thereon); (ii) the date on which all Senior Debt has been paid in full and (iii) the date on which a Bond Enforcement Notice has been delivered. Interest will accrue on such deferred principal at the rate otherwise payable on unpaid principal of such Class B Bonds immediately prior to the Maturity Date.

(c) ***Redemption of Zero Coupon Bonds after Scheduled Redemption Date***

If the relevant Final Terms or Pricing Supplement (as the case may be) specifies that there is a Scheduled Redemption Date for the Bonds, the Redemption Amount payable upon redemption of a Zero Coupon Bond at any time after the Scheduled Redemption Date shall be an amount equal to the sum of:

- (i) the Redemption Amount that would have been payable if the Bond had been redeemed on the Scheduled Redemption Date; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to such amount from (and including) the Scheduled Redemption Date to (but excluding) the date of redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms or Pricing Supplement (as the case may be) for the purposes of Condition 7(j) (*Redemption by Instalments*) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "**Accrual Yield**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (as the case may be).

(d) ***Optional Redemption***

Subject as provided below, upon giving not more than 60 nor less than 15 days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders, the Issuer may (prior to the Maturity Date) redeem any Sub-Class of the Bonds in whole or in part (but on a *pro rata* basis only) on any

Interest Payment Date at their Redemption Amount, **provided that** Floating Rate Bonds may not be redeemed before the date (if any) specified in the relevant Final Terms or Pricing Supplement (as the case may be), as follows:

- (i) In respect of Fixed Rate Bonds denominated in sterling, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), be an amount equal to the higher of (A) their Principal Amount Outstanding and (B) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Redemption Yield on such Bonds on the Reference Date is equal to the Gross Redemption Yield at 3.00 pm (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Bond Trustee) determine to be appropriate, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this paragraph 7(d)(i), "**Gross Redemption Yield**" means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the UK Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Fixed Rate Bonds shall be assumed to be the Scheduled Redemption Date and not the Maturity Date; "**Reference Date**" means the date which is two Business Days prior to the despatch of the notice of redemption under this paragraph (i); and "**Reference Gilt**" means the United Kingdom government stock specified in the relevant Final Terms or Pricing Supplement (as the case may be).

- (ii) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) plus any accrued but unpaid interest on the Principal Amount Outstanding.

- (iii) In respect of Indexed Bonds denominated in sterling, the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be)) be the higher of (i) the Principal Amount Outstanding and (ii) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Real Redemption Yield on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3.00 pm (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this paragraph (iii), "**Gross Real Redemption Yield**" means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the UK Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published on 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 4 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Indexed Bonds shall be assumed to be the Scheduled Redemption Date and not the Maturity Date; "**Reference Date**" means the date which is two Business Days prior to the despatch of the notice of redemption under this paragraph (iii); and Reference Gilt means the United Kingdom government stock specified in the relevant Final Terms or Pricing Supplement (as the case may be).

- (iv) In respect of Fixed Rate Bonds denominated in euro, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), be an amount equal to the higher of (i) their Principal Amount Outstanding and (ii)

the present value at the Reference Date of (A) their Principal Amount Outstanding plus (B) all required interest payments due on the Bonds (excluding accrued but unpaid interest to the date on which the Bonds are to be redeemed (the "**Redemption Date**")), computed using a discount rate equal to the Bund Rate on the Reference Date and assuming the relevant Fixed Rate Bonds would otherwise have been redeemed on the Scheduled Redemption Date, plus, in either case, accrued but unpaid interest to the Redemption Date.

For the purposes of this paragraph 7(d)(iv), "**Bund Rate**" means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity on such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination; "**Comparable German Bund Issue**" means the German Bundesanleihe security specified in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such security is specified or the specified security is no longer in issue, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Reference Date to the Scheduled Redemption Date and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then Principal Amount Outstanding of the Bonds and of a maturity most nearly equal to the Scheduled Redemption Date **provided, however, that** if the period from such Redemption Date to the Scheduled Redemption Date is less than one year, a fixed maturity of one year shall be used; "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; "**Financial Adviser**" means a financial adviser in Frankfurt (selected by the Issuer and approved by the Bond Trustee); "**Reference Date**" means the date which is three Business Days prior to the despatch of the notice of redemption under this paragraph (iv); "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Financial Adviser; and "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Financial Adviser of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference German Bund Dealer at or about 3.30 pm (Frankfurt, Germany time) on the Reference Date.

In the case of a partial redemption of Bonds, the Bonds to be redeemed ("**Redeemed Bonds**") will be selected individually by lot, in the case of Redeemed Bonds represented by Definitive Bonds, and in accordance with the rules of DTC and/or Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Bonds represented by a Global Bond, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Bonds represented by Definitive Bonds, a list of the serial numbers of such Redeemed Bonds will be published in accordance with Condition 16 (*Notices*) not less than 15 days (or such shorter period as is specified in the applicable Final Terms or Pricing Supplement (as the case may be)) prior to the date fixed for redemption. No exchange of the relevant Global Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7(d) and notice to that effect shall be given by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms or Pricing Supplement (as the case may be)) prior to the Selection Date.

In any such case, prior to giving any such notice, the Issuer must certify (as further specified in the Finance Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Issuer Security) of any other person, required

to redeem the Bonds as aforesaid and to meet any amounts to be paid in priority to or *pari passu* with the Bonds being redeemed under the relevant Issuer Payment Priorities.

(e) ***Redemption for Index Event, Taxation or Other Reasons***

*Redemption for Index Events:* Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than ten nor less than five days' notice to the Bond Trustee, the Issuer Secured Creditors and the holders of the Indexed Bonds in accordance with Condition 16 (*Notices*), redeem all (but not some only) of the Indexed Bonds of all Sub-Classes on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest. No single Sub-Class of Indexed Bonds may be redeemed in these circumstances unless all the other Classes and Sub-Classes of Indexed Bonds linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Bond Trustee and the Issuer Secured Creditors a certificate signed by an authorised signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and to discharge any amounts to be paid in priority to, or *pari passu*, with the Bonds being redeemed under the applicable Issuer Payment Priorities.

"**Index Event**" means (i) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 6(c)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Principal Paying Agent that publication of the Index has ceased or (ii) notice is published by Her Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

*Redemption for Taxation Reasons and Illegality:* In addition, if at any time the Issuer satisfies the Bond Trustee that by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, (a) the Issuer would, on the next Interest Payment Date, become obliged to deduct or withhold from any payment of interest, premium or principal in respect of the Bonds (other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the UK or Jersey or any political subdivision thereof, or any other authority thereof or any change in the application or official interpretation of such laws or regulations ("**Taxes**"); (b) the Borrower would on the next Interest Payment Date be required to make any withholding or deduction for or on account of any Taxes from payments in respect of the Borrower Loan Agreement; (c) a Hedge Counterparty would be entitled to terminate a Hedging Agreement in accordance with its terms as a result of the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement; or (d) it has or will become unlawful for the Issuer to perform any of its obligations under the Borrower Loan Agreement or to fund or to maintain its participation in the Borrower Loans, then the Issuer may, in order to avoid the relevant deductions, withholding or illegality but is not obliged to, (i) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Bond Trustee as principal debtor under the Bonds and as lender under the Borrower Loan Agreement and as obligor under the Finance Documents upon satisfying the conditions for substitution of the Issuer as set out in Condition 14(e) (*Substitution of the Issuer*) or (ii) convert any Bearer Bonds into Registered Bonds in accordance with Condition 2(a) (*Exchange of Bonds*) if such conversion will be effective to avoid the relevant deduction, withholding or illegality. If the Issuer is unable to arrange a substitution as described above having used reasonable endeavours to do so and a conversion of Bearer Bonds into Registered Bonds would not prevent any withholding, deduction or illegality and, as a result, the relevant illegality or obligation to make a deduction or withholding is continuing, then the Issuer may, upon giving not more than ten nor less than five days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders in accordance with Condition 16 (*Notices*), redeem all (but not some only) of the Bonds on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Indexed Bonds, in accordance with Condition 6(b) (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer shall

provide to the Bond Trustee and the Issuer Secured Creditors a certificate signed by an authorised signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have been satisfied (together with evidence satisfactory to the Bond Trustee that such conditions have been satisfied, including such legal opinions as the Bond Trustee may require) and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and to discharge any amounts to be paid in priority to, or *pari passu* with, the Bonds being redeemed under the applicable Issuer Payment Priorities.

(f) ***Early Redemption on Prepayment of Borrower Loan Agreement***

If:

- (i) the Borrower gives notice to the Issuer under the Borrower Loan Agreement that it intends to prepay all or part of any advance made under such Borrower Loan Agreement or the Borrower is required to prepay all or part of any advance made under the Borrower Loan Agreement; and
- (ii) in each case, such advance was funded by the Issuer from the proceeds of the issue of a Class or Sub-Class of Bonds,

the Issuer shall, upon giving not more than ten nor less than five days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders in accordance with Condition 16 (*Notices*) (where such advance is being prepaid in whole) redeem all of the Bonds of that Class or Sub-Class or (where part only of such advance is being prepaid) the proportion of the relevant Class or Sub-Class of Bonds which the proposed prepayment amount bears to the amount of the relevant advance.

In the case of a voluntary prepayment, the relevant Bonds will be redeemed at their Redemption Amount determined in accordance with Condition 7(d) (*Optional Redemption*) except that, in the case of Fixed Rate Bonds and Indexed Bonds, for the purposes of this Condition 7(f), "**Reference Date**" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 7(f), plus accrued but unpaid interest and, in the case of any other prepayment, the relevant Bonds will be redeemed at their Principal Amount Outstanding plus accrued but unpaid interest.

Notwithstanding the foregoing, no redemption of Call Protected Floating Rate Bonds, Fixed Rate Bonds or Indexed Bonds shall be made in respect of any Sub-Class of Call Protected Floating Rate Bonds, Fixed Rate Bonds or Indexed Bonds at such Par Redemption Amount or, as the case may be, Modified Redemption Amount unless sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders of the relevant Sub-Class of Call Protected Floating Rate Bonds, Fixed Rate Bonds or Indexed Bonds, duly convened and held in accordance with the Bond Trust Deed.

For the purposes of this Condition 7(f), "**Alternative Redemption Amount**" means the amount specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) (if any); "**Call Protected Floating Rate Bonds**" means any Floating Rate Bonds, the Final Terms or Pricing Supplement (as the case may be) in respect of which, at the proposed date of redemption, would oblige the Issuer to pay a premium to par upon the optional early redemption of such Floating Rate Bonds; "**Redemption Rate**" means the sum of the Relevant Swap Mid Curve Rate and 0.50% per annum or, if the Relevant Swap Mid Curve Rate is not able to be determined, the sum of such rate as may be approved by the Bond Trustee and 0.50% per annum; "**Gross Redemption Yield**" has the meaning given to it (in the case of Fixed Rate Bonds) in Condition 7(d)(i) or (in the case of Indexed Bonds) in Condition 7(d)(iii); "**Relevant Swap Mid Curve Rate**" means the mid-point of the bid-side and offer-side rates for the fixed leg of a hypothetical interest rate swap with a notional profile equal to the interest profile applicable to the relevant Sub-Class of Bonds to be redeemed to (but excluding) the Scheduled Redemption Date, with the same payment dates as the relevant Bonds, against a floating leg of the Relevant Interest Rate, with no spread, where such hypothetical interest rate swap is between two highly-rated (as rated AA- by S&P or Fitch or Aa3 by Moody's or equivalent or higher) and fully collateralised market counterparties (the Relevant Swap Mid Curve Rate shall be determined by a financial adviser (nominated by the Issuer and approved by the Bond Trustee) using its standard valuation methodology (as at the date of

calculation) as at or about the time for determining interest rate quotation in the currency of the relevant Bonds in accordance with market practice on the Reference Date); and "**Relevant Interest Rate**" means the rate of interest for deposits in the currency of the relevant Bonds and of a duration equal to the length of the Interest Period (other than the first or last Interest Period, if different) of the relevant Bonds as determined as at or about the time for determining interest rate quotation in the currency of the relevant Bonds in accordance with market practice on the Reference Date by reference to the Reuters screen (if the relevant Bonds are denominated in sterling or U.S. dollars) LIBOR01, (if the relevant Bonds are denominated in euro) EURIBOR01 or (if the relevant Bonds are denominated in a currency other than sterling or euro) specified in the relevant Final Terms or Pricing Supplement (as the case may be) or, in each case, such other page as may replace such page or, if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Bond Trustee) as may replace the Reuters screen.

(g) ***Early redemption following Loan Enforcement Notice***

If the Issuer receives (or is to receive) any monies from any Obligor following the service of a Loan Enforcement Notice in repayment of all or any part of a Borrower Loan, the Issuer shall, upon giving not more than ten nor less than five days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders in accordance with Condition 16 (*Notices*) apply such monies in accordance with the Issuer Pre-Enforcement Priority of Payments or the Issuer Post-Enforcement Priority of Payments, as applicable, and redeem (to the extent of such monies as are available in accordance with the relevant Issuer Payment Priorities) each Sub-Class of the then outstanding Bonds (corresponding to the advance under the Borrower Loan Agreement which is prepaid in accordance with the provisions of the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments, if applicable) at their Principal Amount Outstanding plus accrued but unpaid interest on the next Interest Payment Date (or, if sooner, Maturity Date). In the event that there are insufficient monies to redeem all of the Bonds outstanding of a particular Sub-Class, each Bond of such Sub-Class shall be redeemed in part in the proportion which the Principal Amount Outstanding of such Bond to be redeemed bears to the aggregate Principal Amount Outstanding of such Sub-Class.

(h) ***Early redemption of Zero Coupon Bonds***

Unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be), the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms or Pricing Supplement (as the case may be) for the purposes of this Condition 7(h) or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "**Accrual Yield**" and "**Reference Price**" have the meanings given to them in the relevant Final Terms or Pricing Supplement (as the case may be).

(i) ***Purchase of Bonds***

The Issuer or any Obligor may, **provided that** no Bond Event of Default has occurred and is continuing, purchase Bonds (**provided that** all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. Such Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant Obligor, may be surrendered to any Paying Agent and/or the Registrar for cancellation in accordance with Condition 7(k) (*Cancellation*).

If not all the Bonds which are in registered and definitive form are to be purchased, upon surrender of the existing Registered Definitive Bond, the Registrar shall forthwith upon the written request of the Bondholder concerned issue a new Registered Definitive Bond in respect of the Bonds which are not to be purchased and despatch such Registered Definitive Bond to the Bondholder (at the risk of the Bondholder and to such address as the Bondholder may specify in such request).

While the Bonds are represented by a Global Bond, the relevant Global Bond will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so purchased and cancelled.

(j) ***Redemption by Instalments***

Unless previously redeemed, purchased and cancelled as provided in this Condition 7, each Bond which provides for instalment dates (as specified in the relevant Final Terms or Pricing Supplement (as the case may be), each an "**Instalment Date**") and Instalment Amounts (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) will be partially redeemed on each Instalment Date at the Instalment Amount.

(k) ***Cancellation***

Any Bearer Bonds or Registered Bonds purchased by or on behalf of the Issuer or by an Obligor in accordance with Condition 7(i) (*Purchase of Bonds*) may be surrendered to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

8. **Payments**

(a) ***Bearer Bonds***

Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender (if the Bond is not intended to be in NGB form) of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for final redemption and **provided that** the Receipt is presented for payment together with its relative Bond), Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 8(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency **provided that** such currency is not euro, or (ii) the principal financial centre of any Participating Member State if that currency is euro. On the occasion of each payment, (i) in the case of any Bearer Bond which is not issued in NGB form, a record of such payment made on such Bearer Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Bond by the Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Global Bond which is issued in NGB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

No payment of principal and/or interest in respect of a Bearer Bond with an original maturity of more than 365 days will be made by a transfer of funds into an account maintained by the payee in the United States or by mailing a cheque to an address in the United States, except as provided in Condition 8(c) (*Payments in the United States of America*).

(b) ***Registered Bonds***

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against



presentation and surrender of the relevant Registered Bond at the specified office of the Registrar and in the manner provided in Condition 8(a) (*Bearer Bonds*).

Payments of instalments in respect of Registered Bonds will be made to the holder (or the first named of joint holders) of such Bond against presentation of the relevant Registered Bond at the specified office of the Registrar in the manner provided in Condition 8(a) (*Bearer Bonds*) and annotation of such payment on the Register and the relevant Bond.

Interest (or, as the case may be, Interest Amounts) on Registered Bonds payable on any Interest Payment Date will be paid to the holder (or the first named of joint holders) (i) in respect of a Registered Global Bond, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) in respect of a Registered Definitive Bond on the 15<sup>th</sup> day before the due date for payment thereof (the "**Record Date**"). Payment of interest or Interest Amounts on each Registered Bond will be made in the currency in which such payment is due by cheque drawn on a bank in (a) the principal financial centre of the country of the currency concerned, **provided that** such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the Bondholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency **provided that** such currency is not euro, or (b) the principal financial centre of any Participating Member State if that currency is euro.

On the occasion of each payment, a record of each payment so made will be endorsed on the schedule to the Global Bond or the Registered Definitive Bond by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be *prima facie* evidence that such payment has been made.

(c) ***Payments in the United States of America***

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. 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 has appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Bonds 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 the law of the United States of America, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) ***Payments subject to fiscal laws; payments on Global Bonds***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the (i) provisions of this Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders, Couponholders or Receiptholders (if any) in respect of such payments.

The holder of a Global Bond shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond in respect of each amount paid.

(e) ***Appointment of the Agents***

The Agents appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Pricing Supplement (as the case may be) and will be appointed pursuant to a Calculation Agency Agreement. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right, with the prior written consent of the Bond Trustee, at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, **provided that** the Issuer will at all times maintain (i) a Principal Paying Agent (in the case of Bearer Bonds), (ii) a Registrar (in the case of Registered Bonds), (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) and (iv) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system. Notice of any such variation, termination, resignation or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice has been given to the Bondholders in accordance with Condition 16 (*Notices*).

(f) ***Unmatured Coupons and Receipts and Unexchanged Talons***

- (i) Subject to the provisions of the relevant Final Terms or Pricing Supplement (as the case may be), upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unexpired Coupons attached), unexpired Coupons and Receipts relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the date for redemption of any Bond, any unexpired Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Upon the due date for redemption of any Bond which is redeemable in instalments, all Receipts relating to such Bond having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Where any Bond, which is a Bearer Bond and is a Fixed Rate Bond, is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, a sum equal to the aggregate amount of the missing unexpired Coupons will be deducted from the amount of principal due for payment and 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 Bond is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

(g) ***Non-Business Days***

Subject as provided in the relevant Final Terms or Pricing Supplement (as the case may be), if any date for payment in respect of any Bond, Receipt 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 (other than a Saturday or a Sunday) on which banks are open for presentation and payment of debt securities and for dealings in foreign currency in London and in the relevant place of presentation and in the cities referred to in the definition of Business Days and (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 dealings may be carried on in the relevant currency in the principal

financial centre of the country of such currency and, in relation to any sum payable in euro, a day on which the TARGET2 system is open.

(h) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Bond, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 12 (*Prescription*)).

9. **Taxation**

All payments in respect of the Bonds, Receipts or Coupons will be made (whether by the Issuer, any Paying Agent, the Registrar or the Bond Trustee) without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, any Paying Agent or the Registrar or, where applicable, the Bond Trustee is required by applicable law to make any payment in respect of the Bonds, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, such Paying Agent, the Registrar or the Bond Trustee, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, any Paying Agent, the Registrar or the Bond Trustee will be obliged to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction but without limitation to Condition 7(e) (*Redemption for Index Event, Taxation or Other Reasons*). The Issuer, any Paying Agent, the Registrar or the Bond Trustee may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

10. **Bond Events of Default**

(a) ***Bond Event of Default***

Each and any of the following events shall be treated as a "**Bond Event of Default**":

- (i) *Non-payment*: default is made by the Issuer in the payment of principal in respect of any Sub-Class of the Most Senior Class of Bonds when due in accordance with these Conditions, or default is made by the Issuer for a period of three Business Days in the payment of interest on any Sub-Class of the Most Senior Class of Bonds when due in accordance with these Conditions;
- (ii) *Breach of other obligations*: default is made by the Issuer in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Bonds or the Issuer Transaction Documents (other than any obligation whose breach would give rise to the Bond Event of Default provided for in paragraph (i) above) and, except where in the opinion of the Bond Trustee such default is not capable of remedy, such default continues for a period of 30 Business Days;
- (iii) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer; or
- (iv) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Issuer Transaction Documents.

(b) ***Delivery of Bond Enforcement Notice***

If any Bond Event of Default occurs and is continuing and, in the case of the Bond Event of Default described in Condition 10(a)(ii) (*Bond Event of Default*), the Bond Trustee has certified in writing that, in its opinion, the happening of such event is materially prejudicial to the interests of the holders of each Sub-Class of the Most Senior Class of Bonds, the Bond Trustee (i) may, at any time, at its discretion and (ii) shall, upon being so directed in writing by Issuer Qualifying Creditors together holding or representing 25% or more of the Issuer Qualifying Debt, deliver a notice (the

"**Bond Enforcement Notice**") to the Issuer and copied to the Issuer Security Trustee **provided that**, in either case, it is indemnified and/or secured and/or prefunded to its satisfaction.

(c) ***Confirmation of no Bond Event of Default***

The Issuer, pursuant to the terms of the Bond Trust Deed, shall provide written confirmation to the Bond Trustee, on an annual basis, that no Bond Event of Default has occurred.

(d) ***Consequences of the delivery of a Bond Enforcement Notice***

Upon delivery of a Bond Enforcement Notice in accordance with Condition 10(b) (*Delivery of Bond Enforcement Notice*): (i) all Classes of the Bonds then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding (in the case of Indexed Bonds, as adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*)) plus accrued but unpaid interest (other than in the case of Zero Coupon Bonds) and, in the case of Indexed Bonds, as adjusted in accordance with Condition 6(b) (*Application of the Index Ratio*) and (ii) the Issuer Security shall become enforceable by the Issuer Security Trustee in accordance with the Issuer Deed of Charge.

"**Issuer Qualifying Creditors**" means, in respect of Issuer Qualifying Debt:

- (i) for so long as any Class A Bonds remain outstanding, the holders of each Sub-Class of Class A Bonds and each counterparty (each, a "**Cross Currency Hedge Counterparty**") that is party to a cross currency hedging agreement (each, a "**Cross Currency Hedging Agreement**") in respect of the Class A Bonds; or
- (ii) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the holders of each Sub-Class of Class B Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class B Bonds.

"**Issuer Qualifying Debt**" means:

- (i) for so long as any Class A Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class A Bonds and (ii) (as determined by the party or parties which would be responsible for such calculation in the event of the designation of such as an early termination date in accordance with such Cross Currency Hedging Agreement) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class A Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions; or
- (ii) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class B Bonds and (ii) (as determined by the party or parties which would be responsible for such calculation in the event of the designation of such as an early termination date in accordance with such Cross Currency Hedging Agreement) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class B Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions.

11. **Enforcement Against Issuer**

No Bondholder, Receiptholder, Couponholder or other Issuer Secured Creditor is entitled to take any action against the Issuer or against any assets of the Issuer to enforce its rights in respect of the Bonds or to enforce any of the Issuer Security unless the Bond Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Issuer Security Trustee shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it

may incur by so doing, upon being so directed in writing by the Bond Trustee, enforce the Issuer Security in accordance with the Issuer Deed of Charge.

None of the Bond Trustee, the Issuer Security Trustee, the Bondholders, the Receiptholders, the Couponholders or the other Issuer Secured Creditors may institute against, or join any person in instituting against, the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the taking of any enforcement action under the Issuer Deed of Charge including the appointment of a Receiver pursuant to the terms of the Issuer Deed of Charge) or similar proceeding under any other law for so long as any Bonds are outstanding or for two years and a day after the latest Maturity Date on which any Bond of any Series is due to mature.

12. **Prescription**

Claims against the Issuer for payment in respect of the Bonds, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Bond Relevant Date (as defined in Condition 5(j) (*Definitions*)) in respect thereof.

13. **Replacement of Bonds, Coupons, Receipts and Talons**

If any Bearer Bond, Registered Bond, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and requirements of the London Stock Exchange (in the case of listed Bonds) (and each other listing authority, stock exchange and/or quotation system upon which the relevant Bonds have then been admitted to listing, trading and/or quotation), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. **Meetings of Bondholders, Modification, Waiver and Substitution**

(a) ***Meetings of Bondholders, Modifications and Waiver***

The Bond Trust Deed contains provisions for convening meetings of Bondholders of one or more Sub-Classes, to consider matters affecting their interests, including the modification of these Conditions, the Bond Trust Deed and any other Issuer Transaction Document and any other document to which the Bond Trustee is a party or in relation to which the Issuer Security Trustee or the Issuer Security Trustee holds security. Subject to Condition 14(d) (*Modification and waiver*), any modification may (except in relation to any Ordinary Voting Matter or Extraordinary Voting Matter or matter giving rise to an Entrenched Right (as described in further detail in Condition 14(b) (*Relationship with Borrower Secured Creditors*)), Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice and subject to the provisions concerning meetings of particular combinations of Sub-Classes of Bonds as set out in Condition 14(c) (*Relationship between Classes*) and the Bond Trust Deed) be made if sanctioned by a resolution passed at a meeting or meetings of the Bondholders of the relevant Sub-Class or Sub-Classes duly convened and held in accordance with the Bond Trust Deed by a majority of not less than three-quarters of the votes cast (an "**Extraordinary Resolution**") of such Bondholders. Such a meeting may be convened by the Bond Trustee or the Issuer and shall be convened by the Issuer upon the request in writing of the Bondholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of the outstanding Bonds of the relevant Sub-Class or Sub-Class(es).

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the aggregate Principal Amount Outstanding of the relevant outstanding Bonds or, at any adjourned meeting, one or more persons being or representing Bondholders, whatever the Principal Amount Outstanding of the relevant outstanding Bonds held or represented, **provided, however, that** certain proposals (the "**Basic Terms Modifications**") in respect of any particular Sub-Class of Bonds, being any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of such Sub-Class of Bonds, to change the amount of principal or the rate of interest (provided that the parties may agree to any modifications as may be required in order to give effect to Condition 5(i) (*Benchmark discontinuation*) in connection with effecting any Alternative Reference Rate, Successor Rate, Adjustment Spread or Benchmark Amendments referred to in Condition 5(i) (*Benchmark discontinuation*) without the requirement for the consent or sanction of the Bondholders, Receiptholders or Couponholders) payable on any date in respect of such Sub-Class of Bonds or (other than as specified in Conditions 7 (*Redemption, Purchase and Cancellation*) and 8 (*Payments*)) to alter the method of calculating the amount of any payment in respect of such Sub-Class of Bonds on redemption or maturity;
- (ii) other than pursuant to Condition 14(d) (*Modification and waiver*), to effect the exchange, conversion or substitution of such Sub-Class of Bonds for, or their conversion into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed and/or for money;
- (iii) to change the currency in which amounts due in respect of such Sub-Class of Bonds are payable;
- (iv) to change the quorum required at any meeting or the majority required to pass an Extraordinary Resolution;
- (v) an Entrenched Right where the Issuer is an Affected Borrower Secured Creditor and the interests of the Bondholders are affected thereby; or
- (vi) to amend this definition or this Condition 14 (*Meetings of Bondholders, Modification, Waiver and Substitution*),

may be sanctioned only by an Extraordinary Resolution passed at a meeting of holders of such Sub-Class of Bonds at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate Principal Amount Outstanding of the relevant outstanding Bonds form a quorum. Any resolution duly passed at any such meeting shall be binding on all the relevant Bondholders, Receiptholders and Couponholders whether present or not.

In addition, a resolution in writing signed by or on behalf of the holders of not less than three-quarters of the aggregate Principal Amount Outstanding of the relevant Bonds will take effect as if it were an Extraordinary Resolution. 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 relevant Bondholders.

Subject to Condition 14(b) (*Relationship with Borrower Secured Creditors*), a meeting of such Bondholders will also have the power (exercisable by Extraordinary Resolution) to advise or instruct the Bond Trustee (including to instruct the Bond Trustee to instruct the Issuer Security Trustee) in connection with the exercise by the Bond Trustee and/or the Issuer Security Trustee (at the direction of the Bond Trustee), as the case may be, of any of their rights, powers and discretions under the Issuer Transaction Documents including to appoint any persons (whether Bondholders or not) as a committee to represent the interests of such Bondholders and to confer upon such committee any powers which such Bondholders could themselves exercise by Extraordinary Resolution.

(b) ***Relationship with Borrower Secured Creditors***

*STID Proposals*: The STID provides that in respect of, among other things, Ordinary Voting Matters and Extraordinary Voting Matters, Direction Notices, Enforcement Instruction Notices and Further Enforcement Instruction Notices (each as defined in the STID), holders of the Most Senior Class of Bonds shall be entitled to instruct the Bond Trustee how to vote.

Voting in connection with a STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice shall be determined on a pound-for-pound basis by reference to the Outstanding Principal Amount owed to each of the relevant Participating QBS Creditors, so that all votes in favour of the proposal and against the proposal from the Participating

QBS Creditors and the other Participating QBS Creditors who are not Bondholders are considered on an aggregated basis, irrespective of whether a majority of such holders of Bonds are in favour of or against the proposal.

For the purpose of voting in connection with a STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice, the Borrower (in the case of a STID Proposal) or, as the case may be, the Borrower Security Trustee shall send a copy of such proposal or request for instructions to the Secured Creditor Representatives of the Issuer. The Bond Trustee shall promptly forward a copy of such notice to the holders of the Most Senior Class of Bonds in accordance with Condition 16 (*Notices*) requesting them to instruct the Bond Trustee how to vote. After obtaining the instructions of the holders of the Most Senior Class of Bonds, the Bond Trustee will vote in relation to the relevant STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice in accordance with such instructions. Subject as provided in the STID, where the holder of any particular Principal Amount Outstanding of any Sub-Class of Bonds of the Most Senior Class instructs the Bond Trustee to vote, the Bond Trustee shall vote in respect of the same Outstanding Principal Amount owed to the Issuer under the tranche of the Borrower Loan Agreement corresponding to such Sub-Class of Bonds as is equal to the aggregate Principal Amount Outstanding of such Sub-Class of Bonds.

Irrespective of the result of voting by the Bondholders in relation to a proposed STID Proposal in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter, a Direction Notice, an Enforcement Instruction Notice or a Further Enforcement Instruction Notice, any matter or action which is the subject of such STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice approved in accordance with the provisions of the STID shall be binding on all of the Bondholders, Receiptholders and Couponholders.

If a STID Proposal gives rise to an Entrenched Right whereby the Issuer is an Affected Borrower Secured Creditor, the Bond Trustee shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, forthwith, in accordance with the Bond Trust Deed, convene a meeting of the holders of each Sub-Class of Bonds then outstanding and affected by such Entrenched Right.

No STID Proposal that gives rise to an Entrenched Right whereby the Issuer is an Affected Borrower Secured Creditor can be approved, in accordance with the terms of the STID, unless it has previously been approved by an Extraordinary Resolution of the holders of each Sub-Class of Bonds affected by the Entrenched Right.

(c) ***Relationship between Classes***

- (i) An Extraordinary Resolution of the holders of any Sub-Class or Sub-Classes of Class A Bonds shall be binding on the Class B Bondholders irrespective of its effect on them, except that an Extraordinary Resolution to sanction a modification of the Conditions, Bonds, Receipts, Coupons or the Issuer Transaction Documents or other document to which the Bond Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Bond Trust Deed shall not be effective unless
  - (A) it is sanctioned by Extraordinary Resolution of each Sub-Class of the Class B Bondholders (to the extent that there are Class B Bonds outstanding); or
  - (B) the Bond Trustee considers that the interests of the Class B Bondholders of each Sub-Class would not be materially prejudiced by the implementation of such Extraordinary Resolution.
- (ii) Other than an Extraordinary Resolution of the Class B Bondholders under Condition 14(c)(i)(B), no Extraordinary Resolution of the Holders of any Sub-Class or Sub-Classes of Class B Bonds shall be effective unless (i) it is sanctioned by Extraordinary Resolution of the Class A Bondholders (if any) or (ii) the Bond Trustee considers that the interests of the Class A Bondholders (if any) would not be materially prejudiced by the implementation of such Extraordinary Resolution of each Sub-Class.

- (iii) Conditions 15(a) (*Trustee Considerations*) and (b) (*Reliance on certificates*) in respect of meetings are subject to the further provisions of the Bond Trust Deed.

The Bond Trust Deed provides that, in relation to a Class of Bonds comprising more than one Sub-Class:

- (i) a resolution which in the opinion of the Bond Trustee affects only one Sub-Class of Bonds shall be deemed to have been duly passed if passed at a separate meeting of the holders of that Sub-Class of Bonds;
- (ii) a resolution which in the opinion of the Bond Trustee affects more than one Sub-Class of Bonds but does not give rise to a conflict of interest between the holders of the Sub-Classes of Bonds so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Sub-Classes of Bonds so affected; and
- (iii) a resolution which in the opinion of the Bond Trustee affects more than one Sub-Class of Bonds and gives or may give rise to a conflict of interest between the holders of one Sub-Class or group of Sub-Classes of Bonds so affected and the holders of another Sub-Class or group of Sub-Classes of Bonds so affected shall be deemed to have been duly passed only if passed at separate meetings of each Sub-Class or, as the case may be, group of Sub-Classes of Bonds so affected.

(d) ***Modification and waiver***

The Bond Trustee may, without the consent of the Bondholders of any Sub-Class or (subject as provided below) any other Issuer Secured Creditor, concur with, or direct the Issuer Security Trustee to concur with, the Issuer or any other relevant parties in making (i) any modification to the Conditions, Bonds, Receipts, Coupons or the Issuer Transaction Documents (subject as provided in the STID in relation to any of the Security Documents, the Common Terms Agreement, the Master Definitions Agreement, the STID and the Tax Deed (the "**Common Documents**")) or other document to which the Bond Trustee or Issuer Security Trustee is a party or, in respect of which the Issuer Security Trustee holds security if in the opinion of the Bond Trustee such modification is made to correct a manifest error, or an error in respect of which an English court would reasonably be expected to make a rectification order, or is of a formal, minor, administrative or technical nature or (ii) any modification (other than a Basic Terms Modification) to the Conditions, Bonds, Receipts, Coupons or any Issuer Transaction Document (subject as provided in the STID in relation to any Common Documents) or other document to which the Bond Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security if the Bond Trustee is of the opinion that such modification is not materially prejudicial to the interests of the Bondholders of the Most Senior Class of Bonds then outstanding **provided that** to the extent such modification under (ii) above relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent.

The Bond Trustee and the Issuer Security Trustee are authorised to execute and deliver on behalf of each Issuer Secured Creditor other than the relevant Issuer Secured Creditors all documentation required to implement such modification and such execution by the Bond Trustee and/or the Issuer Security Trustee, as the case may be, shall bind each of the Bondholders, the Receiptholders, the Couponholders and such Issuer Secured Creditors as if (in the case of such Issuer Secured Creditors) such documentation had been duly executed by it.

The Bond Trustee may, without the consent of the Bondholders of any Sub-Class or (subject as provided below) any other Issuer Secured Creditor and without prejudice to its rights in respect of any subsequent breach or Bond Event of Default, from time to time, and at any time but only if and in so far as in its opinion the interests of the Bondholders of the Most Senior Class of Bonds then outstanding shall not be materially prejudiced thereby, waive or authorise, or direct the Issuer Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or any other relevant party of any of the covenants or provisions contained in the Conditions or any Issuer Transaction Document (subject as provided in the STID in relation to a Common Document) or other document to which the Bond Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security, or determine that any event which would otherwise constitute a Bond Event of Default shall not be treated as such for the purposes of the



Bond Trust Deed **provided that** to the extent such event, matter or thing relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent and **provided further that** the Bond Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Bonds then outstanding or of a request in writing made by holders of not less than 25% in aggregate of the principal amount of the Most Senior Class of Bonds then outstanding (but no such direction or request shall affect any waiver, authorisation or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to any matter which is the subject of a Basic Terms Modification.

The Bond Trustee and the Issuer Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee or the Issuer Security Trustee, as applicable, would have the effect of (a) exposing the Bond Trustee or the Issuer Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee or the Issuer Security Trustee, as applicable, in the Issuer Transaction Documents and/or the Terms and Conditions of the Bonds.

Any such modification, waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine and shall be binding on the Bondholders and the holders of all relevant Receipts and Coupons and the other Issuer Secured Creditors and, unless the Bond Trustee agrees otherwise, notice thereof shall be given by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

Notwithstanding that none of the Bond Trustee, the Issuer Security Trustee, the Bondholders or the other Issuer Secured Creditors has any right of recourse against the Rating Agencies in respect of any confirmation from the Rating Agencies which is relied upon by the Bond Trustee or the Issuer Security Trustee, as the case may be, the Bond Trustee and the Issuer Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Bonds or any Issuer Transaction Document or any other document to which the Bond Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security, that such exercise will not be materially prejudicial to the interests of the Bondholders (or any class of Sub-Class thereof) if the Rating Agencies have provided confirmation that such exercise will not have an adverse effect on the then ratings of the Bonds (or the Bonds of such class or Sub-Class). Without prejudice to the foregoing, the Bondholders are deemed to agree for the benefit of the Rating Agencies only that a credit rating is, however, an assessment of credit and does not address other matters that may be of relevance to Bondholders. The Bond Trustee, the Issuer Security Trustee and the Bondholders agree and acknowledge that being entitled to rely on the fact that the Rating Agencies have delivered confirmation that the ratings of their Bonds will not be adversely affected does not impose or extend any actual or contingent liability for the Rating Agencies to the Bond Trustee, the Issuer Security Trustee, the Bondholders, any other Issuer Secured Creditor or any other person or create any legal relations between the Rating Agencies and the Bond Trustee, the Issuer Security Trustee, the Bondholders, any other Issuer Secured Creditor or any other person whether by way of contract or otherwise.

Notwithstanding any other provision of this Condition 14(d), the Bond Trustee shall be obliged, without the consent of any of the Bondholders or any other Issuer Secured Creditor, to concur with the Issuer, and/or if so requested by the Issuer direct the Issuer Security Trustee to concur with the Issuer, in making any modifications to the Issuer Transaction Documents and/or these Conditions that are requested by the Issuer in order to enable the Issuer solely to comply with any legal requirements which apply to it under Regulation (EU) 648/2012 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (including, without limitation any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**UK EMIR**"), subject to receipt by the Bond Trustee and the Issuer Security Trustee of a certificate of the Issuer certifying to the Bond Trustee and the Issuer Security Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to comply with its reporting, portfolio reconciliation and dispute resolution legal requirements under UK EMIR (and for no other purpose).

Notwithstanding any other provision of this Condition 14(d), the Bond Trustee shall be obliged, without the consent of any of the Bondholders or any other Issuer Secured Creditor, to concur with

the Issuer, and/or if so requested by the Issuer direct the Issuer Security Trustee to concur with the Issuer, in making any Benchmark Amendments pursuant to Condition 5(i) (*Benchmark discontinuation*).

(e) ***Substitution of the Issuer***

The Bond Trustee may without the consent of the Bondholders, Receiptholders or Couponholders at any time agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this Condition) as the principal debtor under the Bonds and the Bond Trust Deed of any holding company of the Issuer, any Subsidiary of such holding company or any Subsidiary of the Issuer (such substituted company being hereinafter called the "**New Company**") **provided that** a trust deed is executed or some other form of undertaking is given by the New Company in form and manner, satisfactory to the Bond Trustee, agreeing to be bound by the provisions of the Bond Trust Deed and these Conditions with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the New Company had been named as the principal debtor in place of the Issuer (or of the previous substitute under this Condition 14(e)) and **provided further that** the Issuer unconditionally and irrevocably guarantees all amounts payable under the Bonds to the satisfaction of the Bond Trustee.

The following further conditions shall apply to substitution of the Issuer as set out above:

- (i) the Issuer and the New Company shall comply with such other requirements as the Bond Trustee may direct in the interests of the Bondholders;
- (ii) undertakings or covenants shall be given by the New Company in terms corresponding to the provisions of the Conditions;
- (iii) without prejudice to the rights of reliance of the Bond Trustee under paragraph (iv) below, the Bond Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Bondholders; and
- (iv) if two directors of the New Company (or other officers acceptable to the Bond Trustee) shall certify that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Bond Trustee may rely upon absolutely), the Bond Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New Company or to compare the same with those of the Issuer or the previous substitute under this Condition 14(e), as applicable.

15. **Bond Trustee Protections**

(a) ***Trustee Considerations***

In connection with the exercise by the Bond Trustee under these Conditions, the Bond Trust Deed or the Issuer Transaction Documents of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Bond Trustee shall:

- (i) where it is required to have regard to the interests of the holders of the Bonds or any Sub-Class of Bonds, have regard to the general interests of the holders of the Bonds or such Sub-Class of Bonds as a class and will not have regard to the consequences of such exercise for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Bond Trustee shall not be entitled to require from the Issuer, nor shall any Bondholders be entitled to claim from the Issuer or the Bond Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Bondholders of any such exercise;
- (ii) except where expressly provided otherwise, have regard to the interests of the Class A Bondholders and the Class B Bondholders equally, **provided that** the Bond Trustee shall have regard to the interests only of the Class A Bondholders if, in the Bond Trustee's opinion, there is a conflict between the interests of the Class A Bondholders and the Class B Bondholders **provided that**, if, in the Bond Trustee's opinion, there is a conflict of

interest between the holders of two or more Tranches or Sub-Classes of Bonds of the same Class, it shall have regard to the interests of the holders of the Tranche or Sub-Class of such Class then outstanding with the greatest Principal Amount Outstanding.

(b) **Reliance on certificates**

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

16. **Notices**

Notices to holders of Registered Bonds will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Bondholders will be valid if published in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the London Stock Exchange and any other listing authority, stock exchange and/or quotation system on which the Bonds are for the time being listed. Any such notice (other than to holders of Registered Bonds as specified above) 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. Couponholders and Receipholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Bonds in accordance with this Condition 16.

So long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given only by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg, DTC or any other relevant clearing system as specified in the relevant Final Terms or Pricing Supplement (as the case may be) for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Bondholders on the day of delivery to such clearing systems.

The Bond Trustee will provide each Rating Agency, at its request, from time to time and **provided that** the Bond Trustee will not contravene any duty of confidentiality or law or regulation in so doing, with all notices, written information and reports that the Bond Trustee makes available to the Bondholders of any Class or Sub-Class except to the extent that such notices, information or reports contain information confidential to third parties.

17. **Limited Recourse**

Each of the Bondholders is deemed to agree with the Issuer that, notwithstanding any other provision of the Issuer Transaction Documents, all obligations of the Issuer to the Bondholders, including its obligations under the Bonds and the Issuer Transaction Documents, are limited in recourse to the Issuer Charged Property. If:

- (i) there is no Issuer Charged Property remaining which is capable of being realised or otherwise converted into money;
- (ii) all amounts available from the Issuer Charged Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (iii) there are insufficient amounts available from the Issuer Charged Property to pay in full, in accordance with the provisions of the Issuer Deed of Charge, the Issuer Secured Liabilities,

then the Bondholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

18. **Miscellaneous**

(a) ***Governing Law***

The Bond Trust Deed, the Issuer Deed of Charge, the Bonds, the Coupons, the Receipts, the Talons (if any) and the other Issuer Transaction Documents and any non-contractual obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with, English law.

(b) ***Submission to Jurisdiction***

- (i) Subject to sub paragraph (iii) below, the English courts are to have exclusive jurisdiction to settle any dispute including any dispute as to any non-contractual obligations that may arise out of or in connection with the Bond Trust Deed, the Issuer Deed of Charge, the Bonds, the Coupons, the Receipts, the Talons and the other Issuer Transaction Documents (a "**Dispute**") and, accordingly, any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) and/or the Finance Documents may be brought in such courts. In relation to any Dispute, the Issuer, the Bond Trustee and any Bondholders submits to the exclusive jurisdiction of such courts.
- (ii) For the purposes of this Condition 18(b), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (iii) To the extent allowed by law, each of the Bond Trustee and the Bondholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) ***Third Party Rights***

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

(d) ***Rights Against Issuer***

Under the Bond Trust Deed, persons shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to interests in the Bonds will (subject to the terms of the Bond Trust Deed) acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Bond became void, they had been the registered Holders of Bonds in an aggregate principal amount equal to the principal amount of Bonds they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

(e) ***Clearing System Accountholders***

References in the Conditions of the Bonds to "**Bondholder**" are references to the bearer of the relevant Bearer Global Bond or the person shown in the Register as the holder of the Registered Global Bond.

Each of the persons shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (the "**Clearing Systems**"), as the case may be, as being entitled to an interest in a Global Bond (each an "**Accountholder**") must look solely to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer, to such Accountholder and in relation to all other rights arising under the Global Bond. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Bond will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system (as the case may be) from time to time. For so long as the relevant Bonds are represented by a Global Bond, Accountholders shall have no claim directly against the Issuer or in respect of payments due under the Bonds and such obligations of the Issuer will be discharged by payment to the bearer or registered holder of the Global Bond, as the case may be.

## FORMS OF THE BONDS

The Bonds of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Bonds will be issued outside the United States in reliance on Regulation S and Registered Bonds will be issued both outside the United States in reliance on Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

### **Bearer Bonds**

Each Sub-Class of Bearer Bonds will be initially issued in the form of a Temporary Bearer Global Bond or, if so specified in the applicable Final Terms or Pricing Supplement (as the case may be), a Permanent Bearer Global Bond and, together with a Temporary Bearer Global Bond which, in either case, will:

- (a) if the Global Bonds are intended to be issued in NGB form, as stated in the applicable Final Terms or Pricing Supplement (as the case may be), be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Bonds are not intended to be issued in NGB form, be delivered on or prior to the original issue date of the Sub-Class to the Common Depository for, Euroclear and Clearstream, Luxembourg.

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

On and after the Exchange Date interests in such Temporary Bearer Global Bond will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Bond of the same Series or (ii) Bearer Definitive Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms or Pricing Supplement (as the case may be) and subject, in the case of Bearer Definitive Bonds, to such notice period as is specified in the applicable Final Terms or Pricing Supplement (as the case may be)), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** purchasers in the United States and certain U.S. persons will not be able to receive Bearer Definitive Bonds. The holder of a Temporary Bearer Global Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Bond for an interest in a Permanent Bearer Global Bond or for Bearer Definitive Bonds is improperly withheld or refused.

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

The applicable Final Terms or Pricing Supplement (as the case may be) will specify that a Permanent Bearer Global Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Bonds with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Bond) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. In respect of (a), such exchange upon notice option is only applicable if the holding of the Permanent Bearer Global Bond holder amounts to the Specified Denomination of the Bonds. Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Bonds which is to be represented on issue by Permanent Bearer Global Bonds exchangeable for Definitive Bonds. In respect of (b), "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and

Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available. The Issuer will promptly give notice to Bondholders in accordance with Condition 15 (*Bond Trustee Protections*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg, as the case may be, on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Bond) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Permanent Bearer Global Bonds and Bearer Definitive Bonds (in each case, where the applicable Final Terms or Pricing Supplement specifies "**TEFRA D Rules apply**") which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Bonds:

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

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

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

#### **Registered Bonds**

The Registered Bonds of each Series offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons (as defined in Regulation S) outside the United States, will initially be represented by a Regulation S Global Bond. Prior to expiry of the Distribution Compliance Period applicable to each Series of Bonds, beneficial interests in a Regulation S Global Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Bond will bear a legend regarding such restrictions on transfer.

The Rule 144A Bonds of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs. The Registered Bonds of each Tranche sold to QIBs will be represented by a Rule 144A Global Bond. Registered Global Bonds will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (ii) be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms or Pricing Supplement (as the case may be). Persons holding beneficial interests in Registered Global Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Bonds in fully registered form.

The Registered Global Bonds will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Bonds. None of the Issuer, any Paying Agent, the Bond Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in Condition 8 (*Payments*).

Interests in a Registered Global Bond will be exchangeable (free of charge), in whole but not in part, for definitive Registered Bonds without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) a Bond Event of Default has occurred and is continuing, (ii) in the case of Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available or (iii) in the case of Bonds registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Bond Trustee is available. The Issuer will promptly give notice to Bondholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Bond) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Bond. No beneficial owner of an interest in a Registered Global Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions; see "*Subscription and Sale*".

### **General**

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Sub-Class of Bonds is issued which is intended to form a single Series with an existing Sub-Class of Bonds, the Bonds of such further Sub-Class shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS number assigned to Bonds of any other Sub-Class of the same Series until at least the expiry of the Distribution Compliance Period.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or Pricing Supplement (as the case may be) or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Bond Trustee or the Issuer Security Trustee, as the case may be, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing. In addition, holders of interests in such Global Bond credited to their accounts with DTC may require DTC to deliver Definitive Bonds in registered form in exchange for their interest in such Global Bond in accordance with DTC's standard operating procedures.

**The Issuer may agree with any Dealer that Bonds may be issued in a form not contemplated by the Terms and Conditions of the Bonds herein, in which event a new Prospectus or a supplement to this Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Bonds.**

### **Provisions Relating to the Bonds while in Global Form**

Global Bonds will contain provisions that apply to the Bonds which they represent, some of which modify the effect of the Conditions of the Bonds as set out in this Prospectus. The following is a summary of certain of those provisions:

- **Meetings:** The holder of a Global Bond shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, the holder of a Global Bond shall be treated as having one vote in respect of each minimum denomination of Bonds for which such Global Bond may be exchanged.
- **Cancellation:** Cancellation of any Bond represented by a Global Bond that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Bond.
- **Notices:** So long as any Bonds are represented by a Global Bond and such Global Bond is held on behalf of Euroclear, Clearstream, Luxembourg or any other relevant Clearing System, notices to the Bondholders may be given, subject always to listing requirements, by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other relevant Clearing System for communication by it to entitled Accountholders in substitution for publication as provided in the Conditions. Such notices shall be deemed to have been received by the Bondholders on the date of delivery to such clearing systems.

### **Eurosystem eligibility**

The Issuer will notify the ICSDs and the Paying Agents upon issue and it will be stated in the relevant Final Terms or Pricing Supplement (as applicable) whether the Bonds are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility and deposited with one of the ICSDs as common safekeeper (and in the case of registered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Where the Bonds are not intended to be deposited with one of the ICSDs as common safekeeper upon issuance, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting such criteria, the Bonds may then be deposited with one of the ICSDs as common safekeeper. Where the Bonds are so deposited with one of the ICSDs as common safekeeper (and in the case of registered Bonds, registered in the name of a nominee of one of the ICSDs acting as common safekeeper) upon issuance or otherwise, this does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

### **Issuer-ICSDs Agreement**

The Issuer has entered into an Issuer-ICSDs Agreement with Euroclear Bank SA/NV and Clearstream Banking S.A. (the "ICSDs") in respect of any Bonds issued in NGB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGBs, maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.



## **BOOK-ENTRY CLEARANCE PROCEDURE**

*The information set out below has been obtained from the Clearing Systems and the Issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The Issuer accepts responsibility for the accurate reproduction of such information from publicly available information. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

### **Euroclear and Clearstream, Luxembourg**

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each Series of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Bonds directly through Euroclear or Clearstream, Luxembourg as Direct Participants or indirectly as Indirect Participants.

### **Book-entry ownership**

Each Global Bond will have an ISIN and a common code and will be deposited with a common depository or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg. Each Global Bond will have an ISIN and a common code and will be registered in the name of a common depository or nominee on behalf of Euroclear and Clearstream, Luxembourg.

### **Payments and relationship of participants with Clearing Systems**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Bond represented by a Global Bond must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Bonds represented by a Global Bond, the common depository or common safekeeper, as the case may be, by whom such Bond is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bond (as the case may be) as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Bond held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Bond in respect of each amount so paid.

### **Settlement and transfer of Bonds**

Subject to the rules and procedures of each applicable Clearing System, purchases of Bonds held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Bonds on the Clearing System's records. The Beneficial Owner will in turn be recorded on the Direct Participants' and Indirect Participants' records. Transfers of ownership interests in Bonds held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in such Bonds, unless and until interests in any Global Bond held within a Clearing System are exchanged for Definitive Bonds.

## PRO FORMA FINAL TERMS

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); (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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[EU 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 Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR 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 Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

**Gatwick Funding Limited** (the "Issuer")

LEI: 213800NK8FA3GKS6X167

Issue of [Sub-]Class [–[•]] [Aggregate nominal amount of Sub-Class] [Fixed Rate][Floating Rate][Zero-Coupon][Indexed][Instalment] Bonds

[Title of Bonds]  
under the Bond Programme

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available. See "*Subscription and Sale*" and "*Transfer Restrictions*" in the accompanying Prospectus.

**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 31 March 2021 [and the supplemental Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018, as amended ("EUWA")]/[EUWA] (the "**UK Prospectus Regulation**"). This document constitutes the Final Terms of the Bonds [described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented]]. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] [and the supplemental Prospectus[es] dated [date] [and [date]]] ([together,] the "**Original Prospectus**"). This document constitutes the Final Terms of the Bonds [described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018, as amended ("EUWA")]/[EUWA] (the "**UK Prospectus Regulation**") and must be read in conjunction with the Prospectus dated 31 March 2021 [and the supplemental Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation save in respect of the Conditions which are set forth in the Original Prospectus and are incorporated by reference in the Prospectus]]. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of the Conditions, this Final Terms and the Prospectus.]

[The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at [www.londonstockexchange.com/news](http://www.londonstockexchange.com/news) and copies may be obtained from the specified office of the Paying Agents.]

- |    |        |  |
|----|--------|--|
| 1. | Issuer | Gatwick Funding Limited  |
| 2. | (a)    | Series Number: [•]   |
|    | (b)    | Sub-Class Number: [•]  |
|    | (c)    | Date on which the Bonds will be considered and form a single series: [Not Applicable] [The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [•] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph 22 below (Form of Bonds:), which is expected to occur on or about [•]]] |

3. Relevant Currency or Currencies: [•]
4. Aggregate nominal amount of Bonds admitted to trading:
- (a) Series: [•]
- (b) Tranche: [•]
- (c) Sub-Class: [•]
5. (a) Issue Price: [•]% of the aggregate nominal amount [plus accrued interest from [•]].
- (b) Net proceeds (required only for listed issues): [•]
6. (a) Specified Denominations: [€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Bonds in definitive form will be issued with a denomination above [€199,000].]
- [€100,000 [or in such higher amount equivalent to €100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Bonds in definitive form will be issued with a denomination above [€199,000].]
- [£100,000 and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No Bonds in definitive form will be issued with a denomination above [£199,000].]
- (b) Calculation Amount: [€/£/\$] [•]
7. (a) Issue Date: [•]
- (b) Interest Commencement Date (if different from the Issue Date): [•][Issue Date] [Not Applicable]
8. (a) Scheduled Redemption Date: [Not Applicable]
- (b) Maturity Date: [•]
9. Instalment Date: [Not Applicable][•]
10. Interest Basis: [[•]% Fixed Rate]
- [[•] +/- [•]% Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
11. Redemption/Payment Basis: [Redemption at par]
- [Index Linked Redemption]
- [Instalment]
12. Change of Interest or Redemption/Payment Basis: [•] [Not Applicable]

13. Put/Call Options: [Issuer Call Option – Condition 7(d) (*Optional Redemption*) and paragraph 20 below] [Index-Linked Bond Provisions: applies] [Not Applicable]

(a) [Date [Board] approval for issuance of Bonds obtained:] [[•] and [•] respectively]

14. Listing: London

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

15. Fixed Rate Bond Provisions: [Applicable/Not Applicable]

(a) Interest Rate: [•]% per annum [payable [annually/ semi-annually/quarterly/monthly] in arrears on each Interest Payment Date]

(b) Screen Rate Determination:

– Relevant Rate and Reference Rate: [•] month  
Relevant Financial Centre: [EURIBOR/LIBOR/SONIA]

– Interest Determination Relevant Financial Centre: [London, Brussels,  
Date(s): New York]

– Relevant Screen Page: [•]

(For example, Reuters  
LIBOR01/EURIBOR01/SONIA)

– Relevant Time: [•]

– Observation Look-back [•]/[Not Applicable]  
Period:

(In the case of SONIA: "p" London Banking Days)

ISDA Determination:

– Floating Rate Option: [•]

– Designated Maturity: [•]

– Specified Duration (if [•][Not Applicable]  
other than the relevant  
Interest Period):

– Reset Date: [•]

(c) Step-Up Fixed Fee Rate: [•]% per annum

(d) Interest Determination Date: [•] in each year

(e) Interest Payment Date(s): [•] [and [•]] in each year

(f) First Interest Payment Date: [•]

(g) Fixed Coupon Amount[(s)]: [•] per Calculation Amount

(h) Broken Amount(s): [•]

(i) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or  
Actual/Actual] [Actual/365 Fixed] [Actual/360]

- [30/360 or 360/360 or Bond basis] [30E/360 or Eurobond Basis]
- (j) Other terms relating to the method of calculating interest for Fixed Rate Bonds: [Not Applicable][•]
16. Floating Rate Bond Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [•]/[•] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (d) below (*Business Day Convention*)]
- (b) First Interest Payment Date: [•]
- (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (d) Business Centre(s): [•]
- (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (f) Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank): [Not Applicable/[•] as Calculation Agent]
- (g) Screen Rate Determination:
- Relevant Rate and Reference Rate: [•] month  
Relevant Financial Centre: [EURIBOR/LIBOR/SONIA]  
Relevant Financial Centre: [London, Brussels, New York]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]  
(For example, Reuters LIBOR01/EURIBOR01/SONIA)
  - Relevant Time: [•]
  - Observation Look-back Period: [•]/[Not Applicable]  
(In the case of SONIA: "p" London Banking Days)
- (h) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]

- Reset Date: [•]
- ISDA Benchmarks Supplement: [Applicable / Not Applicable]
- (i) Margin(s): [+/-][•]% per annum
- (j) Subordinated Step-Up Fee Amount: [•]% per annum
- (k) Minimum Interest Rate: [[+/-][•]% per annum] [Not Applicable]
- (l) Maximum Interest Rate: [[+/-][•]% per annum] [Not Applicable]
- (m) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (n) Representative Amount: [•]
- (o) Reference Banks: [•]
- 17. Zero Coupon Bond Provisions: [Applicable/Not Applicable]
  - (a) Accrual Yield: [•]% per annum
  - (b) Reference Price: [•]
  - (c) Any other formula/basis of determining amount payable: [•]
  - (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 7(e) (*Redemption for Index Event, Taxation or Other Reasons*)]
- 18. Indexed Bond Provisions: [Applicable/Not Applicable]
  - (a) Index/Formula: UK Retail Price Index
  - (b) Interest Rate: [Fixed, calculated in accordance with paragraph 16 above] [Floating, calculated in accordance with paragraph 17 above]
  - (c) Screen Rate Determination:
    - Relevant Rate and Reference Rate: [•] month  
Relevant Financial Centre: [EURIBOR/LIBOR/SONIA]  
Relevant Financial Centre: [London, Brussels, New York]
    - Interest Determination Date(s): [•]  
(*in the case of SONIA, the date falling "p" London Banking Days prior to the start of each Interest Period*)
    - Relevant Screen Page: [•]  
(*For example, Reuters LIBOR01/EURIBOR01/SONIA*)

- Relevant Time: [•]
  - Observation Look-back Period: [•]/[Not Applicable]  
(In the case of SONIA: "p" London Banking Days)
- ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]
  - Reset Date: [•]
- (d) Step-Up Fixed Fee Rate: [•]% per annum
- (e) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank): [Not Applicable][[•] as Calculation Agent]
- (f) Provisions for determining Coupon in the event of changes in circumstances, disruptions, cessation or fundamental changes to the Index: Applicable – Conditions 6(c) (*Changes in Circumstances Affecting the Index*) and 6(e) (*Cessation of or Fundamental Changes to the Index*)
- (g) Interest or calculation period(s): [•]
- (h) Interest Payment Dates: [•] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (j) below (Business Day Convention)]
- (i) First Interest Payment Date: [•]
- (j) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (k) Business Centre: [•]
- (l) Minimum Indexation Factor: [Not Applicable] [•]
- (m) Minimum Indexation Factor: [Not Applicable] [•]
- (n) Base Index Figure: [•]
- (o) Limited Indexation Month(s): [•]
- (p) Reference Gilt: [•]% Index-Linked Treasury Stock due [•]
- (q) Index Figure applicable: [3][6][8] months lag
- (r) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]



## PROVISIONS RELATING TO REDEMPTION

19. Issuer Call Option: [Applicable in accordance with Condition 7(d) (*Optional Redemption*)] [Not Applicable]
- (a) Optional Redemption Date(s): Any Interest Payment Date [falling on or after [•] and at a premium of [•]].
  - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[•] per Calculation Amount][Alternative Redemption Amount][Modified Redemption Amount]
  - (c) If redeemable in part:
  - (d) Minimum Redemption Amount: [Not Applicable] [[•] per Calculation Amount]
  - (e) Maximum Redemption Amount: [Not Applicable] [[•] per Calculation Amount]
  - (f) Notice period: [As per Condition 7(d) (*Optional Redemption*)]/[•]
  - (g) Comparable German Bund Issue: [[•] per Calculation Amount][Not Applicable]
  - (h) Base Index Figure: [•]
  - (i) Reference Gilt: [[•]% Index-Linked Treasury Stock due [•]] [Not Applicable]
  - (j) Index Figure applicable: [3][6][8] months lag
  - (k) Alternative Redemption Amount: [[•]/Reuters Screen [ ]/Not Applicable]
20. Final Redemption Amount of each Bond:
- In cases where the Redemption Amount is Index-Linked or other variable-linked: [•] per Calculation Amount
- (a) Index/Formula/variable: UK Retail Price Index
  - (b) Party responsible for calculating the Final Redemption Amount (if not the [Agent]): [Not Applicable]/[[•] as Calculation Agent]
  - (c) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula [•] and/or other variable: The Redemption Amount of each Bond shall be determined in accordance with Condition 7(d) (*Optional Redemption*)
  - (d) Determination Date(s): [•]
  - (e) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: Applicable – Condition 6(c) (*Changes in Circumstances Affecting the Index*) and 6(e) (*Cessation of or Fundamental Changes to the Index*)
  - (f) Maturity Date: [•]

- (g) Minimum Final Redemption Amount: [•] per Calculation Amount
- (h) Maximum Final Redemption Amount: [•] per Calculation Amount
21. Early Redemption Amount: [•]/[•] per Calculation Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

#### GENERAL PROVISIONS APPLICABLE TO THE BONDS

22. Form of Bonds: [Bearer/Registered]
- (a) If issued in Bearer form: [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Bearer Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (TEFRA D Rules apply)]
- [Temporary Bearer Global Bond exchangeable for Bearer Definitive Bonds on [•] days' notice (TEFRA D Rules apply)]
- [Permanent Bearer Global Bond exchangeable for Bearer Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA C Rules apply)]
- [Permanent Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply)]
- (b) If Registered Bonds: [[Rule 144A Global Bond/Regulation S Global Bond registered in the name of a nominee for [a common depositary for [DTC/Euroclear and Clearstream, Luxembourg] [•]]/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Bonds on [•] days' notice in the circumstances specified in the Registered Global Bond]]
- [Rule 144A Global Bond (U.S.\$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
23. New Global Bond: [Yes/No/Not Applicable]
24. Relevant Financial Centre(s) or other special provisions relating to Interest Payment Dates and/or Maturity Date: [Not Applicable][•]

25. Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): [Yes/No/Not Applicable]
26. Details relating to Instalment Bonds: [Not Applicable][•]
- (a) instalment Date: [•]
- (b) instalment Amount: [•]

**BORROWER LOAN TERMS**

27. Amount of relevant Term: [•]
28. Advance/Index Linked Advances: [•]
29. Interest rate on relevant Term Advance/Index Linked Advances [•]
30. Term of relevant Term Advance/Index Linked Advances: [•]
31. Relevant repayment date: [•]
32. Other relevant provisions: [•]

**RESPONSIBILITY**

[[•] has been extracted from [•]. The Issuer and each Obligor confirms that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of Gatwick Airport Limited:

By: .....  
Duly authorised

Signed on behalf of Ivy Holdco Limited:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. Listing

- (a) Listing: London
- (b) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the Main Market of the London Stock Exchange and listing on the Official List of the Financial Conduct Authority with effect from [•].]
- (c) Estimate of total expenses related to admission to trading: [•]

### 2. Ratings

Ratings: The Bonds to be issued [have been][are expected to be] rated:

[[*S&P entity*]: [•]]

[[*Moody's entity*]: [•]]

[[*Fitch entity*]: [•]]

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the European Economic Area and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Bonds is endorsed by [*insert legal name of credit rating agency endorsing rating*], which is established in the United Kingdom and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]./[*Insert legal name of particular credit rating agency entity providing rating*] is established in the United Kingdom and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Bonds is endorsed by [*insert legal name of credit rating agency endorsing rating*], which is established in the European Economic Area and registered under Regulation (EU) No 1060, as amended.]

[include definition of ratings.]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[•]/[Save as discussed in "*Subscription and Sale*", in the Prospectus so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(a) Reasons for the offer: [•]

(b) Estimated net proceeds: [•]

(c) Estimated total expenses: [•]

5. **[Fixed Rate Bonds only – YIELD]**

Indication of yield: [•]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]

6. **[Index-Linked or other variable-linked Bonds only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

Name of underlying index: [U.K. Retail Price Index (RPI) (all items) published by the Office of National Statistics]

Information about the Index, its volatility and past and future performance can be obtained from: Information on RPI can be found at [www.statistics.gov.uk](http://www.statistics.gov.uk)

7. **Operational information**

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable][•]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

ISIN Code: [•]

Common Code: [•]

CUSIP: [Not Applicable][•]

[Intended to be held in a manner which would allow Eurosystem eligibility:] [Yes. Note that the designation "yes" simply means that the Bonds 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)] [include this text for registered bonds] and does not necessarily mean that the Bonds 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.]<sup>2</sup>/[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 Bonds are capable of meeting them the Bonds 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) [include this text for registered bonds]. Note that this does not necessarily mean that the Bonds 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.]]

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<sup>2</sup> As at the date of this Prospectus, bonds issued by Jersey issuers do not meet the current Eurosystem eligibility requirements and therefore the Bonds cannot presently be recognised as eligible collateral for Eurosystem credit operation purposes and, unless this changes, "No" should be selected.

## PRO FORMA PRICING SUPPLEMENT

*Set out below is a form of Pricing Supplement for use in connection with Exempt Bonds issued under the Programme. This pro forma Pricing Supplement is subject to completion and amendment to set out the terms upon which each Tranche or Series of Exempt Bonds is to be issued.*

### IMPORTANT NOTICE

***In accessing the attached pricing supplement (the "Pricing Supplement") you agree to be bound by the following terms and conditions.***

The information contained in the Pricing Supplement may be addressed to and/or targeted at persons who are residents of particular countries only as specified in the Pricing Supplement and/or in the Prospectus (as defined in the Pricing Supplement) and is not intended for use and should not be relied upon by any person outside those countries and/or to whom the offer contained in the Pricing Supplement is not addressed. Prior to relying on the information contained in the Pricing Supplement, you must ascertain from the Pricing Supplement and/or Prospectus whether or not you are an intended addressee of the information contained therein.

Neither the Pricing Supplement nor the Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 (INCLUDING AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED ("EUWA")) FOR THIS ISSUE OF BONDS. THE BONDS WHICH ARE THE SUBJECT OF THIS PRICING SUPPLEMENT ARE BEING ISSUED PURSUANT TO ONE OR MORE EXEMPTIONS FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS UNDER REGULATION (EU) 2017/1129 (INCLUDING AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA) AND THE FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.**

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); (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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[EU 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 Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR 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 Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

#### **Pricing Supplement dated [•]**

**Gatwick Funding Limited** (the "**Issuer**")

LEI: 213800NK8FA3GKS6X167

Issue of [Sub-]Class [-[•]] [Aggregate nominal amount of Sub-Class] [Fixed Rate] [Floating Rate]  
[Zero-Coupon] [Indexed] [Instalment] Bonds

[Title of Bonds]  
under the Bond Programme

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available. See "*Subscription and Sale*" and "*Transfer Restrictions*" in the accompanying Prospectus.

#### **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 31 March 2021 [and the supplemental Prospectus dated [•]]. This document constitutes the Pricing Supplement of the Bonds described herein and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of this Pricing Supplement and the Prospectus.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Prospectus dated [*original date*] [and the supplemental Prospectus[es] dated [date] [and [date]]] ([together,] the "**Original Prospectus**"). This document constitutes the Pricing Supplement of the Bonds and must be read in conjunction with the Prospectus dated 31 March 2021 [and the supplemental Prospectus dated [•]] save in respect of the Conditions which are set forth in the Original Prospectus and are incorporated by reference in the Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of the Conditions, this Pricing Supplement and the Prospectus.]

[The Prospectus [and the supplemental Prospectus]] [is] [are] available for viewing at [www.londonstockexchange.com/news](http://www.londonstockexchange.com/news) and copies may be obtained from the specified office of the Paying Agents.



|    |   |  |
|----|---|--|
| 1. | Issuer  | Gatwick Funding Limited  |
| 2. | (a) Series Number:  | [•]  |
|    | (b) Sub-Class Number:<br><i>(If fungible with an existing Sub-Class, details of that Sub-Class, including the date on which the Bonds become fungible.)</i> | [•]  |
|    | (c) Date on which the Bonds will be considered and form a single series:  | [Not applicable] [The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [•] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph 22 below (Form of Bonds:), which is expected to occur on or about [•]]].   |
| 3. | Relevant Currency or Currencies:  | [•]  |
| 4. | Aggregate nominal amount of Bonds admitted to trading:  |  |
|    | (a) Series:   | [•]  |
|    | (b) Tranche:  | [•]  |
|    | (c) Sub-Class:  | [•]  |
| 5. | (a) Issue Price:  | [•]% of the aggregate nominal amount [plus accrued interest from [•]].   |
|    | (b) Net proceeds (required only for listed issues):   | [•]  |
| 6. | (a) Specified Denominations:  | <p>[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Bonds in definitive form will be issued with a denomination above [€199,000].]</p> <p>[\$100,000 [<i>or in such higher amount equivalent to €100,000</i>] and integral multiples of [\$1,000] in excess thereof up to and including [\$199,000]. No Bonds in definitive form will be issued with a denomination above [\$199,000].]</p> <p>[£100,000 and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No Bonds in definitive form will be issued with a denomination above [£199,000].]</p> |
|    | (b) Calculation Amount:   | [€/£/\$]   |
| 7. | (a) Issue Date:   | [•]  |
|    | (b) Interest Commencement Date (if different from the Issue Date):  | [•] [Issue Date] [Not Applicable]  |
| 8. | (a) Scheduled Redemption Date:  | [Not Applicable]   |
|    | (b) Maturity Date:  | [•]  |

9. Instalment Date: [Not Applicable]
10. Interest Basis: [[•]% Fixed Rate]  
[[•] +/- [•]% Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]
11. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Instalment]
12. Change of Interest or Redemption/Payment Basis: [•] [Not Applicable]
13. Put/Call Options: [Issuer Call Option - Condition 7(d) (*Optional Redemption*) and paragraph 20 below] [Index-Linked Bond Provisions: applies][Not Applicable]
- (a) [Date [Board] approval for issuance of Bonds obtained:] [[•] and [•] respectively]
14. Listing: London [and other exchanges as applicable]
15. Method of distribution: [Syndicated/Non-syndicated]

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

16. Fixed Rate Bond Provisions: [Applicable/Not Applicable]
- (a) Interest Rate: [•]% per annum [payable [annually/ semi-annually/ quarterly/monthly] in arrears on each Interest Payment Date]
- (b) Screen Rate Determination:
- Relevant Rate and Reference Rate:[•] month  
Relevant Financial Centre: [EURIBOR/LIBOR/SONIA]  
Relevant Financial Centre: [London, Brussels, New York]
  - Interest Determination [•]  
Date(s):
  - Relevant Screen Page: [•]  
(For example, Reuters LIBOR01/EURIBOR01/SONIA)
  - Relevant Time: [•]
  - Observation Look-back [•]/[Not Applicable]  
Period:  
(In the case of SONIA: "p" London Banking Days)
- ISDA Determination:
- Floating Rate Option: [•]

- Designated Maturity: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]
  - Reset Date: [•]
  - (c) Step-Up Fixed Fee Rate: [•]% per annum
  - (d) Interest Determination Date: [•] *in each year*
  - (e) Interest Payment Date(s): [•] [and [•]] in each year
  - (f) First Interest Payment Date: [•]
  - (g) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
  - (h) Broken Amount(s): [•]
  - (i) Day Count Fraction: [Actual/Actual ICMA] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond basis] [30E/360 or Eurobond Basis]
  - (j) Other terms relating to the method of calculating interest for Fixed Rate Bonds: [*Not Applicable*] [•]
17. Floating Rate Bond Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [•]/[•] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (d) below (Business Day Convention)]
  - (b) First Interest Payment Date: [•]
  - (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (d) Business Centre(s): [•]
  - (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (f) Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank): [Not Applicable/[•] as Calculation Agent]
  - (g) Screen Rate Determination:
    - Relevant Rate and Financial Centre: Reference Rate [•] month [EURIBOR/LIBOR/SONIA]
    - Relevant Financial Centre: [London, Brussels, New York]
    - Interest Determination Date(s): [•]

- Relevant Screen Page: [•]  
*(For example, Reuters LIBOR01/EURIBOR01/SONIA)*
- Relevant Time: [•]
- Observation Look-back Period: [•]/[Not Applicable]  
*(In the case of SONIA: "p" London Banking Days)*
- (h) ISDA Determination:
  - Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Specified Duration (if other than the relevant Interest Period): [•]
  - Reset Date: [•]
  - ISDA Benchmarks Supplement: [Applicable / Not Applicable]
- (i) Margin(s): [+/-][•]% per annum
- (j) Subordinated Step-Up Fee Amount: [•]% per annum
- (k) Minimum Interest Rate: [[+/- [•]% per annum] [Not applicable]
- (l) Maximum Interest Rate: [[+/- [•]% per annum] [Not Applicable]
- (m) Day Count Fraction: [Actual/Actual ICMA] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (n) Representative Amount: [•]
- (o) Reference Banks: *[if none specified, four major banks selected by Agent Bank/Calculation Agent]*
- 18. Zero Coupon Bond Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (a) Accrual Yield: [•]% per annum
  - (b) Reference Price: [•]
  - (c) Any other formula/basis of determining amount payable: [•]
  - (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 7(e) *(Redemption for Index Event, Taxation or Other Reasons)*]

19. Indexed Bond Provisions: [Applicable/Not Applicable]
- (a) Index/Formula: UK Retail Price Index
- (b) Interest Rate: Fixed, calculated in accordance with paragraph 16 above (Fixed Rate Bond Provisions)  
[Floating, calculated in accordance with paragraph 17 above (Floating Rate Bond Provisions)]
- (c) Screen Rate Determination:
- Relevant Rate and Reference Rate: [•] month  
Relevant Financial Centre: [EURIBOR/LIBOR/SONIA]  
  
Relevant Financial Centre: [London, Brussels, New York]
  - Interest Determination [•]  
Date(s):  
*(in the case of SONIA, the date falling "p" London Banking Days prior to the start of each Interest Period)*
  - Relevant Screen Page: [•]  
*(For example, Reuters LIBOR01/EURIBOR01/SONIA)*
  - Relevant Time: [•]
  - Observation Look-back [•]/[Not Applicable]  
Period:  
*(In the case of SONIA: "p" London Banking Days)*
- ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Specified Duration (if [•]  
other than the relevant  
Interest Period):
  - Reset Date: [•]
- (d) Step-Up Fixed Fee Rate: [•]% per annum
- (e) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank): [Not Applicable/Calculation Agent]

- (f) Provisions for determining Coupon in the event of changes in circumstances, disruptions, cessation or fundamental changes to the Index: Applicable – Conditions 6(c) (*Changes in Circumstances Affecting the Index*) and 6(e) (*Cessation of or Fundamental Changes to the Index*)
- (g) Interest or calculation period(s): [•]
- (h) Interest Payment Dates: [•] in each year [subject to adjustment in accordance with the Business Day Convention set out in paragraph (j) below (Business Day Convention)]
- (i) First Interest Payment Date: [•]
- (j) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other]
- (k) Business Centre: [•]
- (l) Minimum Indexation Factor: [Not Applicable] [•]
- (m) Minimum Indexation Factor: [Not Applicable] [•]
- (n) Base Index Figure: [•]
- (o) Limited Indexation Month(s): [•]
- (p) Reference Gilt: [•]% Index-Linked Treasury Stock due [•]
- (q) Index Figure applicable: [3][6][8] months lag
- (r) Day Count Fraction: [Actual/Actual ICMA] [Actual/365 or Actual/Actual] [Actual/365 Fixed] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (s) Alternative Redemption Amount: [Not Applicable/*give details*]  
 Reuter Screen: [•]

#### PROVISIONS RELATING TO REDEMPTION

20. Issuer Call Option: [Applicable in accordance with Condition 7(d) (*Optional Redemption*)] [Not applicable]
- (a) Optional Redemption Date(s): Any Interest Payment Date [falling on or after [•] and at a premium of [•]].
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[•] per Calculation Amount] [Alternative Redemption Amount] [Modified Redemption Amount]
- (c) If redeemable in part:
- (d) Minimum Redemption Amount: [Not Applicable] [[•] per Calculation Amount]
- (e) Maximum Redemption Amount: [Not Applicable] [[•] per Calculation Amount]
- (f) Notice period: [Not Applicable]

- (g) Comparable German Bund Issue: [[•] per Calculation Amount] [Not Applicable]
- (h) Base Index Figure: [•]
- (i) Reference Gilt: [[•]% Index-Linked Treasury Stock due [•]] [Not Applicable]
- (j) Index Figure applicable: [3][6][8] months lag
21. Final Redemption Amount of each Bond:
- In cases where the Redemption Amount is Index-Linked or other variable-linked: [•] per Calculation Amount
- (a) Index/Formula/variable: [UK Retail Price]
- (b) Party responsible for calculating the Final Redemption Amount (if not the [Agent]): [Not Applicable]/[[•] as Calculation Agent]
- (c) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula [•] and/or other variable: The Redemption Amount of each Bond shall be determined in accordance with Condition 7(d) (*Optional Redemption*)
- (d) Determination Date(s): [•]
- (e) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: Applicable – Conditions 6(c) (*Changes in Circumstances Affecting the Index*) and 6(e) (*Cessation of or Fundamental Changes to the Index*)
- (f) Maturity Date: [•]
- (g) Minimum Final Redemption Amount: [•] per Calculation Amount
- (h) Maximum Final Redemption Amount: [•] per Calculation Amount
22. Early Redemption Amount: [•] per Calculation Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

#### GENERAL PROVISIONS APPLICABLE TO THE BONDS

23. Form of Bonds: [Bearer/Registered]
- (a) If issued in Bearer form: [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Bearer Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond.] (TEFRA D Rules apply)

[Temporary Bearer Global Bond exchangeable for Bearer Definitive Bonds on [•] days' notice (TEFRA D Rules apply)]

[Permanent Bearer Global Bond exchangeable for Bearer Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA C Rules apply)]

[Permanent Bearer Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply)]

(b) If Registered Bonds:

[Rule 144A Global Bond/Regulation S Global Bond registered in the name of a nominee for [a common depository for [DTC/Euroclear and Clearstream, Luxembourg] [•]/a common safekeeper for Euroclear and Clearstream, Luxembourg exchangeable for Registered Definitive Bonds on [•] days' notice in the circumstances specified in the Registered Global Bond]]

[Rule 144A Global Bond (U.S.\$[•] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

24. New Global Bond: [Yes/No/Not Applicable]

25. Relevant Financial Centre(s) or other special provisions relating to Interest Payment Dates and/or Maturity Date: [Not Applicable/*give details.*]

26. Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): [Yes/No/Not Applicable]

27. Details relating to Instalment Bonds: [Not Applicable/[•]]

(a) Instalment Date: [•]

(b) Instalment Amount: [•]

### **BORROWER LOAN TERMS**

28. Amount of relevant Term: [•]

29. Advance/Index Linked Advances: [•]

30. Interest rate on relevant Term Advance/Index Linked Advances: [•]

31. Term of relevant Term Advance/Index Linked Advances: [•]

32. Relevant repayment date: [•]

33. Other relevant provisions: [•]



**RESPONSIBILITY**

[*Relevant third party information*] has been extracted from [•]. The Issuer and each Obligor confirms that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of Gatwick Airport Limited:

By: .....  
Duly authorised

Signed on behalf of Ivy Holdco Limited:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. Listing

- (a) Listing: [•]/[None]
- (b) Admission to trading: [•][Not Applicable.]
- (c) Estimate of total expenses related to admission to trading: [•]

### 2. Ratings

Ratings: The Bonds to be issued [have been][are expected to be] rated:

[[*S&P entity*]: [•]]

[[*Moody's entity*]: [•]]

[[*Fitch entity*]: [•]]

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the European Economic Area and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Bonds is endorsed by [*insert legal name of credit rating agency endorsing rating*], which is established in the United Kingdom and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").][[*Insert legal name of particular credit rating agency entity providing rating*] is established in the United Kingdom and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Bonds is endorsed by [*insert legal name of credit rating agency endorsing rating*], which is established in the European Economic Area and registered under Regulation (EU) No 1060, as amended.]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

"[•]/[Save as discussed in "*Subscription and Sale*", in the Prospectus so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.]"

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (a) Reasons for the offer: [•]

- (b) Estimated net proceeds: [•]
- (c) [Estimated total expenses:] [•]
5. **[Fixed Rate Bonds only – YIELD**
- Indication of yield: [•]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]
6. **[Index-Linked or other variable-linked Bonds only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**
- Name of underlying index: [U.K. Retail Price Index (RPI) (all items) published by the Office of National Statistics]
- Information about the Index, its volatility and past and future performance can be obtained from: Information on RPI can be found at [www.statistics.gov.uk](http://www.statistics.gov.uk)
7. **Operational information**
- Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable] [•]
- Delivery: Delivery [against/free of] payment
- Names and addresses of additional Paying Agent(s) (if any): [•]
- ISIN Code: [•]
- Common Code: [•]
- CUSIP: [Not applicable] [•]
- [Intended to be held in a manner which would allow Eurosystem eligibility:] [Yes. Note that the designation "yes" simply means that the Bonds 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)] [include this text for registered bonds] and does not necessarily mean that the Bonds 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.] <sup>3</sup> /[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 Bonds are capable of meeting them the Bonds may then be

<sup>3</sup> As at the date of this Prospectus, bonds issued by Jersey issuers do not meet the current Eurosystem eligibility requirements and therefore the Bonds cannot presently be recognised as eligible collateral for Eurosystem credit operation purposes and, unless this changes, "No" should be selected.

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) [include this text for registered bonds]. Note that this does not necessarily mean that the Bonds 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.]]

## **USE OF PROCEEDS**

The net proceeds of each series of Bonds will be lent by the Issuer to the Borrower under the Borrower Loan Agreement.

The Borrower will apply the proceeds of the Borrower Loans for, amongst other things, its general corporate purposes including:

- (i) to fund operating and capital expenditure;
- (ii) to pay interest on and refinance (A) loans made under its Authorised Credit Facilities and (B) certain intercompany indebtedness; and
- (iii) for general corporate purposes.

## **DESCRIPTION OF ISSUER HEDGE COUNTERPARTIES**

The Issuer may enter into hedging arrangements with Issuer Hedge Counterparties from time to time in accordance with the Hedging Policy. For general details of the hedging arrangements see "*Summary of Finance Agreements – Hedging*". Such Issuer Hedge Counterparties will satisfy the relevant Rating Agency requirements existing at the time. Details of the identity and current rating of any Issuer Hedge Counterparty appointed in connection with the issue of a Series of Bonds will be set out in the relevant Final Terms or Pricing Supplement (as the case may be).

## TAX CONSIDERATIONS

### UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Bonds, which may be subject to change (sometimes with retrospective effect). Prospective Bondholders should be aware that the particular terms of issue of any series of Bonds as specified in the relevant Final Terms may affect the tax treatment of that and other series of Bonds. The comments below may not apply to certain classes of person (such as dealers and persons connected to the Issuer). The following is not exhaustive and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Bonds. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. In particular, Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

#### Payment of Interest on the Bonds

The Bonds issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "Act") (for the purposes of section 987 of the Act) or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of section 987 of the Act). Whilst the Bonds are and continue to be quoted Eurobonds, payments of interest on the Bonds may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Bonds will constitute quoted Eurobonds provided they carry a right to interest and are and continue to be included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange.

Interest on the Bonds may also be paid without withholding or deduction of or on account of United Kingdom income tax where the maturity of the Bonds is less than 365 days from the date of issue and those Bonds do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Bonds that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%).

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Bonds or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 14(e) (*Substitution of the Issuer*) of the Bonds or otherwise and does not consider the tax consequences of any such substitution.

## **JERSEY TAXATION**

**The following summary of Jersey taxation law in relation to the holding, sale or other disposition of Bonds by Bondholders (other than Jersey residents) and the payment of interest in respect of the Bonds to Bondholders (other than residents of Jersey) is based on Jersey taxation law as it is understood to apply at the date of this Prospectus. It does not constitute legal or tax advice. Bondholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of Bonds under the laws of the jurisdictions in which they may be liable to taxation. Bondholders should be aware that tax laws, rules and practice and their interpretation may change.**

Under the Jersey Income Tax Law, the Issuer will be regarded as not resident in Jersey under Article 123(1) of the Jersey Income Tax Law provided that (and for so long as) it satisfies the conditions set out in that provision in which case the Issuer will not (except as noted below) be liable to Jersey income tax.

Nevertheless, if the Issuer: (i) qualifies as a financial services company or a utility company, the Issuer would be subject to Jersey income tax at the rate of 20 per cent.; or (ii) derives any income from the ownership, exploitation or disposal of land in Jersey or the trade of importing or supplying hydrocarbon oil to or in Jersey, that income will be charged to Jersey income tax at the rate of 20 per cent; or (iii) qualifies as a large corporate retailer with an income in excess of £500,000, that income will be charged to Jersey income tax at a rate of up to 20 per cent. It is not anticipated that the Issuer will be taxed under (i), (ii) or (iii).

The Issuer will be able to pay interest in respect of the Bonds without any withholding or deduction for or on account of Jersey tax. Bondholders (other than residents of Jersey) will not be subject to any Jersey tax in respect of the holding, sale or other disposition of the Bonds.

### **Goods and Services Tax**

The Issuer is an "international services entity" for the purposes of the GST Law. Consequently, the Issuer is not required to:

- (a) register as a taxable person pursuant to the GST Law;
- (b) charge goods and services tax in Jersey in respect of any supply made by it; or
- (c) (subject to limited exceptions that are not expected to apply to the Issuer) pay goods and services tax in Jersey in respect of any supply made to it.

### **Stamp Duty**

Stamp duty of up to 0.75% (which is capped at a maximum of £100,000) is payable on the grant of probate or letters of administration in Jersey in respect of a deceased natural person (i) who died domiciled in Jersey, on the value of the entire estate wherever situate (including any Bonds or interests therein) and (ii) otherwise, on the value of so much of the estate (including any Bonds or interests therein) if any, as situate in Jersey.

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, 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. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Jersey) have entered into, or have agreed in substance to, IGAs, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, 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 Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, 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 Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Bonds issued on or prior to the date that is



six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under Condition 1(b) (*Fungible Issues of Bonds comprising a Sub-Class*)) that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds 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 Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

### Dealership Agreement

Bonds may be sold from time to time by the Issuer to the Dealer(s) acting as principal or to subscribers from whom subscriptions have been procured by the Dealer(s), in each case pursuant to the Dealership Agreement. The arrangements under which a particular Sub-Class of Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers or subscribers are set out in the Dealership Agreement and the Subscription Agreements relating to each Sub-Class of Bonds. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Bonds, the price at which such Bonds will be purchased by the Dealers or subscribers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of the existing Dealer and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series, Class or Sub-Class of Bonds.

In the Dealership Agreement, the Issuer, failing whom the Borrower, has agreed to reimburse the Dealer(s) for certain of their expenses in connection with the establishment and maintenance of the Programme and the issue of Bonds under the Dealership Agreement and the Issuer and each of the Obligors has agreed to indemnify the Dealer(s) against certain liabilities incurred by them in connection therewith.

### *United States of America*

The Bonds have not been and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except, with respect to Rule 144A Bonds only, to persons that are QIBs within the meaning of Rule 144A or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them in Regulation S.

Bearer Bonds 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 Code.

Unless otherwise provided in the relevant Final Terms or Pricing Supplement (as the case may be), the Bonds will be offered, sold and delivered only outside the United States, to persons who are not U.S. persons, in offshore transactions in reliance on Regulation S.

In connection with any Regulation S Bonds, the Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulation S Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the Tranche of which such Regulation S Bonds 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. The Dealer further agrees, 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 Regulation S Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

In respect of Bearer Bonds where TEFRA D is specified in the applicable Final Terms, the Dealer has represented, undertaken and agreed (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the D Rules), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Bonds to a person who is within the United States

or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions Definitive Bearer Bonds that are sold during the restricted period;

- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Bonds are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Bonds for purposes of resale in connection with their original issuance and if it retains Bearer Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163- 5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
- (d) with respect to each affiliate that acquires Bearer Bonds from a Dealer for the purpose of offering or selling such Bonds during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163- 5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any Bearer Bonds from it pursuant to a written contract with the Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and any other Dealer (if applicable), the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including the D Rules.

Until 40 days after the commencement of the offering of any Series of Bonds, an offer or sale of such Bonds 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.

Each issue of Index-Linked Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Bonds, which additional selling restrictions shall be set out in the relevant Subscription Agreement. The relevant Dealer agrees that it shall offer, sell and deliver such Bonds only in compliance with such additional U.S. selling restrictions.

The Dealership Agreement provides that the Dealer(s) may arrange for the offer and resale of Bonds pursuant to Rule 144A of the Securities Act, but that no issuance of such Bonds shall be made, unless either the Dealership Agreement or the relevant Subscription Agreement is amended to the satisfaction of the relevant parties for such purpose.

Purchasers of Bonds shall be deemed to have made the representations set forth under "*Transfer Restrictions*".

#### ***United Kingdom***

The Dealer(s) has represented and agreed, or will represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in the UK Prospectus Regulation; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

The Dealer(s) has severally represented, warranted and agreed, or will represent, warrant or agree and each further dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) *No deposit-taking*: in relation to any Bonds having 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 Bonds other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) 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 Bonds would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General Compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

### **Jersey**

The Dealer(s) has severally represented to, and agreed with, or will represent to and agree with, the Issuer that it has not, directly or indirectly, offered or sold, or solicited an offer or invitation to purchase, and it will not offer or sell, or solicit an offer or invitation to purchase, any Bonds in Jersey, except in compliance with all applicable Jersey laws, orders and regulations.

### **Prohibition of Sales to EEA Retail Investors**

The Dealer(s) has represented and agreed, or will represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision:

- (a) 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 EU MiFID II;

- (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 EU MiFID II; or
  - (iii) not a qualified investor as defined in the EU Prospectus Regulation; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

***General***

The Dealer(s) has acknowledged that other than having obtained the approval of the Prospectus by the FCA in accordance with Part VI of the FSMA for the Bonds to be admitted to listing on the Official List of the FCA and to trading on the Market or the Professional Securities Market of the London Stock Exchange and the obtaining of the consent of the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of Bonds, or possession or distribution of the Prospectus or any other offering material, in any jurisdiction where action for that purpose is required. The Dealer(s) shall to the best of its knowledge and belief comply with all applicable laws and regulations in each jurisdiction in or from which it purchases, offers, sells or delivers Bonds or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense unless agreed otherwise.

The Dealership Agreement provides that the Dealer(s) shall not be bound by any of the restrictions relating to any specific country or jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in the official interpretation, after the date of the Dealership Agreement, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer(s) described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms or Pricing Supplement (as the case may be) (in the case of a supplement or modification relevant only to a particular Sub-Class of Bonds) or (in any other case) in a supplement to this Prospectus.

## **TRANSFER RESTRICTIONS**

The Bonds have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction. Accordingly, to ensure compliance with applicable laws, including the Securities Act, transfers of the Bonds (or beneficial interests therein) will be subject to restrictions and to certification requirements as set forth below (as the same may be amended, supplemented or modified in respect of a particular Series pursuant to the relevant Final Terms or Pricing Supplement (as the case may be)).

### **Transfer Restrictions Applied to All Bonds**

Each purchaser (other than the Dealers) or transferee of any Bonds (or beneficial interest therein) will be deemed to have represented, warranted, acknowledged and agreed for the benefit of the Issuer and the Bond Trustee as follows:

In connection with the purchase of the Bonds: (a) none of the Issuer, the Arranger, the Dealers, the Bond Trustee, or any affiliate thereof or any person acting on behalf of the foregoing, is acting as a fiduciary or financial or investment adviser for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Arranger or the Dealers or any affiliate thereof, the Bond Trustee, or any person acting on behalf of the foregoing, other than in the Final Terms or Pricing Supplement (as the case may be) and the Prospectus and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Arranger or the Dealers or any affiliate thereof, the Bond Trustee, or any person acting on behalf of the foregoing, has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Bonds; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Bond Trust Deed) based upon its own judgement and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Arranger or the Dealers or any affiliate thereof, the Bond Trustee, or any person acting on behalf of the foregoing; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Bonds with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; (f) the purchaser is a sophisticated investor; and (g) the purchaser understands that these acknowledgements, representations, and agreements are required in connection with U.S. securities laws and it agrees to indemnify and hold harmless the Issuer, the Arranger, the Dealers, the Bond Trustee and any affiliates thereof from and against all losses, liabilities, claims, costs, charges and expenses which they may incur by reason of its failure to fulfil any of the terms, conditions or agreements set forth above or by reason of any breach of its representations and warranties herein.

### **Transfer Restrictions Applied to Regulation S Bonds**

Each purchaser (other than the Dealers) or transferee of any Regulation S Bonds (or beneficial interest therein) will be deemed to have represented, warranted, acknowledged and agreed for the benefit of the Issuer and the Bond Trustee as follows:

1. It is, and the person, if any, for whose account it is acquiring the Regulation S Bonds is, located outside the United States and is neither a U.S. person nor a U.S. resident and is purchasing for its own account or one or more accounts, each of which is neither a U.S. person nor a U.S. resident and as to each of which the purchaser exercises sole investment discretion, in an offshore transaction in accordance with Regulation S, and is aware that the sale of the Bonds to it is being made in reliance on the exemption from registration provided by Regulation S and that if it should resell or otherwise transfer the Regulation S Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the Issue Date), it will do so only: (a)(i) to a non-U.S. person (as defined in Regulation S) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Bonds represented by a Regulation S Global Bond will bear a legend as set out below unless otherwise agreed to by the Issuer.

2. It understands that unless the Issuer determines otherwise in compliance with applicable law, such Regulation S Global Bonds will bear a legend as follows:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS OR PRICING SUPPLEMENT (AS THE CASE MAY BE), BY ITS PURCHASE AND HOLDING OF THIS BOND (OR ANY INTEREST HEREIN) EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (1) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" WITHIN THE MEANING OF AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (C) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (EACH OF THE FOREGOING (A)-(C), A "**PLAN ENTITY**"), OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO A U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS BOND DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

IN ADDITION, BY ITS ACQUISITION AND HOLDING OF THIS BOND, EACH HOLDER OF THIS BOND OR ANY INTEREST HEREIN THAT IS A PLAN ENTITY WILL BE DEEMED TO REPRESENT AND WARRANT THAT (I) NONE OF THE ISSUER, THE SECURITY GROUP, THE ARRANGER, THE DEALER, THE BOND TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE BORROWER SECURITY TRUSTEE, THE OTHER PARTIES OR THEIR RESPECTIVE AFFILIATED ENTITIES (COLLECTIVELY, THE "**TRANSACTION PARTIES**") HAVE PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE PLAN ENTITY OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE PLAN ENTITY (A "**PLAN FIDUCIARY**"), ON WHICH EITHER THE PLAN ENTITY OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO ACQUIRE THIS BOND (OR ANY INTEREST HEREIN), (II) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A "FIDUCIARY", AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE PLAN ENTITY OR PLAN FIDUCIARY IN CONNECTION WITH THE PLAN ENTITY'S ACQUISITION OF THIS BOND (OR ANY INTEREST HEREIN) AND (III) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE TRANSACTION."

3. It further understands that unless the Issuer determines otherwise in compliance with applicable law, such Regulation S Global Bonds (and on all receipts and interest coupons relating to such Bonds) will bear a legend as follows:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE

LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

4. With respect to such Regulation S Bonds (or beneficial interest therein), either: (a) such purchaser or transferee is not, and for so long as such Regulation S Bonds (or beneficial interest therein) is held will not be (i) a Plan Entity or (ii) a governmental, church or non-U.S. plan that is subject to any Similar Law or (b) such purchaser's or transferee's acquisition, holding and disposition of such Regulation S Bonds will not constitute or result in a non-exempt prohibited transaction under section 406 of ERISA or section 4975 of the Code or a violation of any Similar Law. Any purported transfer of a Bond (or beneficial interest therein) to a purchaser that does not comply with the requirements of this paragraph 4 will be of no force and effect, will be void *ab initio* and the Issuer will have the right to direct the purchaser to transfer such Regulation S Bonds (or beneficial interest therein), as applicable, to a person who meets the foregoing criteria. In addition, each Plan Entity that purchases the Regulation S Bonds (or an interest therein) will be deemed to represent that (i) none of the Transaction Parties have provided any investment recommendation or investment advice to the Plan Entity or Plan Fiduciary, on which either the Plan Entity or Plan Fiduciary has relied in connection with the decision to purchase the Regulation S Bonds, (ii) the Transaction Parties are not otherwise acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan Entity or Plan Fiduciary in connection with the Plan Entity's purchase of the Bonds (or an interest therein) and (iii) the Plan Fiduciary is exercising its own independent judgement in evaluating the transaction.
5. It understands that before any interest in a Regulation S Global Bond may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Bond, the transferor and/or transferee, as applicable, will be required to provide the Registrar with a written certification substantially in the form set out in the Bond Trust Deed as to compliance with the transfer restrictions described herein.

**Transfer Restrictions Applied to Rule 144A Bonds**

Each purchaser (other than the Dealer(s)) or transferee of any Rule 144A Bonds (or beneficial interest therein) will be deemed to have represented, warranted, acknowledged and agreed for the benefit of the Issuer and the Bond Trustee as follows:

1. It is (a) a QIB, (b) acquiring such Rule 144A Bonds for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Rule 144A Bonds has been advised, that the sale of such Rule 144A Bonds to it is being made in reliance on Rule 144A.
2. It understands that such Rule 144A Bonds have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that such Rule 144A Bonds, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. THIS SECURITY MAY BE TRANSFERRED ONLY IN INITIAL PRINCIPAL AMOUNTS OF \$100,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF (OR ITS EQUIVALENT IN ANY OTHER CURRENCY AS AT THE DATE OF ISSUE OF SUCH SECURITY). BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF



ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS BOND (OR ANY INTEREST HEREIN) EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (1) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" WITHIN THE MEANING OF AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (C) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (EACH OF THE FOREGOING (A)-(C), A "**PLAN ENTITY**"), OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO A U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS BOND DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

IN ADDITION, BY ITS ACQUISITION AND HOLDING OF THIS BOND, EACH HOLDER OF THIS BOND OR ANY INTEREST HEREIN THAT IS A PLAN ENTITY WILL BE DEEMED TO REPRESENT AND WARRANT THAT (I) NONE OF THE ISSUER, THE SECURITY GROUP, THE ARRANGER, THE DEALER, THE BOND TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE BORROWER SECURITY TRUSTEE, THE OTHER PARTIES OR THEIR RESPECTIVE AFFILIATED ENTITIES (COLLECTIVELY, THE "**TRANSACTION PARTIES**") HAVE PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE PLAN ENTITY OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE PLAN ENTITY (A "**PLAN FIDUCIARY**"), ON WHICH EITHER THE PLAN ENTITY OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO ACQUIRE THIS BOND (OR ANY INTEREST HEREIN), (II) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A "FIDUCIARY", AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE PLAN ENTITY OR PLAN FIDUCIARY IN CONNECTION WITH THE PLAN ENTITY'S ACQUISITION OF THIS BOND (OR ANY INTEREST HEREIN) AND (III) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE TRANSACTION.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

4. The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Rule 144A Bonds for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
5. It understands that the Rule 144A Bonds offered in reliance on Rule 144A will be represented by the Rule 144A Global Bond. Before any interest in the Rule 144A Global Bond may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Bond, it will be required to provide the Registrar with a written certification substantially in the form set out in the Bond Trust Deed as to compliance with the transfer restrictions described herein.

## ERISA CONSIDERATIONS

ERISA imposes certain requirements on ERISA Plans and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and section 4975 of the Code, which are among the ERISA and Code fiduciary provisions governing plans, prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. Prohibited transactions within the meaning of section 406 of ERISA or section 4975 of the Code may arise if a Bond is acquired by a Plan with respect to which the Issuer, the Dealers, the Bond Trustee or any of their respective affiliates are a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan Fiduciary making the decision to acquire Bonds and the circumstances under which such decision is made. There can be no assurance that any exemption will be available with respect to any particular transaction involving the Bonds, or that, if an exemption is available, it will cover all aspects of any particular transaction.

"Governmental plans" (as defined in section 3(32) of ERISA), "church plans" (as defined in section 3(33) of ERISA) that have made no election under section 410(d) of the Code and non-U.S. plans (as described in section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the provisions of section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing a Bond.

By its purchase of a Bond (or an interest therein), each purchaser (whether in the case of the initial purchase or in the case of a subsequent transfer) will be deemed to have represented, warranted and agreed either that (i) it is not and for so long as it holds a Bond (or any interest therein) will not be a Plan Entity or a governmental, church or non-U.S. plan that is subject to any Similar Law, or (ii) its acquisition, holding and disposition of the Bonds will not result in a non-exempt prohibited transaction under section 406 of ERISA or section 4975 of the Code or a violation of any Similar Law.

In addition, each Plan Entity that purchases the Bonds (or any interest therein) will be deemed to represent, warrant and agree that (i) none of the Transaction Parties have provided any investment recommendation or investment advice to the Plan Entity or a Plan Fiduciary, on which either the Plan Entity or Plan Fiduciary has relied in connection with the decision to purchase the Bonds (or any interest therein), (ii) the Transaction Parties are not otherwise acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan Entity or Plan Fiduciary in connection with the Plan Entity's purchase of the Bonds (or any interest therein) and (iii) the Plan Fiduciary is exercising its own independent judgement in evaluating the transaction.

The foregoing discussion is general in nature and not intended to be all-inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase the Bonds should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

The sale of Bonds to a Plan is in no respect a representation by the Issuer, the Obligors, the Financial Guarantors, the Bond Guarantor or the Dealers that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer passed at a meeting of the Board held on 10 February 2011, by resolutions of the Board of Directors of the Borrower at meetings of the Board held on 15 December 2010 and a committee of the Board held on 10 February 2011 and by resolutions of the Board of Directors of the Security Parent at a meeting of the Board held on 10 February 2011. Ivy Bidco's accession as an Obligor was duly authorised by resolutions of its Board of Directors passed on 25 March 2015. The update of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer and each member of the Security Group at meetings of their respective Boards held on 31 March 2021 and 31 March 2021, respectively (and, in the case of GAL, a meeting of its Finance Committee on 31 March 2021). The Issuer and each member of the Security Group has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.

### Listing of Bonds

Application has been made to the FCA for Bonds issued under the Programme to be admitted to listing on the Official List and to trading on the Market. It is expected that each Sub-Class of Bonds which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Global Bond or Bonds initially representing the Bonds of such Sub-Class.

However, Bonds may also be issued pursuant to the Programme which will not be listed on the Market or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### Documents Available

For the twelve months from the date of this Prospectus, copies of the following documents will, when available, be available on the websites identified below:

- (a) the Memorandum and Articles of Association of each of the Issuer (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor)) and GAL, Ivy Bidco Limited and the Security Parent (each available at [find-and-update.company-information.service.gov.uk](http://find-and-update.company-information.service.gov.uk));
- (b) the audited consolidated financial statements for Security Parent (and audit reports thereon), for the financial years ended 31 March 2019 and 31 December 2019 (each available at [find-and-update.company-information.service.gov.uk](http://find-and-update.company-information.service.gov.uk)) and 31 December 2020 (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor));
- (c) the audited financial statements of the Issuer (and audit reports thereon), for the financial years ended 31 March 2019, 31 December 2019 and 31 December 2020 incorporated by reference herein, once published (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor));
- (d) the audited financial statements of GAL (and audit reports thereon), for the financial years ended 31 March 2019 and 31 December 2019 (each available at [find-and-update.company-information.service.gov.uk](http://find-and-update.company-information.service.gov.uk)) and 31 December 2020 (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor));
- (e) the audited financial statements of Ivy Bidco Limited (and audit reports thereon), for the financial years ended 31 March 2019 and 31 December 2019 (each available at [find-and-update.company-information.service.gov.uk](http://find-and-update.company-information.service.gov.uk)) and 31 December 2020 (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor));
- (f) a copy of this Prospectus (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor));
- (g) each Final Terms or Pricing Supplement (as the case may be) relating to Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (in the case of any Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms or Pricing Supplement (as the case may be) will only be available for inspection during normal business hours

by the relevant Bondholders at the office of the Bond Trustee) (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor));

- (h) each Investor Report (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor)); and
- (i) the Bond Trust Deed (available at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor)).

The Issuer Transaction Documents (other than the Dealership Agreement) (as the same may be amended, varied, supplemented or novated from time to time), and the Transaction Documents will be available for inspection during normal business hours by Bondholders at the office of the Bond Trustee.

### **Clearing Systems**

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg as specified in the relevant Final Terms or Pricing Supplement (as the case may be). The appropriate Common Code and ISIN for each Sub-Class of Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or Pricing Supplement (as the case may be). In addition, the Issuer may make an application for any Registered Bonds to be accepted for trading in book entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Bonds, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms or Pricing Supplement (as the case may be). If the Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement (as the case may be).

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 applicable Final Terms or Pricing Supplement (as the case may be).

### **Significant or Material Change**

Save as disclosed in "*Risk Factors – Covid-19*" in this Prospectus and save as disclosed in note 1 (*Basis of preparation*) to the notes to the consolidated financial statements of Ivy Holdco Limited, there has been no material adverse change in the prospects of Ivy Holdco Limited since 31 December 2020.

Save as disclosed in "*Risk Factors – Covid-19*" in this Prospectus and save as disclosed in note 1 (*Basis of preparation*) to the notes to the consolidated financial statements of GAL, there has been no material adverse change in the prospects of GAL since 31 December 2020.

Save as disclosed in "*Risk Factors – Covid-19*" in this Prospectus and save as disclosed in note 1 (*Basis of preparation*) to the notes to the consolidated financial statements of Ivy Bidco Limited, there has been no material adverse change in the prospects of Ivy Bidco Limited since 31 December 2020.

Save as disclosed in "*Risk Factors – Covid-19*" in this Prospectus and save as disclosed in note 1 (*Basis of preparation*) to the notes to the consolidated financial statements of the Issuer, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020.

Save as disclosed in "*Risk Factors – Covid-19*" in this Prospectus and save as disclosed in note 1 (*Basis of preparation*) to the notes to the consolidated financial statements of Ivy Holdco Limited, there has been no significant change in the financial position or financial performance of Ivy Holdco Limited and its Subsidiaries (taken as a whole) since 31 December 2020.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, GAL or any other member of the Security Group is aware) in respect of the Issuer, GAL or any other member of the Security Group within the period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer, GAL or any other member of the Security Group.

### **Availability of Financial Statements**

The audited annual financial statements of the Issuer, the Borrower and the Security Parent will be prepared as at 31 December in each year. The Issuer has not published and does not intend to publish any interim

financial information, but the Borrower and the Security Parent provide semi-annual unaudited financial information to various parties under the terms of the Common Terms Agreement. The unaudited interim financial information of the Borrower will be prepared as at 30 June in each year. All future audited annual financial statements (and any published interim financial information) of the Issuer, the Borrower and the Security Parent will be available free of charge at [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor).

### Auditors

The auditors of the Issuer, GAL, Ivy Bidco Limited and Ivy Holdco Limited are PricewaterhouseCoopers LLP at The Portland Building, 25 High Street, Crawley, West Sussex, RH10 1BG.

PricewaterhouseCoopers LLP have audited the accounts of Ivy Holdco Limited for the financial year ended 31 December 2020 and each of the Issuer, GAL, Ivy Bidco Limited and Ivy Holdco Limited for the financial year ended 31 December 2019, in each case, without qualification, in accordance with IFRS. The unqualified auditor's report from PricewaterhouseCoopers LLP on the financial statements of Ivy Holdco Limited GAL, the Issuer and Ivy Bidco Limited with respect to the financial year ended 31 December 2020 contains an emphasis of matter paragraph relating to the general uncertainties related to the effects of Covid-19. The emphasis of matter paragraph in that opinion reads: "Management's forecasts assume that as the vaccine roll out extends through the UK and overseas there is a reasonable prospect of a relaxing of current lockdown and travel restrictions by the summer of 2021. However, should they extend, or be reimposed, in key summer trading months, this would likely significantly adversely impact projected passenger numbers through the airport. This would reduce cash flows from operations and as a consequence could result in the Group breaching its senior interest cover ratio covenant when next assessed as at 31 December 2021. This in turn would expose the Group to the risk that all the existing debt would fall due for immediate repayment. In addition, the Group's £300 million term loan facility currently falls due for repayment in October 2021 albeit this date can be extended, at the Group's option, to April 2022. Whilst the directors are confident that they will be able to refinance this debt this has not been agreed as at the date of approval of these financial statements. Given the existence of these risks and the fact that any remedies that could be needed have not been executed as at the date of this report this represents a material uncertainty that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.". PricewaterhouseCoopers LLP has no material interest in either the Issuer or the Borrower.

KPMG LLP at 1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11 9PT audited the accounts of each of the Issuer, GAL, Ivy Bidco Limited and Ivy Holdco Limited for the financial year ended 31 March 2019 and each of the Issuer, GAL and Ivy Bidco Limited for the financial year ended 31 March 2018, in each case, without qualification, in accordance with International Finance Reporting Standards IFRS. KPMG LLP has no material interest in either the Issuer or the Borrower.

### Credit Ratings

In accordance with S&P Global Ratings UK Limited's ratings definitions available as at the date of this Prospectus on [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352), an obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. In accordance with Fitch Ratings Limited's ratings definitions available as at the date of this Prospectus on <https://www.fitchratings.com/products/rating-definitions>, a rating of "BBB" indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. In accordance with Moody's Investors Service Limited's ratings definitions available as at the date of this Prospectus on <https://www.moody.com/ratings-process/Ratings-Definitions/002002>, obligations rated "Baa" are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

### Legend

Bearer Bonds, Receipts, Talons and Coupons appertaining thereto will bear a legend substantially to the following effect: **"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE."** The sections referred to in such legend provide that a United States

person who holds a Bearer Bond, Coupon, Receipt or Talon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Bond, Coupon, Receipt or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

### **Floating Rate Bonds**

Interest on Floating Rate Bonds will accrue at a rate linked to an FRN Reference Rate. The relevant FRN Reference Rate (including the relevant reference period and details of where it is published) that will apply to any particular Tranche of Bonds issued under the Programme will be disclosed in the relevant Final Terms or Pricing Supplement, as the case may be.

### **Information in respect of the Bonds**

The issue price and the amount of the relevant Bonds will be determined, before filing of the relevant Final Terms or Pricing Supplement (as the case may be) of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Bonds except for the Investor Report which will be prepared by the Borrower on a semi-annual basis and published on the designated website of GAL, being [www.gatwickairport.com/investor](http://www.gatwickairport.com/investor) and which will also be made available at the specified office of the Principal Paying Agent, (in the case of Registered Bonds) at the specified office of the Registrar and the Transfer Agents and (in all cases) at the registered office of the Bond Trustee. No reports in respect of the Borrower Loan Agreements and the Borrower Loans will be prepared.

### **Material Contracts**

The Borrower has not entered into contracts outside the ordinary course of its business, which could result in the Borrower or any member of its group being under an obligation or entitlement that is material to the Borrower's ability to meet its obligation to the Issuer under the Borrower Loan Agreements.

### **Other Activities of the Dealers**

The Dealers and their respective affiliates (i) have provided, and may in the future provide, investment banking, hedging, commercial lending, consulting and financial advisory services to, (ii) have entered into and may, in the future enter into, other related transactions with, and (iii) have made or assisted or advised any party to make, and may in the future make or assist or advise any party to make, acquisitions and investments in or related to, the Issuer or the Obligors and their respective subsidiaries and affiliates or other parties that may be involved in or related to the transactions contemplated in this Prospectus, in each case in the ordinary course of business or as Liquidity Facility Providers in respect of the Liquidity Facility made available to the Issuer and the Borrower under the Liquidity Facility Agreement. The Dealers and their respective affiliates may, in the future, act as Hedge Counterparties.

## GLOSSARY

Principal terms used in this prospectus are defined as follows:

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| "\$, "U.S.\$", "U.S. dollars" and "dollars" | the lawful currency of the United States of America;  |
| "€", "euro" and "Euro"                      | the single 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 from time to time;   |
| "£", "pounds" and "sterling"                | the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;   |
| "2011 Regulations"                          | Airport Charges Regulations 2011, which came into force on 10 November 2011;  |
| "30/360"                                    | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "30E/360"                                   | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "360/360"                                   | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "A\$"                                       | the lawful currency of Australia;   |
| "Accepted Restructuring Event"              | has the meaning given to it on page 49 of the Prospectus;   |
| "Accession Memorandum"                      | (a) with respect to the STID, each memorandum to be entered into pursuant to clause 2 ( <i>Accession</i> ), clause 4 ( <i>Accession of Additional Obligors</i> ) or clause 30 ( <i>Benefit of Deed</i> ) (as applicable) of the STID and which is substantially in the form set out in schedule 1 ( <i>Form of Accession Memorandum</i> ) to the STID, and (b) with respect to the Common Terms Agreement, each memorandum to be entered into pursuant to clause 1.5 ( <i>Obligors</i> ) of the Common Terms Agreement and which is substantially in the form set out in schedule 10 ( <i>Form of Accession Memorandum</i> ) to the Common Terms Agreement; |
| "Accountholder"                             | each of the persons shown in the records of the Clearing Systems as being entitled to an interest in a Global Bond;   |
| "Accrual Yield"                             | has the meaning given to it in the relevant Final Terms or Pricing Supplement (as the case may be);   |
| "Actual/360"                                | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "Actual/365"                                | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "Actual/365 (Fixed)"                        | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "Actual/Actual"                             | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "Actual/Actual (ICMA)"                      | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| "Additional Borrower Secured Creditors"     | any person not already a Borrower Secured Creditor which becomes a Borrower Secured Creditor pursuant to the provisions of clause 2 ( <i>Accession</i> ) of the STID;   |



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| <b>"Additional Indebtedness Tests"</b>      | for the purposes of the definition of Permitted Financial Indebtedness, in order to satisfy the Additional Indebtedness Tests to incur additional Senior Debt, the Senior RAR as at the date such Financial Indebtedness is to be incurred, by reference to the most recently delivered audited annual financial statements or unaudited semi-annual financial statements of the Security Group pursuant to Paragraph 1(a) or (b) (Financial Statements) of Part 1 (Information Covenants) of schedule 2 (Covenants) to the Common Terms Agreement or, if more recent, the latest management accounts of the Security Group, taking into account the proposed additional Financial Indebtedness, must be less than 0.70, except in the case of a drawing used to fund RAB-Eligible Capex under the Capex Facility, in which case the Senior RAR as at the date such Financial Indebtedness is to be incurred must be less than 0.725;   |
| <b>"Additional SP Contributions"</b>        | (a) any loan made by a Subordinated Intragroup Creditor to Security Parent and which will upon the making of such loan constitute a Subordinated Intragroup Liability and (b) the proceeds of any subscription for shares issued by Security Parent to its Holding Company;   |
| <b>"Advance"</b>                            | the principal amount lent by the Issuer to the Borrower under a Borrower Loan Agreement in respect of bonds issued on the related Issue Date;   |
| <b>"Affected Borrower Secured Creditor"</b> | each Borrower Secured Creditor (and where the Issuer is the relevant Affected Borrower Secured Creditor, each Issuer Secured Creditor (the " <b>Affected Issuer Secured Creditor</b> ")) who is affected by an Entrenched Right;  |
| <b>"Affiliate"</b>                          | a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company (other than in any Hedging Agreement when used in relation to a Hedge Counterparty, where Affiliate has the meaning given to it in that Hedging Agreement). Notwithstanding the foregoing, in relation to NatWest Markets Plc, the term " <b>Affiliate</b> " shall include each of its subsidiaries or subsidiary undertakings, but shall not include (i) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings; |
| <b>"Agency Agreement"</b>                   | the agreement dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between the Issuer and the Agents referred to therein under which, amongst other things, the Principal Paying Agent is appointed as issuing agent, principal paying agent and agent bank for the purposes of the Programme;   |
| <b>"Agent"</b>                              | each of the Paying Agents, the Principal Paying Agent, the Transfer Agents, the Calculation Agent, the Agent Bank, the Registrar and the Exchange Agent or any other agent appointed by the Issuer pursuant to the Agency Agreement or a Calculation Agency Agreement and " <b>Agents</b> " means all of them;  |

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| <b>"Agent Bank"</b>                       | Deutsche Bank AG, London Branch (or any successor thereto) in its capacity as agent bank under the Agency Agreement;  |
| <b>"Airline Commitments"</b>              | a set of legally enforceable airline commitments;   |
| <b>"Airports Act"</b>                     | the Airports Act 1986 (as amended);   |
| <b>"all of its rights"</b>                | <p>(a) the benefit of all covenants, undertakings, representations, warranties and indemnities;</p> <p>(b) all powers and remedies of enforcement and/or protection;</p> <p>(c) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and</p> <p>(d) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,</p> <p>in each case in respect of the relevant Issuer Charged Property;</p> |
| <b>"Allowable Yield"</b>                  | maximum allowable yield per passenger;  |
| <b>"Alternative Redemption Amount"</b>    | the amount specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) (if any);   |
| <b>"Ancillary Facility"</b>               | has the meaning given to it in clause 1.1 of the Initial Authorised Credit Facility Agreement;  |
| <b>"Ancillary Lender"</b>                 | a Lender of an Ancillary Facility;  |
| <b>"ANS"</b>                              | Air Navigation Services;  |
| <b>"Applicable Accounting Principles"</b> | UK GAAP or IFRS (as applicable);  |
| <b>"Appointee"</b>                        | any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Issuer Security Trustee under the Issuer Deed of Charge or by the Bond Trustee under the Bond Trust Deed;   |
| <b>"AQMA"</b>                             | air quality management area;  |
| <b>"Arranger"</b>                         | NatWest Markets Plc and any other entity appointed as an arranger for the Programme or in respect of any particular issue of Bonds under the Programme and references to the " <b>Arranger</b> " shall be references to the relevant Arranger;  |
| <b>"ATM"</b>                              | air transport movements;  |
| <b>"ATOL"</b>                             | Air Travel Organisers Licensing;  |
| <b>"ATOL scheme"</b>                      | the UK's principal travel protection scheme;  |
| <b>"Auditors"</b>                         | PricewaterhouseCoopers or such other firm of accountants of international standing as may be appointed by the Obligors in accordance with the Common Terms Agreement as the Auditors for the Obligors;  |

**"Authorised Credit Facility" or "ACF"**

any facility, agreement or finance lease entered into by the Borrower for Senior Debt or Junior Debt as permitted by the terms of the Common Terms Agreement the providers of which are parties to or have acceded to the STID and the Common Terms Agreement, and includes a Borrower Loan Agreement, the Initial Facilities, the Liquidity Facility and (a) any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities and (b) any other document (not being a Common Document) that has been entered into in connection with the foregoing facilities or agreements or the transactions contemplated thereby that has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto (including at least one Obligor);

**"Authorised Credit Provider"**

a lender or other provider of credit or financial accommodation under any Authorised Credit Facility;

**"Authorised Investments"**

- (a) securities issued by the government of the UK; or
- (b) demand or time deposits, certificates of deposit and short term unsecured debt obligations, including commercial paper, **provided that** the issuing entity or, if such investment is guaranteed, the guaranteeing entity, is rated at least the Minimum Short-term Rating; or
- (c) any other obligations, **provided that** in each case the relevant investment has at least the Minimum Short-term Rating and is either denominated in pounds sterling or (following the date on which the UK becomes a Participating Member State) euro or has been hedged in accordance with the Hedging Policy; or
- (d) any money market funds or equivalent investments which have a rating of at least AAA by S&P, AAA by Fitch and Aaa by Moody's.

For the avoidance of doubt, **"Authorised Investments"** shall not include:

- (i) any structured or asset-backed securities or instruments, including collateralised debt obligations, securities or instruments backed by mortgages, mortgage-related instruments, home equity loans, credit card receivables, automobile receivables, student loans or other securities or assets;
- (ii) any derivatives, hedging instruments, credit linked notes or similar instruments;

- (iii) any securities or instruments issued by any structured vehicle, including any structured investment vehicle or limited purpose company generally formed for the purpose of undertaking arbitrage activities by purchasing mostly medium and long-term assets and funding itself with mostly short-term securities or instruments such as commercial paper and medium-term notes; or
- (iv) investments in any money market or liquidity funds that target investment in or hold any such securities or instruments referenced in paragraphs (i), (ii) or (iii) above;

**"Available Enforcement Proceeds"**

on any date, all monies received or recovered by the Borrower Security Trustee (or any Receiver appointed by it) in respect of the Borrower Security and under the Guarantees not including (a) prior to the delivery of a Loan Acceleration Notice, amounts standing to the credit of any Borrower Liquidity Reserve Account, (b) amounts standing to the credit of the Borrower Hedge Collateral Accounts, (c) amounts standing to the credit of the Mandatory Standby Repayment Account, (d) Borrower Hedge Replacement Premium (if any), (e) the amount (if any) of any cash benefit in respect of a Tax Credit that has been received by the Borrower in respect of a Borrower Hedging Agreement that the Borrower is required to pay to a Borrower Hedge Counterparty under Section 2(d)(iii) of the relevant Borrower Hedging Agreement, which shall be paid to the relevant Borrower Hedge Counterparty in accordance with the relevant Borrower Hedging Agreements, and (e) amounts representing the GAL Interest standing to the credit of the Liquidity Standby Account;

**"Available Standby Amount"**

an amount equal to the aggregate of all outstanding Standby Drawings less an amount equal to the aggregate of all withdrawals made by the Borrowers from the Liquidity Standby Account in respect of amounts funded by way of Standby Drawings;

**"Base Currency"**

pounds sterling;

**"Base Index Figure"**

the base index figure as specified in the relevant Final Terms or Pricing Supplement (as the case may be) (subject to Condition 6(c)(i) (*Change in base*));

**"Basic Terms Modification"**

has the meaning given thereto in Condition 14 (*Meetings of Bondholders, Modification, Waiver and Substitution*);

**"Bearer Bonds"**

those Bonds which are in bearer form;

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| <b>"Bearer Definitive Bond"</b>  | a Bearer Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and these presents in exchange for either a Temporary Bearer Global Bond or part thereof or a Permanent Bearer Global Bond (all as indicated in the applicable Final Terms or Pricing Supplement (as the case may be)), such Bearer Bond in definitive form being in the form or substantially in the form set out in part 3 ( <i>Form of Bearer Definitive Bond</i> ) of the schedule 2 ( <i>Form of Bonds, Receipts, Coupons and Talons</i> ) to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms or Pricing Supplement (as the case may be) and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms or Pricing Supplement (as the case may be) endorsed thereon or attached thereto and (except in the case of a Zero Coupon Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue; |
| <b>"Bearer Global Bond"</b>      | a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond, as the context may require;   |
| <b>"Bechtel"</b>                 | Bechtel Corporation;  |
| <b>"Benchmarks Regulation"</b>   | Regulation (EU) 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA;   |
| <b>"Beneficial Owner"</b>        | the ownership interest of each actual purchaser of each such Bond;  |
| <b>"Better Regulation"</b>       | the 22 principles derived from the Hampton Report – <i>Reducing administrative burdens: effective inspection and enforcement</i> , that are imposed on the CAA in order to improve its regulatory operations;   |
| <b>"Bidco"</b>                   | Ivy Bidco Limited, a company incorporated in England and Wales under company number 06879093;   |
| <b>"Bill"</b>                    | the proposed Airport Economic Regulation Bill;  |
| <b>"Bond Basis"</b>              | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |
| <b>"Bond Enforcement Notice"</b> | a notice delivered by the Bond Trustee to the Issuer in accordance with Condition 10(b) ( <i>Delivery of Bond Enforcement Notice</i> ) which declares the bonds to be immediately due and payable;  |
| <b>"Bond Event of Default"</b>   | the events of default in respect of the Bonds set out in Condition 10 ( <i>Bond Events of Default</i> ) following which the Bonds can be declared immediately due and payable;  |

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| <b>"Bond Relevant Date"</b> | in respect of any Class, Sub-Class or Tranche of the Bonds, the earlier of (a) the date on which all amounts in respect of the Bonds have been paid, and (b) five days after the date on which all of the Principal Amount Outstanding (adjusted in the case of Indexed Bonds in accordance with Condition 6(b) ( <i>Application of the Index Ratio</i> )) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 16 ( <i>Notices</i> );   |
| <b>"Bond Trust Deed"</b>    | the bond trust deed dated on the date of the Common Terms Agreement (as amended, restated, novated and/or supplemented from time to time) between, the Issuer and the Bond Trustee under which Bonds will, on issue, be constituted and any deed supplemental thereto;   |
| <b>"Bond Trustee"</b>       | Deutsche Trustee Company Limited or any other or additional trustee appointed pursuant to the Bond Trust Deed, for and on behalf of the Bondholders, the Receiptholders and the Couponholders;   |
| <b>"Bondholders"</b>        | the several persons who are for the time being holders of the outstanding Bonds (being, in the case of Bearer Bonds, the bearers thereof and, in the case of Registered Bonds, the several persons whose names are entered in the register of holders of the Registered Bonds as the holders thereof) save that, in respect of the Bonds of any Class or Sub-Class, for so long as such Bonds or any part thereof are represented by a Global Bond deposited with a common depositary (in the case of a CGB) or common safekeeper (in the case of a NGB or a Registered Global Bond) for Euroclear and Clearstream, Luxembourg or so long as DTC or its nominee is the registered holder of a Registered Global Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case may be, DTC as the holder of a particular nominal amount of the Bonds of such Class or Sub-Class shall be deemed to be the holder of such principal amount of such Bonds (and the holder of the relevant Global Bond shall be deemed not to be the holder) for all purposes of the Bond Trust Deed and the Conditions other than with respect to the payment of principal or interest on such nominal amount of such Bonds and, in the case of DTC or its nominee, voting, giving consents and making requests pursuant to the Bond Trust Deed and the Conditions, the rights to which shall be vested, as against the Issuer and the Bond Trustee, solely in such common depositary, common safekeeper or, as the case may be, DTC or its nominee and for which purpose such common depositary, common safekeeper or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of such Bonds in accordance with and subject to its terms and the provisions of the Bond Trust Deed and the Conditions; and the expressions " <b>Bondholder</b> ", " <b>holder</b> " and " <b>holder of the Bonds</b> " and related expressions shall (where appropriate) be construed accordingly; |
| <b>"Bonds"</b>              | the Class A Bonds and/or the Class B Bonds, as the context may require and " <b>Bond</b> " shall be construed accordingly;   |

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| <b>"Borrower"<sup>4</sup></b>               | Gatwick Airport Limited, Ivy Bidco Limited (other than in respect of the Hedging Policy, any Hedging Agreement and certain amendments provisions of the STID) and any entity which accedes to the Common Terms Agreement and the STID as a Borrower;  |
| <b>"Borrower Accounts"</b>                  | the Operating Accounts together with any other account of the Borrower that may be opened from time to time (including any Borrower Hedge Collateral Accounts, the Mandatory Standby Repayment Account and any Borrower Liquidity Reserve Account but excluding any Liquidity Standby Account) pursuant to and/or in accordance with any Transaction Document and includes any sub-account or sub-accounts relating to that account and any replacement account from time to time (each a <b>"Borrower Account"</b> );  |
| <b>"Borrower Account Bank"</b>              | Santander UK or any successor account bank appointed pursuant to the Borrower Account Bank Agreement;   |
| <b>"Borrower Account Bank Agreement"</b>    | the account bank agreement dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between the Borrower, the Borrower Account Bank and the Borrower Security Trustee;   |
| <b>"Borrower Excess Hedge Collateral"</b>   | an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Borrower Hedge Counterparty to the Borrower in respect of the relevant Borrower Hedge Counterparty's obligations to transfer collateral to the Borrower under the relevant Borrower Hedging Agreement (as a result of the ratings downgrade provisions in that Borrower Hedging Agreement), which is in excess of that Borrower Hedge Counterparty's liability to that Borrower under the relevant Borrower Hedging Agreement, or which the relevant Borrower Hedge Counterparty is otherwise entitled to have returned to it under the terms of the relevant Borrower Hedging Agreement; |
| <b>"Borrower Group"</b>                     | the Security Parent, GAL, Ivy Bidco Limited and any Subsidiary of any member of the Security Group (other than the Issuer);   |
| <b>"Borrower Hedge Collateral Account"</b>  | each account in the name of the Borrower titled "Borrower Hedge Collateral Account" opened at the Borrower Account Bank in accordance with the provisions of the Common Terms Agreement and the Borrower Account Bank Agreement and includes any sub-account or any securities account or any other custody account relating to that account and any replacement account from time to time;   |
| <b>"Borrower Hedge Counterparty"</b>        | a Hedge Counterparty who is a party to a Borrower Hedging Agreement (together, the <b>"Borrower Hedge Counterparties"</b> );  |
| <b>"Borrower Hedge Replacement Premium"</b> | a premium or upfront payment received by the Borrower from a replacement hedge counterparty under a replacement hedge agreement entered into with the Borrower to the extent of any termination payment due to a Borrower Hedge Counterparty under a Borrower Hedging Agreement;  |

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<sup>4</sup> Where the term Borrower is used in this Prospectus, the intention is to refer to both GAL and Ivy Bidco Limited. Reference to either "GAL" or "Ivy Bidco Limited" is made where the intention is to refer to each individually.

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| <b>"Borrower Hedging Agreement"</b>   | a Hedging Agreement entered into by the Borrower with a Borrower Hedge Counterparty;  |
| <b>"Borrower Liquidity Reserve Account"</b>                                 | an account opened in the name of the Borrower and maintained by the Borrower Account Bank pursuant to the terms of the Borrower Account Bank Agreement and credited with a cash reserve for the purpose of satisfying the minimum debt service funding requirements set out in paragraph 3.3 of part 3 ( <i>Trigger Event Remedies</i> ) of schedule 3 ( <i>Trigger Event</i> ) to the Common Terms Agreement or such other account as may be opened, with the consent of the Borrower Security Trustee, at any branch of the Borrower Account Bank in replacement of such account; |
| <b>"Borrower Loan"</b>  | the principal amount of all advances from time to time outstanding under any Borrower Loan Agreement;   |
| <b>"Borrower Loan Agreement(s)"</b>   | any loan agreement entered into between the Issuer and the Borrower;  |
| <b>"Borrower Post-Enforcement (Post-Acceleration) Priority of Payments"</b> | the provisions relating to the order of priority of payments in respect of Senior Debt, Junior Debt and Second Lien Debt following the delivery of a Loan Acceleration Notice as set out in part 2 of schedule 2 ( <i>Borrower Post-Enforcement Priority of Payments</i> ) to the STID;   |
| <b>"Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments"</b>  | the provisions relating to the order of priority of payments in respect of Senior Debt, Junior Debt and Second Lien Debt following the delivery of a Loan Enforcement Notice but prior to the delivery of a Loan Acceleration Notice as set out in part 2 of schedule 2 to the STID;  |
| <b>"Borrower Post-Enforcement Priorities of Payments"</b>                   | the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments and the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments and <b>"Borrower Post-Enforcement Priority of Payments"</b> means any of them, as the context requires;  |
| <b>"Borrower Pre-Enforcement Priorities of Payments"</b>                    | the provisions relating to the order of priority of payments from the Operating Accounts set out in schedule 8 ( <i>Borrower Cash Management</i> ) to the Common Terms Agreement;   |
| <b>"Borrower Secured Creditor(s)"</b>                                       | the Borrower Security Trustee (in its own capacity and on behalf of the other Borrower Secured Creditors), the Issuer, each Hedge Counterparty under each Borrower Hedging Agreement, each Liquidity Facility Provider and the Liquidity Facility Agent (in respect of the GAL Proportion), each other Authorised Credit Provider, the Borrower Account Bank, any Permitted Secured Guarantee Beneficiaries, any Second Lien Creditor and any Additional Borrower Secured Creditors;  |
| <b>"Borrower Secured Liabilities"</b>                                       | all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Borrower Secured Creditor under each Finance Document to which such Obligor is a party except for any obligation which, if it were secured under the Borrower Security Agreement, would result in a contravention of Sections 678 and 679 of the Companies Act 2006;   |



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| <b>"Borrower Security"</b>                   | the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder;   |
| <b>"Borrower Security Agreement"</b>         | the deed of charge and guarantee executed in favour of the Borrower Security Trustee by each of the Obligors on the Establishment Date and any other deed of charge supplemental thereto;  |
| <b>"Borrower Security Trustee"</b>           | Deutsche Trustee Company Limited or any successor appointed pursuant to the STID;  |
| <b>"Borrower Subordinated Hedge Amounts"</b> | any termination payment due or overdue to a Borrower Hedge Counterparty under any Borrower Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Hedging Agreement) where the relevant Borrower Hedge Counterparty is the Defaulting Party (as defined in the relevant Borrower Hedging Agreement) or the occurrence of an Additional Termination Event (as defined in the relevant Borrower Hedging Agreement) following the failure of the relevant Borrower Hedge Counterparty to take action in accordance with the terms of the relevant Borrower Hedging Agreement within the required period following a credit rating downgrade of such Borrower Hedge Counterparty (other than any amount attributable to the return of collateral or any premium or other upfront payment paid to the relevant Borrower to enter into a transaction to replace a Borrower Hedging Agreement (in whole or in part) which shall be paid directly to the Borrower Hedge Counterparties and not in accordance with the Borrower Post-Enforcement Priorities of Payments);  |
| <b>"BSC Instruction Notice"</b>              | <p>the notice which may be given by any Qualifying Borrower Secured Creditor or Qualifying Borrower Secured Creditors which in aggregate represent at least 10% of the total Outstanding Principal Amount of all Qualifying Borrower Debt (and for this purpose the provisions of Clause 11.2 (Voting of Bonds by Bondholders) of the STID shall be deemed to apply, <i>mutatis mutandis</i>) to the Borrower Security Trustee under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of a Loan Enforcement Notice or a Loan Acceleration Notice) and the following additional rights:</p> <p>(a) to appoint a person specified by such Qualifying Borrower Secured Creditor(s) to investigate the calculations contained in any Compliance Certificate or accompanying statement and to call for other substantiating evidence if such Qualifying Borrower Secured Creditor certifies in the BSC Instruction Notice that it has reason to believe that the historical or forward-looking ratios or, with respect to any Compliance Certificate, confirmation of compliance with the financial ratios set out in the statement are incorrect or misleading in accordance with schedule 2, part 1 (Information Covenants), paragraph 2.1 (Compliance Certificate) of the Common Terms Agreement (save for any calculation which has been the subject of a recalculation in accordance with schedule 2, part 1 (Information Covenants), paragraph 2.1(b) (Compliance Certificate) of the Common Terms Agreement); and</p> |

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|  | (b) following delivery of a Loan Enforcement Notice but prior to delivery of a Loan Acceleration Notice to instruct the Borrower Security Trustee to send a Further Enforcement Instruction Notice in accordance with Clause 18.2 (Enforcement Instruction Notices) of the STID;  |
| <b>"Bund Rate"</b>                         | with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity as on such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination;  |
| <b>"Business Day"</b>                      | <p>(a) in relation to any sum payable in sterling, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London, and in respect of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement (as the case may be); and</p> <p>(b) in relation to any sum payable in a currency other than sterling, a day on which commercial banks and foreign exchange markets settle payments generally in London, and in the principal financial centre of the Relevant Currency (which in the case of a payment in US dollars shall be New York and in the case of any payment in euro shall be a TARGET Settlement Day) and in each (if any) additional city or cities specified in the relevant Final Terms or Pricing Supplement (as the case may be),</p> <p><b>provided that</b> when it is used in relation to any Hedging Agreement, <b>"Business Day"</b> has the meaning given to it in that Hedging Agreement;</p> |
| <b>"Business Day Convention"</b>           | has the meaning given to it in Condition 5(b) ( <i>Business Day Convention</i> );   |
| <b>"CAA" or "Civil Aviation Authority"</b> | the UK Civil Aviation Authority established under section 2 of the Civil Aviation Act 1982 or any other replacement governmental authority;   |
| <b>"CA Act 2012"</b>                       | the Civil Aviation Act 2012;  |
| <b>"Calculation Agency Agreement"</b>      | in relation to the Bonds of any Series, means an agreement in or substantially in the form of schedule 1 ( <i>Form of Calculation Agency Agreement</i> ) to the Agency Agreement;   |
| <b>"Calculation Agent"</b>                 | in relation to any Series of Bonds, the person appointed as calculation agent in relation to the Bonds by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the Bonds;   |
| <b>"Calculation Amount"</b>                | the amount specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);  |

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| <b>"Calculation Date"</b>                   | (other than in any Hedging Agreement where " <b>Calculation Date</b> " has the meaning given to it in that Hedging Agreement) 31 March and 30 September (and at the option of an Obligor, if an Obligor wishes to make distributions on an Issue Date or on a quarterly basis in any quarter ending in June or December, each Issue Date, 30 June or 31 December (as applicable)) in each year starting on 31 March 2011 or any other date as may be agreed as a result of a change in the financial year end or regulatory year end date of the Obligor;  |
| <b>"Calculation Period"</b>                 | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );  |
| <b>"Call Protected Floating Rate Bonds"</b> | any Floating Rate Bonds, the Final Terms or Pricing Supplement (as the case may be) in respect of which, at the proposed date of redemption, would oblige the Issuer to pay a premium to par upon the optional early redemption of such Floating Rate Bonds;   |
| <b>"CalPERS"</b>                            | the California Public Employees' Retirement System;  |
| <b>"Capex Facility"</b>                     | the term loan facility made available under the Initial Authorised Credit Facility Agreement and any replacement capex facility;   |
| <b>"Capex Facility Loan"</b>                | a loan made or to be made under the Capex Facility or the principal amount outstanding for the time being of that loan;  |
| <b>"Capex Independent LC Arrangements"</b>  | <p>an arrangement whereby (and limited to) a financial institution (the "<b>Issuing Financial Institution</b>") provides a letter of credit, bond or bank guarantee at the request of the Borrower in circumstances where:</p> <ul style="list-style-type: none"> <li>(a) that letter of credit, bond or bank guarantee (the "<b>Capex Independent LC</b>") is issued solely to support the obligations of the Borrower in respect of RAB-Eligible Capex (the "<b>LC Supported RAB-Eligible Capex</b>");</li> <li>(b) the liabilities of the Issuing Financial Institution under such Capex Independent LC (whether actual or contingent, present or future) are counter-indemnified in full by the Borrower;</li> <li>(c) the Borrower's liabilities (whether actual or contingent, present or future) under its counterindemnity referred to in paragraph (b) above (the "<b>Capex Independent LC Liabilities</b>") are secured in full by the provision by the Borrower of a cash collateral arrangement whereby the Borrower has paid a cash amount equal to the Capex Independent LC Liabilities into an interest-bearing account (the "<b>Capex Independent LC Account</b>") in the name of the Borrower and the following conditions are met: <ul style="list-style-type: none"> <li>(i) the Capex Independent LC Account is with the Issuing Financial Institution;</li> </ul> </li> </ul> |

(ii) subject to paragraph (iv) below, withdrawals from the Capex Independent LC Account may only be made:

(A) to pay the Issuing Financial Institution amounts due and payable to it in respect of the relevant Capex Independent LC Liabilities; and

(B) to fund or refinance the payment of the relevant LC Supported RAB-Eligible Capex,

**provided that**, in each case, the maximum amount which may be withdrawn from a Capex Independent LC Account is the amount which would not result in the amount standing to the credit of the relevant Capex Independent LC Account at any time being less than the relevant Capex Independent LC Liabilities at that time;

(iii) if, at any time, the LC Supported RAB-Eligible Capex liabilities reduce or are released, the relevant Capex Independent LC will be cancelled to that extent and the amount outstanding thereunder will be reduced in an equivalent amount;

(iv) if a Capex Independent LC is reduced pursuant to paragraph (iii) above or is otherwise reduced or expires (other than as a result of a call on the relevant Capex Independent LC), the excess cash collateral standing to the credit of the relevant Capex Independent LC Account will be either:

(A) applied in prepayment of the Capex Facility in accordance with Clause 9.4 of the Initial Authorised Credit Facility Agreement; or

(B) used for:

I. funding RAB-Eligible Capex;  
or

II. refinancing RAB-Eligible Capex (other than RAB-Eligible Capex which is or had been supported by any Capex Independent LC Arrangements) or refinancing Capital Expenditure made by the Group which, when made, was not RAB-Eligible Capex but which has subsequently qualified as RAB-Eligible Capex and, in each case, was incurred in the previous Relevant Period or the current Relevant Period,

**provided that**, prior to the withdrawal, the Borrower certifies that this is the case;

(v) the Borrower has executed a security document over that account, in form and substance satisfactory to the Issuing Financial Institution and the Initial ACF Agent, creating a first ranking security interest over that account in favour of the Issuing Financial Institution; and

(d) the amount required to fund the cash collateral arrangement described in paragraph (c) above is funded in full from the proceeds of a Capex Facility Loan;

**"Capital Expenditure" or "Capex"** any investment expenditure (net of associated grants and contributions) incurred (or, in respect of any future period, forecast to be incurred) relating to maintaining base service levels or increases in capacity or enhancement of service levels, quality or security;

**"Carpark Asset Value"** £20,770,000;

**"Cashflow from Operations"** for the purposes of the Common Terms Agreement, the amount of cash flow from operations, including dividends received by any Obligor from any Subsidiary which is not an Obligor, but excluding interest paid, interest received and taxes on income paid as provided in the cash flow statements delivered pursuant to the Common Terms Agreement subject to certain adjustments and limitations provided by paragraph 9 (*Acquisitions, Investments and Joint Ventures*) of part 2 (*Covenants*) of schedule 2 (*Operating and Financial Covenants of the Obligors*) to the Common Terms Agreement;

**"CAT"** Competition Appeal Tribunal;

**"CC"** the Competition Commission;

**"CCFF"** the Joint HM Treasury and Bank of England Covid Corporate Financing Facility;

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| <b>"CGB"</b>                     | a Temporary Bearer Global Bond in the form set out in part 1 of the schedule 2 to the Bond Trust Deed or a Permanent Bearer Global Bond in the form set out in part 2 of the schedule 2 to the Bond Trust Deed, in either case where the applicable Final Terms or Pricing Supplement (as the case may be) specify that the Bonds are in CGB form;   |
| <b>"Class"</b>                   | each class of Bonds, the available Classes of Bonds at the Issue Date being Class A Bonds and Class B Bonds;   |
| <b>"Class A Bonds"</b>           | the Class A Bonds of which these may be further divided into Sub-Classes;  |
| <b>"Class A Coupons"</b>         | the Coupons of a series designated as such (or a Sub-Class of such) in the applicable prospectus supplement;   |
| <b>"Class A Receipts"</b>        | the Receipts of a series designated as such (or a Sub-Class of such) in the applicable prospectus supplement;  |
| <b>"Class A Talons"</b>          | the Talons of a series designated as such (or a Sub-Class of such) in the applicable prospectus supplement;  |
| <b>"Class B Bonds"</b>           | the Class B Bonds of which these may be further divided into Sub-Classes;  |
| <b>"Class B Coupons"</b>         | the Coupons of a series designated as such (or a Sub-Class of such) in the applicable prospectus supplement;   |
| <b>"Class B Receipts"</b>        | the Receipts of a series designated as such (or a Sub-Class of such) in the applicable prospectus supplement;  |
| <b>"Class B Talons"</b>          | the Talons of a series designated as such (or a Sub-Class of such) in the applicable prospectus supplement;  |
| <b>"Clearing Systems"</b>        | each of DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system;   |
| <b>"Clearstream, Luxembourg"</b> | Clearstream Banking S.A.;  |
| <b>"Code"</b>                    | the U.S. Internal Revenue Code of 1986, as amended;  |
| <b>"Commission"</b>              | the Jersey Financial Services Commission;  |
| <b>"Commission's Proposal"</b>   | the proposal published by the European Commission on 14 February 2013;   |
| <b>"Commitment"</b>              | in relation to a Liquidity Facility Provider at any time and save as otherwise provided in the Liquidity Facility Agreement, the amount specified opposite its name in schedule 1 ( <i>The Liquidity Facility Providers</i> ) to the Liquidity Facility Agreement or in the LF Transfer Certificate pursuant to which such Liquidity Facility Provider became a party to the Liquidity Facility Agreement, to the extent not cancelled, reduced or transferred by it under the Liquidity Facility Agreement; |
| <b>"Common Depository"</b>       | a common depository for Euroclear and Clearstream, Luxembourg to whom the Global Bonds (not intended to be issued in NGN form) are to be delivered;  |
| <b>"Common Documents"</b>        | the Security Documents, the Common Terms Agreement, the Master Definitions Agreement, the STID, the Borrower Account Bank Agreement and the Tax Deed;  |

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| <b>"Common Safekeeper"</b>               | a common depository for Euroclear and Clearstream, Luxembourg to whom the Global Bonds (intended to be issued in NGN form) are to be delivered;  |
| <b>"Common Terms Agreement" or "CTA"</b> | the common terms agreement entered into on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between, among others, the Obligors, the Issuer and the Borrower Security Trustee;   |
| <b>"Companies Act"</b>                   | the Companies Act 2006 (as amended);   |
| <b>"Comparable German Bund Issue"</b>    | the German Bundesanleihe security specified in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such security is specified or the specified security is no longer in issue, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Reference Date to the Scheduled Redemption Date and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then Principal Amount Outstanding of the Bonds and of a maturity most nearly equal to the Scheduled Redemption Date <b>provided, however, that</b> if the period from such Redemption Date to the Scheduled Redemption Date is less than one year, a fixed maturity of one year shall be used; |
| <b>"Comparable German Bund Price"</b>    | with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;   |
| <b>"Compliance Certificate"</b>          | a certificate, substantially in the form of schedule 6 ( <i>Form of Compliance Certificate</i> ) to the Common Terms Agreement in which the Borrower periodically provides certain financial information and statements to the Borrower Security Trustee and the Rating Agencies as required by the Common Terms Agreement;  |
| <b>"Conditions"</b>                      | the terms and conditions of the Bonds set out in the Bond Trust Deed, as may from time to time be amended, modified, varied or supplemented in the manner permitted under the Bond Trust Deed;   |
| <b>"Consultation Document"</b>           | the paper produced by the CAA dated 7 February 2011 and entitled "A consultation on extending by one year the current price regulation at Heathrow and Gatwick Airports" setting out a potential extension of the current price control period by one year to 31 March 2014;   |
| <b>"Control"</b>                         | control as defined in the Companies Act, including the meaning given to the term "Companies Acts" in section 2 of the Companies Act, with the addition of the words "to the extent that they are in force" at the end of Section 2(1)(a) and any regulations made pursuant to those Acts to the extent that they are in force;   |

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| <b>"Coupon"</b>                              | <p>an interest coupon appertaining to a Definitive Bond, such coupon being:</p> <p>(a) if appertaining to a Fixed Rate Bond, a Floating Rate Bond or an Indexed Bond, in the form or substantially in the form set out in part 5 (<i>Form of Coupon</i>) of schedule 2 (<i>Forms of Global and Definitive Bonds, Receipts, Coupons and Talons</i>) to the Bond Trust Deed or in such other form, having regard to the terms of issue of the Bonds of the relevant Sub-Class, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or</p> <p>(b) if appertaining to a Definitive Bond which is neither a Fixed Rate Bond nor a Floating Rate Bond nor an Indexed Bond, in such form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s),</p> <p>and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 13 (<i>Replacement of Bonds, Coupons, Receipts and Talons</i>);</p> |
| <b>"Couponholders"</b>                       | the several persons who are, for the time being, holders of the Coupons and includes, where applicable, the Talonholders;   |
| <b>"Covenantor"</b>                          | certain Holding Companies as specified in the Tax Deed, the Security Parent and the Borrower and <b>"Covenantor"</b> means any of them;   |
| <b>"CP Agreement"</b>                        | the conditions precedent agreement entered into on the Establishment Date between, among others, the Initial ACF Agent, the Liquidity Facility Agent, the Bond Trustee, the Borrower Security Trustee, the Issuer Security Trustee, the Agents, the Arranger, the Dealers, the Issuer, the Issuer Cash Manager, the Hedge Counterparties and the Obligors;  |
| <b>"CPI"</b>                                 | Consumer Prices Index;  |
| <b>"Cross Currency Hedge Counterparties"</b> | (a) the Issuer Hedge Counterparties which are party to a Cross Currency Hedging Agreement and which are party to the STID and (b) any counterparty to a Cross Currency Hedging Agreement which is or becomes party to the STID in accordance with the STID and <b>"Cross Currency Hedge Counterparty"</b> means any of such parties;  |
| <b>"Cross Currency Hedging Agreement"</b>    | any Hedging Agreement in respect of a Treasury Transaction which is a currency swap or exchange transaction;  |
| <b>"CSP"</b>                                 | Continuity of Service Plan;   |
| <b>"CSS"</b>                                 | Core Service Standards;   |
| <b>"date for payment"</b>                    | the date on which the publication of the Index Figure is due;   |
| <b>"Day Count Fraction"</b>                  | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );   |



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| <b>"Dealers"</b>                    | NatWest Markets Plc and any New Dealer (as defined in the Dealership Agreement) appointed in accordance with clause 11 of the Dealership Agreement and excludes any entity whose appointment has been terminated pursuant to clause 10 of the Dealership Agreement and references in the Dealership Agreement to the relevant Dealer shall, in relation to any Bond, be references to the Dealer or Dealers with whom the Issuer has agreed the initial issue and purchase of such Bond; |
| <b>"Dealership Agreement"</b>       | the agreement dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between the Issuer, the Obligors and the Dealers named therein (or deemed named therein) concerning the purchase of Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto;                 |
| <b>"Decision Commencement Date"</b> | has the meaning given to it on page 113;   |
| <b>"Decision Document"</b>          | the document entitled "Reforming the Framework for the Economic Regulation of Airports: Decision Document";  |
| <b>"Decision Period"</b>            | the period of time within which the approval of the Borrower Security Trustee is sought as specified in relation to each type of voting matter in the STID;  |
| <b>"Default"</b>                    | (a) a Loan Event of Default; or<br>(b) a Potential Loan Event of Default;  |
| <b>"Definitive Bond"</b>            | a Bearer Definitive Bond and/or, as the context may require, a Registered Definitive Bond;   |
| <b>"Designated Maturity"</b>        | has the meaning given to it in the ISDA Definitions;   |
| <b>"Designated Website"</b>         | an electronic website designated by the Obligors through which they can distribute information under the Common Terms Agreement in accordance with part 1 of schedule 2 of the Common Terms Agreement;   |
| <b>"Determination Date"</b>         | the date specified as such in the Conditions or, if none is so specified, the Interest Payment Date;   |
| <b>"Determination Period"</b>       | the period from and including a Determination Date in any year to but excluding the next Determination Date;   |
| <b>"DfT"</b>                        | the Department for Transportation;   |
| <b>"Direction Notice"</b>           | a notice given by the Borrower Security Trustee requesting directions as to Enforcement Action pursuant to clause 18.7 ( <i>Enforcement Action</i> ) of the STID;  |
| <b>"Direct Participants"</b>        | Investors that are accountholders and hold their interests in Global Bonds directly through Euroclear or Clearstream, Luxembourg;  |
| <b>"Discretion Matter"</b>          | a matter in which the Borrower Security Trustee may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any Borrower Secured Creditor or any of their representatives;  |

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| <b>"Dispute"</b>                        | any dispute including any dispute as to any non-contractual obligations that may arise out of or in connection with the Bond Trust Deed, the Issuer Deed of Charge, the Bonds, the Coupons, the Receipts, the Talons and the other Issuer Transaction Documents;  |
| <b>"Distressed Disposal"</b>            | a disposal of an asset of a member of the Security Group which is: <ul style="list-style-type: none"> <li>(a) being effected at the request of the Secured Creditor Representative of the relevant Borrower Secured Creditors in circumstances where the Borrower Security has become enforceable;</li> <li>(b) being effected by enforcement of the Borrower Security; or</li> <li>(c) being effected, after the occurrence of an Enforcement Action, by an Obligor to a person or persons outside of the Security Group;</li> </ul>   |
| <b>"Distribution Compliance Period"</b> | has the meaning given to that term in Regulation S under the Securities Act;  |
| <b>"distributor"</b>                    | any person offering, selling or recommending the Bonds;   |
| <b>"DPA 2018"</b>                       | the Data Protection Act 2018;   |
| <b>"Drawdown Prospectus"</b>            | a separate prospectus specific to a supplemental issue;   |
| <b>"Drawing"</b>                        | a Liquidity Loan Drawing or a Standby Drawing (as applicable);  |
| <b>"DTC"</b>                            | the Depository Trust Company;   |
| <b>"EBITDA "</b>                        | earnings before interest, taxes, depreciation and amortisation;   |
| <b>"EHS"</b>                            | environment, health and safety;   |
| <b>"EMIR"</b>                           | Regulation (EU) 648/2012 (including, without limitation any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators);  |
| <b>"Enforcement Action"</b>             | any step (other than a Permitted Hedge Termination) that a Borrower Secured Creditor is entitled to take to enforce its rights against an Obligor under a Finance Document following the occurrence of a Loan Event of Default including the declaration of a Loan Event of Default, the institution of proceedings, the making of a demand for payment under a guarantee, the making of a demand for cash collateral under a guarantee or the acceleration of Borrower Secured Liabilities by a Borrower Secured Creditor or Borrower Secured Creditors pursuant to the terms of the applicable Finance Documents or the enforcement of the Borrower Security; |

**"Enforcement Instruction Notice"** a notice from the Borrower Security Trustee requesting an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives), at any time at which the Borrower Security Trustee has actual notice of the occurrence of a Loan Event of Default under the Common Terms Agreement, as to whether the Borrower Security Trustee should (i) deliver a Loan Enforcement Notice to enforce all or any part of the Borrower Security and/or (ii) deliver a Loan Acceleration Notice to accelerate all of the obligations secured under the Borrower Security;

**"Entrenched Rights"** any modification to, consent or waiver under or in respect of, any term of any Common Document if the proposed modification, consent or waiver:

- (a) would delay the date fixed for payment of principal, interest or Make-Whole Amount in respect of the relevant Borrower Secured Creditor's debt or would reduce the amount of principal, the rate of interest or the Make-Whole Amount (if any) payable in respect of such debt;
- (b) would bring forward the date fixed for payment of principal, interest or Make-Whole Amount in respect of a Borrower Secured Creditor's debt or would increase the amount of principal, the rate of interest or the Make-Whole Amount (if any) payable on any date in respect of the Borrower Secured Creditor's debt;
- (c) would have the effect of adversely changing any of the Borrower Post-Enforcement Priorities of Payments or application thereof in respect of a Borrower Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);
- (d) would have the effect of adversely changing any of the Borrower Pre-Enforcement Priorities of Payments or application thereof in respect of a Borrower Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);
- (e) would change or would have the effect of changing (i) any of the following definitions: Affected Borrower Secured Creditor, Qualifying Borrower Debt, Qualifying Borrower Secured Creditors, Qualifying Borrower Senior Debt, Qualifying Borrower Junior Debt, STID Proposal, Discretion Matter, Ordinary Voting Matter, Extraordinary Voting Matter, Voted Qualifying Debt, Reserved Matter, Entrenched Right, Borrower Secured Liabilities, Distressed Disposal; (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Enforcement Instruction Notice or Further Enforcement Instruction Notice; (iii) any of the matters that give rise to Entrenched Rights under the STID or (iv) clause 16.1 (*Scope of Entrenched Rights*) of the STID;

- (f) would result in the exchange of the relevant Borrower Secured Creditor's debt for, or the conversion of such debt into, shares, bonds or other obligations of any other person;
- (g) would have the effect of changing or would relate to the currency of payment due under the relevant Borrower Secured Creditor's debt (other than due to the United Kingdom becoming one of the countries participating in the third stage of European economic and monetary union pursuant to the Treaty or otherwise participating in European economic and monetary union in a manner with similar effect to such third stage);
- (h) would have the effect of changing or would relate to the rights of the relevant debt provider to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, taxes, damages, proceedings, claims and demands in relation to any Transaction Document to which it is a party;
- (i) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the relevant Borrower Secured Creditor's debt in the event of the imposition of withholding taxes (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);
- (j) would change or have the effect of changing clause 10.3 (*Participating QBS Creditors*) of the STID;
- (k) would change or have the effect of changing schedule 3 (*Reserved Matters*) to the STID;
- (l) would change or have the effect of changing any trigger event or event of default in respect of financial covenants relating to the Class B Bonds set forth in the Final Terms or Pricing Supplement (as the case may be) of such Class B Bonds;
- (m) would release any of the Borrower Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents;
- (n) in respect of each Hedge Counterparty (but in respect of (v) below, each Cross Currency Hedge Counterparty only),
  - (i) would change or would have the effect of changing any of the following definitions: Borrower Excess Hedge Collateral, Borrower Hedge Replacement Premium, Borrower Subordinated Hedge Amount, Issuer Excess Hedge Collateral, Issuer Hedge Replacement Premium, Issuer Subordinated Hedge Amount, Hedging Agreement or Issuer Secured Creditor Entrenched Right; or

- (ii) would change or have the effect of changing the definition of Hedging Limit or would change any term forming part of such definition other than where the effect of such change would be to decrease the Hedging Limit; or
  - (iii) would change or have the effect of changing the definition of Permitted Hedge Termination or any of the Hedge Counterparties' rights to terminate the Hedging Agreements as set out in the Hedging Policy; or
  - (iv) would change or have the effect of changing subclause 7.1(b) of the Common Terms Agreement; or
  - (v) would change or have the effect of changing clause 11.3 (*Voting of Cross Currency Hedging Agreements by Issuer Hedge Counterparties*) of the STID; or
  - (vi) would change or have the effect of changing the definition of Loan Acceleration Notice or would change or have the effect of changing clause 19.2 (*Consequences of Delivery of Loan Notice Acceleration*) of the STID; or
  - (vii) would change or have the effect of changing the purpose of the Liquidity Facility as is described in paragraph 2 of schedule 9 (*Liquidity Facility*) to the Common Terms Agreement; or
  - (viii) would change or have the effect of changing paragraph 6 (Disposals) of part 2 (Operating and Financial Covenants of the Obligors) of schedule 2 (Covenants), or paragraph 6 (Application of Borrower Post-Enforcement (Pre Acceleration) Priorities of Payments in certain circumstances) of schedule 8 (Borrower Cash Management) to the Common Terms Agreement, clause 7.4 (Prepayment for Illegality) of the Borrower Loan Agreement or clause 20.4 (Borrower Post-Enforcement (Post Acceleration) Priority of Payments) to the STID;
- (o) in respect of each Liquidity Facility Provider,
- (i) would change or have the effect of changing subclause 7.1(b) (*Loan Events of Default*) of the Common Terms Agreement; or
  - (ii) would change or have the effect of changing the definition of Loan Acceleration Notice or would change or have the effect of changing clause 19.2 (*Consequences of Delivery of Loan Notice Acceleration*) of the STID; or

- (iii) would change or have the effect of changing paragraph 6 (Disposals) of part 2 (Operating and Financial Covenants of the Obligor) of schedule 2 (Covenants), or paragraph 6 (Application of Borrower Post-Enforcement (Pre Acceleration) Priorities of Payments in certain circumstances) of schedule 8 (Borrower Cash Management) to the Common Terms Agreement, clause 7.4 (Prepayment for Illegality) to the Borrower Loan Agreement or clauses 20.4 (Borrower Post-Enforcement (Post Acceleration) Priority of Payments) of the STID; or
  - (iv) would affect the ability of such Liquidity Facility Provider to enforce its rights under the Liquidity Facility Agreement; or
  - (v) would change or have the effect of changing the purpose of the Liquidity Facility as is described in paragraph 2 of schedule 9 (*Liquidity Facility*) to the Common Terms Agreement;
- (p) in respect of the Issuer, would relate to the waiver of the Loan Event of Default set out in paragraph 16 (*Bond Event of Default*) of schedule 4 (*Loan Events of Default*) to the Common Terms Agreement, **provided that** the Borrower Security Trustee shall be required to provide such waiver if, following delivery of an Enforcement Instruction Notice by the Borrower Security Trustee, no instruction to deliver a Loan Enforcement Notice, take any other kind of Enforcement Action or deliver a Loan Acceleration Notice is given by the Qualifying Borrower Secured Creditors in accordance with the procedures set out in the STID;
- (q) in respect of any Permitted Secured Guarantee Beneficiary, (i) may impose new, increased or additional obligations on or reduce the rights of such Permitted Secured Guarantee Beneficiary (**provided, however, that** with regard to any reduction of rights relating to the Borrower Post-Enforcement Priorities of Payments, the right of such Permitted Secured Guarantee Beneficiary shall be to rank *pari passu* with the repayments of principal in respect of the Borrower Loans relating to the Class A Bonds for an aggregate amount up to the Permitted Secured Guarantee Maximum Amount but the Borrower Post-Enforcement Priorities of Payments may otherwise be amended without the consent of any Permitted Secured Guarantee Beneficiary except where sub-paragraph (iii) of this paragraph (q) applies), (ii) would result in the Permitted Secured Guarantee Beneficiaries being entitled to be paid an aggregate amount under the STID of less than the Permitted Secured Guarantee Maximum Amount, (iii) would have the effect of granting security to any person that would rank in priority to the security granted to the Permitted Secured Guarantee Beneficiaries other than in respect of those classes of Borrower Secured Creditor ranking in priority to the Permitted Secured Guarantee Beneficiary as at the Establishment Date, and/or (iv) would amend

or result in an amendment to this paragraph (q) or would change or would have the effect of changing the definitions of Permitted Secured Guarantee Liabilities or Permitted Secured Guarantee Maximum Amount;

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| "Equivalent Amount"                    | the amount in question expressed in the terms of the Base Currency, calculated on the basis of the Exchange Rate;  |
| "ERISA"                                | U.S. Employee Retirement Income Security Act of 1974 (as amended);   |
| "ERISA Plans"                          | "employee benefit plans" (as defined in section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans;  |
| "ERP"                                  | Enterprise Resource Planning supporting the streaming and distribution of information across all functional units of business;   |
| "ESMA"                                 | European Securities and Markets Authority;   |
| "Establishment Date"                   | the date on which all conditions precedent to the establishment of the Programme as set forth in part 1 ( <i>Conditions Precedent Documents and Evidence</i> ) of schedule 1 ( <i>Conditions Precedent Programme Establishment</i> ) to the CP Agreement were satisfied, being 15 February 2011;                                 |
| "EU CRA Regulation"                    | Regulation (EC) No. 1060/2009, as amended;   |
| "EU MiFID II"                          | Directive 2014/65/EU, as amended;  |
| "EU MiFID II Product Governance Rules" | the MiFID Product Governance rules under EU Delegated Directive 2017/593;  |
| "EU PRIIPs Regulation"                 | Regulation (EU) No. 1286/2014;   |
| "EU Prospectus Regulation"             | Regulation (EU) 2017/1129;   |
| "EU Securitisation Regulation"         | Regulation (EU) 2017/2402;   |
| "EURIBOR"                              | the Euro-zone interbank offered rate;  |
| "Eurobond Basis"                       | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );  |
| "Euroclear"                            | Euroclear Bank SA/NV;  |
| "Euro Exchange Date"                   | the date on which the Issuer gives a Euro Exchange Notice to the Bondholders and the Bond Trustee that all Bonds denominated in sterling will become void and replacement Bonds denominated in euro are available for exchange ( <b>provided that</b> such Bonds are available) and no payments will be made in respect thereof; |
| "Euro Exchange Notice"                 | the notice given by the Issuer to the Bondholders and the Bond Trustee on the Euro Exchange Date;  |
| "EUWA"                                 | the European Union (Withdrawal) Act 2018, as amended;  |
| "Exchange Act"                         | the United States Securities Exchange Act of 1934 (as amended);  |

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| <b>"Exchange Agent"</b>                | Deutsche Bank AG, London Branch (or any successor thereto) in its capacity as exchange agent under the Agency Agreement in respect of the Bonds;  |
| <b>"Exchange Date"</b>                 | the date which falls 40 days after a Temporary Bearer Global Bond has been issued;  |
| <b>"Exchange Rate"</b>                 | <p>the strike rate specified in any related Cross Currency Hedging Agreement or, failing that, the spot rate for the conversion of the Non-Base Currency into the Base Currency as quoted by the Agent Bank as at 11.00 a.m.;</p> <p>(a) for the purposes of clauses 12.7, 18.3, 18.7, or 21.1 of the STID, on the date that the STID Proposal, STID Voting Request, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or BSC Instruction Notice (as the case may be) is dated; and</p> <p>(b) in any other case, on the date as on which calculation of the Equivalent Amount of the Outstanding Principal Amount is required,</p> <p>and, in each case, as notified by the Agent Bank to the Bond Trustee;</p> |
| <b>"Excluded Cash"</b>                 | <p>(a) any insurance proceeds required to be applied in reinstatement of any assets; and</p> <p>(b) any cash required to meet any permitted Restricted Payment declared but not yet paid;</p> <p>in each case including any related costs, fines, penalties or interest (if any);</p>   |
| <b>"Exempt Bonds"</b>                  | Bonds not admitted to trading on the Market or any regulated market for the purposes of EU MiFID II and in circumstances that would not otherwise require the publication of a prospectus under the UK Prospectus Regulation;   |
| <b>"Existing Facilities Agreement"</b> | the GBP 1,125,000,000 facilities agreement dated 20 October 2009 between, amongst others, Bidco and various financial institutions (as amended on 2 December 2009 and as further amended and/or restated from time to time);  |
| <b>"Existing Term Facility"</b>        | has the meaning given to the term "Term Facility" in the Existing Facilities Agreement;   |
| <b>"Expert"</b>                        | a bank or other person in London appointed by the Issuer and the Bond Trustee or, failing agreement on and the making of such appointment within 20 Business Days, by the Bond Trustee;   |
| <b>"Extraordinary Resolution"</b>      | <p>either:</p> <p>(a) a resolution passed by a meeting of Bondholders of the relevant Sub-Class or Sub-Classes, duly convened and held in accordance with the Bond Trust Deed, by a majority of not less than three-quarters of the votes cast at such meeting; or</p>  |



- (b) a resolution in writing signed by or on behalf of the holders of not less than three-quarters of the Principal Amount Outstanding of the relevant Sub-Class or Sub-Classes of the Bonds in accordance with the Borrower Trust Deed;

**"Extraordinary Voting Matters"**

are matters which:

- (a) would change (i) any provision (including any definition) which would materially affect the voting mechanics in relation to the Extraordinary Voting Matters or (ii) any of the matters constituting Extraordinary Voting Matters;
- (b) would change any Loan Events of Default or any Trigger Events each in relation to non-payment, the making of Restricted Payments, financial ratios or credit rating downgrade;
- (c) would relate to the waiver of the Loan Event of Default in respect of any Obligor or a waiver of any Trigger Events in relation to non-payment, credit rating downgrade or financial ratios or the making of Restricted Payments;
- (d) would change in any adverse respect the restriction on any disposal of Gatwick Airport Limited or Gatwick or relate to a consent in respect of any such disposal;
- (e) would materially change or have the effect of materially changing the definition of Permitted Business;
- (f) would change or have the effect of changing the provisions or would relate to a waiver of the Additional Indebtedness Tests set out in paragraph 7.2 of part 2 of schedule 2 (*Covenants*) to the Common Terms Agreement;
- (g) would result in the sum of the then undrawn GFL Proportion under the Liquidity Facility, the balance on the Liquidity Standby Account (if any) then attributable to the GFL Proportion and the balance on the Issuer Liquidity Reserve Account (if any) being less than the aggregate amount of the Issuer's estimated recurring fees and expenses, interest and equivalent finance charges for the 12 months following the most recently occurring Calculation Date on Issuer Senior Debt; or
- (h) would result in the sum of the then undrawn GAL Proportion under the Liquidity Facility, the balance on the Liquidity Standby Account (if any) then attributable to the GAL Proportion and the balance on the Borrower Liquidity Reserve Account (if any) being less than the aggregate amount of the Borrower's estimated recurring fees and expenses, interest and equivalent finance charges for the 12 months following the most recently occurring Calculation Date on Senior Debt;

**"FATCA"**

Sections 1471 through 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto;

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| <b>"FCA "</b>              | the Financial Conduct Authority or any successor authority or authorities (as appropriate) in its or their capacity as competent authority/ies under the UK Prospectus Regulation;  |
| <b>"Final Terms"</b>       | the final terms issued in relation to each Tranche or Sub-Class of Bonds as a supplement to the Conditions and giving details of the Tranche or Sub-Class;  |
| <b>"Finance Documents"</b> | <ul style="list-style-type: none"> <li>(a) the Security Documents;</li> <li>(b) the Common Terms Agreement;</li> <li>(c) any Borrower Loan Agreement;</li> <li>(d) the Master Definitions Agreement;</li> <li>(e) the Borrower Account Bank Agreement;</li> <li>(f) the Liquidity Facility Agreement;</li> <li>(g) any fee letter, commitment letter or utilisation request entered into in connection with the facilities referred to in paragraphs (f) and (l) or the transactions contemplated in such facilities and any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including at least one Obligor);</li> <li>(h) each Hedging Agreement entered into by the Borrower;</li> <li>(i) each Hedging Agreement entered into by the Issuer;</li> <li>(j) the Initial Authorised Credit Facility Agreement;</li> <li>(k) any other Authorised Credit Facilities and any transfer certificates or other documents entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including at least one Obligor);</li> <li>(l) the CP Agreement;</li> <li>(m) the Tax Deed;</li> <li>(n) each agreement or other instrument between the Borrower or the Issuer (as applicable) and an Additional Borrower Secured Creditor designated as a Finance Document by the Borrower or the Issuer (as applicable), the Borrower Security Trustee and such Additional Borrower Secured Creditor in the Accession Memorandum for such Additional Borrower Secured Creditor;</li> <li>(o) any document evidencing a Permitted Second Lien Guarantee;</li> <li>(p) any back-to-back hedging agreement between the Issuer and the Borrower; and</li> </ul> |

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|                                 | (q) any amendment and/or restatement agreement relating to any of the above documents;  |
| <b>"Finance Party(/ies)"</b>    | any person providing credit pursuant to an Authorised Credit Facility including all arrangers, agents, representatives and trustees appointed in connection with any such Authorised Credit Facilities;   |
| <b>"Financial Adviser"</b>      | a financial adviser in Frankfurt (selected by the Issuer and approved by the Bond Trustee);   |
| <b>"Financial Indebtedness"</b> | (without double counting) any indebtedness for or in respect of: <ul style="list-style-type: none"> <li>(a) moneys borrowed or raised (whether or not for cash);</li> <li>(b) any documentary or standby letter of credit facility;</li> <li>(c) any acceptance credit;</li> <li>(d) any bond, note, debenture, loan stock or other similar instrument;</li> <li>(e) any finance or capital lease or hire purchase contract which would, in accordance with Applicable Accounting Principles, be treated as such;</li> <li>(f) any amount raised pursuant to any issue of shares which are capable of redemption;</li> <li>(g) receivables sold or discounted (other than on a non-recourse basis to any Obligor);</li> <li>(h) the amount of any liability in respect of any advance or deferred purchase agreement if either one of the primary reasons for entering into such agreement is to raise finance or the relevant payment is advanced or deferred for a period in excess of 90 days;</li> <li>(i) any termination amount due from any Obligor in respect of any Treasury Transaction that has terminated;</li> <li>(j) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing (other than any trade credit or indemnity granted in the ordinary course of the Borrower's trading and upon terms usual for such trade);</li> <li>(k) any counter indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; and</li> <li>(l) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (k) (other than any guarantee or indemnity given in respect of obligations owed by one Obligor to another);</li> </ul> |
| <b>"Financial Statements"</b>   | at any time, the financial statements of an Obligor and, in the case of the Security Parent, additionally consolidated financial statements of itself and its subsidiaries, most recently delivered to the Borrower Security Trustee;   |

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| <b>"Fitch"</b>                                  | Fitch Ratings Limited and any successor to the rating agency business of Fitch Ratings Limited;   |
| <b>"Fixed Rate Bond"</b>                        | a Bond on which interest is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in a year and/or redemption or such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the relevant Final Terms or Pricing Supplement (as the case may be));  |
| <b>"Fixed-rate Debt"</b>                        | the aggregate, at the time, of the outstanding Relevant Debt that bears either a fixed rate of interest or inflation-linked return;   |
| <b>"Floating Rate"</b>                          | has the meaning given to it in the ISDA Definitions;  |
| <b>"Floating Rate Bond"</b>                     | a Bond on which interest is calculated at a floating rate payable in arrear in respect of such period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms or Pricing Supplement (as the case may be));  |
| <b>"Floating Rate Option"</b>                   | has the meaning given to it in the ISDA Definitions;  |
| <b>"Following Business Day Convention"</b>      | has the meaning given to it in Condition 5(b) ( <i>Business Day Convention</i> );   |
| <b>"foreign passthru payments"</b>              | certain payments withheld pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FACTA;  |
| <b>"Form of Transfer"</b>                       | the form of transfer endorsed on a Registered Definitive Bond in the form or substantially in the form set out in part 8 ( <i>Form of Definitive Bond</i> ) of schedule 2 ( <i>Form of Bonds, Receipts, Coupons and Talons</i> ) to the Bond Trust Deed;  |
| <b>"FRN Reference Rate"</b>                     | LIBOR, EURIBOR or SONIA;  |
| <b>"FSMA"</b>                                   | the Financial Services and Markets Act 2000, as amended;  |
| <b>"FTE"</b>                                    | full-time equivalent;   |
| <b>"Further Enforcement Instruction Notice"</b> | a notice from the Borrower Security Trustee requesting an instruction from the Qualifying Borrower Secured Creditors (through their Secured Creditor Representatives) at any time following the delivery of a Loan Enforcement Notice, following receipt by the Borrower Security Trustee of a BSC Instruction Notice pursuant to paragraph (b) of Clause 21.1 (Entitlement to direct Borrower Security Trustee) of the STID, as to whether the Borrower Security Trustee should deliver a Loan Acceleration Notice to accelerate all of the obligations secured under the Borrower Security; |
| <b>"GAL"</b>                                    | Gatwick Airport Limited;  |
| <b>"GAL Interest"</b>                           | the credit balance of the Liquidity Standby Account minus the GFL Interest;   |

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| <b>"GAL Liquidity Shortfall"</b>  | after taking into account funds available for drawing from the Borrower Liquidity Reserve Account with respect to any Payment Date, there will be insufficient funds in the Operating Account to pay on such Payment Date any of the amounts scheduled to be paid in respect of items (i) to (vi) (inclusive) of paragraph 3(d) of schedule 8 ( <i>Borrower Cash Management</i> ) of the CTA (excluding items (A), (C) and (D) of paragraph (vi) in section 3(d) of Schedule 8 ( <i>Borrower Cash Management</i> ) to the CTA);  |
| <b>"GAL Proportion"</b>   | the proportion which the Outstanding Principal Amount under the Authorised Credit Facilities (excluding such Outstanding Principal Amount which corresponds to Class A Bonds under a Borrower Loan Agreement), which constitutes Senior Debt, bears to the Senior Debt Amount;   |
| <b>"Gatwick"</b>  | the land, assets and Leased Premises that together comprise Gatwick Airport;   |
| <b>"Gatwick Airport Pension Plan"</b>   | the Gatwick airport pension plan governed by the definitive trust deed and rules dated 3 December 2009 (as amended from time to time);   |
| <b>"Gatwick's Capital Investment Programme" or "Capital Investment Programme"</b> | is a programme of investment which GAL spent £211.4 million in the 12 months ended 31 March 2011, and which has recently been revised for consultation;  |
| <b>"GDPR"</b>   | Regulation (EU) 2016/679 (including as it forms part of the domestic law of the UK by virtue of the EUWA);   |
| <b>"GFL Interest"</b>   | at any time (i) the aggregate of all Standby Drawings which have been made and are outstanding under the Liquidity Facility Agreement multiplied by the GFL Proportion, minus (ii) any Liquidity Standby Account Drawings which have been made by or on behalf of GFL from the Liquidity Standby Account at such time;   |
| <b>"GFL Liquidity Shortfall"</b>  | (after taking into account funds available for drawing from the Issuer Accounts) with respect to any Interest Payment Date (as determined by the LF Cash Manager (as Issuer Cash Manager) or, in the absence of determination by the LF Cash Manager, by the Issuer on the Business Day immediately preceding the Issuer Determination Date) there will be insufficient funds in the relevant Issuer Accounts to pay on such Interest Payment Date any of the amounts scheduled to be paid in respect of items (a) to (f) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (excluding, for the avoidance of doubt, any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty); |
| <b>"GFL Proportion"</b>   | the proportion which the Principal Amount Outstanding of the Class A Bonds bears to the Senior Debt Amount;  |
| <b>"GIP"</b>  | Global Infrastructure Partners;  |
| <b>"Global Bond"</b>  | a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond issued in respect of the Bonds of any Class or Sub-Class and/or a Registered Global Bond and/or a Regulation S Global Bond and/or a Rule 144A Global Bond, as the context may require;  |

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| "Good Industry Practice"      | those levels of skill, care, expertise and standards of good trade practice as may reasonably be expected of an experienced entity which is not state-owned or operated (whether by a government, a public administration or any other state entity whatsoever) operating and developing leading international airports of a size broadly comparable to Gatwick and providing the same or substantially similar services (taking into consideration regulatory, legal and planning constraints applicable to Gatwick); |
| "Group"                       | (other than in connection with the Hedging Policy) Gatwick Airport Finance plc and each of its Subsidiaries for the time being;  |
| "Gross Real Redemption Yield" | a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the UK Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" (published on 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002) page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Fixed Rate Bonds shall be assumed to be the Scheduled Redemption Date and not the Maturity Date;       |
| "Gross Redemption Yield"      | has the meaning given to it (in the case of Fixed Rate Bonds) in Condition 7(d)(i) or (in the case of Indexed Bonds) in Condition 7(d)(iii);   |
| "GST Law"                     | Goods and Services Tax (Jersey) Law 2007;  |
| "GVA"                         | measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is used in the estimation of Gross Domestic Product (or " <b>GDP</b> "), which is a key indicator of the state of the whole economy;   |
| "Hedge Counterparties"        | (a) the Issuer Hedge Counterparties, (b) the Borrower Hedge Counterparties, and (c) any counterparty which accedes as hedge counterparty to the STID and the Common Terms Agreement and, in the case of any Treasury Transaction with the Issuer, the Issuer Deed of Charge and " <b>Hedge Counterparty</b> " means any of such parties;   |
| "Hedging Agreement"           | any Treasury Transaction entered or to be entered into by the Issuer or the Borrower with a Hedge Counterparty in accordance with the Hedging Policy to hedge interest rate exposure, index exposure and currency risk in relation to the Relevant Debt or the Bonds;  |
| "Hedging Limit"               | 102.5% of the sum of the Relevant Debt;  |
| "Hedging Policy"              | the initial hedging policy applicable to the Obligors and the Issuer set out in schedule 5 ( <i>Hedging Policy and Overriding Provisions Relating to Hedging Agreements</i> ) to the Common Terms Agreement as such hedging policy may be amended from time to time by agreement between the Borrower Security Trustee, the Issuer, the Borrower and the Hedge Counterparties in accordance with the STID;   |
| "HMRC"                        | Her Majesty's Revenue & Customs;   |

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| <b>"Holder"</b>                | (a) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (b) in relation to a Registered Bond, the person in whose name a Registered Bond is registered, as the case may be;   |
| <b>"Holding Companies"</b>     | a holding company within the meaning of section 1159 of the Companies Act;   |
| <b>"IATA"</b>                  | the International Air Transport Association;   |
| <b>"ICSD"</b>                  | an International Central Securities Depository, which includes, but is not limited to, Euroclear and Clearstream, Luxembourg;  |
| <b>"IFRS"</b>                  | International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (" <b>IASB</b> ") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);  |
| <b>"IGAs"</b>                  | intergovernmental agreements with the United States to implement FATCA;  |
| <b>"Index"</b>                 | subject as provided in Condition 6(c)(i) ( <i>Change in base</i> ), the UK Retail Price Index (" <b>RPI</b> ") (for all items) published by the Central Statistical Office and available to view at <a href="http://www.statistics.gov.uk">www.statistics.gov.uk</a> (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt;  |
| <b>"Index Event"</b>           | (a) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 6(c)(ii) ( <i>Delay in publication of Index</i> ) and the Bond Trustee has been notified by the Principal Paying Agent that publication of the Index has ceased or (b) notice is published by Her Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing; |
| <b>"Index Figure"</b>          | has the meaning given to it in Condition 6(a) ( <i>Definitions</i> );  |
| <b>"Index Ratio"</b>           | the Index Figure applicable to any month divided by the Base Index Figure;   |
| <b>"Indexation Adviser"</b>    | a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee;  |
| <b>"Indexed Bond"</b>          | a Bond in respect of which the amount payable in respect of principal and interest is calculated by reference to an index and/or formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the relevant Final Terms or Pricing Supplement (as the case may be));   |
| <b>"Indirect Participants"</b> | Investors that are accountholders and hold their interests in Global Bonds indirectly through Euroclear or Clearstream, Luxembourg;  |

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| <b>"Initial ACF Agent"</b>                            | National Westminster Bank Plc or any successor thereto appointed under the Initial Authorised Credit Facility Agreement;  |
| <b>"Initial ACF Arrangers"</b>                        | those financial institutions listed in part 5 of schedule 11 to the Common Terms Agreement;   |
| <b>"Initial ACF Finance Document"</b>                 | has the meaning given to it in clause 1.1 ( <i>Definitions</i> ) of the Initial Authorised Credit Facility Agreement;   |
| <b>"Initial ACF Finance Party"</b>                    | the Initial ACF Agent, the Initial ACF Arrangers, the Borrower Security Trustee, a Lender or an Ancillary Lender;   |
| <b>"Initial Authorised Credit Facility Agreement"</b> | the ACF entered into on the Establishment Date between the Borrower, the Initial ACF Agent, the Initial ACF Arrangers and the Original ACF Lenders;   |
| <b>"Initial Date Representation"</b>                  | in respect of the entering into of a new Authorised Credit Facility after the Establishment Date, each of the representations in schedule 1 ( <i>General Representations</i> ) to the Common Terms Agreement, or in respect of the Obligors as may be agreed and amended by the Obligors and the relevant Authorised Credit Provider in accordance with paragraph 4.1(c) ( <i>Representations</i> ) of the Common Terms Agreement, <b>provided that</b> the representations contained in paragraphs 6 ( <i>Validity and admissibility in evidence</i> ), 7 ( <i>Authorisations</i> ) and 21 ( <i>Choice of Law</i> ) of schedule 1 ( <i>General Representations</i> ) to the Common Terms Agreement shall be limited and refer only to the new Authorised Credit Facility, the representations contained in paragraph 9 ( <i>Full Disclosure</i> ) of schedule 1 ( <i>General Representations</i> ) to the Common Terms Agreement shall be limited to the new Authorised Credit Facility (as the case may be) and the investor presentation (if any, <b>provided that</b> such investor presentation was expressly authorised by the Borrower) prepared in respect of such Authorised Credit Facility (as the case may be); |
| <b>"Initial Facilities"</b>                           | the Capex Facility, the Term Facility and the Revolving Facility;   |
| <b>"Initial Facility Fee"</b>                         | has the same meaning given to it in clause 13.5(a) (Fees Generally) of the Borrower Loan Agreement;   |
| <b>"Initial Issue Date"</b>                           | the date upon which the first Series of Bonds was issued by the Issuer;   |
| <b>"Initial Liquidity Facility Providers"</b>         | those financial institutions listed in part 1 ( <i>Initial Liquidity Facility Providers</i> ) of schedule 11 ( <i>Financial Institutions</i> ) to the Common Terms Agreement or any other party that accedes to the Liquidity Facility Agreement as a Liquidity Facility Provider;  |
| <b>"Initial Liquidity Providers"</b>                  | those financial institutions listed in part 3 of schedule 11 to the Common Terms Agreement or any other party that accedes to the Liquidity Facility Agreement as a Liquidity Facility Provider;  |



**"Insolvency Event"**

in respect of any company:

- (a) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition or application for the making of an administration order which proceedings (other than in the case of the Issuer) are not, in the opinion of the Borrower Security Trustee, being disputed in good faith with a reasonable prospect of success;
- (b) the giving of notice of appointment of an administrator or the making of an administration order or an administrator being appointed in respect of such company or the company becomes bankrupt within the meaning of the Interpretation (Jersey) Law 1954;
- (c) an encumbrancer (excluding, in relation to the Issuer, the Issuer Security Trustee or any receiver appointed by the Issuer Security Trustee) taking possession of the whole or any part of the undertaking or assets of such company;
- (d) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Issuer Security Trustee or any receiver appointed by the Issuer Security Trustee) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (e) the making of an arrangement, composition, scheme of arrangement, reorganisation with or conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (f) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company (except, in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Issuer Security Trustee or by an Extraordinary Resolution of the Bondholders of each Class or Sub-Class of Bonds);
- (g) subject to the other paragraphs of this definition, the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;
- (h) save as permitted in the STID, the cessation or suspension of payment of its debts generally or a public announcement by such company of an intention to do so; or

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|   | (i) save as provided in the STID, a moratorium is declared in respect of any indebtedness of such company;   |
| <b>"Insolvency Official"</b>              | in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;  |
| <b>"Insolvency Proceedings"</b>           | in respect of any company, the winding-up, liquidation, dissolution or administration of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business including the seeking of liquidation, winding up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors;   |
| <b>"Instalment Amount"</b>                | the amount of an instalment of scheduled principal as specified in the relevant Final Terms or Pricing Supplement (as the case may be);  |
| <b>"Instalment Bonds"</b>                 | any Bonds under which the redemption is specified to occur in instalments;   |
| <b>"Instalment Date"</b>                  | the date on which each Bond which provides for instalment dates (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) will be partially redeemed;  |
| <b>"Insurance Distribution Directive"</b> | Directive (EU) 2016/97;  |
| <b>"Integral Amount"</b>                  | the integral amounts between the Minimum Denomination and the Maximum Denomination under which the Bonds are authorised to be denominated;   |
| <b>"Intellectual Property Right"</b>      | any right in: <ul style="list-style-type: none"> <li>(a) copyright (including rights in software and preparatory design materials), get-up, trade names, internet domain names, patents, inventions, rights in confidential information, database rights, moral rights, semiconductor topography rights, trade secrets, know-how, trademarks, service marks, logos and registered designs and design rights (each whether registered or unregistered);</li> <li>(b) applications for registration and the right to apply for registration, for any of the above; and</li> <li>(c) all other intellectual property rights in each case whether registered or unregistered and including applications for registration and all rights or equivalent or similar forms of protection having equivalent or similar effect anywhere in the world;</li> </ul> |
| <b>"Intercreditor Arrangements"</b>       | the intercreditor arrangements in respect of the Security Group and the Issuer;  |

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| <b>"Interest Amount"</b>                 | has the meaning given to it in Condition 5(h) ( <i>Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts</i> );   |
| <b>"Interest Commencement Date"</b>      | in the case of interest-bearing Bonds, the date specified in the applicable Final Terms or Pricing Supplement (as the case may be) from (and including) which such Bonds bear interest, which may or may not be the Issue Date;  |
| <b>"Interest Determination Date"</b>     | with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the specified currency is sterling, the first day of such Interest Period) (as adjusted in accordance with any Business Day Convention (as defined above) specified in the relevant Final Terms or Pricing Supplement (as the case may be)); |
| <b>"Interest Payment Date"</b>           | (a) in respect of the Bonds, has the meaning given thereto in Condition 5(j) ( <i>Definitions</i> ) or otherwise pursuant to the Final Terms or Pricing Supplement (as the case may be) and (b) in respect of the Borrower Loans, has the meaning given thereto in clause 1 ( <i>Definitions and Interpretation</i> ) of the Borrower Loan Agreement;  |
| <b>"Interest Period"</b>                 | 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;   |
| <b>"Interest Rate"</b>                   | has the meaning given thereto in Condition 5(j) ( <i>Definitions</i> );  |
| <b>"Interest Rate Hedging Agreement"</b> | any Hedging Agreement with a Hedge Counterparty in respect of a Treasury Transaction in respect of any interest rate hedging including, without limitation, through an inflation or inflation-linked hedging transaction;  |
| <b>"Investment Company Act"</b>          | the United States Investment Company Act of 1940 (as amended);   |
| <b>"Investor Report"</b>                 | a report required to be delivered pursuant to paragraph 3 ( <i>Investor Reports</i> ) of part 1 ( <i>Information Covenants</i> ) of schedule 2 ( <i>Covenants</i> ) to the Common Terms Agreement;   |
| <b>"IRS"</b>                             | U.S. Internal Revenue Service;   |
| <b>"ISDA Definitions"</b>                | the 2006 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Bonds of the relevant Series (as specified in the relevant Final Terms or Pricing Supplement, as the case may be) and, if specified in the relevant Final Terms or Pricing Supplement, as the case may be, as supplemented by any applicable supplement to the ISDA Definitions) as published by the International Swaps and Derivatives Association, Inc.;  |
| <b>"ISDA Determination"</b>              | has the meaning given to it in Condition 5(c) ( <i>Floating Rate Bonds</i> );  |

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| <b>"ISDA Master Agreement"</b>            | either: <ul style="list-style-type: none"> <li>(a) the Master Agreement (Multicurrency-Cross Border) as published by the International Swaps and Derivatives Association, Inc.; or</li> <li>(b) the 2002 Master Agreement as published by the International Swaps and Derivatives Association, Inc.;</li> </ul>  |
| <b>"ISDA Rate"</b>                        | has the meaning given to it in Condition 5(c) ( <i>Floating Rate Bonds</i> );  |
| <b>"Issue Date"</b>                       | in respect of any Bond, the date of issue and purchase of such Bond pursuant to and in accordance with the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) being, in the case of any Definitive Bond represented initially by a Global Bond, the same date as the date of issue of the Global Bond which initially represented such Bond;  |
| <b>"Issue Price"</b>                      | the price as stated in the relevant Final Terms or Pricing Supplement (as the case may be), generally expressed as a percentage of the nominal amount of the Bonds, at which the Bonds will be issued;   |
| <b>"Issuer"</b>                           | Gatwick Funding Limited, a company incorporated in Jersey with limited liability (under registered number 107376);   |
| <b>"Issuer-ICSDs Agreement"</b>           | means the agreement dated the Establishment Date between the Issuer, Euroclear and Clearstream, Luxembourg;  |
| <b>"Issuer Account Bank"</b>              | Santander UK or any successor account bank appointed pursuant to the Issuer Account Bank Agreement;  |
| <b>"Issuer Account Bank Agreement"</b>    | the account bank agreement between, among others, the Issuer Account Bank, the Issuer and the Issuer Security Trustee dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time);   |
| <b>"Issuer Accounts"</b>                  | the Issuer Dollar Account, the Issuer Euro Account and the Issuer Sterling Account together with any other account of the Issuer that may be opened from time to time (including any Issuer Collateral Accounts and any Issuer Liquidity Reserve Account but excluding any Liquidity Standby Account) pursuant to and/or in accordance with any Issuer Transaction Document and includes any sub-account or sub-accounts relating to that account and any replacement account from time to time (each an " <b>Issuer Account</b> "); |
| <b>"Issuer Cash Management Agreement"</b> | the cash management agreement dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between, among others, the Issuer, the Issuer Cash Manager and the Issuer Security Trustee;  |
| <b>"Issuer Cash Manager"</b>              | Gatwick Airport Limited and any successor thereto;   |
| <b>"Issuer Charged Documents"</b>         | the Issuer Transaction Documents and the Finance Documents to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party (other than the Issuer Deed of Charge, the Bond Trust Deed and the Jersey Corporate Administration Agreement);   |

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| <b>"Issuer Charged Property"</b>                    | the property, assets, rights and undertakings of the Issuer that are the subject of the Security Interests created in or pursuant to the Issuer Deed of Charge;  |
| <b>"Issuer Collateral Account"</b>                  | each account of the Issuer titled "Issuer Collateral Account" opened at the Issuer Account Bank in accordance with the provisions of the Issuer Cash Management Agreement and includes any sub-account or any securities account or any other custody account relating to that account and any replacement account from time to time;  |
| <b>"Issuer Corporate Administration Agreements"</b> | the Jersey Corporate Administration Agreement and the UK Corporate Administration Agreement;   |
| <b>"Issuer Corporate Administration Providers"</b>  | the Jersey Corporate Administration Provider and the UK Corporate Administration Provider and any successors thereto;  |
| <b>"Issuer Deed of Charge"</b>                      | the deed of charge entered into between the Issuer and the Issuer Security Trustee dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time);  |
| <b>"Issuer Determination Date"</b>                  | the date which is five Business Days prior to each Interest Payment Date;  |
| <b>"Issuer Dollar Account"</b>                      | the dollar account as specified in schedule 1 ( <i>Accounts</i> ) to the Issuer Account Bank Agreement and includes any sub-account or sub-accounts relating to that account or such other dollar denominated account as may be opened, with the consent of the Issuer Security Trustee, at any branch of the Issuer Account Bank in replacement of such account;  |
| <b>"Issuer Euro Account"</b>                        | the euro account as specified in schedule 1 ( <i>Accounts</i> ) to the Issuer Account Bank Agreement and includes any sub-account or sub-accounts relating to that account or such other euro denominated account as may be opened, with the consent of the Issuer Security Trustee, at any branch of the Issuer Account Bank in replacement of such account;  |
| <b>"Issuer Excess Hedge Collateral"</b>             | an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Issuer Hedge Counterparty to the Issuer in respect of the relevant Issuer Hedge Counterparty's obligations to transfer collateral to the Issuer under the relevant Issuer Hedging Agreement (as a result of the ratings downgrade provisions in that Issuer Hedging Agreement), which is in excess of that Issuer Hedge Counterparty's liability to the Issuer under the relevant Issuer Hedging Agreement, or which the relevant Issuer Hedge Counterparty is otherwise entitled to have returned to it under the terms of the relevant Issuer Hedging Agreement; |
| <b>"Issuer Hedge Counterparty(ies)"</b>             | a Hedge Counterparty who is party to an Issuer Hedging Agreement;  |
| <b>"Issuer Hedge Replacement Premium"</b>           | a premium or upfront payment received by the Issuer from a replacement hedge counterparty under a replacement hedge agreement with the Issuer to the extent of any termination payment due to an Issuer Hedge Counterparty under an Issuer Hedging Agreement;  |
| <b>"Issuer Hedging Agreement"</b>                   | each Hedging Agreement entered into by the Issuer and an Issuer Hedge Counterparty;  |

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| <b>"Issuer Junior Debt"</b>                           | the Class B Bonds and the Cross Currency Hedging Agreements between the Issuer and the Cross Currency Hedge Counterparties in respect of the Class B Bonds;   |
| <b>"Issuer Liquidity Reserve Account"</b>             | an account opened in the name of the Issuer and maintained by the Issuer Account Bank pursuant to the terms of the Issuer Account Bank Agreement and credited with a cash reserve for the purpose of satisfying the minimum debt service funding requirements set out in paragraph 3.3 of part 3 ( <i>Trigger Event Remedies</i> ) of schedule 3 ( <i>Trigger Event</i> ) to the Common Terms Agreement or such other account as may be opened, with the consent of the Issuer Security Trustee, at any branch of the Issuer Account Bank in replacement of such account;                               |
| <b>"Issuer Payment Priorities"</b>                    | the Issuer Pre-Enforcement Priority of Payments and the Issuer Post-Enforcement Priority of Payments;   |
| <b>"Issuer Post-Enforcement Priority of Payments"</b> | the provisions relating to the order of priority of payments set out in the Issuer Deed of Charge;  |
| <b>"Issuer Pre-Enforcement Priority of Payments"</b>  | the provisions relating to the order of priority of payments from the Issuer Accounts set out in schedule 1 to the Issuer Cash Management Agreement;  |
| <b>"Issuer Profit Amount"</b>                         | £3,000 per annum or £750 if paid in quarterly instalments to be retained by the Issuer in each accounting period as contemplated by regulations 4(3) and 10 of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296);  |
| <b>"Issuer Qualifying Creditors"</b>                  | in respect of Issuer Qualifying Debt: <ul style="list-style-type: none"> <li>(a) for so long as any Class A Bonds remain outstanding, the holders of the Class A Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class A Bonds;</li> <li>(b) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the holders of the Class B Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class B Bonds;</li> </ul> |
| <b>"Issuer Qualifying Debt"</b>                       | (a) for so long as any Class A Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class A Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class A Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions; or  |

**"Issuer Secured Creditor"**

- (b) if there are no Class A Bonds then outstanding and for so long as any Class B Bonds remain outstanding, the sum of (i) the Principal Amount Outstanding of the Class B Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Class B Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transactions;
- (a) the Issuer Security Trustee (for itself and the other Issuer Secured Creditors) under the Issuer Deed of Charge;
- (b) the Bond Trustee (for itself and on behalf of the Bondholders) under the Bond Trust Deed;
- (c) the Bondholders and the Couponholders;
- (d) each Issuer Hedge Counterparty under its Issuer Hedging Agreement;
- (e) each Liquidity Facility Provider and the Liquidity Facility Agent under the Liquidity Facility Agreement in respect of the GFL Proportion;
- (f) the Issuer Account Bank under the Issuer Account Bank Agreement;
- (g) the Principal Paying Agent, Paying Agents, Transfer Agent, Exchange Agent, Registrar and Agent Bank under the Agency Agreement and any Calculation Agent under a Calculation Agency Agreement;
- (h) the Issuer Cash Manager under the Issuer Cash Management Agreement; and
- (i) the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements;

**"Issuer Secured Creditor  
Entrenched Right"**

in respect of an Issuer Secured Creditor, any modification, consent, direction or waiver in respect of an Issuer Transaction Document that would (a) result in an increase in or would adversely modify such Issuer Secured Creditor's obligations or liabilities under such Issuer Transaction Document, (b) have the effect of adversely changing the Issuer Payment Priorities or application thereof in respect of such Issuer Secured Creditor where "**adversely**" means, in respect of any change to the Issuer Payment Priorities, a change which has the effect of changing the priority of the Issuer Secured Creditors relative to each other **provided that** the creation of payments which rank subordinate to an Issuer Secured Creditor shall not be an adverse change in respect of such Issuer Secured Creditor, (c) release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge), (d) alter adversely the voting entitlement of such Issuer Secured Creditor under the STID, the Bond Trust Deed or the Conditions, (e) in respect of an Issuer Hedge Counterparty, constitute an Entrenched Right pursuant to paragraph (k) of the definition of Entrenched Right, (f) amend clause 6.7 (Permitted Enforcement – Liquidity Facility Agent and Issuer Hedge Counterparties) of the Issuer Deed of Charge or (g) amend this definition;

**"Issuer Secured Liabilities"**

all present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Issuer Secured Creditor under each Issuer Transaction Document;

**"Issuer Security"**

the fixed and floating security granted by the Issuer to the Issuer Security Trustee pursuant to the Issuer Deed of Charge;

**"Issuer Security Trustee"**

Deutsche Trustee Company Limited (and its successors) or any other security trustee appointed in its capacity as security trustee pursuant to the Issuer Deed of Charge;

**"Issuer Senior Debt"**

the Class A Bonds, the Rate Hedging Agreements between the Issuer and the Hedge Counterparties in respect of the Class A Bonds and the Cross Currency Hedging Agreements between the Issuer and the Cross Currency Hedge Counterparties;

**"Issuer Sterling Account"**

the sterling account as specified in schedule 1 (*Accounts*) to the Issuer Account Bank Agreement and includes any sub-account or sub-accounts relating to that account or such other sterling denominated account as may be opened, with the consent of the Issuer Security Trustee, at any branch of the Issuer Account Bank in replacement of such account;



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| <b>"Issuer Subordinated Hedge Amounts"</b>         | any termination payment due or overdue to an Issuer Hedge Counterparty under any Issuer Hedging Agreement which arises as a result of the occurrence of an Event of Default (as defined in the relevant Issuer Hedging Agreement) where the relevant Issuer Hedge Counterparty is the Defaulting Party (as defined in the relevant Hedging Agreement) or the occurrence of an Additional Termination Event (as defined in the relevant Issuer Hedging Agreement) following the failure of the relevant Issuer Hedge Counterparty to take action in accordance with the terms of the relevant Issuer Hedging Agreement within the required period following a credit rating downgrade of such Issuer Hedge Counterparty (other than any amount attributable to the return of collateral or any premium or other upfront payment paid to the Issuer to enter into a transaction to replace an Issuer Hedging Agreement (in whole or in part) which shall be paid directly to the relevant Issuer Hedge Counterparty and not in accordance with the Issuer Payment Priorities); |
| <b>"Issuer Transaction Documents"</b>              | the Bonds, the Coupons and any Final Terms or Pricing Supplement (as the case may be) relating to the Bonds, the Bond Trust Deed (including the Conditions), the Tax Deed, the Dealership Agreement, each relevant Subscription Agreement, the Agency Agreement, the Issuer Deed of Charge, the Issuer Cash Management Agreement, the Issuer Account Bank Agreement, the Common Terms Agreement, the STID, the Master Definitions Agreement, each Borrower Loan Agreement, the Liquidity Facility Agreement, the Issuer Hedging Agreements, the Issuer Corporate Administration Agreements, the Liquidity Standby Account Declaration of Trust, and any other agreement, instrument or deed designated as such by the Issuer and the Issuer Security Trustee;  |
| <b>"IT"</b>  | information technology;  |
| <b>"ITTS"</b>                                      | the inter terminal transit system;   |
| <b>"Jersey Corporate Administration Agreement"</b> | the corporate administration agreement dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between the Issuer and the Jersey Corporate Administration Provider;  |
| <b>"Jersey Corporate Administration Provider"</b>  | Intertrust Offshore Limited (formerly known as Structured Finance Management Offshore Limited) appointed pursuant to the Jersey Corporate Administration Agreement or any successor thereto;   |
| <b>"Jersey Income Tax Law"</b>                     | Income Tax (Jersey) Law 1961 (as amended);   |
| <b>"Jersey Security Interest Agreement"</b>        | the Jersey law governed security agreement entered into on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between the Borrower and the Borrower Security Trustee;  |
| <b>"Joint Venture"</b>                             | any arrangement or agreement for any joint venture, cooperation or partnership pursuant to, required for or conducive to the operation of the Permitted Business by the Obligors or which falls within the Permitted Non- Regulated Business Limits;   |
| <b>"Junior Debt"</b>                               | any financial accommodation that is, for the purposes of the STID, to be treated as Junior Debt;   |

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| <b>"LC Supported RAB-Eligible Capex"</b> | has the meaning given to it in clause 1.1 ( <i>Definitions</i> ) of the Initial Authorised Credit Facility Agreement;   |
| <b>"Lead Manager"</b>                    | in relation to any Sub-Class or Tranche of Bonds, each person named as lead manager in the relevant Subscription Agreement;   |
| <b>"Leased Premises"</b>                 | premises leased and/or licensed to the Borrower used in the conduct of its business;  |
| <b>"Legend"</b>                          | a legend specifying certain restrictions on transfer in accordance with Rule 144A;  |
| <b>"Legended Bond"</b>                   | a Registered Bond (whether in definitive form or represented by a Registered Global Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bears a legend specifying certain restrictions on transfer;   |
| <b>"Lender"</b>                          | <p>(a) any Original ACF Lender; and</p> <p>(b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with clause 21 (<i>Changes to the Lenders</i>) of the Initial Authorised Credit Facility Agreement,</p> <p>which in each case has not ceased to be a Lender in accordance with the terms of Initial Authorised Credit Facility Agreement;</p>  |
| <b>"LF Cash Manager"</b>                 | GAL;  |
| <b>"LF Commitment Fee"</b>               | the commitment fee payable in accordance with Clause 23.1 (Commitment Fee) of the Liquidity Facility Agreement;   |
| <b>"LF Interest Period"</b>              | a period of one month, two months or three months or such other period agreed in writing between the Liquidity Facility Agent and the Borrowers (as defined in the Liquidity Facility Agreement);   |
| <b>"LF Mandatory Cost"</b>               | the cost of complying with certain regulatory requirements, expressed as a percentage rate per annum and calculated by the Liquidity Facility Agent under Schedule 6 of the Liquidity Facility Agreement;   |
| <b>"LF Notice of Drawing"</b>            | a request for a Liquidity Loan Drawing in the form of schedule 2 (LF Notice of Drawing) to the Liquidity Facility Agreement;  |
| <b>"LF Transfer Certificate"</b>         | a certificate in or substantially in the form set out in schedule 3 ( <i>Form of LF Transfer Certificate</i> ) to the Liquidity Facility Agreement;   |
| <b>"LIBOR"</b>                           | the London interbank offered rate;  |
| <b>"Limited Index Ratio"</b>             | (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month; |

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| <b>"Limited Indexation Factor"</b>      | in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, <b>provided that</b> (a) if such ratio is greater than the Maximum Indexation Factor, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor, it shall be deemed to be equal to such Minimum Indexation Factor;  |
| <b>"Limited Indexation Month"</b>       | any month specified in the relevant Final Terms or Pricing Supplement (as the case may be) for which a Limited Indexation Factor is to be calculated;   |
| <b>"Limited Indexed Bonds"</b>          | Indexed Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) applies;  |
| <b>"Liquidity Facility"</b>             | the committed sterling revolving liquidity facility made available under the Liquidity Facility Agreement as described in clause 3.1 ( <i>Grant of the Facility</i> ) of the Liquidity Facility Agreement;  |
| <b>"Liquidity Facility Agent"</b>       | National Westminster Bank Plc or any successor agent appointed pursuant to the Liquidity Facility Agreement;  |
| <b>"Liquidity Facility Agreement"</b>   | the liquidity facility agreement which has the characteristics set out in schedule 9 ( <i>Liquidity Facility</i> ) to the Common Terms Agreement, which GAL and the Issuer entered into on the Establishment Date (as amended, restated, novated and/or supplemented from time to time);  |
| <b>"Liquidity Facility Amount"</b>      | at any time, the aggregate of the available commitments under the Liquidity Facility Agreement;   |
| <b>"Liquidity Facility Provider(s)"</b> | the Initial Liquidity Facility Providers and any bank or financial institution which has become a party to the Liquidity Facility Agreement in accordance with clause 25 ( <i>Assignments and Transfers</i> ) of the Liquidity Facility Agreement or as a result of an amendment of the Liquidity Facility Agreement in accordance with clause 30 ( <i>Amendments</i> ) of the Liquidity Facility Agreement which in each case has not ceased to be a party in accordance with the terms of the Liquidity Facility Agreement, or any bank or financial institution party to any replacement or substitute liquidity facility agreement; |
| <b>"Liquidity Loan Drawing"</b>         | unless otherwise stated in the Liquidity Facility Agreement, the principal amount of each Standard Liquidity Loan Drawing and/or a Liquidity Standby Account Drawing (and for the avoidance of doubt, a Liquidity Loan Drawing shall not include a Standby Drawing);  |
| <b>"Liquidity Standby Account"</b>      | <p>an account held in the name of GAL with:</p> <ul style="list-style-type: none"> <li>(a) the Borrower Account Bank; or</li> <li>(b) if the Borrower Account Bank ceases to have the Minimum Short-term Rating or any such other short-term ratings as are otherwise acceptable to the Rating Agencies, then a bank which has such ratings,</li> </ul> <p>in each case so long as the Liquidity Standby Account is subject to the Liquidity Standby Account Declaration of Trust;</p>  |

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| <b>"Liquidity Standby Account Declaration of Trust"</b> | the declaration of trust entered into on the Initial Issue Date between GAL, the Issuer, the Borrower Security Trustee and the Issuer Security Trustee under which GAL agrees to hold on trust certain property, including any balance standing from time to time to the credit of the Liquidity Standby Account for itself and the Issuer;  |
| <b>"Liquidity Standby Account Drawing"</b>              | in relation to a Liquidity Loan Drawing, a withdrawal of sums standing to the credit of the Liquidity Standby Account funded by way of Standby Drawing, the amount of such withdrawal to be equal to the amount of that Liquidity Loan Drawing multiplied by the proportion that the Available Standby Amount bears to the aggregate of the Available Standby Amount and the Liquidity Facility Amount (including any Liquidity Facility Amount under any Substitute Liquidity Facility Agreement);  |
| <b>"Liquidity Subordinated Amounts"</b>                 | all amounts payable under, or in any way in connection with, the Liquidity Facility Agreement, other than: <ul style="list-style-type: none"> <li>(a) principal and interest in respect of the Liquidity Loan Drawing or a Standby Drawing, except that part of the interest (in each case, for the relevant LF Interest Period) on the Liquidity Loan Drawing or a Standby Drawing which represents a LF Mandatory Cost in excess of 0.20% per annum on the maximum amount then available to be drawn under the Liquidity Facility Agreement;</li> <li>(b) the LF Commitment Fee; and</li> <li>(c) any costs payable in accordance with Clause 13 (Increased Costs) of the Liquidity Facility Agreement;</li> </ul> |
| <b>"Listing Rules"</b>                                  | Listing Rules of the Financial Services Authority;   |
| <b>"Loan Acceleration Notice"</b>                       | a notice delivered by the Borrower Security Trustee pursuant to the STID by which the Borrower Security Trustee declares that all Borrower Secured Liabilities shall be accelerated;   |
| <b>"Loan Enforcement Notice"</b>                        | a notice delivered by the Borrower Security Trustee in accordance with clause 18.5 ( <i>Loan Enforcement Notice</i> ) of the STID by which the Borrower Security Trustee declares that the Borrower Security has become enforceable;   |
| <b>"Loan Event of Default"</b>                          | an event specified as such in schedule 4 ( <i>Loan Events of Default</i> ) to the Common Terms Agreement;  |
| <b>"London Stock Exchange"</b>                          | the London Stock Exchange plc or any other body to which its functions have been transferred;  |
| <b>"Make-Whole Amount"</b>                              | any amount above par payable on redemption of any Issuer Senior Debt or Issuer Junior Debt except where such amount is limited to accrued interest;  |
| <b>"Mandatory Standby Repayment Account"</b>            | an account opened in the name of the Borrower and maintained by the Borrower Account Bank pursuant to the terms of the Borrower Account Bank Agreement and credited with any Mandatory Standby Repayment Amount;   |

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| <b>"Mandatory Standby Repayment Amount"</b> | in relation to calculating the Required Redemption Amount, the lesser of (i) the aggregate amount of the Standby Drawings which are outstanding at such time and (ii) the Required Redemption Amount;   |
| <b>"Margin"</b>                             | the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be);  |
| <b>"Market"</b>                             | the Main Market of the London Stock Exchange;   |
| <b>"Market Power Test"</b>                  | means the test under section 6 of the CA Act 2012 carried out by the CAA to determine whether economic regulation of an airport operator by the CAA is permitted;   |
| <b>"Master Definitions Agreement"</b>       | the master definitions schedule entered into by, among others, the Issuer and the Borrower dated on the Establishment Date (as amended, restated, novated and/or supplemented from time to time);   |
| <b>"Material Adverse Effect"</b>            | <p>a material adverse effect on:</p> <ul style="list-style-type: none"> <li>(a) the business, assets or financial condition of the Obligors taken as a whole; or</li> <li>(b) (taking into account the resources available to an Obligor from other Obligors and any guarantees given by other Obligors) the ability of such Obligor (and in respect of the Dealership Agreement only, the Issuer) to perform any of its payment obligations under any of the Transaction Documents; or</li> <li>(c) the legality, validity or enforceability of, any of the Transaction Documents in a manner which is prejudicial in any material respect to the interests of the Bondholders,</li> </ul> <p><b>provided that</b> any such effect will not be deemed to occur where it occurs as a result of regulations or legislation introduced to implement specific proposals in the Department of Transport publications entitled "<i>Reforming the Framework for Economic Regulation of Airports: Decision Document</i>" published in December 2009 and "<i>Promoting Financial Resilience for Major Airports: Analysis of Consultation Responses and Government's Decision</i>" published in July 2010; however, the previous proviso will not apply if such effect occurs in circumstances which result in the Loan Event of Default in paragraph 12.2 (<i>Change in Law</i>) of schedule 4 (<i>Loan Events of Default</i>) to the Common Terms Agreement;</p> |
| <b>"Maturity Date"</b>                      | the date specified in the relevant Final Terms or Pricing Supplement (as the case may be) as the final date on which the principal amount of the relevant Bond is due and payable;  |
| <b>"Maximum Denomination"</b>               | an amount that is twice the Minimum Denomination less the Integral Amount;  |
| <b>"Maximum Indexation Factor"</b>          | the maximum indexation factor in relation to the ratio of the Index specified in the relevant Final Terms or Pricing Supplement (as the case may be);   |

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| "Maximum Interest Rate"                      | the maximum rate of interest specified in the relevant Final Terms or Pricing Supplement (as the case may be) which the Interest Rate shall in no event be greater than;  |
| "Member State"                               | a member state of the European Union;   |
| "Minimum Denomination"                       | €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the Bonds;  |
| "Minimum Indexation Factor"                  | the minimum indexation factor specified in the relevant Final Terms or Pricing Supplement (as the case may be);   |
| "Minimum Interest Rate"                      | the minimum rate of interest specified in the relevant Final Terms or Pricing Supplement (as the case may be) which the Interest Rate shall in no event be less than;   |
| "Minimum Short-term Rating"                  | in respect of any person, such person's short-term unsecured debt obligations being rating, in the case of S&P, "A-2" and in the case of Fitch "F1";  |
| "Modified Following Business Day Convention" | has the meaning given to it in Condition 5(b) ( <i>Business Day Convention</i> );   |
| "Modified Redemption Amount"                 | an amount equal to the higher of (x) the Principal Amount Outstanding of the relevant Bonds or the relevant portion thereof available for redemption and (y) (in the case of Fixed Rate Bonds or Indexed Bonds denominated in sterling) an amount calculated by multiplying the Principal Amount Outstanding of such Bonds or the relevant portion thereof available for redemption by that price (expressed as a percentage) (as reported in writing to the Issuer and the Bond Trustee by a financial adviser nominated by the Issuer and approved by the Bond Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Bonds on the Reference Date is equal to the Redemption Rate or (in the case of Fixed Rate Bonds denominated in euro) at the Redemption Amount calculated in accordance with Condition 7(d)(iv) <b>provided that</b> the reference in such calculation to the Bund Rate shall be construed as a reference to the Redemption Rate or (in the case of Fixed Rate Bonds denominated in a currency other than sterling or euro or Indexed Bonds denominated in a currency other than sterling) the Alternative Redemption Amount calculated in accordance with the relevant Final Terms or Pricing Supplement (as the case may be), plus, in any case, accrued but unpaid interest (in the case of Indexed Bonds, as adjusted in accordance with Condition 6(b) ( <i>Application of the Index Ratio</i> )) on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption; |
| "Moody's"                                    | Moody's Investors Service Limited and any successor to the rating business of Moody's Investors Service Limited;  |
| "Most Senior Class"                          | the Class A Bonds for so long as there are any Class A Bonds outstanding and thereafter the Class B Bonds for so long as there are any Class B Bonds outstanding;   |
| "NATS"                                       | National Air Traffic Services Limited;  |

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| "necessary information"          | in relation to any Tranche of Bonds, the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds and the reasons for the issuance and its impact on the issuer;   |
| "New Dealer"                     | any entity appointed as an additional Dealer in accordance with clause 11 ( <i>Appointment of New Dealer</i> ) of the Dealership Agreement;   |
| "New Obligor"                    | has the meaning given to it in part 3 ( <i>Form of Accession Memorandum (New Obligors)</i> ) of schedule 1 ( <i>Form of Accession Memorandum</i> ) to the STID;   |
| "NGB" or "New Global Bond"       | a Temporary Bearer Global Bond in the form set out in part 1 of the schedule 2 to the Bond Trust Deed or a Permanent Bearer Global Bond in the form set out in part 2 of the schedule 2 of the Bond Trust Deed, in either case where the applicable Final Terms or Pricing Supplement (as the case may be) specify that the Bonds are in NGB form;  |
| "NIS Regulation"                 | the Network and Information Systems Regulations 2018;   |
| "Non-ACF Financial Indebtedness" | any Financial Indebtedness (including any Second Lien Debt) owing to any person which is not an Authorised Credit Provider (other than Financial Indebtedness owing by any member of the Security Group to any person under any loan, debenture, guarantee or otherwise granted to any creditor subordinated to the Borrower Secured Creditors whether pursuant to the STID or any other deed of subordination on terms satisfactory to the Borrower Security Trustee); |
| "Non-Base Currency"              | a currency other than pounds sterling;  |
| "Non-exempt Offer"               | an offer made other than pursuant to Article 3(2) of the EU Prospectus Regulation in that Relevant Member State;  |
| "NPS"                            | the Airports National Policy Statement;   |
| "Obligor"                        | any of GAL, Ivy Bidco Limited and the Security Parent and " <b>Obligors</b> " means all of them;  |
| "Obligor Accounts"               | the Operating Accounts and any Borrower Hedge Collateral Accounts, and " <b>Obligor Account</b> " means any of them;  |
| "Official List"                  | the official list of the FCA referenced in section 103 of FSMA;   |
| "OFT"                            | the Office of Fair Trading;   |
| "Ongoing Facility Fee"           | the ongoing facility fee payable by the Borrower pursuant to subclause 13.5(c) ( <i>Fees Generally</i> ) and subject to any rebate under subclause 13.5(d) ( <i>Fees Generally</i> ), of the relevant Borrower Loan Agreement;  |
| "Operating Account"              | the account of the Borrower with the following title: "Gatwick Trading Account", held at the Borrower Account Bank and any sub-account or sub-accounts relating to those accounts including any operating account denominated in a currency other than sterling and any replacement account or accounts from time to time;  |

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| <b>"Order"</b>                   | the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;   |
| <b>"Ordinary Voting Matters"</b> | are matters which are not Discretion Matters or Extraordinary Voting Matters;   |
| <b>"Original ACF Lenders"</b>    | those financial institutions listed in part 2 ( <i>Original ACF Lenders</i> ) of schedule 11 ( <i>Financial Institutions</i> ) to the Common Terms Agreement;   |
| <b>"OECD"</b>                    | Means the Organisation for Economic Co-operation;   |
| <b>"Other Parties"</b>           | the Arranger, any Dealer, the Bond Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Issuer Hedge Counterparties, the Liquidity Facility Agent, the Initial Liquidity Facility Providers, the Initial ACF Agent, the Initial ACF Arrangers, the Agents, the Issuer Account Bank, the Borrower Account Bank, the UK Corporate Administration Provider, the Jersey Corporate Administration Provider or the members of the Borrower Group (other than the Issuer and the Obligors);  |
| <b>"outstanding"</b>             | in relation to the Bonds, all of the Bonds issued other than; <ul style="list-style-type: none"> <li>(a) those Bonds which have been redeemed in full or purchased, and cancelled, in accordance with Condition 7 (<i>Redemption, Purchase and Cancellation</i>) or otherwise under the Bond Trust Deed;</li> <li>(b) those Bonds in respect of which the date for redemption in full in accordance with the Conditions has occurred and the redemption monies for which (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent or a Registrar in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been provided or published in accordance with Condition 16 (<i>Notices</i>)) and remain available for payment against presentation of the relevant Bonds and/or Coupons and/or Receipts;</li> <li>(c) those Bonds which have become void or, in respect of which claims have become prescribed in each case, under Condition 12 (<i>Prescription</i>);</li> <li>(d) in the case of Bearer Bonds, those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 13 (<i>Replacement of Bonds, Coupons, Receipts and Talons</i>);</li> <li>(e) in the case of Bearer Bonds, for the purpose only of ascertaining the Principal Amount Outstanding of the Bonds and without prejudice to the status, for any other purpose, of the relevant Bonds, those Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 13 (<i>Replacement of Bonds, Coupons, Receipts and Talons</i>);</li> </ul> |



- (f) the Temporary Bearer Global Bonds to the extent that they have been exchanged for Permanent Bearer Global Bonds or Definitive Bonds pursuant to the provisions contained therein and in clause 3 (*Forms of the Bonds and Coupon*) of the Bond Trust Deed;
- (g) the Permanent Bearer Global Bonds that remain in escrow pending exchange of the Temporary Bearer Global Bonds therefor, pursuant to the provisions contained therein and in clause 3 (*Forms of the Bonds and Coupon*) of the Bond Trust Deed;
- (h) the Permanent Bearer Global Bonds to the extent that they have been exchanged for Definitive Bonds, pursuant to the provisions contained therein and in clause 3 (*Forms of the Bonds and Coupon*) of the Bond Trust Deed; and
- (i) the Bearer Bonds to the extent that they have been exchanged for Registered Bonds pursuant to the provisions contained therein and in clause 3 of the Bond Trust Deed.

**provided that** for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Bondholders;
- (ii) the determination of how many and which Bonds are for the time being outstanding for the purposes of clause 20 (*Waiver, Authorisation and Determination*) of the Bond Trust Deed and schedule 6 (*Provisions for Meetings of Bondholders*) to the Bond Trust Deed, clause 16.1 (*Scope of Entrenched Rights*) of the STID, and Conditions 10 (*Bond Events of Default*), 11 (*Enforcement Against Issuer*), 14 (*Meetings of Bondholders, Modification, Waiver and Substitution*), and 15 (*Bond Trustee Protections*);
- (iii) any discretion, power or authority contained in the Bond Trust Deed which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Bondholders;
- (iv) the determination by the Bond Trustee whether any of the events specified in Condition 10 (*Bond Events of Default*) is materially prejudicial to the interests of the holders of the Most Senior Class of Bonds then outstanding;

(A) those Bonds of the relevant Class or Sub-Class (if any) which, for the time being, are held by the Issuer, any member of the Security Group, or any of their respective holding companies (or any Affiliate of any such person) or by any person for the benefit of the Issuer, any member of the Security Group or any of their respective holding companies (or any Affiliate of any such person) shall (unless and until ceasing to be so held) be deemed not to remain outstanding and (B) any amounts due in respect of Subordinated Step-Up Fee Amounts in respect of a Class of Bonds shall be disregarded;

- "Outstanding Principal Amount"**
- (a) in respect of any Authorised Credit Facilities that are loans, the principal amount (or the Equivalent Amount) of any drawn amounts that are outstanding or committed under such Authorised Credit Facility;
  - (b) in respect of each Cross Currency Hedging Agreement, the Equivalent Amount (representing the mark-to-market value of any transaction or transactions arising under such Cross Currency Hedging Agreement) of the amount (if any) that would be payable to the relevant Cross Currency Hedge Counterparty if an early termination date was designated on the date referred to below in respect of the transaction or transactions arising under the relevant Cross Currency Hedging Agreement pursuant to the ISDA Master Agreement governing such transaction or transactions and subject to schedule 5 (*Hedging Policy and Overriding Provisions Relating to Hedging Agreements*) to the Common Terms Agreement and which are closed out at such time;
  - (c) in respect of any other Borrower Secured Liabilities, the Equivalent Amount of the outstanding principal amount of such debt on such date in accordance with the relevant Finance Document,

on the date on which the Qualifying Borrower Secured Creditors have been notified of a STID Voting Request, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice, a BSC Instruction Notice or a Direction Notice or on such other date that the same falls to be determined, as the case may be, all as most recently certified or notified to the Borrower Security Trustee, where applicable, pursuant to clause 10.2 (*Notification of Outstanding Principal Amount of Qualifying Borrower Debt*) of the STID;

**"Par Redemption Amount"** an amount equal to the Principal Amount Outstanding on the Call Protected Floating Rate Bonds of any Sub-Class or the relevant portion thereof available for redemption, plus accrued but unpaid interest on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption;

**"Participants"** Direct and Indirect Participants taken together;

**"Participating Member State"** a member state of the European Union that adopts or has adopted the euro as its lawful currency under the legislation of the European Community for European Monetary Union;

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| <b>Participating QBS Creditors"</b>   | the Qualifying Borrower Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID;   |
| <b>"Party"</b>                        | in relation to a Finance Document, a party to such Finance Document;   |
| <b>"Paying Agents"</b>                | in relation to all or any Sub-Classes of the Bonds, the several institutions (including, where the context permits, the Principal Paying Agent and/or the Registrar) at their respective specified offices initially appointed as paying agents in relation to such Bonds by the Issuer pursuant to the Agency Agreement and/or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any Sub-Classes of the Bonds;  |
| <b>"Payment Date"</b>                 | each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under any Authorised Credit Facility;   |
| <b>"Permanent Bearer Global Bond"</b> | a global bond in the form or substantially in the form set out in part 2 ( <i>Form of Permanent Bearer Global Bond</i> ) of the schedule 2 ( <i>Form of Bonds, Receipts, Coupons and Talons</i> ) to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms or Pricing Supplement (as the case may be) annexed thereto, comprising some or all of the Bearer Bonds of the same Class or Sub-Class, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and these presents either on issue or in exchange for the whole or part of any Temporary Bearer Global Bond issued in respect of such Bearer Bonds; |
| <b>"Permitted Business"</b>           | <p>(a) the business of owning, operating and developing Gatwick undertaken by the Obligors as carried on at the Establishment Date (including the provision of facilities for and connected with aeronautical activities, including retail, car parks, surface transport, advertising, property development, letting and management) and</p> <p>(b)</p> <p style="padding-left: 40px;">(i) any business undertaken by the Obligors the revenues from which:</p> <p style="padding-left: 80px;">(A) would be brought into account by the applicable Regulator for the purpose of imposing price caps pursuant to Section 40(4) of the Airports Act or any other applicable statutory provision in relation to Gatwick; or</p>   |

(B) the Obligors reasonably believe would have been brought into account by the applicable Regulator, according to the rules and policies applied by such Regulator as at the Establishment Date, for the purpose of imposing price caps pursuant to Section 40(4) of the Airports Act or any other applicable statutory provision in relation to Gatwick notwithstanding that at the time of undertaking such business Gatwick is no longer subject to regulation or is subject to rules and policies of regulation different from those which applied to Gatwick or those revenues as at the Establishment Date; and

(ii) any other business approved or consented to by the Borrower Security Trustee;

**"Permitted Financial Indebtedness"**

in the case of:

(a) the Borrower or the Issuer, that the Borrower or the Issuer will be permitted to incur or allow to remain outstanding only the following financial indebtedness after the Establishment Date:

- (i) Financial Indebtedness to the extent of the issue by the Issuer of further series and tranches of Bonds and under the subsequent advance under the Borrower Loan Agreement;
- (ii) Financial Indebtedness under ACFs the providers of which have acceded to the Common Terms Agreement and the STID,

which, in either case (above), will not result in a breach of the Additional Indebtedness Tests;

- (iii) any Financial Indebtedness arising under Treasury Transactions to which the Borrower and/or the Issuer is a party and Borrower Hedging Agreements and Issuer Hedging Agreements, in each case entered into in accordance with the Hedging Policy and, on or prior to the Initial Issue Date, any Hedging Agreement (as defined in the Existing Facilities Agreement);
- (iv) any Financial Indebtedness pursuant to such other arrangements as have been approved by the Qualifying Borrower Secured Creditors by way of an Extraordinary Voting Matter;

- (v) the amount of any liability under an advance or deferred purchase agreement if either (A) one of the primary reasons behind entering into the agreement is to raise finance or (B) the relevant payment is advanced or deferred for a period in excess of 90 days; and
- (vi) any overdraft owing to any bank, up to a maximum aggregate amount at any time of an amount up to 0.5% of RAB net of all current account balances held with such bank (it being understood that the provider(s) of any such overdraft will not be required to accede to the STID);
- (vii) any Financial Indebtedness under any finance leases, up to a maximum aggregate capitalised amount of 0.5% of RAB (such finance lessor in respect of such finance leases shall not be required to accede to the STID); and
- (viii) any Financial Indebtedness arising in the ordinary course of business of the Borrower under any standby letter of credit facility or similar ancillary facility up to a maximum aggregate amount at any time of up to 0.5% of RAB;
- (ix) Financial Indebtedness incurred under a Liquidity Facility Agreement;
- (x) in the case of the issue of Class B Bonds, if the Borrower has first obtained a Ratings Confirmation in respect of the Class A Bonds then outstanding;
- (xi) Financial Indebtedness incurred under a Permitted Secured Guarantee, **provided that** the aggregate value of all such Permitted Secured Guarantees does not exceed the Permitted Secured Guarantee Maximum Amount;
- (xii) Financial Indebtedness of any person acquired by a member of the Security Group after the Establishment Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of 60 days following the date of acquisition;
- (xiii) the provision of cash collateral by the Borrower which falls within paragraph (c) of the definition of Capex Independent LC Arrangements in clause 1.1 of the Initial Authorised Credit Facility Agreement and the grant of a Security Interest or Quasi-Security over such cash collateral; or

- (xiv) on or prior to the Initial Issue Date, Financial Indebtedness under the Existing Facilities Agreement; and
- (b) an Obligor (including, for the avoidance of doubt, the Borrower), that the relevant Obligor will be permitted to incur or to allow to remain outstanding only the following financial indebtedness after the Establishment Date:
  - (i) any Financial Indebtedness constituted by the guarantee of the Borrower's obligations under the Borrower Loan Agreements, the Capex Facility, the Revolving Facility, the Term Facility and any other ACF;
  - (ii) in respect of any Financial Indebtedness owed to any other Obligor;
  - (iii) in respect of any Financial Indebtedness under any Subordinated Intragroup Liabilities;
  - (iv) any Bankers Automated Clearing System indebtedness owed to any bank of which it is a customer and which provides payment clearing services to it;
  - (v) the amount of any liability under an advance or deferred purchase agreement if either (A) one of the primary reasons behind entering into the agreement is to raise finance or (B) the relevant payment is advanced or deferred for a period in excess of 90 days;
  - (vi) any Permitted Second Lien Guarantee, subject to the Borrower first obtaining a Ratings Confirmation; and
  - (vii) on or prior to the Initial Issue Date, Financial Indebtedness under the Existing Facilities Agreement;

**"Permitted Hedge Termination"** the termination of a Hedging Agreement in accordance with the provisions of schedule 5 (Hedging Policy and Overriding Provisions Relating to Hedging Agreements) to the Common Terms Agreement;

**"Permitted Inter-Company Loan"** any loan contemplated or referred to in the Reorganisation Steps;

**"Permitted Non-Regulated Business Limits"** in respect of all businesses which are not or are not expected to be or have never been or were never expected to be Permitted Businesses, that the average of any expenses incurred by the Borrower in connection with such businesses during the current Relevant Period and the immediately two preceding Relevant Periods does not exceed 2% of RAB;

**"Permitted Second Lien Guarantee"** those amounts under a secured guarantee granted by any Obligor in favour of a Second Lien Creditor;

**"Permitted Secured Guarantee"** those amounts under a secured guarantee granted by any Obligor in favour of a Permitted Secured Guarantee Beneficiary;

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| <b>"Permitted Secured Guarantee Beneficiary"</b>    | any party who is owed amounts by the Obligors under any Permitted Secured Guarantee and <b>"Permitted Secured Guarantee Beneficiaries"</b> means all of them;  |
| <b>"Permitted Secured Guarantee Liabilities"</b>    | the amounts owed by the Obligors to the Permitted Secured Guarantee Beneficiaries under any Permitted Secured Guarantee;   |
| <b>"Permitted Secured Guarantee Maximum Amount"</b> | the aggregate amount payable to the Permitted Secured Guarantee Beneficiaries from the proceeds of realisation or enforcement of all or part of the Borrower Security which shall not exceed £40 million;  |
| <b>"Permitted Transaction"</b>                      | means: <ul style="list-style-type: none"> <li>(a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising or permitted under the Finance Documents;</li> <li>(b) any payments or other transactions expressly contemplated in the Reorganisation Steps; and</li> <li>(c) any other transaction approved or consented to by the Borrower Security Trustee;</li> </ul>  |
| <b>"Permitted Variances"</b>                        | in respect of the Borrower, the difference between: <ul style="list-style-type: none"> <li>(a) the amount of regulatory capital expenditure actually incurred by the Borrower in the regulatory year immediately preceding the next price determination for the Borrower and the amount of regulatory capital expenditure assumed by the Regulator to be incurred by the Borrower during such regulatory year as at the date that the regulatory asset base, published by the Regulator for the regulatory year immediately following such price determination, is effective;</li> <li>(b) the net proceeds from disposals of regulatory assets actually achieved by the Borrower in the regulatory year immediately preceding the next price determination for the Borrower and the amount of the net proceeds from disposals of regulatory assets assumed by the Regulator to be achieved by the Borrower during such regulatory year as at the date that the regulatory asset base, published by the Regulator for the regulatory year immediately following such price determination, is effective;</li> <li>(c) the actual outcome in respect of any other item in the regulatory year immediately preceding the next price determination for the Borrower and the amount specifically assumed by the Regulator to be the outcome for such regulatory year as at the date that the regulatory asset base, published by the Regulator for the regulatory year immediately following such price determination, is effective,</li> </ul> |

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|  | in each case as certified by two directors (one of which being the Chief Financial Officer) of the Borrower in each Compliance Certificate in respect of which the Calculation Date for such Compliance Certificate falls in the regulatory year following the price determination for the Borrower and setting out the amount of each adjustment and the basis therefore;   |
| <b>"Plan"</b>                              | the Gatwick Airport Pension Plan;  |
| <b>"Plan Entity"</b>                       | each of (i) an "employee benefit plan" within the meaning of section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a "plan" within the meaning of and subject to section 4975 of the Code and (iii) any entity whose underlying assets include (or are deemed for the purposes of ERISA or Section 4975 of the Code to include) "plan assets" of the foregoing (i) or (ii) employee benefit plan or plan;  |
| <b>"Plan Fiduciary"</b>                    | any fiduciary or other person investing the assets of the Plan Entity;   |
| <b>"Potential Bond Event of Default"</b>   | any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Bond Event of Default, and assuming no intervening remedy), will become a Bond Event of Default;  |
| <b>"Potential Loan Event of Default"</b>   | any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Loan Event of Default, and assuming no intervening remedy), will become a Loan Event of Default;  |
| <b>"Preceding Business Day Convention"</b> | has the meaning given to it in Condition 5(b) ( <i>Business Day Convention</i> );  |
| <b>"Pre-hedges"</b>                        | derivative instruments such as forward starting interest rate swap transactions and/or inflation rate swap transactions with an effective date no later than 24 months from the date of entry into such Treasury Transaction, in respect of Financial Indebtedness which is projected to be incurred within 24 months from the date of entry into such Treasury Transactions and which would not, on the basis of the most recent projections of the Security Group, be projected to breach the Additional Indebtedness Tests at the projected date of incurrence; |
| <b>"Pricing Supplement"</b>                | the pricing supplement in respect of any Tranche of Exempt Bonds;  |
| <b>"Principal Amount Outstanding"</b>      | in relation to a Bond, Sub-Class or Class, the original face value thereof less any repayment of principal made to the holder(s) thereof in respect of such Bond, Sub-Class or Class;  |
| <b>"Principal Paying Agent"</b>            | Deutsche Bank Trust Company Americas (or its Successors thereto) as principal paying agent appointed under the Agency Agreement;   |



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| <b>"Programme"</b>                              | the £5,000,000,000 multicurrency bond programme established by the Issuer admitted to the Official List and authorised to trade on the London Stock Exchange, or Gatwick's Capital Investment Programme, depending on the context;   |
| <b>"Projected Excess Cashflow"</b>              | for the Relevant Period means the Borrower's projection as to the amount of surplus cash that, absent a Trigger Event, will be available to pay Restricted Payments in respect of the Relevant Period;   |
| <b>"Prospectus"</b>                             | any prospectus relating to the Bonds prepared in connection with the Programme and constituting (in the case of Bonds to be listed on a Stock Exchange), to the extent specified in it, a base prospectus for the purposes of the UK Prospectus Regulation as revised, supplemented or amended from time to time by the Issuer and, in relation to each Tranche of Bonds, the applicable Final Terms or Pricing Supplement (as the case may be) shall be deemed to be included in the Prospectus;  |
| <b>"Q4"</b>                                     | the previous quinquennium which ran from 2003 to 2008;   |
| <b>"Q5"</b>                                     | the current quinquennium which runs from 2008 to 2014;   |
| <b>"Q6"</b>                                     | the next quinquennium which will run from 2014 to 2018;  |
| <b>"QSM"</b>                                    | Quality of Services Monitor, which provides a measure of passenger satisfaction with certain airport services and facilities (i.e. cleanliness, ease of way-finding, flight information and seating);  |
| <b>"Qualified Institutional Buyer" or "QIB"</b> | a "qualified institutional buyer" within the meaning of Rule 144A;   |
| <b>"Qualifying Borrower Debt"</b>               | has the meaning given to it in sub-clause 10.1(c) of the STID;   |
| <b>"Qualifying Borrower Junior Creditor"</b>    | each Borrower Secured Creditor to which the relevant Qualifying Borrower Junior Debt is owed;  |
| <b>"Qualifying Borrower Junior Debt"</b>        | means: <ul style="list-style-type: none"> <li>(a) the principal amount outstanding under the Borrower Loan Agreements corresponding to the Class B Bonds;</li> <li>(b) the principal amount outstanding under the Initial Facilities at such time to the extent that such amount is designated as Junior Debt (ranking <i>pari passu</i> with other Junior Debt);</li> <li>(c) the amount owed by the Borrower to the Issuer in respect of the mark-to-market value of any transaction or transactions arising under Cross Currency Hedging Agreements in respect of the Class B Bonds to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transaction or transactions and which are closed out at such time;</li> </ul> |

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|   | (d) the mark-to-market value of any transaction or transactions arising under Cross Currency Hedging Agreements between a Cross Currency Hedge Counterparty and the Borrower to the extent that such value represents an amount which would be payable to the relevant Cross Currency Hedge Counterparties if an early termination date was designated at such time in respect of such transaction or transactions and which are closed out at such time;  |
|   | (e) the principal amounts outstanding under any other Authorised Credit Facility at such time ranking <i>pari passu</i> with the above;  |
| <b>"Qualifying Borrower Second Lien Creditors"</b>        | each Borrower Secured Creditor to which the relevant Second Lien Debt is owed;   |
| <b>"Qualifying Borrower Second Lien Secured Creditor"</b> | each Borrower Secured Creditor to which the relevant Second Lien Debt is owed;   |
| <b>"Qualifying Borrower Secured Creditors"</b>            | has the meaning given to it in sub-clause 10.1(c) ( <i>Relationship between Qualifying Borrower Senior Debt and Qualifying Borrower Junior Debt</i> ) of the STID;   |
| <b>"Qualifying Borrower Senior Creditor"</b>              | each Borrower Secured Creditor to which the relevant Qualifying Borrower Senior Debt is owed;  |
| <b>"Qualifying Borrower Senior Debt"</b>                  | at the relevant time: <ul style="list-style-type: none"> <li>(a) the principal amount outstanding under the Borrower Loan Agreements corresponding to the Class A Bonds;</li> <li>(b) the amount that would be owed by the Borrower to the Issuer equal to and in respect of the Outstanding Principal Amount of any transaction or transactions arising under Cross Currency Hedging Agreements in respect of the Class A Bonds;</li> <li>(c) the Outstanding Principal Amount of any transaction or transactions arising under Cross Currency Hedging Agreements between a Cross Currency Hedge Counterparty and the Borrower;</li> <li>(d) the principal amount outstanding or committed under the Initial Authorised Credit Facility Agreement at such time to the extent that such amount is designated as Senior Debt (ranking <i>pari passu</i> with other Senior Debt);</li> <li>(e) the principal amounts outstanding or committed under any other Authorised Credit Facility at such time ranking <i>pari passu</i> with the above;</li> </ul> |

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| <b>"Quasi-Security"</b>                 | a transaction or arrangement entered into primarily as a method of raising Financial Indebtedness or of the financing of the acquisition of an asset whereby an Obligor purports to: <ul style="list-style-type: none"> <li>(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or reacquired by an Obligor or any other member of the Security Group;</li> <li>(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;</li> <li>(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or</li> <li>(d) enter into any other preferential arrangement having a similar effect;</li> </ul> |
| <b>"quinquennium"</b>                   | a period of five years, running between years of review by the CAA;   |
| <b>"Quorum Requirement"</b>             | means: <ul style="list-style-type: none"> <li>(a) in relation to an Ordinary Voting Matter, the percentage set forth in clause 14.2 (<i>Quorum Requirement</i>) of the STID;</li> <li>(b) in relation to an Extraordinary Voting Matter, the percentages set forth in clause 15.2 (<i>Quorum Requirement for an Extraordinary Voting Matter</i>) of the STID; and</li> <li>(c) in relation to an Enforcement Instruction Notice, a Further Instruction Notice and a Direction Notice, the percentage set forth in clause 18.3 (<i>Quorum and voting requirements in respect of an Enforcement Instruction Notice and a Further Enforcement Instruction Notice</i>) of the STID;</li> </ul>  |
| <b>"RAB" or "Regulatory Asset Base"</b> | in respect of the Borrower as at any date, the sum of (a) the Regulatory RAB as at such date and (b) the Transfer RAB as at such date;  |
| <b>"RAB-Eligible Capex"</b>             | any Capital Expenditure which the Borrower reasonably expects to be brought into account by the relevant Regulator in the RAB as at the following Review Date;  |
| <b>"Rate Hedging Agreement"</b>         | any Hedging Agreement with a Hedge Counterparty in respect of any interest rate hedging or inflation or inflation-linked transaction;   |
| <b>"Rating Agencies"</b>                | those rating agencies which are mandated by the Issuer and which are from time to time providing ratings for the Bonds issued by the Issuer, which as on the date of this Prospectus are S&P and Fitch;   |

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| <b>"Rating Agency Criteria"</b> | <p>the criteria set out in:</p> <ul style="list-style-type: none"> <li>(a) the publication entitled "Fitch Ratings: Structured Finance – Counterparty Criteria for Structured Finance Transactions" dated 22 October 2009 taking into account any replacement of, or amendments or supplements to, such criteria after its date of publication; and</li> <li>(b) the S&amp;P publication entitled "Counterparty and Supporting Party Obligations, Methodology and Assumptions" dated 6 December 2010, taking into account any replacement of, or amendments or supplements to, such criteria after its date of publication.</li> </ul> |
| <b>"Ratings Confirmation"</b>   | <p>in respect of a proposed action means a confirmation in writing by the relevant Rating Agencies mandated by the Issuer from time to time (who give such Ratings Confirmations as a part of their mandate), in respect of each class of the relevant Bonds, to the effect that the then ratings on such class of Bonds would not be reduced below the lower of (a) the credit ratings of such Bonds as at their Issue Date or (b) the then current credit ratings (before the proposed action);</p>  |
| <b>"Receiptholders"</b>         | <p>has the meaning given to it in the Conditions;</p>  |
| <b>"Receipts"</b>               | <p>a receipt attached on issue to a Definitive Bond redeemable in instalments for the payment of an instalment of principal and includes any replacements for Receipts and Talons issued pursuant to Condition 13 (<i>Replacement of Bonds, Coupons, Receipts and Talons</i>);</p>   |
| <b>"Receiver"</b>               | <p>any receiver, manager, receiver and manager or administrative receiver who (in the case of an administrative receiver) is a qualified person in accordance with the Insolvency Act 1986 and who is appointed:</p> <ul style="list-style-type: none"> <li>(a) by the Borrower Security Trustee under the Security Documents in respect of the whole or any part of the Borrower Security; or</li> <li>(b) by the Issuer Security Trustee under the Issuer Deed of Charge in respect of the whole or any part of the Issuer Security;</li> </ul>  |
| <b>"Record Date"</b>            | <p>has the meaning given to it in Condition 8(b) (<i>Registered Bonds</i>);</p>  |
| <b>"Redemption Amount"</b>      | <p>the amount provided under Condition 7(d) (<i>Optional Redemption</i>), unless otherwise specified in the relevant Final Terms or Pricing Supplement (as the case may be);</p>   |
| <b>"Redemption Date"</b>        | <p>the date on which all required interest payments are due on the Bonds (excluding accrued but unpaid interest to the date on which the Bonds are to be redeemed);</p>  |
| <b>"Redemption Rate"</b>        | <p>the sum of the Relevant Swap Mid Curve Rate and 0.50% per annum or, if it is not possible to determine the Relevant Swap Mid Curve Rate, the sum of such rate as may be approved by the Bond Trustee and 0.50% per annum;</p>   |

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| <b>"Reference Banks"</b>                         | <p>(a) in relation to the Bonds, has the meaning given to such term in Condition 5(j) (<i>Definitions</i>);</p> <p>(b) in relation to the Liquidity Facility Agreement means the principal London offices of the Initial Liquidity Facility Providers or such banks as may be appointed as such by the Liquidity Facility Agent after consultation with the Borrowers and the Liquidity Facility Providers;</p>   |
| <b>"Reference Date"</b>                          | has the meaning, as context requires, given to it in Condition 7(d)(i) ( <i>Optional Redemption</i> );  |
| <b>"Reference German Bund Dealer"</b>            | any dealer of German Bundesanleihe securities appointed by the Financial Adviser;   |
| <b>"Reference German Bund Dealer Quotations"</b> | with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Financial Adviser of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference German Bund Dealer at or about 3.30 pm (Frankfurt, Germany time) on the Reference Date;  |
| <b>"Reference Gilt"</b>                          | the United Kingdom Government Stock specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) for so long as such stock is in issue, and thereafter such issue of index-linked United Kingdom Government Stock whose duration most closely matches the average life of the relevant Indexed Bonds determined to be appropriate by an indexation advisor;   |
| <b>"Reference Price"</b>                         | has the meaning given to it in the relevant Final Terms or Pricing Supplement (as the case may be);   |
| <b>"Register"</b>                                | has the meaning given to it in sub-clause 10.2(a) of the Agency Agreement;  |
| <b>"Registered Bonds"</b>                        | those Bonds which are for the time being in registered form;  |
| <b>"Registered Definitive Bond"</b>              | a Registered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and these presents either on issue or in exchange for a Registered Global Bond or part thereof (all as indicated in the applicable Final Terms or Pricing Supplement (as the case may be)), such Registered Definitive Bond being in the form or substantially in the form set out in part 8 of the schedule 2 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms or Pricing Supplement (as the case may be) and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms or Pricing Supplement (as the case may be) endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon; |

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| <b>"Registered Global Bond"</b>   | a Regulation S Global Bond and/or a Rule 144A Global Bond, as the context may require;   |
| <b>"Registrar"</b>                | Deutsche Bank Trust Company Americas as registrar under the Agency Agreement and any other entity appointed as a registrar under the Agency Agreement;   |
| <b>"Regulation S"</b>             | Regulation S under the Securities Act;   |
| <b>"Regulation S Bonds"</b>       | any Bonds which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S;  |
| <b>"Regulation S Global Bond"</b> | a registered global note in the form or substantially in the form set out in part 7 of the schedule 2 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms or Pricing Supplement (as the case may be) annexed thereto, comprising some or all of the Registered Bonds of the same Class or Sub-Class sold to non-US persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trustee;   |
| <b>"Regulators"</b>               | the CAA and the Competition Commission, and any other additional or replacement governmental authority which may from time to time regulate the Borrower's businesses or who promulgates regulations with which the Borrower is required to comply;  |
| <b>"Regulatory Accounts"</b>      | the financial information of the Borrower prepared in the form required (for so long as it is required) by the "accounts condition" to the Borrower's permission to levy airport charges;  |
| <b>"Regulatory Period"</b>        | the period in respect of which the maximum charges to airport users are fixed by (currently) the Civil Aviation Authority (currently a five year period);  |
| <b>"Regulatory RAB"</b>           | means: <ul style="list-style-type: none"> <li>(a) in respect of the calculation of "Senior RAR", the Carpark Asset Value plus the regulatory asset base of the Borrower as set out in the latest published Regulatory Accounts plus cumulative regulatory capital expenditure spent or to be spent by the Borrower to the last date used in the Relevant Period for testing the relevant financial ratio plus indexation to the last date used in the Relevant Period for testing the relevant financial ratio less (i) regulatory depreciation (as adjusted for indexation) to the last date used in the Relevant Period for testing the relevant financial ratio and (ii) (A) the net proceeds forecast to be received from any disposal of regulatory assets to the last date used in the Relevant Period for testing the relevant financial ratio or (B), where such amount differs, the amount the Borrower reasonably expects the Regulator to apply in reduction of the Borrower's regulatory asset base as a consequence of such projected disposal; or</li> </ul> |

- (b) in any other case, the Carpark Asset Value plus the regulatory asset base of the Borrower as set out in the latest published Regulatory Accounts plus cumulative regulatory capital expenditure spent by the Borrower to the relevant Calculation Date plus indexation to the relevant Calculation Date less (i) regulatory depreciation (as adjusted for indexation) to the relevant Calculation Date and (ii) the net proceeds received (or due to be received) from any disposal of regulatory assets on or before the relevant Calculation Date;

**provided that:**

- (i) the regulatory asset base of the Borrower shall be the regulatory asset base after any profiling (as adjusted for indexation) that may be applied by the Regulator in accordance with the most recent price determination for the Borrower;
- (ii) if the opening regulatory asset base for the Borrower as specified in the Regulatory Accounts for the first regulatory year is not equal to the regulatory asset base published by the Regulator as the opening regulatory asset base for that regulatory year, the Regulatory RAB shall be determined not by reference to the regulatory asset base published in the Regulatory Accounts but instead by reference to the opening regulatory asset base published by the Regulator as adjusted by the Borrower for any Permitted Variances;
- (iii) if any Regulator has stated in any correspondence or other communication with the Borrower that any capital expenditure which the Borrower in its Regulatory Accounts has accounted for or expects will be accounted for as regulatory capital expenditure will not be included in the regulatory asset base of the Borrower for the start of the regulatory year immediately following the next price determination, the amount of such regulatory capital expenditure shall be excluded as part of the calculation of the Regulatory RAB;

- (iv) if any Regulator has stated in any correspondence or other communication with the Borrower that the aggregate amount it will apply as a deduction from the regulatory asset base of the Borrower for the start of the regulatory year immediately following the next price determination on account of disposals of regulatory assets will differ from the aggregate amount of deductions from the regulatory asset base of the Borrower accounted for by the Borrower as a consequence of disposals of regulatory assets in its Regulatory Accounts, the amount by which the Regulator's deduction exceeds or is less than the amount deducted by the Borrower from its regulatory asset base in its Regulatory Accounts shall be deducted from (in the case of an excess) or added to (in the case of any shortfall) the regulatory asset base as part of the calculation of Regulatory RAB; and
- (v) if the Auditors qualify their statement of opinion in relation to any regulatory capital expenditure included by the Borrower in the regulatory asset base of the Borrower as specified in the Regulatory Accounts, the amount of the regulatory capital expenditure to which such qualification relates shall be excluded as part of the calculation of the Regulatory RAB;

**"Relevant Currency"**

the currency specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is specified, the currency in which the Bonds are denominated;

**"Relevant Debt"**

(without double counting) the aggregate, at the time, of the outstanding:

- (a) Qualifying Borrower Senior Debt, excluding for these purposes any mark-to market value of any transactions under Cross Currency Hedging Agreements and the principal amount outstanding under the Revolving Facility at such time;
- (b) Qualifying Borrower Junior Debt, excluding for these purposes any mark-to market value of any transactions under Cross Currency Hedging Agreements;
- (c) the Principal Amount Outstanding under the Class A Bonds; and
- (d) the Principal Amount Outstanding under the Class B Bonds.

**provided that** for the purposes of calculating Relevant Debt only, non-sterling denominated debt shall be deemed to be converted to sterling at the rate specified in the relevant Cross-Currency Hedging Agreement related to the relevant non-sterling denominated debt.



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| <b>"Relevant EBITDA"</b>           | consolidated earnings before interest, tax, depreciation and amortisation and pre-exceptional costs (revenues minus expenses) in respect of the business of the Security Group insofar as such business was brought into account or not expressly disallowed by the CAA for any price determination previously published by the Regulator for the Borrower for the purpose of imposing price caps pursuant to section 40(4) of the Airports Act prior to its repeal;  |
| <b>"Relevant Financial Centre"</b> | with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Agent Bank (or the Calculation Agent, if applicable);   |
| <b>"Relevant Interest Rate"</b>    | the rate of interest for deposits in the currency of the relevant Bonds and of a duration equal to the length of the Interest Period (other than the first or last Interest Period, if different) of the relevant Bonds as determined as at or about the time for determining the interest rate quotations in the currency of the relevant Bonds in accordance with market practice on the Reference Date by reference to the Reuters screen (if the relevant Bonds are denominated in sterling) LIBOR01, (if the relevant Bonds are denominated in euro) EURIBOR01 or (if the relevant Bonds are denominated in a currency other than sterling or euro) specified in the relevant Final Terms or Pricing Supplement (as the case may be) or such other page as may replace such page or, if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Bond Trustee) as may replace the Reuters screen; |
| <b>"relevant month"</b>            | any month in relation to the Index Figure which is required to be taken into account for the purposes of the determination of the Index Figure;   |
| <b>"Relevant Multiple"</b>         | the multiple determined by dividing the Relevant Transfer Value by the sum of the Relevant EBITDA for the three financial years of the Borrower prior to the Relevant Transfer Date as determined by reference to the audited financial statements of the Borrower for such financial years divided by three;   |
| <b>"Relevant Period"</b>           | <p>in respect of,</p> <p>(a) any Calculation Date which falls in the month of December:</p> <p style="padding-left: 40px;">(i) the period of 12 months ending on that Calculation Date in December;</p> <p style="padding-left: 40px;">(ii) the period of 12 months starting on that Calculation Date in December; and</p> <p style="padding-left: 40px;">(iii) each of the two subsequent 12 month periods immediately following the end of the period referred to in (ii) above,</p> <p>provided that, in respect of the Calculation Date which falls in December 2019, (a)(i) above refers to the period of 9 months ending on that Calculation Date in December 2019, or</p>  |

- (b) any Calculation Date which falls in a month other than December:
  - (i) the period of 12 months ending on that Calculation Date;
  - (ii) the period of 12 months ending on 31 December in the same calendar year; and
  - (iii) each of the two subsequent 12 month periods immediately following the end of the period referred to in (ii) above,

provided that the Relevant Period in respect of the Calculation Date which falls in March 2020 is limited to the 12 months ending on that Calculation Date;

**"relevant persons"**

all persons to whom the Prospectus is being directed, such persons being persons who (i) are outside the UK or (ii) are persons who have professional experience in matters relating to investments falling within Article 19(1) of the Order or (iii) are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order;

**"Relevant Rate"**

the offered rate for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Pricing Supplement (as the case may be));

**"Relevant Screen Page"**

has the meaning given to it in Condition 5(j) (*Definitions*);

**"Relevant Swap Mid Curve Rate"**

the mid-point of the bid-side and offer-side rates for the fixed leg of a hypothetical interest rate swap with a notional profile equal to the interest profile applicable to the relevant Sub-Class of Bonds to be redeemed to (but excluding) the Scheduled Redemption Date, with the same payment dates as the relevant Bonds, against a floating leg of the Relevant Interest Rate, with no spread, where such hypothetical interest rate swap is between two highly-rated (AA- or equivalent or higher) and fully collateralised market counterparties (the Relevant Swap Mid Curve Rate shall be determined by a financial adviser (nominated by the Issuer and approved by the Bond Trustee) using its standard valuation methodology (as at the date of calculation) as at or about the time for determining the interest rate quotation in the currency of the relevant Bonds in accordance with market practice on the Reference Date);

**"Relevant Time"**

with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offer rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

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| <b>"Relevant Transfer Date"</b>     | the first date from which a business of the Borrower which was brought into account by the CAA for the price determination for any Regulatory Period for the purpose of imposing price caps pursuant to Section 40(4) of the Airports Act ceases to be brought into account for such purpose;  |
| <b>"Relevant Transfer Value"</b>    | in respect of any business of the Borrower which was brought into account by the CAA for the price determination for any Regulatory Period for the purpose of imposing price caps pursuant to Section 40(4) of the Airports Act and which ceases to be brought into account for such purpose, unless and until a transfer value has been published by the CAA for such business representing the reduction in the regulatory asset base of the Borrower as determined by the CAA, the transfer value attributed by the Borrower to such business in its most recent Regulatory Accounts and, following publication by the CAA of a transfer value for such business, such published transfer value excluding, in either case, the transfer value published by the CAA or attributed by the Borrower to any assets which are held by a Joint Venture; |
| <b>"Reorganisation Steps"</b>       | the Reorganisation and Refinancing Legal Steps Document produced by Slaughter and May dated on the Establishment Date;   |
| <b>"Repeated Representations"</b>   | the representations set out in paragraphs 1 ( <i>Status</i> ) to 4 ( <i>Non-conflict</i> ) inclusive, 6 ( <i>Validity and admissibility in evidence</i> ), 26 ( <i>Centre of Main Interests</i> ) and 30 ( <i>Property</i> ) of schedule 1 ( <i>General Representations</i> ) to the Common Terms Agreement;   |
| <b>"Representative Amount"</b>      | with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Pricing Supplement (as the case may be) as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;   |
| <b>"Required Redemption Amount"</b> | the amount calculated in accordance with the following formula:  |

$$(RP * P)$$

Where:

- "RP" = the amount of the relevant Restricted Payment made or proposed to be made (excluding (i) any refinancing of or any payments made in respect of any Second Lien Debt which was incurred prior to any such Standby Drawing(s)) and (ii) any Tax payments expressly contemplated by the Reorganisation Steps;
- "P" = LC/FCA
- "LC" = the aggregate amount of the outstanding Standby Drawings at such time; and
- "FCA" = the Total Commitments;

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| <b>"Requisite Rating"</b>             | a minimum long-term rating from each of the Rating Agencies of at least BBB+ or, in each case, such other lower rating which is consistent with the published criteria (relevant for the applicable counterparty) of the relevant Rating Agencies;   |
| <b>"Reserved Matter(s)"</b>           | has the meaning given to it in schedule 3 to the STID;   |
| <b>"Reset Date"</b>                   | has the meaning given to it in the ISDA Definitions;   |
| <b>"Restricted Payment"</b>           | <p>(i) any payment under or in respect of any guarantee granted to any creditor subordinated to the Borrower Secured Creditors pursuant to the STID, (ii) any payment (including any payments of distributions, dividends, bonus issues, return of capital, fees, interest, principal, payments for the surrender of group relief or other amounts whatsoever) (by way of loan or repayment of any loan or otherwise) (in cash or in kind) to any direct or indirect affiliate of an Obligor which is not itself an Obligor or the Issuer (excluding any such payment made on the Initial Issue Date out of part of the proceeds of the initial issuance of Bonds), and (iii) any payment under or in respect of Second Lien Debt, other than:</p> <p>(a) payments made pursuant to and in accordance with any contracts entered into with any sponsor in compliance with the covenants set out in the Common Terms Agreement <b>provided that</b> the aggregate value of such payments are no greater than 0.25% of RAB per calendar year;</p> <p>(b) payments made pursuant to any Permitted Inter-Company Loan between Obligors; or</p> <p>(c) Tax payments expressly contemplated by the Reorganisation Steps;</p> |
| <b>"Restricted Payment Condition"</b> | <p>a condition which will be satisfied if:</p> <p>(a) no Loan Event of Default or Potential Loan Event of Default is subsisting or would result from the making of the Restricted Payment;</p> <p>(b) no Trigger Event is subsisting or would result from the making of the Restricted Payment;</p> <p>(c) the Restricted Payment is made within:</p> <p>(i) in respect of a Calculation Date falling in December or June the 90 day period commencing on the date of delivery of the most recent Compliance Certificate or, if later, the date on which any Financial Statements required to be delivered with such Compliance Certificate are delivered;</p> <p>(ii) in respect of a Calculation Date falling in September or March, within the 60 day period commencing on such Calculation Date; or</p> <p>(iii) in respect of a Calculation Date falling on an Issue Date, within the 15 day period commencing on such Calculation Date,</p>  |

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|                             | and <b>provided that</b> the most recent Compliance Certificate and any Financial Statements required to be delivered with such Compliance Certificate are delivered within such period and on or prior to the date on which the Restricted Payment is made;   |
| "Reuters"                   | the Reuters Money 3000 Service;  |
| "Review Date"               | the date falling at the end of each Regulatory Period from which the regulatory asset base published by the Regulator is effective;  |
| "Revolving Facility"        | the revolving loan facility made available under the Initial Authorised Credit Facility Agreement;   |
| "Revolving Facility Loan"   | a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan;  |
| "RPI"                       | the Retail Prices Index;   |
| "RPI+/-X basis"             | the Retail Prices Index plus or minus an amount;   |
| "Rule 144A "                | Rule 144A under the Securities Act (as amended);   |
| "Rule 144A Bonds"           | a registered global note in the form or substantially in the form set out in part 7 of schedule 2 of the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms or Pricing Supplement (as the case may be) annexed thereto, comprising some or all of the Registered Bonds of the same Class or Sub-Class sold to Qualified Institutional Buyers in reliance on Rule 144A, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trustee; |
| "Rule 144A Global Bond"     | any Rule 144A Bonds represented by a Global Bond;  |
| "S&P"                       | Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. or any successor to the rating business of Standard & Poor's Rating Services;   |
| "Santander UK"              | Santander UK plc;  |
| "Santander UK Group"        | Santander UK Group Holdings plc and its subsidiaries;  |
| "SARS"                      | Severe Acute Respiratory Syndrome;   |
| "Scheduled Redemption Date" | has the meaning given to it in Condition 5(j) ( <i>Definitions</i> );  |
| "Screen Rate Determination" | has the meaning given to it in Condition 5(c) ( <i>Floating Rate Bonds</i> );  |
| "SEC"                       | United States Securities and Exchange Commission;  |
| "Second Lien Creditor"      | each Borrower Secured Creditor to which Second Lien Debt is owed;  |
| "Second Lien Debt"          | any Financial Indebtedness incurred by a holding company (direct or indirect) of the Security Parent, the creditors in respect of which have acceded to the STID as Qualifying Borrower Second Lien Secured Creditors;   |

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| <b>"Secured Creditor Representative"</b> | the representative of a Borrower Secured Creditor appointed in accordance with clause 9 ( <i>Appointment of Representatives</i> ) of the STID;   |
| <b>"Secured Creditors"</b>               | the Borrower Secured Creditors and the Issuer Secured Creditors;   |
| <b>"Securities Act"</b>                  | the United States Securities Act of 1933 (as amended);   |
| <b>"Securitisation Tax Regulations"</b>  | UK Taxation of Securitisation Companies Regulations 2006;  |
| <b>"Security Documents"</b>              | means: <ul style="list-style-type: none"> <li>(a) the Borrower Security Agreement;</li> <li>(b) the Jersey Security Interest Agreement;</li> <li>(c) the STID and each deed of accession thereto, together with any deed supplemental to the STID and referred to in the STID as a "Supplemental Deed"; and</li> <li>(d) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Borrower Secured Creditor in respect of the Borrower Secured Liabilities;</li> </ul>   |
| <b>"Security Group"</b>                  | the Security Parent, GAL, Ivy Bidco Limited and any other Subsidiary of any member of the foregoing (other than the Issuer) which accedes, <i>inter alia</i> , to the Common Terms Agreement and the STID in accordance with the terms of the Transaction Documents;   |
| <b>"Security Interest"</b>               | means: <ul style="list-style-type: none"> <li>(a) any mortgage, pledge, lien, charge, assignment or hypothecation or other encumbrance securing any obligation of any person;</li> <li>(b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or</li> <li>(c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;</li> </ul> |
| <b>"Security Parent"</b>                 | Ivy Holdco Limited;  |
| <b>"Senior Debt"</b>                     | any financial accommodation that is, for the purposes of the STID, to be treated as Senior Debt and includes: <ul style="list-style-type: none"> <li>(a) all Qualifying Borrower Senior Debt;</li> <li>(b) all Permitted Secured Guarantee Liabilities;</li> </ul>   |

- (c) the amount owed by the Borrower to the Issuer in respect of the mark-to-market value of any transaction or transactions arising under Hedging Agreements (other than Cross Currency Hedging Agreements) in respect of the Class A Bonds or any Authorised Credit Facility to the extent that such value represents an amount which would be payable to the relevant Hedge Counterparties on an early termination date designated at such time (if any) in respect of such transaction or transactions and which are closed out at such time;
- (d) the mark-to-market value of any transaction or transactions arising under Hedging Agreements (other than Cross Currency Hedging Agreements) between a Hedge Counterparty and the Borrower to the extent that such value represents an amount which would be payable to the relevant Hedge Counterparties on an early termination date designated at such time (if any) in respect of such transaction or transactions and which are closed out at such time;
- (e) the aggregate amount of all accretions by indexation to the notional amount of any inflation-linked Treasury Transactions;

**"Senior Debt Amount"**

at the relevant time of calculation, the sum of (i) the Outstanding Principal Amount under the Authorised Credit Facilities which constitutes Senior Debt and (ii) the Principal Amount Outstanding of the Class A Bonds;

**"Senior ICR"**

for any Relevant Period, the ratio of (a) Cashflow from Operations of the Borrower (after adding back any cash outflows of a one-off, non-recurring extraordinary or exceptional nature in respect of the Borrower and excluding extraordinary revenues), less corporation tax paid to HMRC, less two per cent. of RAB to (b) interest, commitment fees and equivalent recurring finance charges (excluding, for the avoidance of doubt, amounts used to repay accretions by indexation to the notional amount of any inflation-linked Treasury Transactions) paid or, in the case of forward looking ratios, forecasted to be paid on Senior Debt, the Liquidity Facility and any Permitted Financial Indebtedness that is not, pursuant to the STID, subordinated to such Senior Debt (less all interest received or, in the case of forward looking ratios, interest forecasted to be received by any Obligor from any third party other than pursuant to a Permitted Inter-Company Loan);

**"Senior RAR"**

the ratio of: (a) the sum of: (i) Senior Debt (other than amounts committed but not outstanding under an Authorised Credit Facility); plus (ii) amounts drawn on the Liquidity Facility (other than in respect of a Standby Drawing) and amounts drawn from the Liquidity Standby Account; plus (iii) any Permitted Financial Indebtedness (other than the CCF Debt) incurred pursuant to paragraphs (a)(iv) to (a)(viii) of the definition thereof that is not, pursuant to the STID, subordinated to the Senior Debt; less (iv) amounts held in Authorised Investments or cash in any Borrower Account (excluding any Excluded Cash); to (b) RAB;

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| <b>"Series"</b>                          | a Tranche of Bonds together with any further Classes, Sub-Classes or Tranches of Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions <b>"Bonds of the relevant Series"</b> , <b>"holders of Bonds of the relevant Series"</b> and related expressions shall (where appropriate) be construed accordingly; |
| <b>"Service Quality Regime"</b>          | Gatwick's specified standards of service (of which QSM and security queuing targets are components) and associated rebates published by the CAA;  |
| <b>"Similar Law"</b>                     | any federal, state, local or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code;  |
| <b>"Solvency II Regulation"</b>          | Regulation (EU) No. 2015/35;  |
| <b>"SONIA"</b>                           | the Sterling Overnight Index Average;   |
| <b>"specified"</b>                       | as the same may be specified in the relevant Final Terms or Pricing Supplement (as the case may be);  |
| <b>"Specified Currency"</b>              | subject to any applicable legal or regulatory restrictions, euro, sterling, U.S. dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer, the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms or Pricing Supplement (as the case may be);   |
| <b>"Specified Denominations"</b>         | has the meaning given to it in the relevant Final Terms or Pricing Supplement (as the case may be);   |
| <b>"Specified Duration"</b>              | with respect to any Floating Rate (as defined in the ISDA Definitions) to be determined on an Interest Determination Date, the period or duration specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if none is specified, a period of time equal to the relative Interest Period;  |
| <b>"SQR"</b>                             | Service Quality Regime;   |
| <b>"SRG"</b>                             | CAA Safety Regulation Group;  |
| <b>"SSA"</b>                             | the shared services agreement between GAL and BAA when GAL was owned by BAA;  |
| <b>"Stabilisation Manager"</b>           | the Dealer or Dealers (if any) named as the stabilisation manager(s) in connection with the issue of any Tranche of Bonds;  |
| <b>"Standard Liquidity Loan Drawing"</b> | in relation to a Liquidity Loan Drawing, the amount of that Liquidity Loan Drawing multiplied by the proportion that the Liquidity Facility Amount bears to the aggregate of the Available Standby Amount and the Liquidity Facility Amount;  |



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| <b>"Standby Drawing"</b>           | a drawing made under the Liquidity Facility Agreement as a result of a downgrade of a Liquidity Facility Provider below the Requisite Rating in accordance with clause 9 ( <i>Rating Downgrade</i> ) of the Liquidity Facility Agreement or in the event that the Liquidity Facility Provider fails to renew its Commitment pursuant to clause 3.5 ( <i>Substitute Liquidity Facility</i> ) of the Liquidity Facility Agreement; |
| <b>"Step-Up Fixed Fee Rate"</b>    | the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such rate is specified, zero;  |
| <b>"Step-Up Floating Fee Rate"</b> | the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Pricing Supplement (as the case may be) or, if no such rate is specified, zero;  |
| <b>"Sterling Bonds"</b>            | any Bonds of each Sub-Class denominated in sterling;   |
| <b>"STID"</b>                      | the security trust and intercreditor deed entered into on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) between, among others, the Borrower Security Trustee, the Obligors, the Issuer Security Trustee, the Bond Trustee and any other party which accedes thereto, together with any deed supplemental to the STID as a <b>"Supplemental Deed"</b> ;                            |
| <b>"STID Proposal"</b>             | a proposal or request made by the Borrower in accordance with the STID proposing or requesting the Borrower Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document;   |
| <b>"STID Voting Request"</b>       | has the meaning given to it in clause 12.7 ( <i>STID Voting Request</i> ) of the STID;   |
| <b>"Stock Exchange"</b>            | the London Stock Exchange or any other or further stock exchange(s) on which any Bonds may from time to time be listed, and references to the <b>"relevant Stock Exchange"</b> shall, in relation to any Bonds, be references to the Stock Exchange on which such Bonds are, from time to time, or are intended to be, listed;   |
| <b>"Sub-Advance"</b>               | a sub-division of any Advance made under the relevant Borrower Loan Agreement;   |
| <b>"Sub-Class"</b>                 | with respect to a Class of Bonds, those Bonds which are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Price, such Sub-Class comprising one or more Tranches of Bonds;  |

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| <b>"Subordinated Class A Step-Up Fee Amounts"</b> | in respect of Class A Bonds which are Fixed Rate Bonds or Indexed Bonds, any amounts (other than deferred interest) of step-up fee at the rate specified in the relevant Final Terms or Pricing Supplement (as the case may be) to be payable on such Class A Bonds in excess of the initial Coupon as at the date on which such Class A Bonds were issued and, in the case of Class A Bonds which are Floating Rate Bonds, any amounts (other than deferred interest) of step-up fee at the rate specified in the relevant Final Terms or Pricing Supplement (as the case may be) to be payable on such Class A Bonds in excess of the initial margin on the Coupon on such Class A Bonds as at the date on which such Class A Bonds were issued; |
| <b>"Subordinated Class B Step-Up Fee Amounts"</b> | in respect of Class B Bonds which are Fixed Rate Bonds or Indexed Bonds, any amounts (other than deferred interest) of step-up fee at the rate specified in the relevant Final Terms or Pricing Supplement (as the case may be) to be payable on such Class B Bonds in excess of the initial Coupon as at the date on which such Class B Bonds were issued and, in the case of Class B Bonds which are Floating Rate Bonds, any amounts (other than deferred interest) of step-up fee at the rate specified in the relevant Final Terms or Pricing Supplement (as the case may be) to be payable on such Class B Bonds in excess of the initial margin on the Coupon on such Class B Bonds as at the date on which such Class B Bonds were issued; |
| <b>"Subordinated Hedge Amounts"</b>               | Borrower Subordinated Hedge Amounts and Issuer Subordinated Hedge Amounts and <b>"Subordinated Hedge Amount"</b> means either of them;   |
| <b>"Subordinated Intragroup Creditor"</b>         | Bidco and any entity which accedes to the STID as a Subordinated Intragroup Creditor in the form set out in part 4 ( <i>Form of Accession Memorandum (New Subordinated Intragroup Creditor)</i> ) of schedule 1 ( <i>Form of Accession Memorandum</i> ) to the STID;   |
| <b>"Subordinated Intragroup Liabilities"</b>      | all present and future liabilities any time of the Security Parent to a Subordinated Intragroup Creditor, in respect of any Financial Indebtedness;  |
| <b>"Subordinated Step-Up Fee Amounts"</b>         | the Subordinated Class A Step-Up Fee Amounts and the Subordinated Class B Step-Up Fee Amounts;   |
| <b>"Subscription Agreement"</b>                   | an agreement supplemental to the Dealership Agreement (by whatever name called) substantially in the form set out in appendix 5 to the Dealership Agreement or in such other form as may be agreed between, among others, the Issuer and the Lead Manager or one or more Dealers (as the case may be);   |
| <b>"Subsidiary"</b>                               | means: <ul style="list-style-type: none"> <li>(a) a subsidiary within the meaning of section 1159 of the Companies Act; and</li> <li>(b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act;</li> </ul>   |
| <b>"Substitute Liquidity Facility Agreement"</b>  | has the meaning given to it in clause 3.5 (Substitute Liquidity Facility) of the Liquidity Facility Agreement;   |

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| <b>"sub-unit"</b>  | in the case of any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;   |
| <b>"Successor"</b>   | in relation to the Principal Paying Agent, the other Paying Agents, the Registrar, the Transfer Agent, the Agent Bank and the Calculation Agent, any successor to any one or more of them in relation to the Bonds which shall become such pursuant to the provisions of the Bond Trust Deed and/or the Agency Agreement (as the case may be) and/or such other or further principal paying agent, paying agents, registrar, transfer agent, agent bank and calculation agent (as the case may be) in relation to the Bonds as may (with the prior approval of, and on terms previously approved by, the Bond Trustee in writing) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agent being within the same city as the office(s) for which it is substituted) as may from time to time be nominated, in each case by the Issuer and the Obligors, and (except in the case of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Bondholders; |
| <b>"Supplemental Deed"</b>                                 | a deed supplemental to the STID entered into by the Borrower Security Trustee on its own behalf and on behalf of the Borrower Secured Creditors in the circumstances referred to in clause 2.1 (Accession of Additional Borrower Secured Creditor) or clause 3 (Additional Finance Documents) of the STID;   |
| <b>"Talonholders"</b>                                      | the several persons who are for the time being holders of the Talons;  |
| <b>"Talons"</b>  | the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Bonds, such talons being in the form or substantially in the form set out in part 6 (Form of Talon) of schedule 1 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 13 ( <i>Replacement of Bonds, Coupons, Receipts and Talons</i> );  |
| <b>"TARGET Settlement Day" or "TARGET2 Settlement Day"</b> | any day on which the TARGET2 System is open;   |
| <b>"TARGET2 System"</b>                                    | the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) or any successor thereof;  |
| <b>"Tax"</b>   | any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and Taxes, taxation, taxable and comparable expressions will be construed accordingly;  |
| <b>"Tax Credit"</b>  | has the meaning given to it in the relevant ISDA Master Agreement;   |

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|---------------------------------------|---|
| <b>"Tax Deed"</b>                     | the Tax Deed to be entered into on the Establishment Date (as amended, restated, novated and/or supplemented from time to time) by (among others) the Obligors, Issuer, Borrower Security Trustee and Bond Trustee, covering, in particular, the past, present and future grouping and other tax-related arrangements of the Obligors and the Issuer;   |
| <b>"Temporary Bearer Global Bond"</b> | a temporary global bond in the form or substantially in the form set out in part 1 (Form of Temporary Bearer Global Bond) of schedule 2 (Form of Bonds, Receipts, Coupons and Talons) to the Bond Trust Deed together with the copy of the applicable Final Terms or Pricing Supplement (as the case may be) annexed thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Bearer Bonds of the same Class or Sub-Class, issued by the Issuer pursuant to the Dealership Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed;  |
| <b>"Term Facility"</b>                | the term loan facility made available under the Initial Authorised Credit Facility Agreement as described in paragraph (a)(i) of the clause 2.1 (The Facilities) of the Initial Authorisation Credit Facility Agreement;  |
| <b>"Term Facility Loan"</b>           | a loan made or to be made under the Term Facility or the principal amount outstanding for the time being of that loan;  |
| <b>"Tier 1"</b>                       | all airports with substantial market power where regulatory intervention is warranted in accordance with the ACD;   |
| <b>"Tier 2"</b>                       | all airports (other than those in Tier 1) meeting the 5 million passenger a year threshold in the ACD;  |
| <b>"Total Commitments"</b>            | at any time, the aggregate Commitments of the Liquidity Facility Providers;   |
| <b>"Total Notional Hedged Amount"</b> | the aggregate, at the time, of (a) the outstanding Notional Amount (as defined in the relevant Hedging Agreements) of Treasury Transactions which are interest rate swap transactions and inflation swap transactions (excluding, prior to (but including upon and following) any Loan Event of Default, any Pre-hedges and excluding the Notional Amount of any Treasury Transactions which are inflation swap transactions which do not provide for any payment obligations referenced to floating rate) entered into between the Issuer and the Hedge Counterparties or the Borrower and the Hedge Counterparties (as applicable) under the relevant Hedging Agreements and (b) the outstanding principal amount of the Fixed-rate Debt and <b>provided that</b> the Total Notional Hedged Amount shall be calculated by netting the Notional Amount (as defined in the relevant Hedging Agreements) of any Treasury Transaction to which the Security Parent or any of its Subsidiaries is a party against the Notional Amount (as defined in the relevant Hedging Agreements) of any Treasury Transaction to which the Security Parent or any of its Subsidiaries is a party and which provide for opposite payment obligations. |

|                                     |   |
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| <b>"Traffic Distribution Rules"</b> | rules providing for air traffic, or any class or description of air traffic, to be distributed between airports in such manner as the Secretary of State thinks fit and in accordance with section 31 of the Airports Act;  |
| <b>"Tranche"</b>                    | all Bonds which are identical in all respects (save for the Issue Date, Interest Commencement Date and Issue Price);  |
| <b>"Transaction Documents"</b>      | each Finance Document and each Issuer Transaction Document;   |
| <b>"Transaction Parties"</b>        | the Issuer, the Security Group, the Arranger, the Dealer(s), the Bond Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Other Parties or their respective affiliated entities;   |
| <b>"Transfer Agent"</b>             | in relation to all or any Class or Sub-Class of the Registered Bonds, the several institutions at their respective specified offices initially appointed as transfer agents in relation to such Bonds by the Issuer pursuant to the relative Agency Agreement and/or, if applicable, any Successor transfer agents at their respective specified offices in relation to all or any Class or Sub-Class of the Bonds; |
| <b>"Transfer Certificate"</b>       | a certificate in the form set out in schedule 2 (Form of Transfer Certificate) to the Agency Agreement;   |

**"Transfer RAB"**

- (a) in respect of the Calculation Dates from (and excluding) 30 June 2021 to (and including) 30 June 2023, at any date, the aggregate of the product of (a) the sum of the Relevant EBITDA for the previous three consecutive periods of twelve months preceding such date (subject to the proviso below) as determined by reference to the most recent financial statements delivered pursuant to paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 2 (Covenants) to the Common Terms Agreement for such consecutive periods of twelve months divided by three and (b) the Relevant Multiple, provided that for the purposes of this calculation, the Relevant EBITDA in respect of each calendar quarter during the period from (and including) 1 April 2020 to (and including) 31 March 2021 shall be replaced by the following:

|  |              |
|--|--------------|
| 1 April 2020 to 30 June 2020 (inclusive)       | £134,430,291 |
| 1 July 2020 to 30 September 2020 (inclusive)   | £187,907,418 |
| 1 October 2020 to 31 December 2020 (inclusive) | £76,978,795  |
| 1 January 2021 to 31 March 2021 (inclusive)    | £42,025,921  |

and

- (b) in respect of any other Calculation Date, at any date, the aggregate of the product of (a) the sum of the Relevant EBITDA for the previous three consecutive periods of twelve months preceding such date as determined by reference to the most recent financial statements delivered pursuant to paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 2 (Covenants) to the Common Terms Agreement for such consecutive periods of twelve months divided by three and (b) the Relevant Multiple;

**"Transparency Condition"**

the condition that the CAA imposed on GAL in 1991 in accordance with section 46(2) of the Airports Act;

**"Treasury Transaction"**

any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index-linked agreement, interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined similar agreement or any derivative transaction protecting against or benefitting from fluctuations in any rate or price;

**"Treaty"**

the Treaty establishing the European Communities;

**"Trigger Event"**

any of the events or circumstances identified as such in part 1 of schedule 3 (Trigger Events) to the Common Terms Agreement;

**"Trust Documents"**

the Bonds, Coupons and Receipts and otherwise under the Bond Trust Deed, the Issuer Deed of Charge and any deed or other document executed in accordance with the Bond Trust Deed or Issuer Deed of Charge and expressed to be supplemental to the Bond Trust Deed or Issuer Deed of Charge (as applicable);

|   |  |
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| "TSA"                                   | transitional services agreement between BAA Airports Limited and GAL;  |
| "TUPE"                                  | Transfer of Employment (Protection of Employment) Regulations 2006;  |
| "UK Corporate Administration Agreement" | the corporate services agreement for the provision of services by the UK Corporate Administration Provider dated on the Establishment Date between the Issuer and the UK Corporate Administration Provider;  |
| "UK Corporate Administration Provider"  | Intertrust Management Limited (formerly known as Structured Finance Management Limited), a company incorporated in England and Wales with limited liability (registered number 03853947) or any successor thereto;   |
| "UK CRA Regulation"                     | Regulation (EC) No. 1060/2009, as it forms part of domestic law in the UK by virtue of the EUWA;   |
| "UK GAAP"                               | generally accepted accounting principles in the United Kingdom;  |
| "UK MiFIR Product Governance Rules"     | the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook;  |
| "UK PRIIPs Regulation"                  | Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA;   |
| "UK Prospectus Regulation"              | Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA;  |
| "UK Retail Price Index"                 | the retail price index (all items) published by the UK Office for National Statistics;   |
| "UK Securitisation Regulation"          | Regulation (EU) 2017/2402 as it forms part of domestic law in the UK by virtue of the EUWA;  |
| "unit"                                  | with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, 0.01 euro;  |
| "U.S. Person"                           | any U.S. Person (as defined in Regulation S under the Securities Act);   |
| "VAT"                                   | value added tax as provided for in Directive 2006/112/EC and imposed by VATA and legislation and regulations supplemental thereto and includes any other tax of a similar fiscal nature whether imposed in the UK (instead of, or in addition to, value added tax) or elsewhere from time to time; |
| "VATA"                                  | the Value Added Tax Act 1994;  |
| "VINCI"                                 | VINCI Airports;  |
| "Volcker Rule"                          | Section 13 of the Bank Holding Company Act of 1956, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;   |
| "Voted Qualifying Debt"                 | the Participating QBS Creditors voting in accordance with clause 10.3 (Participating QBS Creditors) of the STID;   |
| "WDF"                                   | World Duty Free;   |

**"WHO"**

World Health Organisation; and

**"Zero Coupon Bond"**

a Bond on which no interest is payable.



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