HEATHROW FUNDING LIMITED

(*incorporated with limited liability in Jersey with registered number 99529*)

Multicurrency programme for the issuance of bonds

Heathrow Funding Limited (the "**Issuer**") has established a multicurrency programme for the issuance of bonds (the "**Programme**"). Application has been made to the UK Financial Conduct Authority (the "**FCA**" or, the "**UK Listing Authority**") in its capacity as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**") for bonds issued under the Programme ("**Bonds**") during the period of twelve months after the date hereof to be admitted to 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 (the "**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 UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**").

The Bonds may be issued, on a continuing basis, to one or more dealers appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this 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.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Bonds which are to be admitted to trading on a regulated market in the UK and/or offered to the public in the UK other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the UK Prospectus Regulation or Section 86 of the Financial Services and Markets Act 2000 ("FSMA"). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

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 Issuer has not registered and does not intend to register as an investment company under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance upon the exemption outlined in Rule 3a-5 under the Investment Company Act. The Bonds may be offered, sold or delivered (i) outside the United States to persons who are neither "U.S. persons" as defined in Regulation S under the Securities Act ("Regulation S") (each, a "U.S. person") nor "U.S. residents" as determined for the purposes of the Investment Company Act (each, a "U.S. resident") in offshore transactions in reliance on Regulation S (the "Regulation S Bonds") and/or (ii) within the United States in reliance on Rule 144A under the Securities Act ("Rule 144A") only to persons that are both "qualified institutional buyers" (each a "QIB") within the meaning of Rule 144A and "qualified purchasers" within the meaning of section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder (each a "QP") acting for their own account or for the account of another QIB that is a QP (the "Rule 144A Bonds"). 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. The Bonds are subject to other restrictions on transferability and resale as set forth in "*Transfer Restrictions*" in this Prospectus.

Neither the United States Securities and Exchange Commission 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.

Please see "*Risk Factors*" to read about certain factors you should consider before buying any Bonds and "*Documents Incorporated by Reference*" for details of certain documents that are incorporated by reference in, and form an important part of, this Prospectus.

Prospectus dated 8 November 2024

Ratings ascribed to all of the Bonds reflect only the views of S&P Global Ratings UK Limited ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**" and, together with S&P, the "**Rating Agencies**") and any further or replacement rating agency appointed by the Issuer. 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 Class A Bonds issued to date are currently rated BBB+ by S&P and A- by Fitch, and the Class B Bonds issued to date are currently rated BBB- by S&P and BBB by Fitch.

S&P and Fitch are established in the United Kingdom and are registered with the Financial Conduct Authority ("**FCA**") as a credit rating agency ("**CRA**") under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). Each of the Rating Agencies appear on the latest update of the list (as at 25 November 2022) of registered credit rating agencies on the FCA's Financial Services Register. Where an issue of Bonds is rated, such rating will be (i) issued by a credit rating agency established in the United Kingdom and registered in accordance with the UK CRA Regulation (or endorsed by a credit rating agency established in the European Union and registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**") and (ii) specified in the relevant final terms of the issue of bonds (for each issue of Bonds, the "**Final Terms**").

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SUMMARY OF THE BOND PROGRAMME

The Issuer	Heathrow Funding Limited.
Borrower	Heathrow Airport Limited.
Obligors	Heathrow Airport Limited, Heathrow (AH) Limited, Heathrow (SP) Limited and Heathrow Express Operating Company Limited.
Bond Trustee	Deutsche Trustee Company Limited or any successor appointed pursuant to the Bond Trust Deed (as defined below).
Borrower Security Trustee	Deutsche Trustee Company Limited or any successor appointed pursuant to the Security Trust and Intercreditor Deed (the "**STID**").
Programme Size	Up to £50,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Bonds outstanding at any time as increased from time to time by the Issuer.
Issuance in Classes	Bonds issued under the Programme will be issued in Series, with each Series comprising one or both of two Classes, Class A Bonds and Class B Bonds. Each Class may comprise one or more Sub-Classes of Bonds and each Sub-Class can be issued in one or more Tranches, the specific terms of each Tranche of a Sub-Class being identical in all respects, save for the issue dates, interest commencement dates and/or issue prices, to the terms of the other Tranches of such Sub-Class. On each Issue Date, the Issuer will issue the Sub-Classes of Bonds set out in the Final Terms (each, a "**Series**") published on the relevant Issue Date.
Certain Restrictions	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 "*Subscription and Sale*".
Currencies	Sterling, euro, U.S. dollars, Canadian dollars, Australian dollars, Swiss francs, Norwegian krone, Japanese yen, Singapore dollars, Hong Kong dollars, Swedish krona, Mexican pesos and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Final Terms or Drawdown Prospectus	Bonds issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms, or (2) pursuant to a Drawdown Prospectus.
Maturities	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. In certain circumstances, where Bonds have a maturity of less than one year, such Bonds will be subject to limitations to ensure the Issuer complies with section 19 of FSMA. For further details please see the UK selling restrictions as set out in the "*Subscription and Sale—United Kingdom*" section of this Prospectus.
Issue Price	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.
Interest	Bonds will, unless otherwise specified in the relevant Final Terms, be interest-bearing and interest will be calculated (unless otherwise specified in the relevant Final Terms) on the Principal Amount Outstanding (as defined in the Conditions) 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 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

	defined in the Conditions) as may be agreed between the Issuer and the relevant Dealer as specified in the relevant Final Terms.
Sustainability-Linked Bonds	Fixed Rate Bonds and Floating Rate Bonds may be subject to a Step Up Margin if the applicable Final Terms indicate that the Step Up Option is applicable and/or a Premium Payment Amount if the applicable Final Terms indicate that the Premium Payment Option is applicable. Such Bonds will be "**Sustainability-Linked Bonds**". For any Series of Sustainability-Linked Bonds with a Step Up Option, the Initial Rate of Interest or the Initial Margin, as applicable, will be as specified in the applicable Final Terms. For any Interest Period commencing on or after the first Interest Payment Date immediately following the occurrence of a Step Up Event, if any, the Initial Rate of Interest or the Initial Margin (as applicable) shall be increased by the relevant Step Up Margin specified in the applicable Final Terms. For any Series of Sustainability-Linked Bonds with a Premium Payment Option, the Premium Payment Amount will be as specified in the applicable Final Terms. If a Step Up Event occurs, such Bonds shall be redeemed on the relevant Premium Payment Date at their Adjusted Final Redemption Amount. See Condition 6(f) (*Step Up Option and/or Premium Payment Option for Fixed Rate Bonds and Floating Rate Bonds*). A Step Up Event is linked to the failure of the Group to achieve certain performance targets in relation to (i) "in the air" carbon emissions; or (ii) "on the ground" carbon emissions; as specified in the applicable Final Terms, or, the failure of the Issuer to report on such key performance indicators. In the case of Sustainability-Linked Bonds with a Step Up Option, an increase in the Rate of Interest or Margin (as applicable) may occur no more than once in respect of the relevant Step Up Event. See Condition 6(f) (*Step Up Option and/or Premium Payment Option for Fixed Rate Bonds and Floating Rate Bonds*).
Benchmark Discontinuation	In the case of Floating Rate Bonds, if a Benchmark Event occurs in relation to an Original Relevant Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which, an Alternative Rate and, in either case, an Adjustment Spread if any and any Benchmark Amendments, as further described in Condition 6(n).
Form of Bonds	The Bonds will be issued in bearer or registered form as specified in the relevant Final Terms. Registered Bonds will not be exchangeable for Bearer Bonds.
Interest Payment Dates	Interest in respect of Fixed Rate Bonds will be payable semi-annually in arrear, in respect of Floating Rate Bonds will be payable quarterly in arrear and in respect of Indexed Bonds will be payable semi-annually in arrear (or, in each case, as otherwise specified in the relevant Final Terms).
Early Redemption	The applicable Final Terms 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 holders of the Bonds (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.
Scheduled Redemption	Unless previously redeemed or cancelled, each Sub-Class of Class A Bonds is expected to be redeemed on the Scheduled Redemption Date. Neither the Issuer nor Heathrow has the right to extend the Scheduled Redemption Date, which is also the maturity date of the relevant Borrower Loan. The Maturity Date under the Class A Bonds falls two years later, to cater solely for the possibility that Heathrow might default on repayment of the relevant Borrower Loan. In these circumstances (which constitute a Loan Event of

	Default), the Class A Bonds will accrue interest at a floating rate, which will be met from any available proceeds from the relevant Borrower Loan or, if insufficient, from drawings under the Issuer Liquidity Facility to the extent available. If the Class A Bonds are not redeemed in full by their Maturity Date, there will be a Bond Event of Default. This provision does not apply to the Class B Bonds.
Final Redemption	If a Sub-Class of Bonds has not previously been redeemed in full, such Sub-Class shall be finally redeemed at its Principal Amount Outstanding (in the case of Indexed Bonds (as defined in the Conditions) as adjusted in accordance with Condition 7.1(a) (*UK Retail Price Index—Application of the Index Ratio*), Condition 7.2(a) (*HICP—Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable, plus accrued interest on the Maturity Date as specified in the applicable Final Terms.
Denomination of Bonds	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, but the minimum denomination shall be at least €100,000 or not less than the equivalent of €100,000 in any other currency.
Taxation	Payments in respect of Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature, unless and save to the extent that the withholding or deduction of such taxes, duties or charges is required by law. In that event and to that extent, the Issuer will make payments subject to the appropriate withholding or deduction. No additional amounts will be paid by the Issuer in respect of any withholdings or deductions, unless otherwise specified in the applicable Final Terms.
Status of the Bonds	The Bonds to be issued under the Programme will constitute secured obligations of the Issuer. Bonds of each Class rank *pari passu* without preference or priority in point of security among themselves. 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 between the Issuer, LHR Airports and the Bond Trustee, as amended from time to time (the "**Bond Trust Deed**") entered into by the Issuer and the Bond Trustee in connection with the Programme. 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. All claims in respect of the Class A Bonds and Class B Bonds will rank in priority to payments of interest and principal due on all Subordinated Bonds.
Covenants	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—Documents Incorporated by Reference—Bond Trust Deed"*.
Listing and Trading	It is anticipated that Bonds issued under the Programme will be admitted to the Official List and admitted to trading on the Market. There are no assurances that the Bonds will be admitted to the Market.
Ratings	Where an issue of Bonds is rated, such rating will be (i) issued by a credit rating agency established in the United Kingdom and registered in accordance with the UK CRA Regulation (or by a credit rating agency established in the European Union and registered in accordance with the EU CRA Regulation) and (ii) specified in the relevant Final Terms. 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. 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 Heathrow. A rating may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.

Governing Law	The Bonds 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 UK, the EEA, the United States, Japan, Singapore, Hong Kong, Sweden, Mexico 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*".
Investor Information	LHR Airports as Security Group Agent (on behalf of the Group) is required to produce an investor report (the "**Investor Report**") semi-annually.

RISK FACTORS

The following sets out certain aspects of the Programme documentation and the activities of the Group about which prospective Bondholders should be aware. The occurrence of any of the events described below could have a material adverse effect on the business, financial condition or results of operations of the Issuer, Heathrow or the other Obligors 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 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, including the documents incorporated by reference, prior to making any investment decision. Further, prospective Bondholders should seek their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in the Bonds.

In addition, while the various structural elements described in this document are intended to lessen some of the risks discussed below for Bondholders, 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.

COMMERCIAL RISKS

Volatility in global demand and revenues is characterised by various political, economic, and regulatory factors outside of the Group's control

There are a range of factors outside of the Group's control which expose it to significant uncertainty and volatility and could affect growth despite the Group's best efforts, including growing economic headwinds and uncertainty in financial markets and institutions, economic inflation, government policy, energy prices, regulatory decisions, the Russia Ukraine war and Middle East instability and conflict. The timing, volatility, unpredictability and interaction of these macroeconomic, geopolitical and natural factors alone and in combination create significant uncertainty and could lead to short or long term operational and financial cost pressures affecting the Group's ability to raise finance, business, financial condition or results of operations.

The most significant of these factors include the following:

- passenger confidence in, and demand for travelling, which could be impacted by cost of living pressures and wider changes in the market (e.g. business travel or growing consumer environmental impact concerns linked to climate change), as elaborated on below;

- a limited capacity for growth dependent on slot trading combined with the highest aviation taxes in Europe (Air Passenger Duty);

- the Group's ability to increase non-aeronautical revenue, in particular through government policy on VAT free shopping, and the trend of consumers' shopping habits moving further in favour of online shopping;

- future regulatory decisions including, in due course, the next price control review (H8), which could lead to financing challenges, including a risk of credit rating downgrades if the Group cannot implement sufficient mitigating actions to the satisfaction of the relevant rating agencies;

- the recent and persistent high level of inflation in the UK, which has been triggered by a number of factors including the impact on commodity prices from the war in Ukraine, labour shortages and absences and mismatches in skills resulting from workers leaving the UK following the UK's exit from the EU. Persistent inflation, along with levels of interest rates at recent historic highs and energy prices as mentioned below, are leading to cost of living pressures not only for the Group's employees and wider workforce, which increases risks to employee relations and of industrial action affecting operations at Heathrow, but for the wider public which could affect passenger numbers;

- increases in the UK's interest rates, necessitated by elevated inflation, which could increase pressure on business costs and consumers, cause borrowing costs to rise generally and adversely affect the Group's business, financial condition or results of operations and ability to access both public and private debt markets as required;

- continuing airspace restrictions impacting airline operations and increased geo-political uncertainty as a result of increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia over Ukraine and the various US, EU and UK sanctions which have been imposed on Russia (and vice versa), as well as the ongoing Middle East conflict, may restrict flights over the region, and any escalation in such conflicts may increase oil prices. Together, such developments could continue to have significant adverse economic effects in the UK and globally, particularly with regards to energy costs, all of which could adversely affect the Group's business, financial condition or results of operations; and

- possibilities of extreme weather adversely affecting operations at Heathrow, as described below.

The Group's aeronautical income could decline as a result of a reduction in flights, passengers, exposure to airlines' actions or financial situations or other factors outside the Group's control which adversely impact the operating resilience of the Group.

The Group generates aeronautical income from airport fees and traffic charges. These charges are regulated and principally levied on the basis of passenger numbers, maximum total aircraft weight, aircraft noise and emission characteristics and the length of time for which an aircraft is parked at the airport. The charges are also linked to the rate of inflation, which is liable to change (both as a result of the performance of the UK economy and also as a result of changes to the basis on which RPI and/or CPI are calculated). There are no specific operating contracts with the airlines operating at Heathrow Airport. There can therefore be no assurance as to the level of the Group's future aeronautical income from any one or more airline operators. Levels of retail income at Heathrow and passenger spend may also be affected by such factors. Decisions by, legal disputes with, financial difficulties at, or the failure of, a significant airline customer, or the withdrawal of their landing rights, or the closure of geographical markets in which they operate routes, could lead to a reduction in flights and passenger numbers and/or failure or delay in recovering airport fees or landing charges. The effect of decisions by airlines or events at airlines that have a major presence at Heathrow Airport, or any loss of airline customers or failure to pay by such airline customers, and more generally, any major negative impact on the aviation sector, could have a material adverse effect on the Group, in particular if vacated slots are not taken up by other airline customers.

The number of passengers using Heathrow Airport may be affected by a number of other factors, including:

- international health scares or outbreaks of infectious diseases, including epidemics or pandemics, and the resulting actions tabled by the World Health Organisation ("**WHO**") (including travel advisories) the UK government, and other governments across the world, have had a significant adverse effect on passenger demand for air travel to and from the UK. The COVID-19 pandemic led to an unprecedented decline in passenger demand virtually overnight due to governments closing borders and for prolonged periods, as well as passenger concerns over safety, which has also affected future passenger confidence to fly. 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 Heathrow;

- shocks to the macroeconomic and geopolitical environment as described above (including any ongoing impacts of wars in Europe and the Middle East, changes in fuel and energy prices, changes in interest rates and currency exchange rates, rising inflation, employment and spending) whether affecting the global economy, the UK economy or the Greater London economy in which Heathrow Airport is based;

- disruptions caused by natural disasters or events, for example, the closure of airspace due to the volcanic eruption in Iceland in 2010;

- extreme adverse weather conditions at Heathrow Airport or other airports which risks causing prolonged closure of airspace, such as the severe winter weather experienced in the northern hemisphere in December 2010 which caused over 4,000 flights to be cancelled at Heathrow Airport and significant impact to airline schedules globally;

- decisions by the UK Government and governments of key traffic routes that increase the cost of air travel or limit airport capacity in order to decarbonise aviation as part of meeting the UK Government's and other governments' climate change targets;

- an increase or decrease in competition from UK and non-UK airports;

- decisions by airlines regarding the number, type and capacity of aircraft (including the mix of premium and economy seats), as well as the routes on which particular aircraft are utilised;
- wars, riots or political action;
- unauthorised use of drones;
- protest activity;
- industrial action that affects critical services at Heathrow Airport, including airlines and other third parties with whom Heathrow works;
- acts of terrorism or cybersecurity threats and attacks;
- changes in domestic or international regulation, including international trade liberalisation developments such as Open Skies (as defined below);
- the quality of services and facilities, including the impact of construction projects;
- the development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology and the increased use of communications technology; and
- the introduction of the Electronic Travel Authorisation for all airside transit passengers in the UK could impact transfer passenger performance.

The Group, where possible, seeks to anticipate the effects of the events noted above in its operations and also maintains contingency plans to minimise disruption and passenger inconvenience, including contingency plans aiming to mitigate the impacts of potential industrial action. In addition, the Group has a range of formal national and local consultative bodies to discuss pay, employment conditions and business issues with trade unions. Collective bargaining takes place with the unions Unite, PCS and Prospect for those employee groups for which these unions are recognised as the Group is committed to managing people through change fairly.

There can be no guarantee that the Group's contingency plans would be effective in anticipating the effects of the factors noted above. Any of these factors could negatively impact the Group's reputation, affect Heathrow Airport's day-to-day operations and result in a decrease in the number of passengers using Heathrow Airport which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

A decrease in passenger numbers or other factors outside the Group's control could reduce non-aeronautical income.

The Group's principal sources of non-aeronautical income include retail concession fees, car parking income, property rental income, rail income and income from the provision of operational facilities and utilities.

Retail concession fees are driven by passenger numbers and propensity of passengers to spend in the shops at Heathrow Airport. As noted above, there are a variety of factors which could adversely affect the number of passengers using Heathrow Airport. Levels of retail income may also be affected by changes in the mix of long- and short-haul and transfer and origin and destination passengers; economic factors, including exchange rates and changes to VAT and duties regimes applicable to airside shopping; retail tenant failures; lower retail yields on concession re-negotiations; redevelopments or reconfigurations of retail facilities at Heathrow Airport, which can lead to a temporary or permanent decline in retail concession fees; changes in tax laws affecting retail concessions which may result in lower revenues for the retailers and, consequently, lower retail concession fee income for the Group; reduced competitiveness of the airport retail offering; stricter hand luggage and other carry-on restrictions; and reduced shopping time as a result of more rigorous and time consuming security procedures. Car parking income could be reduced as a result of increased competition from other modes of transport to Heathrow Airport, such as buses and trains, as well as increased competition from off-site car parks. Rail income could be reduced as a result of additional direct rail connections to Heathrow Airport now that the Elizabeth Line services between central London and Heathrow Airport have commenced. Other non-aeronautical income could be reduced as a result of a decrease in demand from airport users, such as car rental operators and airlines leasing check-in counters or other facilities. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces a number of operational risks outside its control, in particular as a result of climate change.

The operation of an airport is a complex undertaking that is subject to a number of factors outside the control of the Group, and climate change has the potential to affect Heathrow's operations and broader business in a number of ways. For instance, it could disrupt operations by reducing airport and handling capacity and/or affecting the ability of passengers and/or employees and/or ground transport to access Heathrow Airport or any facilities associated with or required in connection with the operation and management of Heathrow Airport.

Such factors include weather conditions, climate change, variable aircraft movements and traffic congestion. For example:

- An increase in flood risk and extreme hot temperatures are assessed as significant risks to airport infrastructure and operations. Changes to precipitation patterns, including high intensity events, could result in exceedance of drainage infrastructure capacity associated with surface flooding and groundwater flooding, leading to disruption to flight schedules and damage to buildings, mobile assets, and airfield infrastructure. High temperatures, both heatwaves and maximum temperature days, could affect the structural integrity of airport structures and infrastructure, the thermal comfort of staff and passengers in terminal buildings, aircraft on stands and outdoor workers, and lead to delays in construction or maintenance works and operational activity.

- Adverse weather conditions such as rainstorms and high winds could become more frequent, unpredictable, and more extreme. This may lead to higher levels of damage and disruption at destinations, longer recovery times and more flight delays and cancellations which would impact Heathrow's flight schedule. Where unfavourable flying conditions are experienced regularly, this may increase fuel burn and affect the attractiveness or practicality of some flight paths. Any increase in delayed or cancelled flights would increase disruption costs and reduce revenue, as well as having an adverse effect on Heathrow's reputation. Passenger attitudes to environmental and climate issues may also change and this may lead to a reduced demand for air travel or reputational consequences, which may have an adverse effect on the Group's revenues.

Furthermore, any impact of such factors on global or regional aviation infrastructure or operations generally could also cause disruption to Heathrow.

Existing and future government regulations to combat climate change may also result in reduced capacity at Heathrow or additional financial penalties for the aviation industry, which may have a material adverse effect on the ability of the Group to operate profitably. Government policies on "net zero" carbon emissions may continue to be accelerated, which has the potential to render the fixed assets of Heathrow and parties in its value chain (e.g. airlines) redundant if Heathrow and such parties 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 Heathrow.

Given the nature of these factors, it is not possible to accurately predict their future impact on airport operations from past performance, and any impact from such factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's revenue could decline as a result of changes in the Group's operating environment.

Changes in the Group's operating environment, such as long-term changes in passenger demand for air travel, could lead to a misaligned operational capacity within the Group. While the Group carries out evaluations through a series of scenario planning exercises, there can be no assurance that the Group can identify the timing or period of any such changes or that once identified, the Group will be able to realign the operational capacity of the Group and implement change management successfully which could lead to a shortfall in the Group's revenue.

The Group's fixed operating cost base could reduce Heathrow's ability to respond quickly to counter sudden decreases in revenue.

The Group's operating costs are classified in the following categories: employment, operational, maintenance, rates, utilities and other.

Of these, a large majority (approximately 80 per cent) are either fixed (for example, employment, rates, maintenance) or subject to factors outside of the Group's control (for example, utilities pricing). Heathrow also has a highly unionised workforce where a significant element of employment costs are based on agreed pay deals. As noted under the risk relating to potential revenue reduction (see "*Risk Factors – Commercial Risks - The Group's aeronautical income could decline as a result of a reduction in flights, passengers or other factors outside the Group's control which adversely impact the operating resilience of the Group*"), Heathrow has collective bargaining relationships with recognised Trade Unions and is committed to managing people through change fairly. Heathrow is also one of the highest rates payers in the UK.

The fixed nature of Heathrow's cost base reduces management's ability to counter sudden decreases in revenues, this may expose the Group to any economic downturn in its business or to adverse industry conditions.

Operations and passenger experience at Heathrow Airport depends upon third parties, whose performance the Group is unable to control.

The Group depends on the co-operation of a large number of third parties, including government agencies and business partners, to provide essential functions, such as air traffic control, border control, utilities infrastructure, the management of fuel storage and distribution assets, baggage system operation and maintenance, passenger check-in, re-fuelling, rescue and firefighting services, utilities provision, catering and information technology. The Group works to manage its relationship with such third parties. For example, the Group's management of contracts with third party suppliers is underpinned by robust and responsible procurement practices which involve the consideration of the resilience and sustainability of third party suppliers before contracts are entered into with such third parties, and the frequent monitoring of the operational performance of such third parties once contracts are commenced. There can be no guarantee that the Group's management of third parties will be effective, and the Group's business operations and the experience of passengers at Heathrow Airport may be affected if these third parties do not adequately perform the services they are required to provide. In particular, a failure by these third parties to appropriately respond to passenger volumes, accidents, fire, technical defects or failures in IT or data processing may cause flight delays, damage to facilities, and the cancellation of airport services. Any of these events or a combination of events related to the performance of third parties, including potential financial failure / insolvency, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group could be subject to terrorism and/or increased security requirements.

The UK Government currently assesses the international terrorism threat to mainland Britain as "substantial", the third highest threat level on the UK Government's risk assessment scale. Heathrow Airport operates within a stringent and complex security regime as required by the UK Government, which has imposed additional security measures from time to time, for example following the discovery of terrorist plots in August 2006 and December 2009. An incident in 2010 involving cargo aircraft led to additional measures for the cargo industry only. The consequences of any future terrorist action or threat may include cancellation or delay of flights, impact on the ability of passengers and employees to access Heathrow Airport and any facilities associated with or required in connection with the operation and management of Heathrow Airport, fewer airlines and passengers using Heathrow Airport, liability for damage or loss and, the costs of repairing damage and impact on day-to-day operations including the ability to operate and manage Heathrow Airport.

The implementation of additional security measures at Heathrow Airport in the future (whether or not as a result of regulatory requirements) could lead to limitations on airport capacity or retail space, congestion, increases in operating costs, potential sanctions and delays to passengers moving through the airport, , and the Secretary of State for Transport has powers under Section 30 of the Airports Act 1986 to give directions to airport operators in the interests of national security, including closure of airports (see "*Section 30 of the Airports Act 1986*"). Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

Incidents and business interruption could occur at Heathrow.

Airports are exposed to the risk of incidents, including accidents, as a result of a number of factors, including extreme weather conditions, equipment failure, unauthorised use of drones, political protest, human error, terrorist activities and cyber attacks. These incidents could result in injury or loss of human life, damage to airport infrastructure and short- or long-term closure of Heathrow's facilities and may have an impact on the operation of Heathrow and passenger traffic levels, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, Heathrow 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 Heathrow provides or the efficient operation of Heathrow could have a material adverse impact on the Group. In particular, damage resulting from any of the above events may take considerable time to repair, and the direct effect of such events and a prolonged period before rectification could have a material adverse impact on the Group.

The Group could face operational disruption, inconvenience to passengers and long-term reputational damage as a result of compromises to the security of those affected by the activities of the Group.

The Group is responsible for ensuring that its assets, infrastructure, human and electronic systems and processes meet the minimum statutory requirements to protect aviation security, deliver high security standards and build confidence with regulators, airlines and passengers. It also needs to ensure that its assets, infrastructure, human and electronic systems are protected from theft, damage or intrusion.

The Group has a responsibility to ensure aviation security and safeguard the welfare and safety of staff, business partners and the public who may be affected by the activities of the Group.

Security risks are mitigated by adopting and enforcing rigorous policies and procedures supported by professional training and by investment in leading edge security technology. The Group works closely with airlines and government agencies, including the police, in building a framework to establish joint accountabilities for airport security and shared ownership of risk, thus ensuring security measures remain both flexible and proportionate to the prevailing threat environment.

While the Group is taking steps to discharge its responsibilities effectively and to avoid compromises to the security of those affected by the activities of the Group, there can be no guarantee that steps taken by the Group will be effective or implemented in a timely fashion in accordance with applicable regulatory requirements. A failure to comply with and exercise these responsibilities effectively could result in operational disruption, congestion, increases in operating costs, limits on airport capacity, inconvenience to passengers, potential sanctions and long-term damage to the Group's reputation, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group could face disruption from cybersecurity threats to its data and systems and/or non-compliance with the Security of Network & Information Systems Regulations could result in regulatory action which could have a significant impact on the Group.

Heathrow faces external cyber threats to its data and systems. Heathrow'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 Heathrow is an "operator of essential services" (an "**OES**") for the purposes of the Security of Network & Information Systems Regulations (the "**NIS Regulations**"). As an OES, Heathrow 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 Department for Transport. A security breach could have a negative impact on customer confidence in Heathrow's systems and negatively impact Heathrow's reputation. In addition, a failure to comply with the requirements of the NIS Regulations could result in enforcement action being taken against Heathrow, including levying substantial fines. Should a security breach and/or non-compliance with the NIS Regulations occur, this could result in operational disruption, inconvenience to passengers and long-term damage to the Group's reputation, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be subject to potential climate, environmental and other sustainability-related litigation, enforcement proceedings, investigations and conduct risk.

Due to increasing new climate and sustainability-related jurisprudence, laws and regulations in the UK and other jurisdictions, growing demand for environmentally sustainable products and services, and regulatory and shareholder scrutiny, the Group may, through its business activities of operating an airport, face increasing litigation, conduct, regulatory enforcement and contractual risks related to climate change, environmental degradation and other social, governance and sustainability-related issues. These risks may arise, for example, from claims pertaining to: (i) failures to meet and/or have a credible transition plan to meet obligations, targets or commitments relating to or to disclose accurately or provide updates on material climate and/or sustainability related risks or otherwise provide appropriate disclosure to investors, customers, counterparties and other stakeholders; (ii) conduct and other customer protection type claims; (iii) marketing that portrays products, securities, activities or policies as producing positive climate, environmental or sustainable outcomes to an extent that may not be the case; (iv) damages claims under various tort theories, including common law public nuisance claims, or negligent mismanagement of physical and/or transition risks; (v) alleged violations of officers', directors' and other fiduciaries' fiduciary duties; (v) changes in understanding of what constitutes positive climate, environmental or sustainable outcomes as a result of developing climate science, leading to discrepancy between current business practices and public and/or market and/or broader stakeholder expectations; (vi) any weaknesses or failures in specific systems or processes associated particularly with climate, environmental or sustainability-linked activities, including any failure in timely implementation, onboarding and/or updating of such activities, systems or processes; or (vii) counterparties, collaborators and third parties in the Group's value chain who act, or fail to act or undertake due diligence or apply appropriate risk management and governance in a manner that impacts the Group's reputation or social, governance and/or sustainability credentials.

Furthermore, there is a risk that campaign groups, consumers and special interest groups could seek to take legal action against the Group for contributing to climate change and environmental degradation. There is a risk that as climate and the wider environmental science develops and societal understanding of climate and the wider environmental science increases and deepens, courts, regulators and enforcement authorities may apply the then current understandings of climate related matters retrospectively when assessing claims about historic conduct or dealings of businesses, including the Group. These potential litigation, conduct, regulatory enforcement and contract liability risks may have a material adverse effect on the Group's ability to achieve its strategy, including its climate ambition, and could have an adverse effect on the Group's reputation, business, financial condition or results of operations.

The Group companies enter into contracts with third parties which require them to give representations, covenants and indemnities, which could expose the Group to litigation.

The Group companies enter into contracts with third parties under which they have given or will give representations, covenants and indemnities as part of the transactions to which the contracts relate. Heathrow sources goods and services required for the operation of Heathrow Airport from third party suppliers, including air traffic control services, border control, maintenance, and utilities. In certain cases, Heathrow 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 Heathrow's control, could have a material adverse effect on the Group.

Airlines source goods and services required for their operation at Heathrow 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 Heathrow'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 Heathrow and could result in a temporary reduction in aeronautical revenues of the Group.

Furthermore, Heathrow's entry into such contracts gives rise to a risk of litigation relating to the representations, covenants and indemnities contained in those contracts which, if significant, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's insurance coverage might not be adequate or available in all circumstances.

The Group 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.

The Group 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 the Group is currently, and may in the future be, provided by a combination of insurance market entities and captive insurance companies owned by Heathrow Airport Holdings. Any of these insurers could cease to offer current insurance cover, become insolvent or lose their licences or authorisations. Any failure to obtain insurance or to collect under relevant insurance policies could have a material adverse effect on the Group's business, financial condition and results of operations.

Heathrow could be subject to periodic increase in pension cash contributions in the future.

Under the Shared Services Agreement, LHR Airports is entitled to pass its pension costs on to the Operating Companies (as defined below). The costs of the pension schemes, primarily in relation to the defined benefit pension scheme (the "**Pension Scheme**"), may vary from time to time (for instance as a result of fluctuation in investment values or as a result of changes to actuarial assumptions). The Group expects pension costs, including the costs of reducing any deficit, to be treated by the CAA as operating costs in setting price caps, but there is no guarantee that the CAA will do so.

The Pension Scheme concluded its most recent formal actuarial valuation (as at 30 September 2021) during 2022, with the resulting change in funding arrangements effective from 1 October 2022. The valuation indicated a scheme surplus of £119 million calculated using the Pension Trustee's actuarial assumptions. As part of the valuation process, LHR Airports and the Pension Scheme's trustee agreed that the annual deficit recovery payment into the Pension Scheme would decrease from £20 million to nil. The future service contribution was agreed at the valuation at a rate of 25.6 per cent. The next formal actuarial valuation is as at 30 September 2024, which is expected to be completed by the end of 2025.

The Pension Scheme's trustee is a Borrower Secured Creditor pursuant to the STID and ranks equally in an amount up to £284 million with senior (Class A) debt. The extent of any deficit or surplus to the Pension Scheme, which may vary significantly from one accounting period to another, results from factors outside the control of the Group.

The Group's cash contribution rate to the Pension Scheme is agreed every three years through the completion of a triennial valuation. At the same time, the level of deficit repair contributions is agreed with the consideration of the overall net surplus or deficit on Pension Scheme at the valuation date.

Increases in the Group's pension cash contributions could, because they are not fully taken into account by the CAA in setting price caps, have a material adverse effect on the Group's business, financial condition and results of operations. See "*Business – Pensions*".

The successful implementation of the Group's capital investment programme could be affected by unanticipated issues.

The Group's capital investment programme includes major construction projects at Heathrow, including the potential expansion of Heathrow, and is subject to a number of risks. For example, the CAA's H7 price control decision requires Heathrow to obtain airline agreement for "Delivery Obligations" for each capex project, including as to specific outputs, quality requirements, and completion deadlines (as well as weightings for each parameter). If Heathrow is not able to achieve a consensus amongst its airline customers in support of capital investment projects, this could delay the development of certain capital projects during the price control period. The CAA's H7 price control decision sets out that if Heathrow does not meet its Delivery Obligations, this may result in adjustments being made to the Regulatory Asset Base (the "**RAB**").

Difficulties in obtaining or discharging the requirements of any requisite permits, consents, including environmental consents, licences, planning permissions, compulsory purchase orders or airspace change consents (and related legal challenges) or easements could adversely affect the design or increase the cost of the capital expenditure projects or delay or prevent the completion of a project or the commencement of its commercial operation. Although contractors typically share in cost and schedule risks, the Group may face higher than expected construction costs and delays, not all of which may be permitted by the CAA to be included in Heathrow Airport's RAB, and possible shortages of equipment, materials and labour due to the number of major construction projects in the London area.

The Group's planned capital expenditure programme has a large number of interdependent programmes of work and a reliance on suitably qualified and experienced personnel for the delivery of projects.

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 airline operators, closure of facilities and disruptions of operations. The Group'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 contractors to meet their financial or other liabilities cannot be assured.

The failure of the Group to recognise, plan for and manage the extent of the impact of construction projects could result in projects overrunning budgets, operational disruptions, capital expenditure trigger rebates to airlines, unsatisfactory facilities at Heathrow Airport, safety and security performance deficiencies, additional security measures or potential sanctions imposed by regulators and/or higher than expected operating costs. Any of these could affect Heathrow Airport's day-to-day operations and impact the Group's reputation and, consequently, have a material adverse effect on the Group's business, financial condition and results of operations.

The potential expansion of Heathrow Airport could be delayed due to factors outside the Group's control.

The expansion of Heathrow Airport is subject to certain steps, factors and processes outside the control of the Group, including but not limited to:

- review of Government policy relating to the provision of additional airport capacity as set out in the Airports National Policy Statement;
- engagement and formal consultation with Heathrow Airport's airline community, local communities and the wider public;
- engagement and formal consultation with neighbouring and regional local authorities and other statutory bodies (including Transport for London, the Environment Agency, Natural England and others);
- the grant of a DCO (as defined above) by the Secretary of State for Transport following submission of a detailed application by Heathrow and an examination process conducted by the Planning Inspectorate on behalf of the Secretary of State;
- any delay to the DCO application/decision process caused by political instability and/or by rival scheme promoters;
- the grant of any other planning consents (including, for example, for early works required to facilitate development relating to expansion) and/or environmental licences and permits required for expansion;

- airspace change consent from the CAA or the Secretary of State to make changes to the airspace around Heathrow Airport to support the North West Runway Scheme;

- successfully defending legal or other challenges to the expansion of Heathrow Airport;

- accessing debt markets to fund the expansion of Heathrow Airport;

- competing large infrastructure projects in the UK resulting in human resources and supply chain constraints;

- competing schemes relating to the development at or around Heathrow Airport;

- the construction, delivery and operation of an expanded Heathrow Airport (including in accordance with the requirements of any/all consents and permits obtained); and

- the impacts of COVID-19 on aviation, particularly those factors impacting on the long term recovery of passenger demand and the underlying business case for expansion.

While the Group has undertaken significant activity to secure the proposed expansion of Heathrow Airport (see "*Business—Expansion of Heathrow Airport*"), any delay or failure to secure or deliver any of the necessary steps or any of the processes required in connection with the expansion of Heathrow Airport as expected could in turn delay (or prevent) the potential expansion of Heathrow Airport, and any such delays could in turn lead to cost overruns and the lack of available resources relating to the construction, delivery and operation of an expanded Heathrow Airport, which may have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group is dependent on LHR Airports as the Shared Services Provider to operate its businesses.

LHR Airports employs staff assigned to Heathrow. Pursuant to the Shared Services Agreement, LHR Airports also provides various central support services (including senior management and strategic direction), administration, cash management and operational services, including the provision of staff, to the Operating Companies as described in more detail in "*Business – Shared Services*". Heathrow, as a subcontractor for LHR Airports, provides certain central support services to Heathrow Express. Whilst the Shared Services Agreement contains provisions that are designed to assist with the transfer of employees and services to the Operating Companies or a replacement services provider, if the Shared Services Agreement were terminated, there can be no assurance that transfers will be effected in a manner that does not have a material adverse effect on the Group's business, financial condition and results of operations.

REGULATORY RISKS

Heathrow is subject to economic regulation by the Civil Aviation Authority ("CAA"), which is subject to change and affects pricing.

Heathrow faces the risk of adverse change to its economic regulation by the CAA. See *"Business—Expansion of Heathrow Airport"* and *"Airport Regulation – Airport Regulation Generally – Regulatory Framework"* and *"Airport Regulation – Heathrow Price Regulation – H7"*.

Heathrow is subject to economic regulation by the CAA. As well as its service quality requirements, the CAA sets the maximum level of airport charges that Heathrow can levy on airlines for using Heathrow Airport's facilities. These price caps are set for a 'price control period', the duration of which is defined by the CAA (normally five years). The CAA published its final decision in relation to the current 'price control period' for Heathrow, H7, on 8 March 2023. This will run until the end of 2026.

The CAA has also established performance-linked requirements which can negatively impact aeronautical income. For example, the permitted yield in respect of airport charges at Heathrow Airport can be reduced if prescribed milestones are not met on certain capital investment projects. In addition, under the service quality rebate scheme for the current regulatory period, failure to meet specified targets relating to, among other things, airport cleanliness, security queuing times, flight information displays and stand and jetty availability can result in rebates to airline customers of up to 7 per cent. of airport charges. See "*Airport Regulation—Heathrow Price Regulation—OBR Scheme*".

Outstanding issues in H7 Final Decision

The CAA's decision in respect of the H7 price control period was appealed by Heathrow and certain airlines to the Competition and Markets Authority ("**CMA**"). In the CMA's final determination of the appeals issued on 17 October 2023, (the "**Final Determination**"), the CMA found that the CAA had made certain errors in its decision and remitted

these issues back to the CAA for determination. In March 2024, the CAA issued a consultation on the remitted issues and other issues it had not been able to resolve prior to making its final decision, published in March 2023 (CAP2524) (the "**Final Decision**"). In July 2024, the CAA issued its decision on the remitted issues, in which it adopted the approach to the additional adjustment ("**AK**") factor outlined in its March 2024 Consultation (as defined below), removed the "index linked premium" from the weighted average cost of capital ("**WACC**") calculation, and retained the "shock factor" of 0.87 per cent. for the purposes of the H7 (as defined below) passenger forecast. The CAA also addressed issues that were outstanding from, or that had emerged since, the Final Decision, for example, applying a net reduction in the commercial revenue forecast of over £3 million over the H7 period to account for the impact of Heathrow's "Pod parking". However, the CAA stated that certain issues relating to the appropriate contributions to the opex allowance "building block" for H7 will be considered as part of H8, including: accounting for any pension deficit repair costs incurred by Heathrow in the latter years of H7; and making adjustments to Heathrow's business rates, which the CAA deferred and will reflect as part of setting the operating costs allowance for H8. .

In the July 2024 Decision (as defined below), the CAA considered that it would be in consumers' interests to make the relevant adjustments within H7 by adjusting the allowed price cap, rather than more slowly through the RAB. The CAA therefore calculated that the estimated reduction in the allowed price caps per passenger following the adjustments will be (all in nominal terms): -£0.718 for 2025 and -£0.748 for 2026 with respect to the AK factor; and -£0.798 for 2025 and -£0.825 for 2026 with respect to the H7 factor capturing all other adjustments other than the AK factor. In total, the CAA estimated that the change will lead to nominal decreases in Heathrow's charges of £1.516 in 2025 and £1.573 in 2026 compared to the charges for H7 set out in the Final Decision (£21.03 in 2020 prices). On the basis of the nominal price caps set out in the Final Decision, these adjustments would reduce charges from £25.24 to £23.73 in 2025 and from £25.28 to £23.71 in 2026. Although the July 2024 Decision is not currently being appealed by Heathrow, future decisions of the CAA in respect of Heathrow's economic regulation may also be subject to appeals.

See "*Airport Regulation – Principles of Economic Regulation – The Price Cap"* for more information. Implementation of the adjustments set out above and any further adjustments could lead to financing challenges, including a risk of credit rating downgrades if the Group cannot implement sufficient mitigating actions to the satisfaction of the relevant rating agencies.

General

The Group has a dedicated project team to engage with and maintain a sound relationship with the CAA as well as advise the Group on regulatory matters in order to ensure full compliance with existing regulatory requirements and to liaise with the CAA on its proposed changes to the economic regulation of Heathrow. The regulatory framework also requires formal engagement with airline customers, and the Group invites airlines to send representatives to engagement forums such as joint steering groups to mitigate the risk of adverse airline relations. Key stakeholders are engaged on a joint planning basis which provides airlines with the opportunity to articulate their views and on-going requirements. However, there can be no assurance that the Group's strategy for constructively contributing to, and effectively navigating, the economic regulation of Heathrow set out above will be successful, nor that the current or future price caps set by the CAA will be sufficient to allow Heathrow to operate profitably; nor that the present price caps will be increased or at least maintained at current levels; nor that the methodology of the review process at subsequent reviews will be consistent with previous practice, any of which could result in a material adverse effect on the Group's business, financial condition and results of operations.

Heathrow could face amendment or withdrawal of licence from, or enforcement action by, the CAA.

The legislative framework prescribes that Heathrow operates under a licence granted by the CAA, which has no expiry date. However, in certain limited circumstances, such as a continued failure by Heathrow to comply with the conditions of the licence, the licence may be revoked by the CAA. The Civil Aviation Act 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 Heathrow.

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 per cent. of revenue at the relevant airport. Penalties may be imposed on a daily basis or as a fixed amount. Heathrow would have a right of appeal to the Competition Appeal Tribunal against any enforcement orders or penalties that the CAA might seek to impose under these provisions.

The Civil Aviation Act 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.

For more information on the economic licensing regime, see "*Airport Regulation – Principles of Economic Regulation*" and "*Airport Regulation – Heathrow Price Regulation*". Any revocation of the licence could have a material adverse effect on the Group's business, financial condition and results of operations.

Additionally, the licence may be amended by the CAA in the future through a prescribed licence modification process. Although this will be subject to a right of appeal to the CMA by Heathrow, the licence could be amended in a way that adversely affects the ability of the Group to finance its business at reasonable rates, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Legal challenges to determinations by the CAA and judicial review.

Certain of the CAA's decisions are subject to specific rights of appeal. The Civil Aviation Act introduced a system of appeals relating to licence decisions of the CAA. In relation to the operator and market power determinations, the Competition Appeal Tribunal (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.

The Group could face costs related to environmental, health and safety and planning considerations.

Existing Group operations are subject to a wide variety of EU and UK environmental, health and safety legal requirements, including those related to aircraft movements; carbon emissions; air quality and local air pollution; noise; energy use and efficiency; water discharges, surface drainage and surface water pollution; land and groundwater contamination; flooding; asbestos in premises and exposure to asbestos; climate change; and waste handling, management and disposal. Planning permission for new development often brings with it environmental conditions that continue to apply into operations.

The Group operates environmental, energy and asset management systems that are certified to the respective International Standards Organisation standards and, as such, they are subject to regular internal and external auditing. These management systems cover all of the Group infrastructure assets that are subject to environmental permits and related regulatory reporting requirements, i.e. those assets which pose the greatest environmental regulatory risk.

The Group recognises that a failure to exercise its responsibility to ensure that it safeguards the welfare and safety of its people, business partners and the public who may be affected by the Group's activities effectively risks operational disruption, inconvenience to passengers and long-term damage to the Group's reputation which could in turn have a material adverse effect on the Group's business, financial condition and results of operations. The Group's safety management system includes risk assessment processes for all activities entailing significant risk and proportionate control measures employed to safeguard everyone impacted by the Group's business. The Group also operates robust asset management processes to ensure property and equipment remains safe. Governance, led by the Group's senior management teams, and assurance processes are used to ensure that controls around health and safety risks remain effective and continuous improvement is encouraged.

Regulatory compliance is considered a minimum standard of performance and non-compliance could lead to prosecution and potential operational disruption. The CAA has to date taken environmental costs incurred by the Group into account when determining the RAB and in setting price caps. The CAA has not indicated that it intends to change its policy in

this regard in the future, but, if it were to do so, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Section 30 of the Airports Act 1986

Section 30 of the Airports Act 1986 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 Heathrow due to the potential loss of control over the operational functions at Heathrow. 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 1986. Section 30 is unaffected by the provisions of the Civil Aviation Act.

The Group could face other strategic, regulatory and public policy constraints.

Income and/or operations at Heathrow Airport could be adversely affected by changes in public policy regarding route licensing, the "use it or lose it" rule under which airlines are required to fly 80 per cent. of their slots or sacrifice them to other airlines, changes to the conditions for the maintenance of the Heathrow Airport aerodrome licence, security and safety, immigration and border controls, airport development, environmental policy, tax, air passenger duty or the provision of airport capacity. In the event that unforeseen strategic, regulatory and/or public policy constraints or potential sanctions are imposed, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group could face fines for non-compliance with competition laws and regulations.

Competition authorities exercise considerable discretion in setting levels of fines for non-compliance with competition laws and regulations. Given the position of Heathrow Airport in certain markets, any failure to comply with applicable competition laws and regulations may result in the Group incurring substantial fines or settlement costs, as well as suffering significant reputational damage, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The UK Pensions Regulator has power in certain circumstances to issue contribution notices or financial support directions which, if issued, could result in changes in the Group's pensions liabilities and obligations in the future.

If certain statutory requirements are met, the Pensions Regulator has the power to issue contribution notices or financial support directions to the Group and/or any connected or associated company. These are commonly referred to as "moral hazard" powers and enable the Pensions Regulator to take action if it considers it is reasonable to do so, including where corporate activity has had a materially detrimental effect on the security of members' benefits in a pension plan. Broadly, a financial support direction requires the target to put in place arrangements for the financial support of the scheme. No element of fault is required but there is a reasonableness test and certain other statutory tests have to be satisfied. A contribution notice requires the target to pay a sum of money into the scheme where there has been an act or omission, one of the main purposes of which is to avoid any "employer debt" becoming due or to compromise or otherwise reduce the amount of that debt or which otherwise has a materially detrimental impact on the likelihood of accrued scheme benefits being received.

On 1 October 2021, certain provisions of the Pension Schemes Act 2021 came into force in the United Kingdom and changed the UK regulatory framework governing defined benefit pension schemes. The Pension Schemes Act 2021 extended the Pension Regulator's powers in relation to its "moral hazard powers" by allowing the Pensions Regulator to issue a contribution notice where an act or failure to act: (i) materially reduced the debt likely to be recovered from the employer in the event of an immediate insolvency (the "employer insolvency" test) or (ii) reduced the resources of the employer in a manner that was material when compared to the buyout deficit of the pension scheme (the "employer resources" test).

In addition, the Pension Schemes Act 2021 introduced new criminal offences for "risking accrued scheme benefits" (where a person engages in an act that they knew or ought to have known would have a materially detrimental impact on a defined benefit pension scheme) and for "avoidance of employer debt" (where a person acts in a way that prevents the recovery of any employer debt which is due to a defined benefit pension scheme or otherwise compromises or settles such a debt), in each case, without "reasonable excuse". The Pensions Regulator also has power to issue civil penalties up to £1 million in the same circumstances.

As the criminal offences and civil penalties apply to any "person" involved with the activity in question, the Issuer, the Bond Guarantor, the Bond Trustee and/or any Bondholders (and their directors, employees and advisers) could be caught by the new offences or civil penalties if they were involved in any relevant action which constituted an offence.

If the UK Pensions Regulator takes any action against the Issuer or a member of the Group this could adversely affect the interests of the Bondholders.

Legislation under the Pension Schemes Act 2021 is also expected to come into force in the future: (i) clarifying the scheme funding framework; and (ii) introducing a new statutory requirement to comply with some aspects of the Pension Regulator's guidance on scheme funding, which could affect the valuation of assets and liabilities of the Pension Scheme at its next triennial valuation.

Non-compliance with data protection legislation (Data Protection Act 2018 and the assimilated General Data Protection Regulation 206/679/EU ("GDPR")) could result in regulatory action or civil claims which could have a significant impact on the Group

Heathrow is subject to significant obligations in respect of data protection legislation. In the event Heathrow is unable to meet such obligations, it may be subject to regulatory action or civil claims. The assimilated General Data Protection Regulation (2016/679/EU), which applies to all UK companies including Heathrow from May 2018, permits national supervisory authorities to levy administrative penalties of up to 4 per cent. of companies' global annual turnover in cases of significant non-compliance. Additionally, Heathrow 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 the Group's business, financial condition and results of operations.

Non-compliance with the Group's internal corporate governance requirements could have a significant impact on the Group's reputation and brand.

The Group has in place internal corporate governance requirements based on applicable laws, rules and requirements such as the Bribery Act 2010. To ensure that the Group's operations are executed in accordance with these requirements, the Group's management processes include a Professional Conduct Policy and other Group policies as well as a Group approvals procedure which governs the Group's processes and operations. The Group regularly performs communication and training in these areas, and monitors and audits internal compliance with these requirements. There is however no guarantee that violations of the Group's internal corporate governance requirements will not occur, which could have material adverse effects on the Group's reputation and brand, and result in fines which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Future regulatory settlements may not allow for increased operating costs.

Operating costs may differ from projections. There can be no assurance that future price caps set by the CAA will be sufficient to allow Heathrow to cover its operating costs, which could have a material adverse effect on the Group's business, financial condition and results of operations.

FINANCING RISKS

The Group will need to raise further debt from time to time.

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

(a) finance future capital expenditure; and

(b) enable it to refinance and/or repay indebtedness, including the Bonds, as such indebtedness becomes due.

There can be no assurance that the 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 and regulatory uncertainty in 2009, significantly restricted the Group's ability to raise finance.

In response to current global inflationary pressures, central banks and other monetary authorities have begun raising interest rates and as a result, borrowing costs are generally rising for borrowers. Inflation rates have been at elevated levels and although they have moderated are expected to continue to do so, the pace of expected interest rate cuts is unknown and interest rates may find a terminal rate above historic norms. As new debt is required to be incurred or existing debt is required to be refinanced, the Group and the Issuer will be required to borrow money at the prevailing market (and therefore heightened relative to recent times) interest rates, leading to associated cost or covenant pressures. This could intensify the risks relating to the Group's vulnerability to any economic downturn or adverse industry conditions, and the risk that the Group may not be able to refinance and/or repay its increased indebtedness. See "*Risk Factors – Financing Risks - A significant portion of the Group's cash flow from operations is dedicated to debt payments*".

A significant portion of the Group's cash flow from operations is dedicated to debt payments.

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

Unavailability of liquidity facilities in the future could restrict the Group's ability to incur further indebtedness.

The Issuer has a liquidity facility available to cover certain shortfalls in interest and other payments in respect of certain of its financial indebtedness. If the Issuer is unable to extend or replace its liquidity facility before it expires, the Issuer would not be permitted to issue further Bonds freely without satisfying additional conditions, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to exposure on its hedging arrangements.

Whilst the Group operates a hedging programme in accordance with the hedging policy under the terms of the Common Terms Agreement ("**CTA**"), it is not required to fully or perfectly hedge its present or future interest rate or inflation exposure and may not in practice do so. The hedging policy appears as Schedule 5 to the CTA, which is incorporated by reference in this Prospectus. The Group is subject to the creditworthiness of, and in certain circumstances early termination of the hedging arrangements by, hedge counterparties.

Changes in interest and inflation rates, and exposure to hedge counterparty risk, could have a material adverse effect on the Group's business, financial condition and results of operations.

Monitoring of compliance with warranties and covenants and the occurrence of Trigger Events, Loan Events of Default or Potential Loan Events of Default falls primarily to the Obligors, whose determinations could be subjective.

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 Group companies themselves to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective.

Modifications, waivers and consents in respect of Common Documents and Issuer Transaction Documents could be made on terms detrimental to the interests of Bondholders.

The STID provides that the Borrower Security Trustee shall seek the approval of Class A Bondholders (subject to Entrenched Rights of other creditors, including Class B Bondholders) on certain matters, along with all other holders of Qualifying Borrower Debt, as a condition to concurring in making modifications to the Common Terms Agreement, the Security Documents, the Shared Services Agreement, the STID, the Master Definitions Agreement and the Tax Deed of Covenant (the "Common Documents") or granting consents or waivers. The quorums and the majority required to approve the making of modifications or granting of consents or waivers vary depending on the particular matter, as set out in the STID. There can be no assurance that any modification, consent or waiver will be favourable to all Bondholders. Such modifications, waivers and consents 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 and Bondholders alone may not be able to control the outcome of any particular approval process. In addition, under the Bond Trust Deed, the principal, maturity and interest rate of a Bond issue can be modified with the approval of Bondholders holding 75 per cent. of the outstanding principal amount of such Bonds at a meeting the quorum for which is 75 per cent. (or 25 per cent. if the initial meeting is inquorate) of the Principal Amount Outstanding of such Bonds. Unless a modification, consent or waiver constitutes an Entrenched Right, the Class B Bonds (and the corresponding Borrower Loan Agreements) do not constitute Qualifying Borrower Debt while the Class A Bonds remain outstanding and therefore the Class B Bondholders do not generally have a vote on such matters.

Enforcement of security granted to subordinated creditors could indirectly lead to a termination of the Shared Services Agreement.

Heathrow Finance plc, the immediate parent company of Heathrow (SP), has granted a first ranking charge of all the issued share capital of Heathrow (SP) to secure its obligations under its loan facilities (the "**Heathrow Finance Facilities**") and notes (the "**Heathrow Finance Notes**").

Following the occurrence of an acceleration event under the Heathrow Finance Facilities and/or the Heathrow Finance Notes, the security agent appointed in connection therewith may be instructed to enforce the security granted over the shares in Heathrow (SP) which may lead to a change of control of the Group. Any such change of control may lead to a termination event under the Shared Services Agreement, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations. See "*Risk Factors - Commercial Risks - The Group is dependent on LHR Airports as Shared Services Provider to operate its businesses*".

RISKS RELATING TO FINANCIAL GUARANTORS

Priority of payment to the Financial Guarantors

In relation to payments made by a Financial Guarantor under a Financial Guarantee relating to any Wrapped Bonds, the Issuer will be required to reimburse that Financial Guarantor for any such payments and certain costs and expenses pursuant to the relevant G&R Deed. The Issuer will also be required to pay various fees, costs and expenses to a Financial Guarantor under the relevant Financial Guarantee Fee Letter irrespective of whether a demand is made under the relevant Financial Guarantee. Other than reimbursement sums in respect of payments of principal and interest in respect of the relevant Wrapped Bonds, the fees, other remuneration, indemnity payments, costs, charges and expenses of a Financial Guarantor will be paid in priority to the payment of certain amounts due to the Bondholders (see the section entitled *Summary of the Financing Agreements - Cash Management – Issuer Cash Management Agreement and Issuer Account Bank Agreement"* for further details). There is therefore a risk that that, following the payment of such fees and charges to any Financial Guarantor, the Group might not be able to repay the amounts due to Bondholders in full.

OTHER LEGAL RISKS

Insolvency Considerations

The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity or enforceability of the Bonds and/or the Security Documents. Prospective Bondholders should consult their own legal advisors with respect to all such limitations and considerations, and note that enforcement of security may be affected by general legal and equitable principles regarding the legality, validity and enforceability of contractual provisions and contractual obligations and liabilities.

Insolvency considerations relating to the Issuer

The Issuer is a company incorporated under the laws of Jersey. The Issuer's registered office is also located in Jersey. Therefore, any insolvency proceedings in respect of the Issuer would likely be commenced in Jersey and conducted in accordance with the requirements of Jersey insolvency laws in force at the time of commencement of the relevant proceedings.

There are two principal regimes for corporate insolvency in Jersey: *désastre* and winding up (including just and equitable winding up and creditors' winding up).

Jersey bankruptcy: 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 (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. With effect from the date of declaration, a secured party may, however, without the consent of the Viscount and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Interests (Jersey) Law 2012 (the "**Security Law**"). If the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the property or person of the debtor, and may not commence any legal proceedings or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the balance of the debt.

Jersey winding up: Alternatively, the creditors or shareholders of a Jersey company can commence 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 (the "**Jersey Companies Law**"). On a creditors' winding up commenced by shareholders, a liquidator is nominated by the shareholders. The creditors may approve such a liquidator or appoint a different liquidator. If a different liquidator is appointed by creditors, a director, member or creditor can apply to court for an order that either the liquidator nominated by the company be liquidator instead of or jointly with the liquidator nominated by creditors or appointing a different liquidator. On a creditors' winding up commenced by application to court by a creditor, the court may appoint a provisional liquidator any time after the application. At the hearing of the application, if a winding up order

is made, the court may appoint a person nominated by the creditor or selected by the court to be liquidator. If a liquidator is appointed by the court, any creditor of the company may within seven days of the creditors' meeting apply to court for someone else to be appointed liquidator instead of the liquidator appointed by the court. The liquidator stands in the shoes of the directors and administers the winding up, gathers assets, makes appropriate disposals of assets, settles claims and distributes assets as appropriate. After the appointment of a provisional liquidator or the commencement of the winding up (whether commenced by shareholders or court order), no action can be taken or continued against the company except with the leave of court. In a creditors' winding up commenced by shareholders, the company must give creditors 14 days' notice of the shareholders meeting to commence the creditors' winding up and give notice of a creditors meeting to be held immediately after the shareholders meeting. A creditor who applies to wind up the company must give the company at least 48 hours' notice that the application is being made. If the court orders a creditors' winding up or appoints a provisional liquidator, the liquidator must, within seven days of the liquidator's appointment, give creditors of the company notice calling a creditors meeting to be held in Jersey 21 days after the date of the court order. After the commencement of the creditors' winding up, a secured party may, however, without the sanction of a liquidator and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Law. If the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the company without 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. Under the Jersey Companies Law, a creditor of a company (subject to appeal) is bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if, among other things, three quarters in number and value of the creditors acceded to the arrangement.

Appointment of an administrative receiver might not be possible in the event of an insolvency of Heathrow or the Issuer.

English administrative receiver: Since the Issuer is incorporated in Jersey and has its registered office in Jersey, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer in England using the capital market provisions referred to below.

English administration: A company can enter into administration if the company: (i) is registered under the Companies Act 2006 (***CA 2006***) in England and Wales or Scotland; (ii) is incorporated in an EEA State; or (iii) is not incorporated in an EEA State but has its centre of main interests (as defined in the Insolvency (England and Wales) Rules 2016) (***COMI***) in an EU member state (other than Denmark) or in the UK; (iv) has its COMI in an EU member state (other than Denmark) and there is an establishment in the UK; or (iv) it has its COMI in the UK.

Accordingly, in the event that the Issuer were to become insolvent and it was not possible to appoint an administrative receiver, if the Issuer was determined to have its COMI in England then the Issuer could be placed into administration. Further details on administration are set out below.

English liquidation: Liquidation proceedings may be opened where: (i) the company is registered in England and Wales or Scotland; (ii) the debtor's COMI is in the UK, or (iii) the debtor's COMI is in an EU member state (other than Denmark) and there is an establishment in the UK. The English courts can also open compulsory liquidation (see below) in respect of foreign companies as unregistered companies if such foreign company has a sufficient connection to England and Wales (for example the Issuer has English law governed Bonds). Further details on liquidation are set out below.

Antecedent Transaction Laws in England: If the Issuer entered English administration or liquidation, then various antecedent transaction laws could be relevant. Further details on this is set out below.

English restructuring procedures: As well as formal insolvency proceedings, there are various restructuring tools under the laws of England which the Issuer may be subject to (given the Bonds are governed by English law) and which may adversely affect Bondholders and their ability to enforce their rights relating to the Bonds. These processes are under the CA 2006 (a scheme of arrangement and a restructuring plan). Further details on these processes are set out below.

Insolvency considerations in relation to the Obligors

The Obligors are companies incorporated under the laws of England and Wales. The Obligors registered offices are also located in England and Wales. Therefore, any insolvency proceedings in respect of such Obligors would likely be commenced in England and conducted in accordance with the requirements of English insolvency laws in force at the time of commencement of the relevant proceedings.

Formal insolvency proceedings under the laws of England may be initiated in a number of ways and by different parties depending on the process (see below for further summary detail on each process).

Administration: The English insolvency statutes empower English courts to make an administration order in respect of an English company. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. In addition, the holder of a "qualifying floating charge" over the assets of an English company may

appoint an administrator out of court, provided such floating charge has become enforceable. In this case the prospective administrator must be satisfied that the purpose of administration is reasonably likely to be achieved. An English company or the directors of such company may also appoint an administrator out of court. In this case the prospective administrator must be satisfied that the purpose of administration is reasonably likely to be achieved. The purpose of an administration comprises three parts which must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole or, if neither of those objectives are reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realising property to make a distribution to secured or preferred creditors.

The rights of creditors, including secured creditors, are particularly curtailed in an administration. Upon the appointment of an administrator, no step may be taken to enforce security over the company's property, except with the consent of the administrator or leave of the court. There can be no assurance that the security trustee would obtain this leave of the court or consent of the administrator. The same requirements for consent or leave apply to the commencement or institution of legal process (including legal proceedings, execution, distress or diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave, in light of the hierarchy of statutory objectives of administration described above.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act 1986, dispose of the property of a company in administration, except in respect of assets which are subject to fixed charge security. However, the general prohibition against enforcement by secured creditors without consent of the administrator or leave of the Court, and the administrator's powers with respect to floating and other security, do not apply to any security interest created or arising under a financial collateral arrangement within the meaning of the Financial Collateral Agreements (No. 2) Regulations 2003 (UK). A financial collateral arrangement includes (subject to certain other conditions) a pledge over shares in a company, where both the collateral provider and collateral taker are non-natural persons.

An administrator's powers further extend to investigating why the company failed and, where appropriate, bringing actions against the directors or former directors or seeking to set aside certain transactions (see "Antecedent Transaction Laws" below in respect of the latter). An administration does not itself terminate any contracts and an administrator does not have the power to disclaim contracts (although he or she can choose to breach a contract if he or she considers it to be in the best interests of the creditors as a whole, in which case the resulting damages will rank as an unsecured debt).

Liquidation/Winding-up: Liquidation is a terminal insolvency process pursuant to which the assets of a company are realised by the liquidator and the proceeds distributed to creditors in accordance with a statutory order of priority (see "Statutory order of priorities" paragraph below), with any surplus paid to the shareholders. Once the liquidator has completed this task, the company will be dissolved and removed from the register of companies.

A liquidator owes his or her duties to the company and its creditors as a whole and has wide powers to do whatever is necessary for the conduct of the liquidation. This includes the power to: (i) agree, compromise and pay creditor claims; (ii) sell any of the company's property; (iii) bring or defend any legal proceedings on behalf of the company; (iv) disclaim onerous property or contracts in accordance with section 178 of the Insolvency Act 1986; (v) bring actions against the directors or former directors; and (vi) bring actions to set aside certain transactions (see "Antecedent Transaction Laws" below in respect of the latter).

In compulsory liquidation, a moratorium prohibits creditor action, although secured creditors can still enforce their security. There is no automatic moratorium in a voluntary liquidation. However, the court is generally willing to grant a stay of creditor action from the date of the shareholders' resolution, which is when the voluntary liquidation is deemed to commence. This is important because it means secured creditors can go ahead and enforce their security.

Interest: Any interest accruing under or in respect of the Bonds for any period from the date of commencement of administration or liquidation proceedings, to the extent not fully covered by the assets securing the Bonds, could be recovered by holders of the Bonds only from any surplus remaining after payment of all other debts provided in the proceeding and interest accrued but unpaid up to the date of the commencement of the proceeding.

Antecedent Transaction Laws: Under English insolvency law, the liquidator or administrator of a company may, among other things, apply to the court to unwind a transaction entered into by such company, if such company was unable to pay its debts (as defined in section 123 of the Insolvency Act 1986) at the time of, or as a result of, the transaction and enters into liquidation or administration proceedings within two years of the completion of the transaction. A transaction might be subject to a challenge if it was entered into by a company "at an undervalue", that is, it involved a gift by the company or the company received consideration of less value than the benefit given by such company. However, a court generally will not intervene if a company entered into the transaction in good faith for the purpose of carrying on its business and at the time it did so there were reasonable grounds for believing the transaction would benefit such company.

In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors.

Any person who is a "victim" of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction.

Restructuring procedures: As mentioned above, as well as formal insolvency proceedings, there are various restructuring tools under the laws of England which an English-incorporated company may be subject to and which may adversely affect Bondholders and their ability to enforce their rights relating to the Bonds. Some of these processes are under the Companies Act 2006 (e.g. a scheme of arrangement and a restructuring plan) and some under the Insolvency Act 1986 (e.g. a company voluntary arrangement).

Each of these processes allows the company to reach a compromise or arrangement with its creditors (or certain classes of creditor) which, provided the relevant statutory requirements are met (which differ as between the different processes), will be binding on all affected creditors regardless of whether or not they voted in favour of the compromise (and in respect of a restructuring plan with the possibility for a whole class of creditors to be crammed down provided certain conditions are met), and regardless of the terms and approval thresholds contained in the Debt Documents. Note, a company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent.

Administrative Receiver: The holder of a qualifying floating charge that has been created since 15 September 2003 over all or substantially all of the assets of an English company can generally no longer appoint an administrative receiver of that company. There is, however, an exception to this rule that applies to certain capital markets transactions. There are three limbs that have to be satisfied in order to qualify for this exception: (i) the appointment is in pursuance of an agreement which is or forms part of a capital market arrangement; (ii) a party incurs, or when the agreement was entered into was expected to incur, a debt of at least £50 million under the arrangement; and (iii) the arrangement involves the issue of a capital market investment.

Statutory order of priorities: Under English insolvency law, (i) certain preferential claims, including unpaid contributions to occupational pension schemes in respect of the twelve-month period prior to insolvency, unpaid employees' remuneration in respect of the four-month period prior to insolvency and claims by HMRC in respect of certain taxes including VAT and PAYE income tax (among others), and (ii) expenses of the liquidation or the administration, will, while ranking behind the claims of holders of fixed security, rank ahead of floating charges. In addition, a prescribed part of floating charge realisations (being 50 per cent. of the first £10,000 of net realisations and 20 per cent. of the net realisations thereafter, up to a maximum of £800,000) is required to be set aside for the benefit of unsecured creditors and, as such, ranks ahead of the relevant floating charge.

The Group companies face potential secondary liabilities as members of the Heathrow Airport Holdings Group.

The Group is part of the larger Heathrow Airport Holdings Group. The Group could, in certain circumstances, face secondary liabilities in respect of obligations of other Heathrow Airport Holdings Group entities which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Borrower Security Trustee could incur liabilities as mortgagee in possession for which it would require indemnification from the Borrower Secured Creditors, including Bondholders.

Should the Borrower Security Trustee take enforcement proceedings under the Security Documents and if there is a physical entry into possession of Heathrow Airport 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 Heathrow Airport, 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).

The NSIA could restrict creditors' ability to enforce security.

The NSIA came into force on 4 January 2022 and allows the UK Government broad powers to scrutinise and intervene in qualifying acquisitions that could harm the UK's national security. In addition to the UK Government's broad powers to scrutinise qualifying acquisitions in any area of the UK economy, certain transactions involving the acquisition of a qualifying entity in one of 17 defined sensitive areas of the UK economy will have to be notified to the UK Government for approval before they are completed. Guidance published by the UK Government states that 'transport', one of the 17 defined sensitive sectors currently identified by the Department for Business, Energy & Industrial Strategy as being within scope of the mandatory notification regime, for these purposes includes ports and harbours, airports and air traffic control, which would include the business of the Group.

Since the business of the Group falls within scope of the mandatory regime, then the enforcement of security by the Borrower Security Trustee under the Security Documents may constitute a 'trigger event' under the NSIA requiring a mandatory notification to the UK Government, such that the enforcement of security could be impeded or take more time due to the prohibition on completing a notifiable acquisition without UK Government approval. It cannot be guaranteed that the regime under the NSIA will not have an impact on any enforcement of security by the Borrower Secured Creditors or Issuer Secured Creditors.

"**NSIA**" means the National Security and Investment Act 2021, as amended from time to time.

General risk of change of law.

It is possible that changes in law, rules or regulations (including changes in tax regimes) applicable to the Group, or their interpretation or application, either generally or following a change of UK government or the exit by the UK from the EU, could result in the Group's debt financing arrangements as originally structured no longer having the anticipated effect, could increase the cost of the Group's financing arrangements or operations, could increase the Group's tax liabilities, could result in expropriation of some or all of Heathrow's assets and/or could adversely affect the rights, priorities of payments and/or treatment of holdings in Bonds for Bondholders and could have a material adverse effect on the Group's business, financial condition and results of operations.

Service of process, enforcement of judgments and bringing of actions in the United States may be difficult.

The Issuer is a public company incorporated with limited liability in Jersey. Its assets are located outside the United States. In addition, all of its officers and directors reside outside the United States and most of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons not residing in the United States with respect to matters arising under the federal or state securities laws of the United States, or to enforce against any of them judgments of the courts of the United States predicated upon the civil liability provisions of such securities laws. There is a doubt as to the enforceability in Jersey, in original actions or in actions for the enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

A recharacterisation of fixed security interests as floating security interests could result in certain claims having priority over the Bond Trustee.

There is a possibility that a court could find that certain fixed security interests 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 Bond 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 Bond Trustee, as the case may be, to the proceeds of enforcement.

TAX RISKS

The Issuer's UK tax position operates on the basis that it is a "securitisation company" for tax purposes.

On establishment of the Programme, the Issuer was advised that it should be a "securitisation company" for the purposes of the UK Taxation of Securitisation Companies Regulations 2006, made in December 2006 under section 84 of the Finance Act 2005, which has subsequently been rewritten to section 624 of the Corporation Tax Act 2010. The Issuer is operated on the basis that it is a securitisation company for these purposes and is therefore 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 a material 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.

The Group faces potential secondary tax liabilities.

Where a company fails to discharge certain tax liabilities within a specified time period, UK tax law imposes, in certain circumstances, 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.

If any secondary tax liabilities arise in the Issuer or other members of the Group, which are not discharged by the other members of the wider Heathrow Airport Holdings Group, and are of significant amounts, the Issuer or other members of the Group could be adversely affected.

The Issuer is not a member of a value added tax ("**VAT**") group and is therefore not exposed to secondary VAT liabilities.

From 1 December 2012, the other members of the Group (excluding the Issuer) have only been VAT grouped with each other and no other entities. Any historic secondary VAT liabilities from the Group members' prior inclusion within the wider Heathrow Airport Holdings VAT group have timed out under the VAT statute of limitations.

The Issuer is not obliged to pay any additional amounts to Bondholders as a result of withholding tax in respect of the Bonds.

If 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, to 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. See "*Tax Considerations*" for a discussion of the risk of withholding taxes applying in respect of payments under the Bonds.

Withholding tax in respect of Borrower Loan Agreements could lead to early redemption of the Bonds.

The Issuer believes that all payments made under a Borrower Loan Agreement can be made without deduction or withholding for or on account of any UK or Jersey tax. If any withholding or deduction for or on account of tax is required to be made, the relevant Group company will be obliged to gross up the payment so that the Issuer will receive the same cash amount that it would have received had no such withholding or deduction been made. If a gross-up is required by a change in tax law, the relevant Group company will have the option (but not the obligation) to prepay all relevant outstanding advances made under the relevant Borrower Loan Agreement in full. If the Group company 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 interest. If the Group companies do not have sufficient funds to enable them to either repay the relevant Borrower Loan Agreement or gross up payments to the Issuer, the Issuer's ability to make timely payments of interest and principal under the Bonds could be adversely affected.

ISSUER AND BOND CONSIDERATIONS

The Bonds constitute obligations of the Issuer only.

None of the Bonds will be obligations of, nor will they be guaranteed by, any of the Other Parties (as defined below) or any company in the 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.

The Issuer is a special purpose vehicle.

The Issuer is a special purpose financing entity established for the purpose of issuing bonds. Bond proceeds are on-lent to Heathrow under Borrower Loan Agreements which are secured by security granted over the Group companies' business and assets. The Issuer relies on interest and principal payments under the Borrower Loan Agreements to make payments on the Bonds. Therefore, the Issuer is subject to all the risks relating to income and expenses to which the other Group companies are subject. Such risks could limit funds available to the Group companies to enable the Group companies to satisfy in full and on a timely basis their obligations under the Borrower Loan Agreements and their guarantees under the Security Agreement.

Certain of the Issuer's obligations to third parties rank ahead of the Bondholders.

Although the Bond 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 Hedge Counterparties (in respect of certain payments payable to them), the Issuer 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 – Documents Not Incorporated by Reference – Cash Management – Issuer Cash Management Agreement and 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 Heathrow'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 Group, such as trade creditors and suppliers, 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 a Group company which fails to pay its unsecured debts as they fall due.

Payments under the Class B Bonds will rank subordinate to payments under the Class A Bonds.

Payments under the Class B Bonds 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 and unless amounts are available to be drawn under the Issuer Liquidity Facility, 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 are (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.

The Bond Trustee shall have regard to certain Classes or Sub-Classes of Bondholders in the event of a conflict of interest among such Classes or Sub-Classes of 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.

Liquidity of the Bonds could be limited, and there could be an absence of a 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 Group.

Rating of the Bonds; Change to covenants subject to Ratings Confirmation.

Changes can be made to certain covenants provided that Heathrow obtains a Ratings Confirmation in respect of the particular change. The Rating Agencies may not provide their confirmation in the time available or at all, and they will not be responsible for the consequences thereof. A Ratings Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time. A Ratings Confirmation cannot be construed as advice for the benefit of any parties involved in the Programme. No assurance can be given that, although a Ratings Confirmation in respect of any particular change has been provided, such change will not have an adverse impact upon the business of the Group.

The ratings assigned by the Rating Agencies to the Class A Bonds and the Class B Bonds reflect only the views of the Rating Agencies and in assigning the ratings the Rating Agencies take into consideration the credit quality of the Group and structural features and other aspects of the transaction, including counterparty risk. 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 or if, in the Rating Agencies' judgment, 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 Group and/or circumstances relating to the airport industry generally, could have an adverse impact on the ratings of the Bonds.

Future changes or uncertainty with respect to benchmarks may adversely affect the Group's Cost of Funds and/or the effectiveness of its hedging

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks (including SONIA, SOFR, €STR, SARON, TONA or CORRA (as such terms are defined herein, and together with EURIBOR or any other rate as specified in the final terms, "**Benchmarks**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Bonds linked to or referencing such Benchmark.

Regulation (EU 2016/1011) (the "**EU Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, 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 or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

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

Prospective investors in Floating Rate Bonds should in particular be aware that:

- changes to the level of the relevant published rate applicable to the Floating Rate Bonds, could cause it to be lower, higher and/or more volatile than it would have otherwise been;

- if EURIBOR is discontinued or is otherwise unavailable, then the rate of interest on Floating Rate Bonds which references such benchmark will be determined for the relevant period by the fall-back provisions provided for under Condition 6 (Interest and other Calculations) of the Terms and Conditions of the Bonds, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Euro-zone interbank market, may not operate as intended (depending on the 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 period when EURIBOR was available unless a Successor Rate or Alternative Rate for the relevant benchmark has been determined by the Issuer as described below;

- if the relevant Benchmark is discontinued or otherwise ceases to be used a benchmark, the Issuer has the right to determine a Successor Rate or Alternative Rate for the relevant Benchmark and in these circumstances the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Bondholders. If a Successor Rate or Alternative Rate is determined by the Issuer, the Conditions also provide that an Adjustment Spread may be determined by the Issuer to be applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as is practicable, any economic prejudice or benefit (as the case may be) to Bondholders and Couponholders as a result of the replacement of the relevant Benchmark with the Successor Rate or the Alternative Rate. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to Bondholders and Couponholders. If no Adjustment Spread is determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Interest Rate; and

- if EURIBOR or any other relevant Benchmark is discontinued or is otherwise unavailable, 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 the risk being hedged. The fall-back provisions in Hedging Agreements may not be consistent with the fall-back provisions in the debt which the

Hedging Agreements are intended to hedge. In those circumstances, the Group's cost of funds in relation to its floating rate debt may increase and/or the Group may not be effectively hedged in respect of such debt. Any such consequences could have an adverse effect on the business, financial condition or results of operations of the Group which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

If EURIBOR or any other relevant Benchmark is discontinued or otherwise ceases to be used as a benchmark, there can be no assurance that the operation of the applicable fall-back provisions under any Authorised Credit Facility entered into by Heathrow (including any related Hedging Agreement) 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 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, and/or the amount receivable by the relevant Bondholders relative to what they would have received if EURIBOR or any other relevant Benchmark had continued under, the Floating Rate Bonds. No assurance may be provided that relevant changes will not occur with respect to 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 risk free rates (including overnight rates such as SONIA, SOFR, €STR, SARON, TONA or CORRA) as reference rates for Floating Rate Bonds

The rate of interest on the Bonds may be calculated on the basis of risk free rates such as SONIA, SOFR, €STR, SARON, TONA or CORRA as set forth in the relevant Final Terms. SONIA, SOFR, €STR, SARON, TONA and CORRA are overnight funding rates. Interest on SONIA-, SOFR-, €STR-, SARON-, TONA- and CORRA-based Bonds with interest periods longer than overnight will be calculated on the basis of SONIA, SOFR, €STR, SARON, TONA or CORRA as applicable, compounded during the relevant interest period except during a specified period near the end of each interest payment date during which such risk free rate will be fixed. As a consequence, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Investors therefore will not know in advance the interest amount which will be payable on such Floating Rate Bonds.

The market continues to develop in relation to risk free rates, such as SONIA, SOFR, €STR, SARON, TONA or CORRA as a reference rate in the capital markets and their adoption as alternatives to the relevant interbank offered rates. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, SOFR or €STR, including term SONIA, term SOFR and term €STR reference rates which seek to measure the market's forward expectation of an average rate over a designated term.

The market or a significant part thereof may adopt an application of SONIA, SOFR, €STR, SARON, TONA or CORRA that differs significantly from that set out in the Terms and Conditions as applicable to Floating Rate Bonds referencing such reference rates. The nascent development of compounded daily SONIA, €STR, SARON, SOFR, TONA or CORRA as an interest reference rate, as well as continued development of SONIA-, SOFR-, €STR-, SARON-, TONA- and CORRA-based rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-, SOFR-, €STR-, SARON-, TONA- or CORRA-referenced Bonds issued under the programme from time to time.

In addition, the manner of adoption or application of SONIA, SOFR, €STR, SARON, TONA or CORRA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA, SOFR, €STR, SARON, TONA or CORRA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA, SOFR, €STR, SARON, TONA or CORRA 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 instruments referencing SONIA, SOFR, €STR, SARON, TONA or CORRA. Since these are all relatively new market indices, Bonds linked to SONIA, SOFR, €STR, SARON, TONA or CORRA may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SONIA, SOFR, €STR, SARON, TONA or CORRA such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Bonds may be lower than those of later-issued indexed debt securities as a result. Further, if SONIA, SOFR, €STR, SARON, TONA or CORRA does not prove to be widely used in securities like the instruments, the trading price of such Bonds linked to SONIA, SOFR, €STR, SARON, TONA or CORRA may be lower than those of Bonds linked to indices that are more widely used. Investors in such Bonds may not be able to sell such Bonds at all or may not be able to sell such Bonds

at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and may consequently suffer from increased pricing volatility and market risk. In the event of a cessation of SONIA, SOFR, €STR, SARON, TONA or CORRA, the Issuer, its designee or a Calculation Agent may make certain determinations in their own discretion, as provided for under Condition 6 (Interest and other Calculations) of the Terms and Conditions of the Bonds, in connection with choosing and implementing a replacement rate. These determinations do not require the consent of the Bondholders and, once made, may negatively affect the value of the Bonds and will be conclusive and binding on the Bondholders.

SONIA, SOFR, €STR, SARON, TONA or CORRA differ from other benchmarks in a number of material respects and have a limited history

Publication of SONIA, SOFR, €STR, SARON, TONA or CORRA has a limited history. The future performance of SONIA, SOFR, €STR, SARON, TONA or CORRA may therefore be difficult to predict based on the limited historical performance. The level of SONIA, SOFR, €STR, SARON, TONA or CORRA during the term of Bonds issued under the Programme may bear little or no relation to the historical level of SONIA, SOFR, €STR, SARON, TONA or CORRA. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA, SOFR, €STR, SARON, TONA or CORRA such as correlations, may change in the future. Furthermore, interest on Bonds which reference Compounded Daily SONIA is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Bonds which reference such risk free rates to reliably estimate the amount of interest which will be payable on such Bonds and some investors may be unable or unwilling to trade such Bonds without changes to their IT systems, both of which could adversely impact the liquidity of such Bonds. If Bonds referencing Compounded Daily SONIA, SOFR, €STR, SARON, TONA or CORRA become due and payable as a result of an event of default under Condition 11 (Bond Event of default), or are redeemed early on a date which is not an Interest Payment Date, the rate of interest payable for the Final Interest Period in respect of such Bonds shall only be determined immediately prior to the date on which the Bonds become due and payable.

The administrator of SONIA, SOFR, €STR, SARON, TONA or CORRA may discontinue such benchmark or make changes that could change its value

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

Bonds issued in different currencies may be subject to volatile market conditions

Volatility in financial markets as a result of political or social unrest, exchange rates and general levels of prices and interest rates may affect the various currencies in which Bonds may be issued. In recent decades, for example, the Mexican economy has experience significant volatility, characterised, on some occasions, by a reduced growth or contractions, reductions in investment and periods of hyperinflation. This volatility has resulted in fluctuations in the levels of deposits and in the strength of various segments of the Mexican economy, including in the value of the Mexican peso. Such fluctuations in the currencies in which Bonds are issued may negatively affect the value of the Bonds and accordingly, Bondholders' interests in the Bonds.

Sustainability-Linked Bonds may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics

Although the interest rate relating to the Sustainability-Linked Bonds with a Step Up Option is subject to upward adjustment, and Sustainability-Linked Bonds with a Premium Payment Option are subject to a premium payment at maturity, in each case in the event that the Issuer fails to: (i) where the applicable Final Terms specify In the Air Carbon KPI Step Up Event as being applicable, decrease the In the Air Carbon KPI by at least the relevant In the Air Carbon KPI Percentage Threshold during the relevant In the Air Carbon KPI Percentage Reference Year, and/or (ii) where the applicable Final Terms specify On the Ground Carbon KPI Step Up Event as being applicable, decrease the On the Ground Carbon KPI by at least the On the Ground Carbon KPI Percentage Threshold during the relevant On the Ground Carbon KPI Percentage Reference Year, all as further specified in the Terms and Conditions of the Bonds, such Bonds may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics.

For the avoidance of doubt, where the Step Up Option and/or Premium Payment Option is specified as applicable in the relevant Final Terms, following a Step Up Event and an increase in the interest rate and/or application of a premium payment relating to the Sustainability-Linked Bonds, the Rate of Interest (in the case of Fixed Rate Bonds) or Margin (in the case of Floating Rate Bonds) will not subsequently decrease or premium subsequently be disapplied, regardless of whether the Issuer subsequently achieves the In the Air Carbon KPI Condition or the On the Ground Carbon KPI Condition.

Sustainability-Linked Bonds will not be marketed as green bonds since the Group expects to use the relevant net proceeds for general corporate purposes and therefore, the Group does not intend to allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds.

In addition, the interest rate adjustment and/or premium payment in respect of the above-mentioned Sustainability-Linked Bonds depends on a definition of In the Air Carbon KPI and/or On the Ground Carbon KPI (each as applicable, and as defined in the Terms and Conditions of the Bonds) that may be inconsistent with investor requirements or expectations or other definitions relevant to greenhouse gas emissions, as the case may be. The Group has not obtained a third-party analysis of the definitions of In the Air Carbon KPI, and/or On the Ground Carbon KPI or how such definitions relate to any sustainability-related standards.

Although Heathrow targets (i) a reduction in " in the air" carbon emissions and (ii) a reduction in carbon emissions “on the ground”, there can be no assurance of the extent to which it will be successful in doing so or that any future investments it makes in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding environmental, sustainability or social performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or sustainability impacts may occur during the design, construction and operation of any investments that Heathrow makes in furtherance of a target or such investments may become controversial or criticised by activist groups or other stakeholders.

No Event of Default shall occur under the Sustainability-Linked Bonds, nor will the Issuer be required to repurchase or redeem such Bonds, if the Issuer fails to satisfy the In the Air Carbon KPI Condition and/or On the Ground Carbon KPI Condition.

Sustainability-Linked Bonds include certain triggers linked to sustainability key performance indicators

Under the Terms and Conditions of the Bonds, Sustainability-Linked Bonds include certain triggers linked to sustainability key performance indicators such as absolute carbon emissions (see: “*Sustainability-Linked Bonds may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics*”). Such key performance indicators must be complied with by the Group in respect of Sustainability-Linked Bonds for which a Step Up Option and/or a Premium Payment Option applies, and the Dealers do not assume any obligation or responsibility to monitor the performance of any In the Air Carbon KPI and/or On the Ground Carbon KPI. The failure to meet such sustainability key performance indicators will result in increased interest amounts under such Bonds, which would increase the Group’s cost of funding and could have an adverse impact upon the Group, its business prospects, its results of operations or its reputation.

Any confirmation provided by the relevant Assurance Provider is not, nor should it be deemed to be, a recommendation by the Issuer, the Dealers, the relevant Assurance Provider or any other person to buy, sell or hold Sustainability-Linked Bonds. Bondholders have no recourse against the Group, the Dealers, or the relevant Assurance Provider for the contents of any such confirmation, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein for the purpose of any investment in the Sustainability-Linked Bonds.

Under the Terms and Conditions of the Sustainability-Linked Bonds: (i) an In the Air Carbon KPI Step Up Event may occur if, amongst other things, the level of absolute “in the air” Scope 3 absolute carbon emissions emitted from aircraft (as more fully described in Condition 6(f) (*Step Up Option and/or Premium Payment Option for Fixed Rate Bonds and Floating Rate Bonds*)) in respect of any In the Air Carbon KPI Percentage Reference Year specified in the applicable Final Terms do not reduce by at least the relevant In the Air Carbon KPI Percentage Threshold specified in the applicable Final Terms, by comparison to the 2019 In the Air Carbon Baseline; and (ii) an On the Ground Carbon KPI Step Up Event may occur if, amongst other things, the level of absolute “on the ground” Scope 1, 2 and 3 absolute carbon emissions (as more fully described in Condition 6(f) (*Step Up Option and/or Premium Payment Option for Fixed Rate Bonds and Floating Rate Bonds*)) in respect of any On the Ground Carbon KPI Percentage Reference Year specified in the applicable

Final Terms do not reduce by at least the relevant On the Ground Carbon KPI Percentage Threshold specified in the applicable Final Terms, by comparison to the 2019 On the Ground Carbon Baseline.

The Terms and Conditions of the Sustainability-Linked Bonds for which the applicable Final Terms specify an In the Air Carbon KPI Step Up Event as being applicable permit the Group to recalculate the 2019 In the Air Carbon Baseline and/or the 2019 On the Ground Carbon Baseline in line with the relevant Recalculation Policy (which, as at the date of this Prospectus, is included in the Sustainability-Linked Bond Framework), as applicable, to reflect, amongst other things, any significant or structural changes to the Group.

Any recalculation of the 2019 In the Air Carbon Baseline may increase or decrease the amount of "in the air" absolute carbon Scope 3 emissions comprising the 2019 In the Air Carbon Baseline, and therefore respectively increase the total volume of In the Air Carbon KPI that may be produced by the Group while still being able to satisfy the In the Air Carbon KPI Condition and avoid the occurrence of an In the Air Carbon KPI Step Up Event, or decrease the total volume of reduction in the In the Air Carbon KPI that needs to be achieved by the Group in order to satisfy the In the Air Carbon KPI Condition and avoid the occurrence of an In the Air Carbon KPI Step Up Event.

Any recalculation of the 2019 On the Ground Carbon Baseline may increase or decrease the amount of "on the ground" absolute carbon Scope 1, 2 and 3 emissions comprising the 2019 On the Ground Carbon Baseline, and therefore respectively increase the total volume of On the Ground Carbon KPI that may be produced by the Group while still being able to satisfy the On the Ground Carbon KPI Condition and avoid the occurrence of an On the Ground Carbon KPI Step Up Event, or decrease the total volume of reduction in On the Ground Carbon KPI that needs to be achieved by the Group in order to satisfy the On the Ground Carbon KPI Condition and avoid the occurrence of an On the Ground Carbon KPI Step Up Event.

There is no legal, regulatory or market definition of or standardised criteria for what constitutes a "sustainability-linked", "climate KPI-linked", "ESG-linked" or other equivalently labelled finance instrument, and any such designations made by third parties with respect to the Sustainability-Linked Bonds have not been endorsed by the Issuer or the Group nor form part of this Prospectus

The Sustainability-Linked Bonds may include an interest step up and/or a premium payment linked to the non-achievement of any In the Air Carbon KPI Condition and/or On the Ground Carbon KPI Condition by the Group as further described in the Terms and Conditions and the applicable Final Terms of the relevant Sustainability-Linked Bonds. There is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes or should constitute, a "sustainability-linked", a "climate KPI-linked", "ESG-linked" or an equivalently labelled financial instrument, and legislative and non-governmental developments in respect of sustainable finance are numerous and continue to evolve. As a result, Bondholders as investors and the Sustainability-Linked Bonds as investments may not respect, or may cease during the life of the Sustainability-Linked Bonds to respect, certain requirements, whether legislation, taxonomies, standards or other investment criteria or guidelines. In particular, the Sustainability-Linked Bonds may not qualify, or may cease during the life of the Sustainability-Linked Bonds to qualify, for certain dedicated sustainability-linked bond, ESG-linked securities or other equivalently-labelled indexes that may be important for the Bondholders to comply with, whether by any present or future applicable laws or regulations or by its own by-laws or investment portfolio mandates or criteria, in particular with regard to the climate KPI-linked or sustainability-linked objectives. Should the Sustainability-Linked Bonds not meet the requirements of Bondholders, this could have material consequences for the value of such Bondholder's investment and/or require such Bondholder to dispose of the Sustainability-Linked Bonds at the then prevailing market price.

Although the Group has obtained a second party opinion (the "**Second Party Opinion**") in relation to the alignment of the Sustainability-Linked Bond Framework to the 2023 Sustainability-Linked Bond Principles ("**SLBP**") published by the International Capital Markets Association ("**ICMA**"), the SLBP has been developed as voluntary industry guidelines and no supervisory nor regulatory authority has passed on the content or adequacy of the SLBP. Second Party Opinion providers are not currently subject to any specific regulatory or other regime or oversight. If laws and regulations evolve, the SLBP and/or the Second Party Opinion may not be fully in line for these purposes, which in turn could have material consequences for the future trading prices of the Sustainability-Linked Bonds and/or the liquidity of the Sustainability-Linked Bonds and require investors with portfolio mandates to invest in sustainability-linked or climate KPI-linked or ESG-linked assets to dispose of the Sustainability-Linked Bonds.

The interests of the Group's ultimate shareholders may be inconsistent with interests of Bondholders

Ferrovial S.E., Qatar Holding LLC, Caisse de dépôt et placement du Québec, the Government of Singapore Investment Corporation, Australian Retirement Trust, China Investment Corporation and Universities Superannuation Scheme, or investment vehicles controlled or managed on their behalf, indirectly own all of the shares of the Group. As a result, these shareholders have, directly or indirectly, the power, among other things, to affect the Group's legal and capital structure and its day-to-day operations, as well as the ability to elect and change management and to approve other changes to the Group's operations. The interests of the Group's ultimate shareholders could conflict with the interests of investors in the Bonds, particularly if the Group encounters financial difficulties or is unable to pay its debts when due. Some of the Group's ultimate shareholders own entities that do business with the Group and the Group's ultimate shareholders may, in the future, own further entities that do so. In addition, the Group's ultimate shareholders may, in the future, own businesses that directly compete with the Group in certain respects.

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. Inflation indexes may go down as well as up. Where Bonds in respect of which the amount of interest payable is subject to adjustment by reference to movements in an inflation index are issued, a decrease in such inflation index over the reference period will reduce the amount of interest payable in respect of such Bonds. In a deflationary environment, the annual interest received may be lower than the rate of interest specified in the applicable Final Terms. Where the amount payable upon redemption of the Bonds is subject to adjustment by reference to movements in an inflation index, a decrease in the specified inflation index over the reference period may reduce the amount to be repaid upon redemption of the Bonds to less than the nominal amount of the Bonds. Investors, as a consequence, may lose the value of their entire investment or part of it. The historical experience of the relevant inflation index should not be viewed as an indication of future performance of that inflation index during the term of any inflation-linked Bonds. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any inflation-linked Bonds and the suitability of such Bonds in light of its particular circumstances.

Fundamental Changes to RPI, CPI or CPIH

The formula used by the Office for National Statistics for calculating RPI, CPI or CPIH may change over time. Such a change in the methodology for calculating RPI, CPI or CPIH may affect the actual RPI, CPI or CPIH figure. Consequently, the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of index-linked Bonds may increase, or decrease, as a result of such a change to the RPI, CPI or CPIH figure.

In particular, in March 2020, a public consultation was launched on proposals issued by the UK Statistics Authority ("**UKSA**") on the timing and method of bringing CPIH methods and data sources into the RPI, including to cease the publication of RPI, and, in the interim, to change the methodology used for calculating the RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the Government and the UKSA published their response to the consultation confirming that the methodology used for calculating the RPI will be aligned with the methodology for calculating CPIH no earlier than 2030.

In April 2021 the trustees of the BT, Ford and Marks and Spencer pension schemes filed an application for a judicial review, which was granted in December 2021, over the legality of the planned change to the calculation of RPI. On 1 September 2022 the High Court ruled in favour of the Government, stating the proposed changes can legally and practically be made by the Government in February 2030. This High Court decision will have a significant impact on returns to index-linked gilt investors and other legacy users of RPI and it is unclear what, if any, further steps such investors may take.

Condition 7 provides that in the case of a fundamental change to the coverage or the basic calculation of RPI, CPI or CPIH, as the case may be, in certain specified circumstances, adjustments to such index may be made, or a substitute index (with or without adjustments) may be agreed.

At the time of issue of any index-linked Bonds, the applicability or non-applicability of Condition 7, as the case may be, in the case of a fundamental change to RPI, CPI or CPIH, as the case may be, may have a positive or negative impact on the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of index-linked Bonds. Each investor should consider carefully, and seek independent financial advice on, the impact of such changes on their investment.

Changes to the risk weighted asset framework

Bondholders should consult their own advisers as to the consequences to, and effect on, them of the application of Directive 2013/36/EU ("**CRD IV**") as revised by Directive 2019/879/EU ("**CRD V**"), Regulation (EU) No. 575/2013 ("**CRR**") as revised by Regulation (EU) 2019/876) ("**CRR II**") (CRD IV, CRD V, CRR and CRR II together, the "**CRD**"), as implemented by their own regulator, to their holding of any Class of Bonds. The Issuer is not responsible for informing Bondholders of the effects of the changes to risk-weighting which will result for investors from the adoption of CRD by their own regulator.

Timing of payment on Bonds will not necessarily coincide with payment of other indebtedness.

Payment Dates for the various different types of Senior Debt, Junior Debt and Subordinated Debt will not necessarily coincide, and there is no obligation to ensure that a payment made in respect of any Junior Debt or Subordinated 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. 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, Bonds will be tradeable in minimum authorised denominations of at least €100,000 or not less than the equivalent of €100,000 in any other currency (the "**Minimum Denomination**") and higher integral multiples of a smaller amount (the "**Integral Amount**") up to and including the amount that is twice the Minimum Denomination less the Integral Amount (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 Regulation S Bonds will initially only be issued in global form and deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Global Bonds and Global Bond Certificates will trade in book-entry form only. The Rule 144A Bonds will initially only be issued in global certificated form and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The common depositary, or its nominee, for Euroclear, Clearstream, Luxembourg or DTC will be the sole holder of the Global Bonds and Global Bond Certificates representing the Bonds. Accordingly, owners of book-entry interests must rely on the procedures of Euroclear, Clearstream, Luxembourg or DTC and non-participants in Euroclear, Clearstream, Luxembourg or DTC 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, Clearstream, Luxembourg and DTC may not be adequate to ensure the timely exercise of rights under the Bonds.

GLOSSARY OF KEY DEFINED TERMS

Certain key terms which are used in this Prospectus are defined below. Other terms are defined in the Master Definitions Agreement, which is incorporated by reference in this Prospectus.

For a description of how certain industry terminology is used in this Prospectus, please see "*Industry Sources and Terminology*".

€ or ***euro***	means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, from time to time, and is the lawful currency of the Participating Member States;
A$ or ***Australian dollars***	means the lawful currency of Australia;
ACL	means Airport Coordination Limited, an organisation owned and managed by several major UK airlines, which allocates take-off and landing slots at various airports, including Heathrow Airport;
Adjusted EBITDA	means earnings before interest, tax, depreciation and amortisation, certain re-measurements and exceptional items;
Airports Act	means the Airports Act 1986;
BBSW	means the Bank Bill Swap Rate;
Bond Trust Deed	means the bond trust deed entered into by the Issuer and the Bond Trustee in connection with the Programme, dated 18 August 2008 and as supplemented from time to time, which is incorporated by reference in this Prospectus;
Borrower Loans	means the inter-company loans between the Issuer and Heathrow which are designed to match economically the terms of the Bonds and any related hedging. For a description of the Borrower Loans, see "*Summary of the Financing Agreements—Documents Not Incorporated by Reference—Borrower Loan Arrangements*";
C$ or ***Canadian dollars***	means the lawful currency of Canada;
CAA or ***Civil Aviation Authority***	means the UK Civil Aviation Authority established under section 2 of the Civil Aviation Act 1982 and/or any other replacement governmental authority;
CHF or ***Swiss francs***	means the lawful currency of Switzerland;
Civil Aviation Act	means the Civil Aviation Act 2012;
CORRA	means the Canadian Overnight Repo Rate Average, published by the Bank of Canada;
CPI	means the UK Consumer Price Index, published by the UK Office for National Statistics;
Elizabeth Line	refers to the new high frequency, high capacity railway for London and the South East of England with the roll out introducing phased improvements such as the introduction of the new Class 345 trains. Direct trains between central London and Heathrow commenced following the launch of the Elizabeth Line on 6 November 2022;
FGP Topco	means FGP Topco Limited;
FGP Topco Group	means FGP Topco and its subsidiaries from time to time;
Final Determination	has the meaning given to it in "*Risk Factors - Regulatory Risks - Heathrow is subject to economic regulation by the Civil Aviation Authority ("CAA"), which is subject to change and affects pricing* "*;*
Group	means Heathrow (SP), Heathrow (AH), Heathrow, Heathrow Express and the Issuer;

H7	means Quinquennium 7, the current regulatory period for Heathrow, which commenced on 1 January 2022 and is due to end at the end of 2026;
H8	means Quinquennium 8, the next regulatory period for Heathrow, which is due to commence on 1 January 2027;
Heathrow	means Heathrow Airport Limited, the owner and operator of Heathrow Airport, see "*Description of the Group Companies*";
Heathrow (AH)	means Heathrow (AH) Limited, see "*Description of the Group Companies*";
Heathrow (SP)	means Heathrow (SP) Limited, see "*Description of the Group Companies*";
Heathrow Airport Holdings	means Heathrow Airport Holdings Limited, a company incorporated and registered in England and Wales with company number 05757208;
Heathrow Airport Holdings Group	means Heathrow Airport Holdings and its subsidiaries from time to time;
Heathrow Express	means Heathrow Express Operating Company Limited, see "*Description of the Group Companies*";
Heathrow Finance	means Heathrow Finance plc, see "*Description of the Group Companies*";
HIBOR	means the Hong Kong Interbank Offered Rate;
HKD, ***Hong Kong dollars*** or ***HK$***	means the lawful currency of Hong Kong;
iH7	means Interim Heathrow 7, a shorter price control period preceding H7, an actual 2-year extension to the current Q6 period.
Investor Report	means the investor report required to be issued semi-annually and produced by LHR Airports as Security Group Agent on behalf of the Group;
Issuer	means Heathrow Funding Limited, see "*Description of the Group Companies*";
Japanese yen, ***JPY*** or ***J¥***	means the lawful currency of Japan;
LHR Airports	means LHR Airports Limited, a company incorporated and registered in England and Wales with company number 01970855;
MPT	means the market power test, see "*Airport Regulation – Principles of Economic Regulation*";
MXN or Mexican pesos	means the lawful currency of Mexico;
MXN TIIE	means the "*Tasa de Interés Interbancaria de Equilibrio*" (Interbank Equilibrium Interest Rate) rate, published by the Bank of Mexico;
NATS	means National Air Traffic Services Holdings Limited and its subsidiaries;
NIBOR	means the Norwegian Interbank Offered Rate;
NOK or ***Norwegian krone***	means the lawful currency of Norway;
Open Skies Agreement	has the meaning given to it in "*Business – Customers – Air Service Agreements and Open Skies*";
Open Skies	means liberalisation of air services, rules and regulations of the international aviation industry;

Operating Companies	means Heathrow and Heathrow Express and ***Operating Company*** means either one of them, as applicable;
pounds, ***sterling***, ***GBP*** or ***£***	means the lawful currency of the UK;
Programme	means the Group's bond issuance programme established in 2008;
Provisional Determination	has the meaning given to it in "*Risk Factors - Regulatory Risks - Heathrow is subject to economic regulation by the Civil Aviation Authority ("CAA"), which is subject to change and affects pricing* "*;*
Q5	means Quinquennium 5, the five-year regulatory period for Heathrow, from 1 April 2008 as extended by the CAA by one year (Q5+1) to 31 March 2014;
Q6	means Quinquennium 6, the regulatory period for Heathrow, from 1 April 2014 to 2018, the approach to which was successively extended to cover 2019 and 2020 to 2021;
Quinquennium	means a five year period for which the CAA sets the maximum level of airport charges at Heathrow Airport;
RAB	means Regulatory Asset Base. For a description of the RAB, see "*Airport Regulation—Principles of Economic Regulation—Regulatory Asset Base (RAB)*";
RAR	means regulatory asset ratio;
Restricted Payments	means any payment of subordinated debt, dividend or other distribution or similar to any affiliate of an Obligor (who is not an Obligor or the Issuer). Payments by the Issuer in respect of interest on, or principal of, the Bonds are not Restricted Payments;
Revised Business Plan or ***RBP***	means the revised business plan submitted by Heathrow to the CAA;
RPI	means the UK Retail Price Index, published by the UK Office for National Statistics;
SARON	means the Swiss Average Rate Overnight, published by the Swiss Stock Exchange;
SOFR	means the Secured Overnight Finance Rate, published by the New York Federal Reserve;
SONIA	means the Sterling Overnight Index Average, published by the ICE Benchmark Association;
SEK or ***Swedish krona***	means the lawful currency of Sweden;
SGD or ***Singapore dollars***	means the lawful currency of Singapore;
Shared Services Agreement	means the shared services agreement entered into by Heathrow and LHR Airports under which LHR Airports provides services to Heathrow and Heathrow Express;
Shared Services Provider	means LHR Airports;
SOR	means the Singapore Swap Offer Rate;
STIBOR	means the Stockholm Interbank Offered Rate;
STID	means the Security Trust and Intercreditor Deed, which is incorporated by reference in this Prospectus and which is described at "*Summary of the Financing Agreements—Documents Incorporated by Reference—Security Trust and Intercreditor Deed*";
TDOC	means the Terminal Drop Off Charge;
TONA	means the Tokyo Overnight Average Rate published by the Bank of Japan;
TRS	means Traffic Risk Sharing;

U.S.$, USD or ***U.S. dollars***	means the lawful currency of the United States of America; and
UK	means the United Kingdom of Great Britain and Northern Ireland.

INDUSTRY SOURCES AND TERMINOLOGY

This Prospectus contains certain statistical and other information regarding Heathrow Airport and the markets it serves.

Unless otherwise indicated, the information contained in this Prospectus relating to Heathrow Airport's market share and the size of the relevant market sector is based on Heathrow's own internal estimates based on regulatory and analyst reports, special surveys and information published or provided by airlines and other companies, as well as Heathrow's own knowledge of the market.

Where reference is made to CAA publications or data, efforts have been made to ensure data is reproduced and presented in a similar style to aid comparison and cross-reference but may not be identical as a result of modifications made for presentational purposes.

ATM or ***Air Transport Movement***	means a flight carried out for commercial purposes and includes scheduled flights operating according to a published timetable, charter flights and all-cargo flights, but it does not include empty positioning flights and private non-commercial flights;
European flights	means flights arriving from or departing to other destinations in Europe (other than domestic flights);
Gate room	refers to the area where passengers board and disembark from their aircraft;
Heathrow Express rail service	refers to the Heathrow Express (non-stop) service which runs between Paddington station and Heathrow Airport;
hub airport	refers to an airport where a significant proportion of passengers transfer between flights in being transported to their final destination;
IATA	refers to the International Air Transport Association, a trade association of the world's airlines which supports the aviation sector with global standards for airline safety, security, efficiency and sustainability;
maximum allowable yield	refers to the maximum amount of aeronautical income per passenger that Heathrow may charge in each regulatory year for services subject to price regulation by the CAA;
passengers	refers to the sum of all arriving and departing passengers at Heathrow Airport, other than In-transit passengers; All information in this Prospectus relating to Heathrow Airport's percentage of: (i) "**international**" passengers is based on the number of its passengers arriving from or departing to destinations that are not in the UK relative to the total number of passengers served by Heathrow Airport; (ii) "**domestic**" passengers is based on the number of its passengers arriving from or departing to destinations that are in the UK relative to the total number of passengers served by Heathrow Airport, accordingly, the information reflects the place of origin or destination of passengers as opposed to their residence. All information in this Prospectus relating to Heathrow Airport's percentage of: (i) "**business**" passengers is based on the number of passengers who are travelling through Heathrow Airport for reasons related to such passengers' employment, based on surveyed information, relative to the total number of passengers served by Heathrow Airport; (ii) "**leisure**" passengers is based on the number of passengers who are not business passengers, based on surveyed information, relative to the total number of passengers served by Heathrow Airport;

Pier	refers to an airport passenger building which is connected to a terminal and which houses gate rooms where passengers board and disembark from their aircraft;
Satellite	refers to an airport passenger building which is connected to a terminal and which houses not only gate rooms but also other passenger handling facilities (for example, retail facilities) and serves as an extension to the departure lounge;
Stand	means an aircraft parking stand, which can be either: (i) "**pier-served**", which means they are adjacent to the terminal, enabling passengers to walk directly on and off aircraft parked on the stand via an airbridge; or (ii) "**remote**," which requires passengers to either be transported by coach or walk between the stand and the terminal;
Transfer traffic	relates to passengers who use an airport for the sole purpose of connecting from one aircraft to another. They are counted as both arriving and departing passengers; and
Transit or ***In-transit***	refers to passengers who arrive and depart on the same aircraft within 24 hours.

INTRODUCTION

Heathrow Funding Limited (the "**Issuer**") is a member of the Group (as defined in "*The Group and its ownership*"). Heathrow Airport Limited ("**Heathrow**") is also a member of the Group and it owns and operates Heathrow airport ("**Heathrow Airport**"), the largest airport in the UK. Heathrow also owns the Heathrow Express rail service.

Heathrow Airport enjoys a strong industry position as the UK's only hub airport, is the busiest airport in Europe and is the fourth busiest airport globally (Source: OAG Jan 2024).

Heathrow's unique position as the UK's only hub airport provides demand resilience and has enabled the airport to return to growth following the removal of all UK pandemic travel restrictions. In 2023, there were 82 passenger airlines (2022: 83) flying to 103 (2022: 91) long-haul and 104 (2022: 98) short-haul routes, connecting 88 countries and territories (2022: 84), serving 79.2 million passengers (2022: 61.6 million). This growth in passengers is a 29 per cent. increase on 2022, 98 per cent. of 2019 levels and represents the third busiest year in Heathrow's history in terms of total passengers.

Figure 1 Heathrow Airport's location and major road networks

Heathrow Airport

London is a leading global financial centre and a leading worldwide centre of commerce. As London's largest airport, and its only international hub, Heathrow Airport is a critical infrastructure asset not only for the UK but for global finance and commerce.

Heathrow Airport hosts most of the world's major international airlines and is the worldwide hub of British Airways and the main European hub of the Oneworld airline alliance. It also hosts the other two principal airline alliances of SkyTeam and Star Alliance.

Heathrow Airport is served by two parallel runways which together have maximum permitted air transport movements ("**ATM**") of 480,000 per year. The annual number of ATM increased by 20 per cent. to approximately 454,089 in 2023 compared to 2022, representing 95 per cent. of 2019 levels. In 2023, Heathrow operated at 94.6 per cent. of its maximum permitted ATM limit of 480,000 per year. For the six month period ended 30 June 2024, approximately 231,447 ATMs were registered at Heathrow (H1 2023: 217,135). Heathrow is currently the fourth busiest airport globally (Source: OAG Jan 2024).

Heathrow Airport provides a wide range of passenger services, including passenger-handling facilities, car parking, shops, bars and restaurants. Heathrow Airport is served by extensive bus services, London Underground services and the dedicated Heathrow Express rail service to and from London Paddington Station, which has been supplemented by the Elizabeth Line, part of the TfL network, to provide local access to Heathrow Airport as well as connections with train services on the main rail line between London and the west of England. With the effects of the pandemic largely receding, Heathrow's capital investment has now returned to a faster pace.

From 2006 until 30 June 2024, Heathrow has invested over £14 billion to transform Heathrow Airport, including the opening of multi-award-winning Terminal 5 in March 2008 and Terminal 2 in June 2014. Each of Heathrow Airport's

four operational terminals is either relatively new or recently refurbished. In 2019, Terminal 5 was awarded the World's Best Airport Terminal by Skytrax – an award received five times in the last decade and awarded to Terminal 2 in 2018. Heathrow Airport was also named "Best Airport in Western Europe" by Skytrax for the sixth time in 2021 and in 2020 it was named Best Airport for Shopping for the eleventh year running. In 2021, in response to COVID-19, Heathrow enacted a reduced capital plan and invested £289 million, the majority of this being in a variety of programmes to ensure the safety and resilience of the airport.

General Description of Heathrow Airport[1]	
Opened in	1946
Location.....	15 miles west of Central London
Number of runways	2 (currently operated generally under segregated mode)
Runway length (metres)	Northern: 3,902; Southern: 3,658
Number of terminals[2].....	4
Total land area	1,430 hectares
RAB as at 30 June 2024[3]	£20,233 million

Passenger and Air Transport Movement statistics as at 31 December 2023	
International/domestic passengers	94 per cent. (long-haul: 59 per cent; European: 41 per cent.) / 6 per cent.
Business/leisure passengers[3]	27 per cent. / 73 per cent.
Full-cost carriers/low-cost carriers	98 per cent. / 2 per cent.
Airlines	82 (main airlines: British Airways and Virgin Atlantic Airways)
Destinations	234 (all year round: 198; seasonal: 36)
Air transport movement allowed annual capacity	480,000
Air transport movements	454,089
Passengers	79.2 million

(1) Except as otherwise indicated, data as at 31 December 2023.

(2) The new Heathrow Terminal 2 opened in 2014 and the use of Terminal 1 was discontinued in June 2015.

(3) Source: Passenger Profiler (survey of departing passengers)

HEATHROW'S STRATEGY

In 2024, Heathrow launched a new strategy to align efforts and ensure collective progress across its business towards common objectives. Heathrow's new vision is: "*To be an extraordinary airport, fit for the future*". To implement this vision, Heathrow has identified six "Beacons", formerly known as Strategic Priorities, which serve as the driving forces behind its vision. These Beacons focus on the most pressing needs of the business in the short to medium term and provide a roadmap for achieving Heathrow's objectives. The Beacons are:

- **Winning Team**: Be a great place to work by providing an engaging colleague offering and culture that attracts and retains diverse talent. Create an inclusive performance culture with clear accountabilities and a continuous improvement mindset. Ensure Heathrow's workforce delivers the capabilities required in the future.

- **Fast and Focused:** Embed a culture of simplicity and efficiency to improve the overall effectiveness of the organisation, ensuring that everything Heathrow invests in delivers value as quickly as possible.

- **Value for Customers:** Drive targeted improvements in experience, across all Heathrow's customers, including passengers, airlines, retailers, and tenants, to attract customers to Heathrow and deliver value to Heathrow and all its customers.

- **Digital Future:** Use data and digital to make quicker and better-informed decisions across the business. Automating processes and exploiting technology to be more efficient, improving performance and delivering better outcomes for customers and stakeholders.

- **People and Planet:** Ensure continued licence to operate by delivering on Heathrow's commitments. Work towards carbon targets with the ultimate aim of reaching net zero, making Heathrow a great place to live and having a positive impact on local communities and the planet.

- **Creating Capacity:** Unlock capacity in the short, medium and long-term, to enable Heathrow to meet growing passenger demand.

To deliver its strategy, Heathrow continues to work with its key partners to make every journey better through transforming the service given to passengers and airlines, as evidenced by the customer feedback and a series of industry

awards. Improving the passenger experience is supported by ongoing investment in modern airport facilities and operating processes.

KEY UNDERLYING STRENGTHS

Heathrow Airport has a strong position in the South East of England, one of the world's busiest air traffic markets

- As the UK's largest airport, and its only international hub, Heathrow Airport believes that it is a critical infrastructure asset, not only for the UK, but for global finance and commerce.
- In 2023, Heathrow Airport acted as the gateway to approximately 76 per cent. (in terms of seats) of all the UK's scheduled long-haul air traffic, up from 70 per cent. in 2019 (Source: IATA Airport IS/OAG schedules for 2019 and 2023).

Heathrow Airport has a unique scale, market position and resilience in passenger traffic

- Heathrow Airport is the UK's largest port by value for non-EU markets. Over 1.4 million tonnes of cargo passed through it in 2023 at a value of £198 billion (2022: 1.4 million tonnes, valued at £203 billion). (All data excludes EU trade unless stated otherwise. Source: HMRC / UK Trade Info).
- Over half of passengers travelling through Heathrow Airport are non-UK resident and are fairly evenly split between business, visiting friends and family and leisure traffic. Further, it has a balanced mix of European, North American and other long-haul traffic. As a result, there is a greater diversity of economic and demographic factors affecting the Heathrow Airport's passenger demand compared to other UK and international airports.
- A substantial proportion of Heathrow Airport's passenger traffic is long-haul. In 2023, Heathrow Airport was the world's leading long-haul airport by departing flights (source: Simple Flying June 2023), and the proportion of long-haul traffic was 52 per cent. (in terms of passengers), serving 103 long-haul destinations. There were 82 airlines operating at Heathrow Airport with 66 per cent. of those operating long-haul services.

Regulation provides cash flow visibility and mitigates market risk

The price caps set by the CAA take into account forecast passenger traffic, operating costs and other revenues for Heathrow as well as allowing recovery of capital costs and a return on capital. In making its determination, the CAA takes into account the historic experience of Heathrow and it is limited to a pre-defined timeframe (generally five to seven years) which materially mitigates the market risk faced by Heathrow. This price-reset mechanism provides income predictability and cash flow visibility within each regulatory period as well as protection against longer term cost and revenue risks. Heathrow also submits a certificate of adequacy of financial resources to the CAA annually pursuant to its obligations under the licence granted by the CAA.

Heathrow has consistently demonstrated operational excellence

- In 2023, Heathrow continued to deliver strong levels of service to passengers across the end-to-end journey. In the independent ASQ survey conducted by ACI on passenger satisfaction, Heathrow achieved an ASQ score of 3.99 out of 5.00 in 2023 (2022: 3.97). In addition, 74 per cent. of passengers surveyed rated their Overall Satisfaction with Heathrow as either "Excellent" or "Very good" (2022: 73 per cent.), with the proportion of "Poor" ratings remaining low at just 1 per cent. (2022: 5 per cent.)
- In 2023, Heathrow was named "Best Airport in Europe" and the world's "most connected" hub at the Business Traveller Awards.
- In 2023, 92.8 per cent. of direct passengers passed through security in under 5 minutes compared to 69.4 per cent. in 2022; the connection rate of baggage per 1,000 passengers remained stable at 98.1 per cent. compared to 98 per cent. in 2022; and the punctuality (meaning within 15 minutes of the scheduled time) gap between arrivals and departures narrowed to 3.6 per cent. in 2023 from 11.2 per cent. in 2022 (as in 2023, 63.4 per cent. of departures were punctual compared to 59.0 per cent. in 2022 and 67 per cent. of arrivals were punctual compared to 70.2 per cent. in 2022).
- For the six-month period ended 30 June 2024, Heathrow achieved an ASQ score of 4.02 (H1 2023: 3.99 per cent.); 95.4 per cent. of direct passengers passed through security in under 5 minutes (H1 2023: 88.6 per cent.); the connection rate of baggage per 1,000 passengers at 98.4 per cent. (H1 2023: 98.2 per cent.); 72.8 per cent. of departures were punctual (2023: 63.5 per cent.) and 69.8 per cent. of arrivals were punctual (2023: 68.6 per cent.).

The above ASQ results were underpinned by a strong overall operational performance, strong levels of punctuality and high levels of customer satisfaction across several key service attributes including waiting time at security, cleanliness, wayfinding, airport staff helpfulness and connections.

Heathrow benefits from diversified income sources

- Heathrow earns income from a variety of sources, including charges to airlines, concession fees from retail operators, income from car parks, advertising revenue, the rental of airport premises such as aircraft hangars, cargo storage facilities, maintenance facilities and offices, the provision of facilities and services such as baggage handling and passenger check-in and the Heathrow Express rail service.

- Heathrow Airport serves a diversified range of major airlines. It is home to British Airways and Virgin Atlantic Airways and also sizeable operations for many non-UK airlines, particularly from Europe, North America, the Middle East and Asia. In 2023, Heathrow served 82 passenger airlines (2022: 83).

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Sustainable growth

- Heathrow 2.0: Connecting People and Planet is the airport's sustainability strategy and one of Heathrow' Beacons, as set out above. Building on Heathrow's record of sustainability leadership, the strategy, which was initially launched in 2017 and refreshed in February 2022, is structured around two key pillars: (1) net zero aviation, working towards sustainable aviation at Heathrow and across the aviation industry, and (2) being a great place to live near, work in and travel through. From reducing noise levels to supporting rewarding long-term employment, Heathrow aims to improve daily life for its neighbours and colleagues and invest in its communities to make a positive impact on its doorstep. These pillars are supported by Heathrow's responsible business foundations, which show how Heathrow addresses a range of key issues, including safety, security, and governance through its strategies and policies, after meaningful engagement with a wide range of stakeholders. See further "*Environmental Regulation and Management*" below.

- Heathrow became carbon neutral in January 2020. In February 2022, Heathrow published its "Net Zero Plan" setting out how to achieve net zero carbon emissions for its own operations and its contribution to decarbonising the wider UK and global aviation. Heathrow's plan is centred on two ambitious 2030 goals to cut absolute carbon emissions, whilst making 2019 the year of peak carbon emissions:

    - up to a 15 per cent. cut in carbon from flying (or carbon "in the air"), with the right Government policies to scale sustainable aviation fuel ("**SAF**"); and

    - at least a 45 per cent. cut in carbon from surface access, supply chain, vehicles, buildings and infrastructure (or carbon "on the ground").

- As noted below (see "*Expansion of Heathrow Airport*"), the UK Supreme Court held that the UK Government had acted lawfully when making the ANPS (as defined below), confirming that the UK Government had properly exercised its discretion and had taken into account the Paris Climate Agreement by having regard to the Climate Change Act 2008 in the ANPS. Therefore, the ANPS continues to provide policy support for a third runway at Heathrow Airport. While work to expand Heathrow during COVID-19 was paused, the recovery from the pandemic showed the pent-up demand from airlines to fly from Heathrow, as well as how critical Heathrow is for the UK's trade routes.

Robust debt financing platform and liquidity

- The Group's debt financing documents provide creditors with a strong set of protections. This includes security over all of the Group's assets including freehold land, runways, terminals and other fixed assets, dividend trigger events, financial and operational covenants, restrictions on business activities, acquisitions and disposals and substantial public disclosures in addition to documented information covenants. See "*Summary of the Financing Agreements*".

- Whilst under its debt financing documents, the Group is required to maintain sufficient liquidity to meet all of its obligations in the next 12 months including forecast operational costs, capital investment, debt service costs, debt maturities and repayments, the Group maintains a responsible liquidity policy, targeting a liquidity horizon of 18 to 24 months.

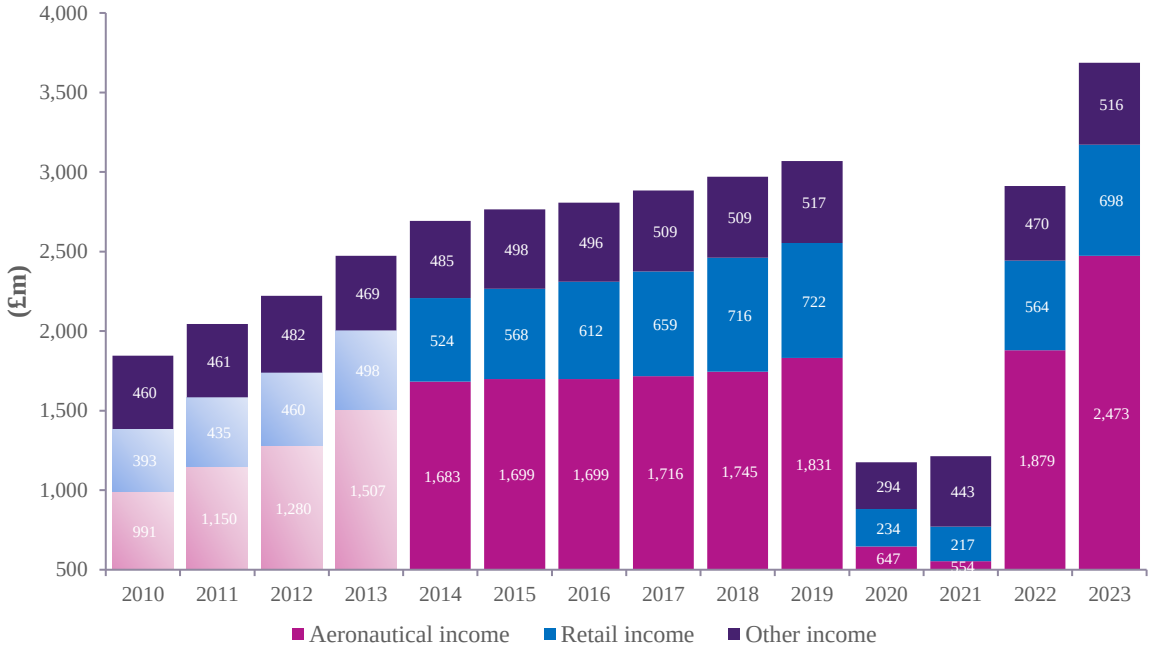
FINANCIAL SUMMARY

In the first six months of 2024, the Group generated revenue of £1,692 million (2023: £1,742 million) which was made up of:

(i) aeronautical income (£1,068 million or 63 per cent. of total income in the first six months of 2024 (2023: £1,160 million)), which is generated from fees charged to airlines for use of Heathrow's facilities for flight and passenger activities, and is subject to the CAA's price caps; and

(ii) non-aeronautical income (£624 million or 37 per cent. of total income in the first six months of 2024 (2023: £582 million)), which is generated from retail and other sources, including concession fees from retail operators, direct income from car parks, property rental income, rail income and other regulated charges for services supplied by Heathrow, and is taken into account by the CAA in setting its price caps.

The decrease in aeronautical revenue is driven by lower charges set by the CAA for H7, partially offset by higher passenger numbers. Non-aeronautical income has increased, driven by the higher number of departing passengers and resilient car parking performance, but offset in part by the Elizabeth Line impacting Heathrow Express revenues.



**Note - shaded revenue figures prior to 2013 reflect different categorisations of revenue between aeronautical, retail and other income; this does not impact total revenues*

Figure 6 Group revenue for the years ended 31 December 2010-2023

In the first six months of 2024, the Group's Adjusted EBITDA was £951 million (2023: £1,070 million). The 11.1 per cent. reduction in Adjusted EBITDA was driven by the decline in aeronautical revenue and increased operating costs driven by inflationary pressure and higher demand.

By contrast, the chart below demonstrates the consistent growth in the Group's annual Adjusted EBITDA over the period from 2010 to 2019 before the start of the impact of the COVID-19 pandemic (with a compound annual growth rate of 9.0 per cent. for that period) and significant growth from 2022 to 2023.

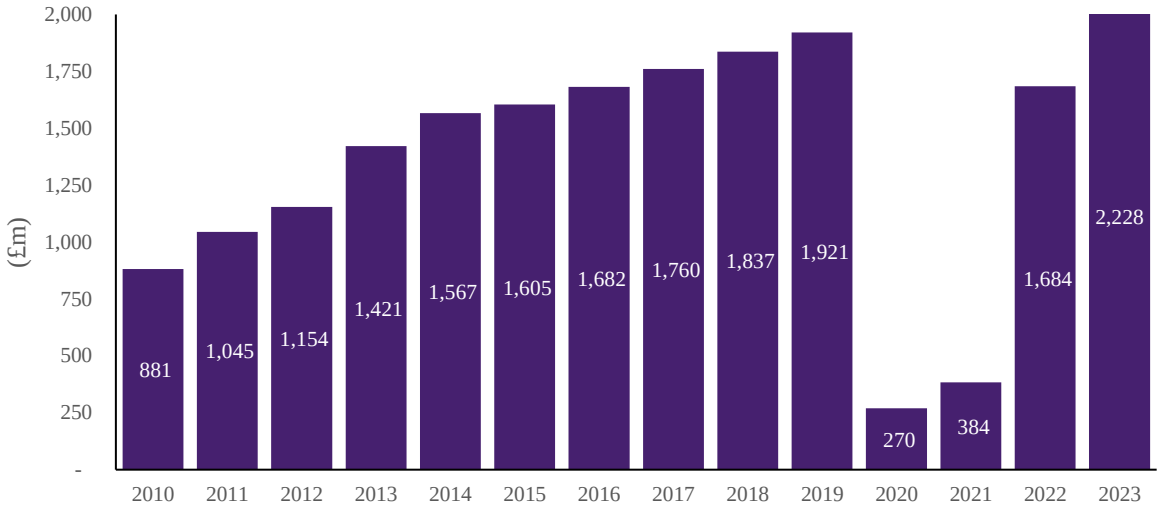


Figure 7 Group Adjusted EBITDA for the years ended 31 December 2010-2023

Financial results for the year ended 31 December 2015 to the year ended 31 December 2023 (inclusive) are reported in accordance with IFRS, and all previous years are reported in accordance with UK GAAP.

Credit rating developments in respect of the Class A Bonds and the Class B Bonds

On 14 November 2023, the Issuer issued two guaranteed Class A Bonds to which S&P assigned an "AA" issue rating with stable outlook. This rating reflects the long-term issuer credit rating of the Financial Guarantors to the issues, Assured Guaranty Municipal Corp. and Assured Guaranty UK Ltd. The stable outlook on the issue rating reflects that of the Financial Guarantors.

On 8 April 2024, S&P announced that it had performed an annual review of the Issuer's credit ratings. The 'BBB+' issue rating of the Class A Bonds and 'BBB-' issue rating of the Class B Bonds, with stable outlooks have both remained unchanged since the last review.

On 24 May 2024, Fitch affirmed their ratings of the Class A Bonds at 'A-' and Class B bonds at 'BBB', with stable outlooks. The affirmation and stable outlook reflects Fitch's view of Heathrow's high asset quality and its strong traffic recovery, finalisation of the tariff framework in the 2022-2026 regulatory period and normalisation of group operations.

FINANCING OF THE GROUP

The Group finances its activities through a mix of senior (Class A) and junior (Class B) term debt (including bonds) and revolving credit and liquidity facilities in a variety of tenors, formats and currencies. It hedges a significant proportion of its interest rate and inflation exposures under an agreed hedging policy. All foreign currency exposures are fully hedged.

Bonds are issued by the Issuer, under its bond issuance programme, which was established in 2008.

The Group also has access to various other forms of term debt and revolving credit and liquidity facilities. The common terms agreement governs all Class A and Class B debt and debt terms are broadly consistent across each class of debt regardless of the format of the debt.

Proceeds of bond issuances are on-lent to Heathrow. The terms, principal amount, interest rate and tenor of the inter-company loans (the "**Borrower Loans**") are designed to match economically the terms of the Bonds and any related hedging. As such, the Borrower Loans provide for payments to become due from Heathrow to the Issuer on dates and in amounts that match the obligations of the Issuer under the Bonds and any related hedging, ensuring that the Issuer has sufficient funds to meet its obligations to pay interest and principal thereunder. The assets and revenues of Heathrow (and the Group) secure the Borrower Loans and have characteristics that demonstrate capacity to produce sufficient funds to allow Heathrow to service the Borrower Loans. The Group's assets and revenues therefore also support the Issuer's obligations under the Bonds.

The Group uses proceeds of bond issuances, term debt, loan drawings and related hedging for its general corporate purposes, including to fund operating and capital expenditure, to pay interest and principal on its debt and related hedging and, subject to the terms of its financing agreements, to make distributions to enable the servicing of other parts of the

FGP Topco Group's capital structure, including payments of interest and principal related to debt at Heathrow Finance and to enable the payment of dividends to the FGP Topco Group's ultimate shareholders.

In recent years, the Group has focussed on maintaining a strong liquidity position and optimising its long-term cost of debt as well as ensuring duration, diversification, and resilience in its debt financing. This has been a major contributing factor in enabling Heathrow to navigate the COVID-19 pandemic from a position of strength. In terms of liquidity, as of 30 September 2024, the Group had sufficient liquidity to meet its forecast needs for more than 18 - 24 months, including £1.8 billion of cash available to the business.

The Group's Class A creditors benefit from a first ranking mortgage over Heathrow Airport's freehold land, runways, terminals and other fixed assets, a share pledge over the Group's companies and a charge over receivables. The debt platform also provides a strong set of operational and financial covenants and specified reporting requirements.

Each member of the Group (other than the Issuer) has given guarantees in respect of each other's obligations under the various finance agreements, including their inter-company loans from the Issuer. All members of the Group (including the Issuer) have granted security over all their assets in support of their secured liabilities.

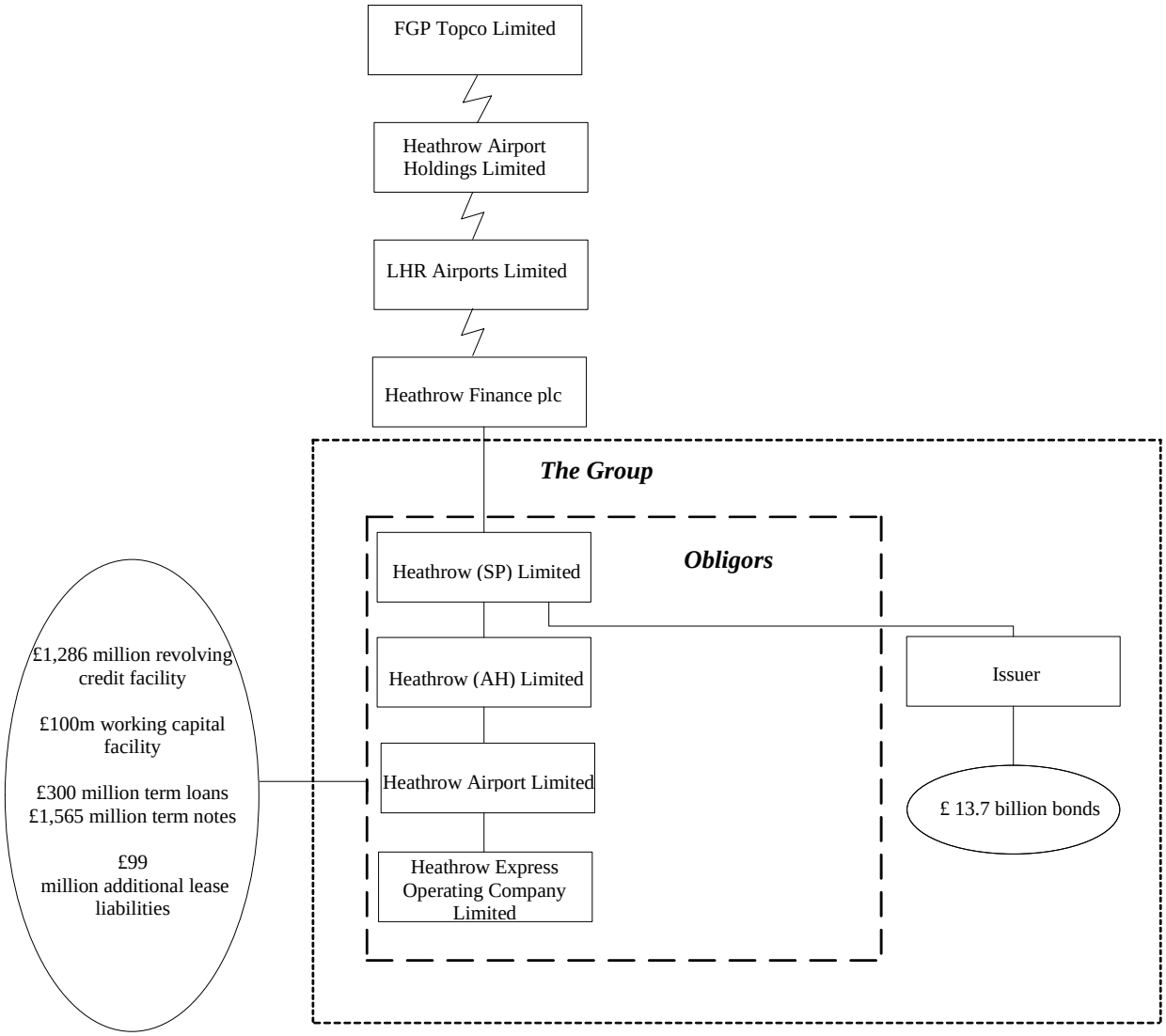
For more details on the financing arrangements described above, see "*Summary of the Financing Agreements*" and the documents incorporated by reference in this Prospectus.

As at 30 September 2024, the Group had £14.6 billion outstanding in nominal net debt under 51 separate bond issuances with scheduled maturities between 2024 and 2058, and currently also has in place:

- £1,286 million revolving credit facility with a final maturity of September 2026 (fully undrawn);
- £100 million working capital facility with a final maturity of September 2026 (fully undrawn);
- £200 million term loan with a final maturity of September 2029 (fully drawn);
- £100 million term loan with a final maturity of July 2025 (fully drawn);
- £1,565 million in term notes with maturities between 2026 and 2042 (fully drawn); and
- £99 million additional lease liabilities post transition to IFRS16.

In addition, the Group has access to a standby liquidity facility of £593,589,758 available to service interest on bonds and loan facilities and to make payments under hedging transactions in the event of insolvency. The Issuer also has flexibility to issue Bonds to create a liquidity reserve.

The following chart summarises the Group's corporate and financing structure as at 30 September 2024.



REVENUE GENERATION AND ECONOMIC REGULATION

Overview

Heathrow Airport is subject to economic regulation by the CAA. The regulatory framework is designed to allow airports to generate revenues which are sufficient to finance their operating and capital expenditure requirements and provide a regulated rate of return on their RAB. Among other things, the CAA sets the maximum level of airport charges that Heathrow can levy on airlines for using the facilities. These price caps take into account Heathrow's forecast revenues (both aeronautical and non-aeronautical) and costs as well as allowing recovery of capital costs and a return on capital. Details of the regulatory regime and how the CAA determines price caps are set out in "*Airport Regulation*".

Heathrow generates two primary types of income: aeronautical income, which is generated from fees charged to airlines for use of the airport's facilities, and non-aeronautical income from a variety of sources.

Aeronautical income

Aeronautical income reflects the charges Heathrow levy on its airline customers. These charges (tariffs) cannot exceed the regulated maximum allowable yield per passenger.

The tariff structure through which the aeronautical income is recovered from airlines includes three key elements:

Movement charges

Movement charges are applied to each aircraft on both take-off and landing. These are calculated in accordance with the certified maximum take-off weight of the aircraft and are banded into categories for aircraft weighing less than and those weighing more than sixteen metric tonnes, which includes nearly all commercial aircraft. These charges are broken into further categories based on the noise chapter rating of each aircraft with the quietest aircraft within their category attracting a lower charge. The noise rating component of these charges also include a multiplier effect for any movements that are unscheduled during the Night Quota Period which is the period between 23h30 and 6h00. Landing aircrafts are also subject to an emissions charge per kg of NOx and is calculated on the Aircraft's Ascertained NOx Emission, and a carbon charge, calculated on the aircraft's carbon emissions (in kilograms).

Departing passenger fees

Fees per passenger are based on the number of passengers on board an aircraft and are levied in respect of all departing passengers. There is no charge in respect of crew members working on flights.

There are four levels of charge based on the geographical destination of the flight: Domestic, Common Travel Area, European Economic Area and Rest of World. Transfer and transit passengers are subject to a discounted charge.

Airlines are entitled to receive remote stand rebates which apply per passenger for scheduled flights arriving or departing from a stand which has been designated by Heathrow as remote.

Departing flights are subject to a minimum departure charge which applies when the total departing passenger charge for that flight falls below this minimum level.

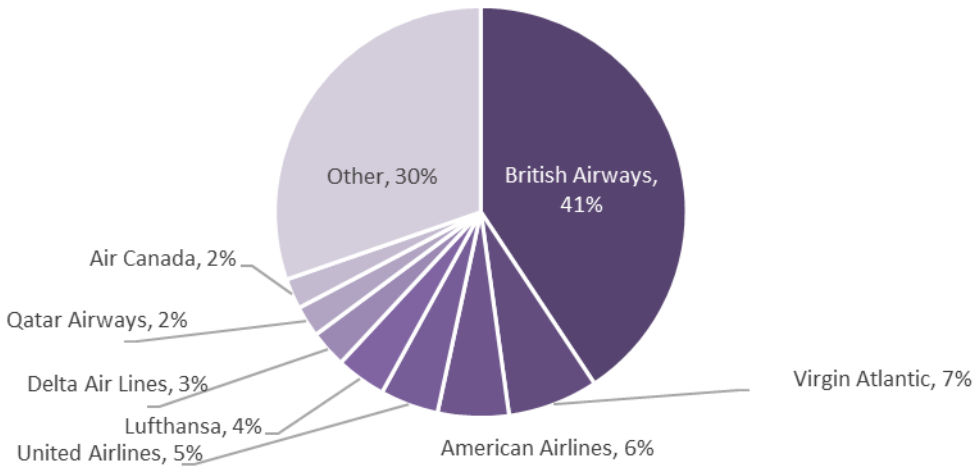
The CAA stipulates that the airport must charge non-passenger flights at the same rates as passenger flights. These flights also incur the minimum departure charge.

Parking charges

Aircraft parking charges are levied for each 15-minute slot after 30 minutes for narrow-bodied aircraft and 90 minutes for wide-bodied aircraft.

Heathrow Airport operates as a global hub, serving 234 destinations across 88 countries, and hosting most of the world's major international airlines. Heathrow Airport is the worldwide hub of British Airways and the main European hub of the Oneworld airline alliance of which British Airways is part. It also hosts the other two principal airline alliances of SkyTeam and Star Alliance.

The chart below represents the total aeronautical income(1) for Heathrow Airport by airline for 2023:



(1) Rounded to the nearest per cent. and excludes other charges, related primarily to the provision of fixed electrical ground power and pre-conditioned air to aircraft.

Non-aeronautical income

Heathrow generates non-aeronautical income from a variety of sources. These include:

- concession fees from retail operators;
- direct income from car parks, advertising revenue and VIP products;
- the rental of airport premises such as aircraft hangars, warehouses, cargo storage facilities, maintenance facilities, offices and airline lounges;
- the provision of facilities such as baggage handling and passenger check-in; and
- fare revenue from the operation of the Heathrow Express rail service and track access charge income from the use of Heathrow's rail infrastructure.

THE GROUP AND ITS OWNERSHIP

Heathrow is an indirect subsidiary of Heathrow (SP) Limited ("**Heathrow (SP)**") and, together with the Issuer, Heathrow (AH) Limited ("**Heathrow (AH)**") and Heathrow Express Operating Company Limited ("**Heathrow Express**"), constitutes the "**Group**". See "*Description of the Group Companies*".

The Group companies are indirect subsidiaries of LHR Airports Limited ("**LHR Airports**"). LHR Airports is itself an indirect subsidiary of Heathrow Airport Holdings Limited ("**Heathrow Airport Holdings**").

LHR Airports employs all staff for Heathrow and provides certain services at Heathrow Airport and central support services for Heathrow. Heathrow, as a sub-contractor for LHR Airports, provides certain central support services for Heathrow Express. Heathrow Express employs some of its own staff directly with other staff being provided through a services agreement with First Greater Western Limited. For more information on the services provided by LHR Airports, see "*Business—Shared Services*".

Heathrow Airport Holdings, through FGP Topco Limited ("**FGP Topco**") (the ultimate parent company of the Group) is indirectly owned by investment vehicles controlled or managed by Ferrovial S.E. (25.00 per cent.), Qatar Holding LLC (20.00 per cent.), Caisse de dépôt et placement du Québec (12.62 per cent.), the Government of Singapore Investment Corporation (11.20 per cent.), Australian Retirement Trust (11.18 per cent.), China Investment Corporation (10.00 per cent.) and Universities Superannuation Scheme (10.00 per cent.).

Ferrovial S.E. notified the directors of FGP Topco on 28 November 2023 that it had reached an agreement for the sale of its stake in FGP Topco for £2,368 million, subject to certain rights of the other shareholders of FGP Topco and satisfaction of applicable regulatory conditions. The agreement had been reached with two different buyers, Ardian and The Public Investment Fund, to acquire Ferrovial S.E.'s shareholding in c. 15 per cent. and c.10 per cent. stakes respectively, through separate vehicles.

On 16 January 2024, Ferrovial S.E. announced that, pursuant to the shareholders' agreement between the shareholders of FGP Topco, certain other shareholders of FGP Topco have exercised their contractual tag-along rights which resulted in 60 per cent. of the total issued share capital of FGP Topco being available for sale.

On 14 June 2024, Ferrovial S.E. announced that Ardian and The Public Investment Fund had made a revised offer to acquire shares representing 37.62 per cent. of the share capital of FGP Topco for £3,259 million (the "**Sale**"). The offer has been accepted by Ferrovial S.E. and certain other "tagging" shareholders (the "**Tagging Shareholders**"), and, as a result, an agreement has been entered into pursuant to which Ferrovial S.E. and the Tagging Shareholders will sell a pro rata portion of their shares in FGP Topco such that Ferrovial S.E. will remain as a shareholder with shares representing 5.25 per cent. of the issued share capital of FGP Topco. Following the Sale, Ferrovial S.E. and the Tagging Shareholders who sell their shares at the same time as Ferrovial S.E. will together hold shares representing 10 per cent. of the issued share capital of FGP Topco. Ardian and The Public Investment Fund will hold shares representing c.22.6 per cent. and c.15.0 per cent., respectively, through separate vehicles.

On 26 July 2024, Ferrovial S.E. announced that, following the expiry of the period to exercise the tag-along and pre-emption rights, no FGP Topco shareholder had exercised either its tag-along or pre-emption rights. As at the date of this Prospectus, the Sale remains subject to applicable regulatory approvals and, consequently, there remains no certainty that the Sale will complete.

THE ROLE OF HEATHROW

Heathrow co-ordinates the activities of the numerous organisations involved in the provision of airport services to passengers, airlines and other airport users which include:

- providing passengers, airlines and other service providers with the infrastructure and facilities (such as check-in desks, concourses, gate rooms, baggage handling facilities and office facilities) needed to optimise operations and maximise passenger and flight traffic within existing capacity constraints;

- implementing, under government supervision, air transport security measures, including passenger and baggage inspections. The UK Government has the power to give any airport operator "such directions of a general character as appear to the Secretary of State to be necessary or expedient in the interests of national security or of relations with a country or territory outside the UK";

- developing commercial areas (such as shops, restaurants and car parks) and determining the optimal mix and location of retail services;

- maintaining and developing airport infrastructure to meet evolving airline and passenger demands;

- ensuring that Heathrow Airport is served by appropriate and adequate ground transport services;

- maximising capacity at Heathrow Airport and setting airport capacity constraints in consultation with NATS, the airlines and ACL (which allocates take-off and landing slots); and

- assigning airlines to terminals in consultation with the airlines, ACL and NATS.

HEATHROW AIRPORT'S INFRASTRUCTURE, FACILITIES AND ACCESS

Overview

Heathrow Airport commenced operations as London's principal commercial airport in 1946. The airport's first permanent terminal opened in 1955 and the substantial growth in demand for air transport throughout the 1960s and 1970s saw much of the core infrastructure at Heathrow Airport's Central Terminal Area developed, including the opening of what is now Terminal 3 in 1961 and Terminal 1 in 1968 and the construction of car parks, public transport and other operational and administration facilities. Terminal 4 was added in 1986.

In 2008, Terminal 5 opened on the western side of the airport. The terminal has transformed passenger experience and operational performance. The main building and its Satellites are positioned perpendicular to the runways, to maximise the efficient use of land on the airport, delivering operationally efficient taxiway and runway hold processes for the benefit of the whole campus. As well as delivering passenger, airline and airport benefit, the additional terminal capacity created by Terminal 5 provided the space to allow Heathrow to begin renovating and rebuilding its other terminals. Terminal 5 was named the World's Best Airport Terminal by Skytrax for five successive years up to and including 2016 and regained the title of World's Best Airport Terminal in 2019.

The first key phase in transforming Heathrow's existing terminals was the construction of a new Terminal 2. The original Terminal 2 was closed in late 2009 with demolition of the old terminal infrastructure enabling construction of the new terminal to commence in mid-2010. In June 2014, the £2.5 billion investment was opened on time and on budget and attained a high safety record during the construction phase.

The original Terminal 2, opened by Her Majesty the Queen in 1955 was Heathrow's first permanent terminal and was designed to deal with 1.2 million passengers a year. The new terminal has the capacity to cater for up to 20 million passengers a year. Airlines and passengers benefit from state of the art facilities that include main terminal and satellite buildings, a multi-storey short-stay car park and an energy centre supporting the Terminal 2 campus and the wider airport. The terminal and satellite buildings include 24 aircraft stands of which 7 stands are capable of handling the A380 aircraft operating at Heathrow Airport.

Terminal 2 is home to 24 Star Alliance member airlines operating at Heathrow Airport. For the Star Alliance airlines, it provides the opportunity to enhance efficiencies through use of common facilities, processes and personnel. It also enhances the scope for closer commercial co-operation between alliance members by, for example, capitalising on competitive minimum connection times to attract greater volumes of transfer passengers. Both these features will further strengthen Heathrow Airport's competitive position. Historically, Aer Lingus, Eurowings and Icelandair have occupied Terminal 2 with the Star Alliance members, however due to the decrease in passengers from the effect of the COVID-19 pandemic, in April 2020 Heathrow consolidated passenger operations into two terminals. Airlines that used to operate in

Terminals 3 and 4, moved their operations in to Terminals 2 and 5. In July 2021, all four terminals were back in operation as a result of an increase in demand. The majority of airlines have now moved back to their original pre-pandemic terminal whilst some new entrants continue to remain in Terminal 2, such as Widerøe and Loganair.

In parallel with the work on Heathrow Airport's terminals, investment continues in Heathrow Airport's baggage infrastructure. This includes an underground automated baggage system between Terminal 3 and Terminal 5 and the Terminal 3 integrated baggage system which became fully operational in April 2016. Investment on baggage currently focusses on replacing the Terminal 2 baggage system and a system partner has been selected.

Runways

Heathrow Airport's two parallel runways generally operate in "segregated mode", with arriving aircraft allocated to one runway and departing aircraft to the other. To mitigate noise impact to residents living below the approach and departure routes, the allocation of runways to arriving and departing aircraft is normally swapped at around 3:00 p.m. each day or as weather conditions necessitate.

The airport is permitted to schedule up to 480,000 ATM per year and 2023 Heathrow Airport operated at 94.6 per cent. of this limit. Before the COVID-19 pandemic, in 2019, Heathrow operated at 99.1 per cent. of the limit.

Retail Facilities

Heathrow Airport has a total of approximately 60,500 square metres (SQM) of retail and food and beverage (F&B) space served by 76 concessionaires operating 350 retail outlets. A significant proportion of that space is within Terminal 5, with approximately 22,100 square metres of retail and F&B space providing 126 outlets. Total space (SQM) currently occupied by operational retail and F&B outlets is at 96 per cent. of the available estate.

Heathrow Airport operates approximately 23,700 public car park spaces available to passengers and an additional 14,000 car park spaces available for colleagues. All terminals at Heathrow Airport are served by car rental operators. The terminals and their approaches provide advertising space, which yields further income.

Access to Heathrow Airport

Heathrow Airport's extensive ground transport links facilitate access to the airport for passengers, cargo transporters and airport personnel:

- Heathrow Airport is located just off the M4 motorway, linking London and the west of England, and London's orbital motorway, the M25.
- Heathrow Express offers a frequent non-stop rail service to and from London Paddington Station. Heathrow is also now served by the Elizabeth line, which is part of the TfL network and provides local access to Heathrow Airport as well as connections with train services on the main rail line between London and the west of England. From 6 November 2022, the Elizabeth Line has provided through-running stopping services to central London and to the east. From May 2023, Elizabeth Line has been fully operational with services from Shenfield to Heathrow Airport. In total there are 10 trains per hour serving Heathrow Airport, with 6 trains per hour to Terminal 5 and 4 trains per hour to Terminal 4.
- The London Underground Piccadilly Line has stations serving each of the terminals at Heathrow Airport.
- Heathrow Airport has one of the busiest coach stations in the UK. Long distance coach services operated by numerous operators provide fast services from Heathrow Airport to various parts of the UK, including Victoria Coach Station in Central London. Many of the local bus services from locations all around the surrounding area also run to the airport.
- Construction of the new HS2 station at Old Oak Common has commenced and will allow passengers travelling from the north of England to connect to Heathrow with one interchange.
- Taxis and Private Hire Vehicles ("**PHVs**") together are an important mode of transport for passengers accessing the airport. Taxis are required to wait in the Taxi Feeder Park for a pick up on the terminal forecourt; however PHVs are not allowed to pick up on the forecourt and must be pre-booked. Waiting facilities for PHVs are provided in the Authorised Vehicle Area.
- Heathrow is currently fully accessible by train, London Underground and all scheduled bus and coach services (meeting the conditions set out in the Transport Act, 2000). All stations on the Elizabeth line are now step-free from street to platform following works in preparation for the launch of the service. Blue badge holders are

exempt from Heathrow's Terminal Drop Off Charge (TDOC) to ensure all such passengers are able to travel to the airport easily and safely. Team Heathrow colleagues also recognise the sunflower lanyard for people with hidden disabilities.

- It is also possible to cycle directly to Heathrow Terminals 4 and 5, and there is a project in place to restore cycling to the Central Terminal Area through the main tunnel side bores. There are numerous other projects in place and facilities to and around the airport to further improve active travel connections.

- Since 29 August 2023, Heathrow has been incorporated within the boundary of TfL's Ultra Low Emission Zone, meaning that anyone driving to the airport in a non-compliant vehicle has to pay £12.50 to do so (subject to limited exceptions).

Capital investment at Heathrow Airport

The capital investment programme at Heathrow Airport of over £14 billion since 2006 has transformed Heathrow Airport's infrastructure, positioning it strongly to continue as one of the leading global hub airports for the benefit of the whole of the UK in the coming decades.

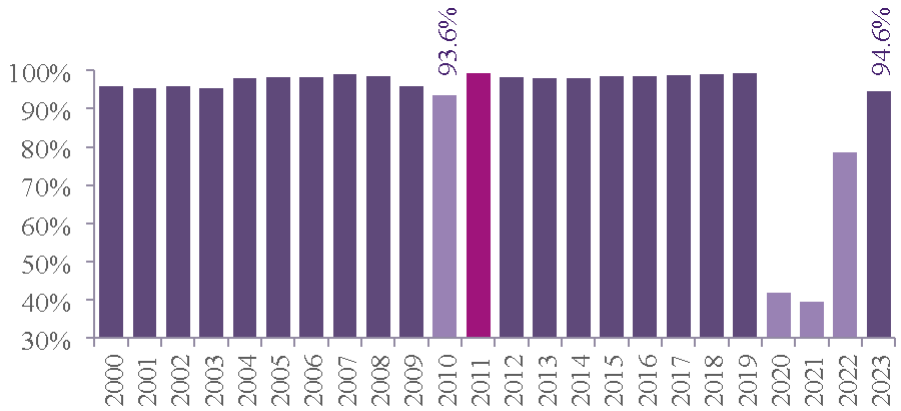
Capital expenditure for the Q6 regulatory period from 1 April 2014 to 31 December 2018 was £2.9 billion, or £3.1 billion including capital related to expansion. Capital expenditure for the extensions to the Q6 regulatory period, including iH7, to 31 December 2021 was £1,258 million or £1,567 million including capital related to expansion. Capital expenditure for the H7 regulatory period, from 1 January 2022 to 31 December 2023, was £1,087 million or £1,093 million including capital related to expansion.

During the first six months of 2024, Heathrow invested £552 million (2023: £296 million). Investment was focused on Heathrow's H7 capital investment plan, which is centred around six core programmes which will run throughout the regulatory period: asset management and compliance, replacing the Terminal 2 baggage system, next generation security, investing in its commercial proposition, investing in carbon and sustainability to deliver its net zero goals and investment to improve efficiency and service. The capital investment plan is subject to the approval of individual projects and the corresponding business cases.

TRAFFIC

Resilient Traffic Profile

Heathrow Airport has historically benefitted from stable passenger volumes. Prior to the COVID-19 pandemic, a key factor in this stability was the unfulfilled demand that is created by the existing 480,000 air transport movements cap ("**ATM cap**") and the size of the airport. The annual number of **ATM** increased by 20 per cent. to approximately 454,089 in 2023 compared to 2022. This represents 95 per cent. of 2019 levels. As demonstrated by Figure 2, in recent years Heathrow Airport has been operating at close to its ATM cap. This cap has led to unfulfilled demand from airlines to operate from Heathrow Airport, reducing Heathrow Airport's exposure to individual airlines. Demand from airlines to operate from Heathrow Airport is also supported by the highly profitable routes that connect via Heathrow Airport. In 2023, Heathrow was ranked in the top 5 busiest airports in the world (Source: OAG Jan 2024).



**Note – Low capacity utilisation (demonstrated in light purple) reflects, in 2010, closure of air space due to ash from Icelandic volcano and, in 2020-2022, the global COVID-19 crisis. The highest capacity utilisation (demonstrated in pink) is in 2011 at 99.2 per cent.*

Figure 2 Proportion of the 480,000 annual ATM cap operated to 31 December 2023

Heathrow also benefits from countercyclicality. In times of reduced passenger traffic across the industry, airlines have tended to consolidate traffic towards hubs such as Heathrow Airport and to increase their cargo offer when demand for passenger ATMs softens. This was evidenced during the COVID-19 pandemic, when some of Heathrow's biggest airline customers consolidated their London operations at Heathrow, enabled by slot alleviation conditions put in place by the UK Government – and further evidencing that Heathrow's position as the UK's only hub airport provides demand resilience. It is this underlying hub characteristic of Heathrow which enabled the airport to return to growth when passenger demand increased, once all UK travel restrictions had been lifted in 2022, and enabled Heathrow to welcome 79.2 million passengers in 2023 (2022: 61.6 million).

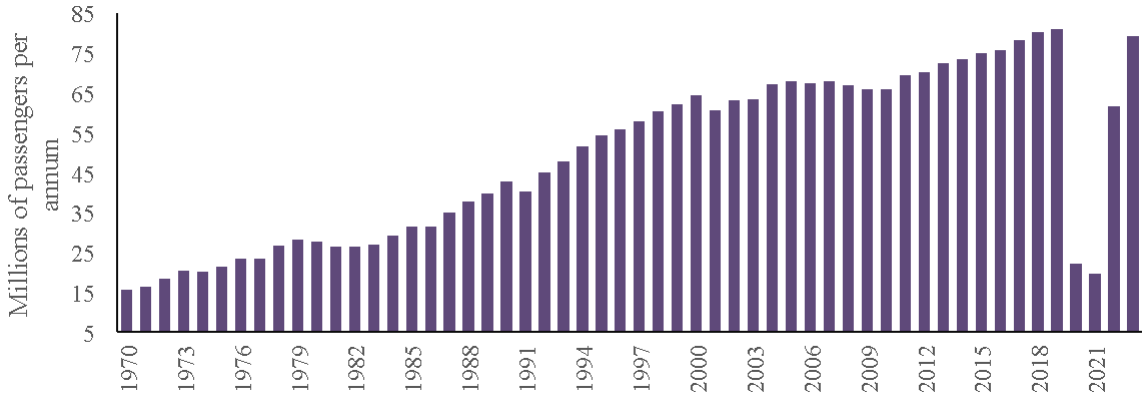


Figure 3 Evolution of passenger traffic at Heathrow Airport to 31 December 2023

Historic Trends in Heathrow Airport's Passenger Traffic

Historic trends in passenger traffic and ATM between 2009 and 2023 are set out below.

Number of Passengers and ATM, Heathrow Airport

	Year ended 31 December				
	Number of Passengers	***Percentage Growth on Previous Year(1)***	***Number of Air Transport Movements***	***Percentage Growth on Previous Year (1)***
	(millions)	***(per cent)***	***(thousands)***	***(per cent)***
2009……	65.9	(1.5)	460.0	(2.8)
2010……	65.7	(0.2)	449.2	(2.3)
2011……	69.4	5.5	476.2	6.0
2012……	70.0	0.9	471.3	(1.0)
2013……	72.3	3.4	469.6	(0.4)
2014……	73.4	1.4	470.7	0.2
2015……	75.0	2.2	472.1	0.3
2016……	75.7	1.0	473.2	0.2
2017……	78.0	3.1	474.0	0.2
2018……	80.1	2.7	475.6	0.3
2019……	80.9	1.0	475.9	0.1
Compound Annual Growth Rate, 2009-2019		2.1		0.3
2020……	22.1	(72.7)	177.3	(62.7)
2021	19.4	(12.3)	190.0	(5.4)
2022	61.6	217.6	376.8	98.3
2023	79.2	28.5	454.1	20.5

(1) Percentage growth on previous year and compound annual growth rate is based on unrounded passenger and ATM numbers.

Over the period from 2009 to 2019, traffic at Heathrow Airport increased by 23 per cent. to over 80 million passengers in 2019, an annual compound rate of 2.1 per cent. Heathrow Airport has generally been operating close to its limit of 480,000 ATM per annum for the last 15 years, operating at 99.1 per cent. of its allowed ATM cap in 2019.

Traffic during the COVID-19 pandemic was greatly impacted, with passenger traffic and ATM down by 72.7 per cent. and 57.9 per cent. respectively in 2020 compared to 2019, and down by 12.3 per cent. and 5.4 per cent. in 2021 compared to 2020. In 2023, passenger traffic and ATMs continued to grow by 28.5 per cent. and 20.5 per cent. respectively, which represents 97.9 per cent. and 95.4 per cent. of 2019 levels respectively. In 2023, total ATMs were 474,089 (2022: 376,847), of which 470,193 were passenger ATMs (2022: 367,158) and 3,896 cargo ATMs (2022: 9,689). Seats per ATM increased to 221.0 in 2023 (2022: 218.0) and the load factor (i.e. a percentage of seats filled by passengers) increased to 79.6 per cent. (2022: 77.0 per cent.). In the first six months of 2024, this increase continues, with passenger traffic and ATMs growing by 7.3 per cent. and 6.6. per cent. respectively.

Whilst not as pronounced, Heathrow's traffic declined modestly in 2008 and 2009, particularly reflecting the impact of the global financial crisis in 2008 and 2009. Passenger traffic declined 1.4 per cent. to 66.9 million in 2008 (from 2007) and 1.5 per cent. to 65.9 million in 2009 (from 2008) and saw a cumulative reduction in rolling annual traffic from peak to trough in this period of 3.4 per cent. This relatively resilient performance reflects the fact that Heathrow, at that time, was operating near to its allowed ATM cap.

CUSTOMERS

Overview

The following table provides traffic details of the main airline customers at Heathrow Airport and aeronautical income for the 12 months ended 31 December 2023:

Main Airline Customers for Heathrow

	Year ended 31 December 2023			
	Passengers	***Air transport movements***	***Aeronautical income***	***Percentage of aeronautical income(1)***
	(millions)	***(thousands)***	***(£ millions)***	***(per cent)***
International Airlines Group (British Airways)(2)	39.0	242.6	1,063.7	43.0
Virgin Atlantic Airways	4.8	21.4	178.0	7.2
Lufthansa(3)	4.3	34.6	98.6	4.0
American Airlines	3.7	16.6	140.4	5.7
United Airlines	2.4	14.4	115.0	4.6
Emirates.....	1.9	4.5	58.0	2.3

(1) Excludes other charges, related primarily to the provision of fixed electrical ground power and pre-conditioned air to aircraft.

(2) International Airlines Group (IAG) includes British Airways, Iberia, Vueling and Aer Lingus.

(3) Includes Lufthansa, Austrian Airlines, Swiss Airlines, Brussels Airlines and Eurowings.

The largest airline customer at Heathrow Airport is British Airways, from where it operates its global hub. British Airways is a full-service airline operating a network of intercontinental, European and domestic services. British Airways operates to all regions including key global cities. International Airlines Group owns British Airways, Iberia, Aer Lingus and Vueling, which all operate at Heathrow Airport. Traffic from these airlines in 2023 totalled 39.0 million passengers (2022: 30.6 million). Heathrow has an agreed joint framework with British Airways for future cooperation.

The second largest airline customer at Heathrow Airport is Virgin Atlantic Airways, which operates multi-class flights to long-haul destinations from Heathrow Airport's Terminal 3.

Lufthansa Group is the third largest airline customer at Heathrow Airport and owns Lufthansa, Austrian Airlines, Swiss Airlines, Brussels Airlines and Eurowings which all operate at Heathrow Airport. Traffic from these airlines in 2023 totalled 4.3 million passengers (2022: 3.3 million).

Air Service Agreements and Open Skies

The rights of airlines to operate to and from Heathrow Airport are subject to Air Service Agreements ("**ASAs**") agreed between the UK and other countries. These fall under the umbrella of the 1944 Convention on International Civil Aviation and other multilateral agreements, such as the "Open Skies" agreement between the European Community, its member states and the USA, which permits any airline in the EU to fly to any point in the USA and vice-versa. As a result of these ASAs, a greater number of airlines have access to Heathrow Airport.

The UK's exit from the EU has meant that Air Service Agreements that the UK previously had with some countries as part of its membership of the EU – such as the USA "Open Skies" Agreement – and others have had to be renegotiated or rolled-over. The UK Government has completed these and this has ensured that flights to these countries have not been affected post-Brexit. Going forward, the UK Government is looking at updating some of these agreements in the long-term, with Heathrow engaging with the Department for Transport on this process.

The UK has also agreed an aviation chapter within the wider Comprehensive Future Trade and Cooperation Agreement that ensures point-to-point flights between the UK and EU can continue. Both sides have prioritised air connectivity throughout the exit process and recognise the importance of maintaining connectivity, though the UK is now classed as a "Third Country" by the EU. The UK and EU are also engaging on an ad-hoc basis on any specific flights and further freedoms required. Heathrow has engaged with the UK Government to ensure that any approach taken is as liberal and open as possible.

From a border perspective, EU citizens can continue to use electronic gates at immigration upon arrival into the UK. Since 1 October 2021, unless they hold EU Settled Status, EU arrivals must now present their passport at the UK border as valid ID. Heathrow has worked with Government and Border Force to manage changes to border and passenger processes and ensure minimal disruption.

OTHER OPERATIONS

Cargo and Mail Carriers

Heathrow Airport acts as a gateway for cargo and mail. The bulk of cargo and mail at the airport is carried in the cargo holds of passenger flights rather than by dedicated cargo flights. In 2023, 91 per cent. of cargo travelled in the belly-hold of passenger aircraft, with only 9 per cent. travelling in dedicated freighter aircraft and "preighter". There were 3,896 all-cargo ATM in 2023 (2022: 9,689).

Cargo and mail carriers are responsible for handling merchandise and packages at Heathrow Airport, including delivery to cargo warehouses, customs procedures and clearance, aircraft loading and unloading, sorting and transport to the final destination.

ROLE OF GOVERNMENT SERVICES AND AGENCIES IN AIRPORT OPERATIONS

The UK Government is responsible for a number of essential services at Heathrow Airport, which it discharges through governmental and non-governmental agencies, notably:

- security operations: The UK Government is responsible for setting aviation security regulations, issues directions to airport operators, airlines and cargo operators and monitors compliance with these directions through a programme of regular inspections and audits;

- public order and policing services: Policing operations at Heathrow Airport are the responsibility of the Metropolitan Police Authority which is paid to provide these services. These public safety services should be distinguished from security operations, which are designed to prevent illicit acts that risk endangering the security of aircraft and passengers; and

- border controls: The UK Home Office's Border Force is responsible for the control of persons and goods.

Air traffic control, including aerodrome navigation services, are provided by NATS, a public private partnership which is responsible for the arrival and departure of aircraft to and from the aircraft parking areas at Heathrow Airport. NATS also works closely with Heathrow and airlines in determining the declaration of scheduling capacity.

SUPPLIERS

The Heathrow Airport Holdings Group works with numerous external suppliers for the delivery of services relating to the day-to-day operation of the airport, as well as for the construction of capital projects.

Utilities

The electrical power distribution infrastructure at Heathrow Airport is part owned, managed, maintained and developed by UK Power Networks Services Limited under a contract that expires in 2083. Arrangements are in place with Engie for the supply of electricity and natural gas. The supply of potable water, foul water and trade effluent services is managed by Castle Water, with Thames Water supplying foul water and trade effluent services.

IT

The core IT services for Heathrow Airport are currently outsourced to Capgemini UK plc, Atkins, Fujitsu, SITA Information Networking Computing BV, Oracle, Bridewell Consulting Limited and Microsoft. These multi-year agreements underpin the most critical services Heathrow Technology (the internal function that leads, oversees and manages all of the IT systems, applications and services run by Heathrow Airport) provides to the Airport, partner organisations and passengers.

Baggage

Baggage system operation and maintenance services for Heathrow Airport are provided by Van der Lande Industries United Kingdom Limited under a Strategic Partnership Contract that commenced in 2020, with supporting logistical services provided by DHL. Van der Lande's Strategic Partnership Contract expires in 2030. The IT for Heathrow Airport's baggage systems is provided by Van der Lande Industries United Kingdom Limited under the same Strategic Partnership Contract.

Other services

There are a large number of services required for the operation of Heathrow Airport which are arranged on a separate basis with external suppliers, including security screening, ground handling, terminal cleaning and passenger transportation services.

COMPETITION

Heathrow Airport competes for Transfer traffic with the other major European hub airports such as Paris Charles de Gaulle, Amsterdam Schiphol, Frankfurt and Madrid Barajas. The airport also faces increasing competition for Transfer traffic from hub airports in the Middle East, such as Dubai, Istanbul and Doha and from other forms of travel (including the Eurostar high-speed train service connecting London with Paris, Brussels and a variety of other European cities).

Within the UK market, there is some competition from London Gatwick Airport, London Stansted Airport, London Luton Airport, London Southend Airport and London City Airport in the air travel market in the South East of England.

EXPANSION OF HEATHROW AIRPORT

In June 2018, the UK Parliament approved the Airports National Policy Statement ("**ANPS**") which sets out the policy framework for expansion at Heathrow Airport and is the primary basis for decision making on any development consent application for a new north-west runway. Heathrow was making considerable progress towards developing its Development Consent Order ("**DCO**") application to deliver a sustainable, affordable and financeable expanded Heathrow, including holding multiple consultations to seek feedback on its proposals. However, on 27 February 2020, the Court of Appeal concluded that the UK Government was required but had failed to take into account the Paris Climate Agreement when preparing the ANPS. The Court declared that the ANPS had no legal effect unless and until the UK Government carried out a review of the policy. Heathrow appealed against this decision and in December 2020, the Supreme Court unanimously held that the UK Government had acted lawfully when making the ANPS, overturning the Court of Appeal's decision. The judgment confirmed that the UK Government had properly exercised its discretion and had taken into account the Paris Climate Agreement by having regard to the Climate Change Act 2008 in the ANPS. On 6 September 2021, the Secretary of State for Transport decided that it was not appropriate to review the ANPS at that time. The UK Government has confirmed in May 2022 in "Flightpath to the Future" and in July 2022 in "Jet Zero Strategy" that the ANPS has "full effect".

While work to expand Heathrow during the COVID-19 pandemic was paused, the recovery from the pandemic showed the demand from airlines to fly from Heathrow, as well as how critical Heathrow Airport is for the UK's trade routes. Heathrow has since appointed dedicated senior employees to focus on reviewing and developing Heathrow's long term growth plans, including its plans in relation to expansion. The UK Government's ANPS continues to provide policy support for Heathrow's plans for a third runway and the related infrastructure required to support an expanded airport.

Airspace Change

The Department for Transport and the CAA are co-sponsors of a programme to modernise the UK's airspace. COVID-19 caused most airports and NATS to pause their airspace modernisation proposals whilst they focussed on more immediate operational priorities. However, in March 2021, the UK Government announced funding to support progression of the UK's airspace modernisation programme and to ensure it remains on track.

Changes to airspace around Heathrow Airport, such as flight paths, must follow a separate approvals process to the physical expansion of Heathrow Airport. To obtain permission for changes to airspace, an Airspace Change Proposal ("**ACP**") is required to be submitted to and approved by the CAA following its airspace change process (CAP1616).

Heathrow had initially proposed to undertake airspace modernisation through its ACP for airport expansion. However, with the delay to the expansion project resulting from the (now overturned) February 2020 Court of Appeal decision and the COVID-19 pandemic, Heathrow is currently progressing the airspace changes required to keep pace with the wider UK airspace modernisation programme via a new ACP, based on its existing two runways. The Statement of Need for this ACP was submitted to the CAA in July 2021 and has now progressed to stage 2 of the 7 stage CAP1616 airspace change process with deployment expected between 2027 and 2030. Heathrow's Slightly Steeper Approaches ("SSA") ACP was implemented in December 2021. In addition, there have been a number of regulatory developments related to the expansion of Heathrow Airport. See "*Airport Regulation – Airport Regulation Generally"* and "*Airport Regulation – Heathrow Price Regulation – H7"*.

BREXIT

In a referendum held on 23 June 2016, the UK voted to leave the European Union (the "**EU**") ("**Brexit**"). In December 2020, after a series of negotiations, the UK and EU Governments agreed a Comprehensive Future Trade and Cooperation Agreement that came into force on 1 January 2021 (the "**CFTC Agreement"**). This finalised the UK's departure from the European Union.

The CFTC Agreement outlines new rules for living, working and trading between the two parties. It also includes an aviation chapter, providing the rights for flights to continue between the EU and UK without disruption. The UK is now classed as a "third country" by the European Union. All other air services ("**Air Service Agreements**") between the UK and Rest of the World countries – including with the USA ("**Open Skies**"), Canada, Israel and Japan – have been rolled-over or renegotiated, meaning that flights can continue between the UK and these countries without any disruption.

From a border perspective, EU citizens can continue to use electronic gates at immigration upon arrival into the UK. Since 1 October 2021, unless they hold EU Settled Status, EU arrivals must now present their passport at the UK border as valid ID. Heathrow has worked with Government and Border Force to manage changes to border and passenger processes and ensure minimal disruption.

ENVIRONMENTAL REGULATION AND MANAGEMENT

Heathrow is subject to or influenced by a range of environmental policies and regulation, with provisions related to carbon emissions, aircraft noise and air and water quality being particularly relevant.

Overview of environmental management

Heathrow is committed to managing Heathrow Airport in a responsible and sustainable manner seeking to balance the positive economic and social contribution of Heathrow Airport with its responsibility to minimise its environmental impact.

Under normal times, with approximately 400 companies employing in the region of 90,000 people at Heathrow Airport, and over 200,000 passengers travelling on nearly 1,300 flights every day, the challenges associated with operating Heathrow Airport responsibly are complex. Given this, Heathrow seeks not only to improve its own environmental performance but to influence the whole Heathrow community. To this end Heathrow has set up a number of partnerships to support collaborative working between businesses operating at the airport.

Heathrow's sustainability and environmental performance is monitored by the Sustainability and Operational Risk Committee, a sub-committee of the Board of Directors of Heathrow Airport Holdings, that has as one of its key responsibilities the regular review of Heathrow's performance and conduct in relation to sustainability and environmental matters.

Carbon Strategy

In February 2022, Heathrow published its 'Net Zero Plan' setting out how to get to net zero carbon emissions for its own operations and its contribution to decarbonising wider UK and global aviation. Heathrow's plan is centred on two ambitious 2030 goals to cut absolute carbon emissions whilst making 2019 the year of peak carbon emissions, even with a third runway in the future:

up to a 15 per cent. cut in carbon from flying (or carbon "in the air"), with the right Government policies to scale sustainable aviation fuel (SAF); and

at least a 45 per cent. cut in carbon from surface access, supply chain, vehicles, buildings and infrastructure (or carbon "on the ground").

Heathrow will establish a refreshed iteration of its 'Net Zero Plan' ahead of its H8 settlement period, in line with the Climate Change Committee's seventh carbon budget.

Carbon in the air

The most significant step to accelerate carbon reduction over the next decade is to rapidly scale up production and use of Sustainable Aviation Fuels ("**SAF**"). These fuels can be produced sustainably, from wastes, and other feedstocks, and cut lifecycle carbon emissions on average 70-80 per cent. However, relatively small quantities are currently produced at costs significantly higher than kerosene; therefore, a package of Government regulation, incentives and financial support is a priority. Heathrow continues to work to accelerate the use of SAF at the airport. In June 2021, Heathrow became the first UK major airport to successfully integrate SAF into its fuel distribution, and its 2022 landing charges included a new financial incentive for airlines to help make SAF more affordable. The incentive was initially designed to support 0.5 per cent. SAF of total jet fuel at Heathrow initially and rose to 1.5 per cent. in 2023. Slightly less (1.2 per cent.) was delivered in 2023 due to delays in supply, however the target increased to 2.5 per cent. in 2024. The volume of Heathrow's SAF incentive for a forthcoming year is determined on a forecasted fuel consumption, which can cause slight variability in the percentage of SAF targeted and the percentage of SAF uptake by the end of the calendar year. For instance, in 2023 SAF supply delays combined with faster than forecasted pandemic recovery led to slightly less SAF percentage claimed in 2023 than targeted, with some delayed submissions due to be claimed in 2024, alongside Heathrow's 2024 SAF Incentive scheme.

SAF will continue to rise at least until 2025 when the UK Government's new SAF mandate is expected to take effect. The mandate requires use of 2 per cent. of total jet fuel in 2025 and rises to 10 per cent. by 2030. The UK Government has also proposed a revenue certainty mechanism to stimulate a domestic SAF industry. In the longer-term, aviation plans to complete the job of getting to net zero with additional new technologies in the form of fully synthetic "e-fuels" which are made in only small quantities today, and new zero-carbon emissions (second generation) aircraft.

The UK aviation sector was the first to commit to net zero, when the industry coalition Sustainable Aviation published its decarbonisation roadmap at the start of the decade. In October 2021, the global aviation sector set the same goal with the support of a new governmental coalition formed by 21 states at COP26 calling for a commitment to net zero by 2050. The historic global aviation net zero deal was reached at the United Nations International Civil Aviation Authority (ICAO) General Assembly – meaning that commitment is now also adopted by governments around the world. Subsequently, the third ICAO Conference on Aviation and Alternative Fuels (CAAF/3) set a global aspirational vision to reduce CO2 emissions in international aviation by 5 per cent. by 2030 through the use of SAF, Low Carbon Aviation Fuels (LCAF) and other aviation cleaner energies.

Carbon on the ground

Heathrow has continued to cut carbon emissions from its infrastructure and operations on the ground. Heathrow became carbon neutral in line with the Airport Carbon Accreditation Scheme ("**ACA**") in January 2020 – achieving ACA Level 4+ out of 5 and successfully maintaining this accreditation in the scheme in September 2024. The transition to net zero will reshape the energy mix of the airport. In 2023, Heathrow developed a long-term energy strategy which sets out an energy transition roadmap for the airport and is guiding Heathrow's planning and investment, including the development of a new zero carbon heating and cooling solution to switch off gas for heating the airport. Heathrow is also installing pre-conditioned air systems at aircraft stands and rolling out ultra-rapid charging hubs to enable the transition of operational airport vehicles to zero emissions. Heathrow operates a biomass-fuelled Combined Heat and Power Plant that forms part of Heathrow's Energy Centre and provides power and heat to Terminal 2. Terminal 2 also includes some solar power generation. Heathrow has maintained the purchase of 100 per cent. of electricity using a supplier contract that is backed by Renewable Electricity Guarantee of Origin Certificates. Heathrow is subject to regulation of energy-related carbon dioxide and air quality emissions due to the size of the combustion plant on site.

For many years Heathrow has actively encouraged use of more sustainable transport by passengers and colleagues. For instance, Heathrow developed a new Sustainable Travel Zone (STZ) to support sustainable colleague travel to work,

introduced colleague car share schemes and continues to invest in installing electric charging facilities. An Airside Ultra Low Emissions Zone (ULEZ) policy is set to be introduced in 2025, and the airport operates a Terminal Drop Off charge to contribute to a model shift from private vehicles to public transport. Heathrow has extensive public transport connections to surrounding communities, to London and to the whole of the UK. See further the section "*Access to Heathrow Airport*" above.

Task Force for Climate Related Financial Disclosures (TCFD)

Heathrow includes climate change in its approach to risk management and uses this to inform its carbon strategy and the actions it takes. On 6 April 2022, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amended the Companies Act 2006 to mandate that large UK companies include Climate-related Financial Disclosures ("**CFD**") as a part of their strategic reporting. These CFD requirements closely align with the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**"). Heathrow has been voluntarily reporting in accordance with TCFD recommendations since 2019. Following this change, Heathrow has aligned its climate risk analysis and disclosures to comply with the new requirements.

Aircraft noise regulation

Aircraft noise in and around UK airports is subject to international, UK and local regulation. The UK Government has a key role in setting and developing the policy framework for aircraft noise control, particularly at UK airports which are "designated" for noise management, which includes Heathrow. A range of noise controls relating to aircraft operations are set out in statutory notices and published in the UK Aeronautical Information Package and elsewhere. These operational controls cover measures such as continuous descent approach, noise abatement procedures and night flight restrictions.

Additional noise-related controls are a feature of the local planning system. At Heathrow Airport there are a number of noise-related conditions to the planning permissions for Terminals 4 and 5 that restrict the location and time of day of certain aircraft operations.

For airports with more than 50,000 movements per annum, strategic noise maps are produced every 5 years and based on these noise assessments noise action plans must be drafted, consulted on and ultimately approved by the Department for Environment, Food and Rural Affairs ("**DEFRA**"). Heathrow's current approach to aircraft noise management is set out in its Environmental Noise Directive Noise Action Plan 2024-2028. This focuses on implementing various measures to reduce noise impacts through reduction at source (quieter aircraft), land-use planning and management, noise abatement operational procedures and operating restrictions as well as supporting research and working with the community and other key stakeholders in delivery of noise reduction initiatives. The next round of strategic noise maps will be published in 2027 and the consultation and drafting process for the Round 5 Noise Action Plan will take place during 2028. Submission of a new action plan will be made in the autumn of 2028 ahead of DEFRA approval and adoption. The Noise and Airspace Community Forum ("**NACF**"), established following the pandemic and replacing the Heathrow Community Noise Forum, aims to keep residents and local stakeholders informed on areas such as airspace planning, future trials and consultations, and to develop the understanding of airspace and operational issues. The NACF operates with an independent chair with access through a limited budget to seek independent technical advice.

Air quality

Air quality is subject to regulations governing emissions to air from specified activities and operations. Heating installations are periodically monitored in accordance with permit requirements. Heathrow is also located in the Air Quality Management Area which was declared by Hillingdon Council due to national air quality objectives for nitrogen dioxide (NO2).

The latest available and fully ratified data for year 2022 from air quality monitoring stations in and around Heathrow typically show that air quality in the immediate vicinity of the airport is compliant with air quality limits. Average concentrations at the Heathrow sites were generally comparable to those measured at urban background air pollution monitoring sites in London, and the diurnal patterns of concentrations of all pollutants were mostly typical of urban monitoring sites. However, it should be noted that airport operations were still affected by the pandemic in 2022.

Given the significance of road traffic as a contributor to poor air quality around Heathrow, surface access strategy is important to mitigation. Nearly £100 million was invested in 2023 to enhance surface access modes, as well as retail and digital offerings at Heathrow Airport. Heathrow has set a goal for a public transport mode share of 45 per cent. by 2026. In addition to Heathrow's monitoring programme, its approach to air quality management is very closely related to its carbon management strategy. This focuses on implementing various measures to reduce emissions from sources across the airport, primarily from fuel combustion. As well as direct management, Heathrow also works collaboratively with

local stakeholders through the Heathrow Air Quality Working Group, engaging Local Authorities on air quality performance and future planning.

Environmental permits

Heathrow holds several environmental permits covering activities such as the discharge of surface water runoff to the environment, trade effluent discharge, water abstraction, waste management, combustion for heating and hot water (boilers) and carbon emissions trading. The permits are regulated by the Environment Agency and Thames Water. To facilitate and monitor compliance, Heathrow operates an ISO 14001 management system to maintain compliance.

Sustainability-Linked Bond Framework

In June 2023, Heathrow adopted a framework relating to its sustainability strategy. The framework aims to foster the best market practices and present a unified and coherent suite of sustainability linked financing note instruments (the "**Sustainability-Linked Bond Framework**"), in accordance with the Sustainability-Linked Bonds Principles (the "**SLBP**") administered by the International Capital Markets Association (ICMA).

The Sustainability-Linked Bond Framework was reviewed by DNV Business Assurance Services UK Limited ("**DNV**") which provided a second party opinion, confirming alignment with the SLBP. The Framework outlines, among other things, the Key Performance Indicators ("**KPIs**") and related calibration of Sustainability Performance Targets ("**SPTs**") embedded by Heathrow in its financial transactions and associated to the United Nations' sustainable development goals ("**SDGs**") relating to SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Such SPTs are also linked with, respectively, the In the Air Carbon KPI Step Up Event and the On the Ground Carbon KPI Step Up Event set forth in the Terms and Conditions to the Bonds. The Sustainability-Linked Bond Framework, the relevant second party opinion provided by DNV and any other document related thereto are not, nor shall they be deemed to be, incorporated in and/or form part of this Prospectus and are available on Heathrow's website at https://www.heathrow.com/company/investor-centre/offering-related-documents.

RELATED PARTY TRANSACTIONS

Heathrow has entered and may from time to time in the future enter into transactions with certain affiliates of Heathrow Airport Holdings and its shareholders. All such contracts are and will be negotiated on an arm's-length basis.

SHARED SERVICES

Pursuant to a Shared Services Agreement, LHR Airports provides or procures third parties to provide certain central support services to the Group to assist with the running and management of Heathrow Airport and Heathrow Express.

Services provided by LHR Airports, or Heathrow as a sub-contractor for LHR Airports

The services provided by LHR Airports include management services (such as senior management and strategic direction), IT, health and safety, security, research, airport planning and marketing, finance, human resources, property management, regulatory services, corporate and public affairs and legal support. From 1 January 2013, following the divestment of Gatwick Airport and in light of the (at that time) expected divestment of Stansted Airport and to reflect more accurately the current organisation and economic reality, LHR Airports sub-contracted the majority of these services to Heathrow. Heathrow, as a sub-contractor for LHR Airports, provides certain central support services for Heathrow Express. Additionally, pursuant to a separate agreement, LHR Airports has sub-contracted certain of the cash management and accounting services to LHR Business Support Centre Limited.

All of the staff working for Heathrow are employed and provided by LHR Airports. Heathrow Express employs some of its own staff directly with other staff being provided through a services agreement with First Greater Western Limited.

The terms on which services and staff are provided to the Group are set out in the Shared Services Agreement. Central support services are provided by Heathrow to Heathrow Express pursuant to a separate agreement between Heathrow and Heathrow Express.

Fees payable to LHR Airports

Heathrow pays a fee to LHR Airports which comprises:

(a) the cost to LHR Airports of providing the services; and

(b) costs in respect of centralised airport services, administrative and business support services and corporate services, with a margin of 7.5 per cent. allocated on the costs incurred in connection with the provision of board and senior corporate management services.

The majority of costs for employees provided under the Shared Services Agreement are included in the charges for airport services and capital project services, to which the margin does not apply. The margin payable to LHR Airports in relation to services to the Group was £0.9 million in the 12 months ended 31 December 2023 (2022: £0.8 million).

Termination of Shared Services Agreement

Subject to the prior written consent of the Borrower Security Trustee, the Operating Companies have the right to terminate the Shared Services Agreement in the case of a breach by LHR Airports with a material adverse effect not remedied within 30 days, certain insolvency related events in relation to LHR Airports or if it becomes illegal for either LHR Airports or the Obligors to perform their obligations under the Shared Services Agreement.

LHR Airports may terminate the Shared Services Agreement only where:

(a) another suitable and properly resourced member of the Heathrow Airport Holdings Group (excluding any members of the Group) is appointed to act as replacement Shared Services Provider on substantially the same terms;

(b) a replacement Shared Services Provider is appointed with the consent of and approved by the Borrower Security Trustee and, unless otherwise agreed as an Extraordinary Voting Matter, a Ratings Confirmation is provided; or

(c) the Operating Companies fail to pay any amounts of £50,000 or more to LHR Airports under the Shared Services Agreement, subject to a 30 Business Day grace period.

The Shared Services Agreement will terminate in respect of an Operating Company which ceases to be controlled by LHR Airports. Unless otherwise agreed, termination will take effect 6 months from the date that the Operating Company ceases to be controlled by LHR Airports.

LHR Airports is entitled to pass pensions costs on to the Group. These relate principally to LHR Airports' obligation to fund the Heathrow Airport Holdings Group defined benefit pension scheme and are calculated on a basis linked to pensionable payroll in respect of those employees that LHR Airports makes available to the Operating Companies under the Shared Services Agreement. In certain circumstances, the obligation of the Operating Companies to meet pension costs will survive termination of the agreement.

In the event of termination of the Shared Services Agreement, LHR Airports is required to use its reasonable endeavours to facilitate the transfer of the terminated services to the Operating Companies (or to any replacement servicer appointed by the Operating Companies) with a view to ensuring an orderly and efficient transfer with minimal disruption to the ongoing business of the Operating Companies. The employment of relevant airport level staff is expected to pass to the relevant Operating Company or to a replacement service provider.

Potential Conflicts of Interest

As a result of the fact that Heathrow and Heathrow Express have entered into the Shared Services Agreement, there may be potential conflicts of interest for Ross Baker, Helen Elsby, Javier Echave, Nigel Milton, Mine Hifzi, Yuanyuan (Sally) Ding and Thomas Woldbye (or any of their successors) who are directors of LHR Airports (which is the provider of the shared services) and Heathrow (which receives the shared services) and, in the case of Ross Baker, Heathrow Express. Potential conflicts of interest may arise where the same individuals are directors of both the entity providing the shared services and the entities receiving the shared services because they have, among other obligations, a duty to promote the success of the companies of which they are directors. A potential conflict may arise for the individuals listed above (or any of their successors) if what is in the best interest of one company is not necessarily in the best interest of the other. Save as disclosed in this paragraph, as at the date of this Prospectus, there are no potential conflicts of interest between any duties owed to each of the Obligors and the private interests or any other duties of any of their directors.

For a description of certain risks associated with the Shared Services Agreement, see "*Risk Factors – Commercial Risks – The Group is dependent on LHR Airports as Shared Services Provider to operate its businesses*".

INSURANCE

LHR Airports provides insurance and claims handling services to the Operating Companies. LHR Airports arranges both annual and multi-year insurance programmes on a group-wide basis for the Heathrow Airport Holdings Group. Heathrow Rail operations have separate public liability insurance cover and Heathrow, through LHR Airports, has separate policies to protect against specific risks.

The Heathrow Airport Holdings Group insurance programmes, which are required under the CTA, include the following insurance cover:

- ***property damage and business interruption insurance and construction all-risks insurance*** which covers all risks (including terrorism) of sudden accidental direct physical loss or destruction of, or damage to, insured property and resultant loss of revenue and/or increased costs of maintaining normal business activities. There is also a separate policy covering specified tenanted properties, which provides cover on the basis of individual property sums insured;

- ***general liability insurance***, including aviation liability, aviation war/terrorism, public/product liability; public liability with respect to the Heathrow rail activities; and construction third-party liability;

- third-party financial loss, cyber and professional indemnity insurance; and

- employers' liability insurance.

The financing agreements (within the CTA) require the Obligors to effect and maintain insurance policies in relation to liabilities, undertakings and assets in accordance with good industry insurance practice. Details of these insurance policies are provided annually to an insurance adviser acting on behalf of certain secured creditors.

Insurance cover for the Group is provided by a combination of insurance market entities and a Heathrow Airport Holdings' own captive insurance company, LHR Insurance Services Ltd (the "**Captive**"). The Captive enables the Heathrow Airport Holdings Group to access reinsurance markets (including Pool Re for property terrorism risks), to leverage the Heathrow Airport Holdings Group's combined position on the conventional insurance market and to offer funding options for the Group's self-insured retention. The Captive underwrites some group-wide risks and also funds some of the Heathrow Airport Holdings Group's self-insured retention.

For more information on insurance, see "*Risk Factors – Commercial Risks – The Group's insurance coverage might not be adequate or available in all circumstances*".

PENSIONS

The Heathrow Airport Holdings Group operates a number of pension schemes for its employees. The main schemes, which are sponsored by LHR Airports, the employing company within the Heathrow Airport Holdings Group, comprise a defined benefit pension scheme that closed to employees joining LHR Airports after 15 June 2008 (the "**Pension Scheme**") and a defined contribution pension plan (the "**Plan**") that employees who opt to leave the Pension Scheme and those joining LHR Airports since 16 June 2008 are eligible to join. There are also separate defined contribution pension schemes for employees of Heathrow Express and LHR Business Support Centre Limited (the "**BSC**").

Under the terms of the Shared Services Agreement, Heathrow makes monthly cash payments into the Pension Scheme determined by the latest agreement made with the Pension Trustee of the Pension Scheme. Employer contributions into the defined contribution pension plan are currently determined as a percentage of the aggregate basic salary, for all relevant plan members. Under the terms of the Shared Services Agreement, Heathrow is also liable to fund any deficit in the Pension Scheme. The Pension Scheme also has a right to receive up to £284 million of the proceeds of an enforcement of the security granted by the Obligors, which right ranks *pari passu* with senior (Class A) debt.

The Pension Scheme is administered by a corporate trustee, the BAA Pension Trust Company Limited (the **"Pension Trustee**"). The directors of the corporate trustee comprise three elected employee representatives, one pensioner representative and four LHR Airports nominated directors. In addition, the Scheme rules require the appointment of an Independent Trustee (currently fulfilled by Law Debenture Trust Company). As at 30 September 2024, the Pension Scheme had 1,234 current 'active' members, 9,439 pensioners (including pensions paid to surviving partners and dependents) and 4,532 deferred pensioners.

In 2022, the Pension Trustee of the Pension Scheme concluded a formal actuarial valuation of the scheme as at 30 September 2021. That valuation process identified a scheme surplus of £119 million calculated using the Pension Trustee's actuarial assumptions. As part of the valuation process, LHR Airports and the Pension Trustee agreed that the

annual deficit recovery payment into the Pension Scheme would decrease from £20 million to nil. In addition, in respect of future accrual of benefits, LHR Airports would contribute 25.6 per cent. of basic salary and shift pay, which for the financial year ending 31 December 2023 was £14 million. The next formal actuarial valuation of the scheme as at 30 September 2024 is in progress.

A reduction in deficit recovery and future accrual cash payments arose from the changes introduced with effect from 1 October 2015, following consultation with affected Pension Scheme members required by applicable regulation.

The changes introduced, impacting only active members of the Pension Scheme, were:

- a reduction in future benefit accrual rate from 1/54th to 1/60th of pensionable pay;
- the introduction of an annual cap of 2 per cent. on future increases in pensionable pay; and
- a cap of 2.5 per cent. on annual increases to pension payments in retirement for pension benefits accrued from 1 October 2015.

Recognition of these changes for accounting purposes was immediately reflected in the Group's financial statements in accordance with IAS19. In particular, there was a one-off (non-cash) credit of £236 million in 2015 as a result of the introduction of the annual cap of 2 per cent. on future increases in pensionable pay.

As at 30 June 2024, the Pension Scheme had a deficit of £30 million compared to a £128 million deficit at 31 December 2023, both as measured under IAS19. The £98 million decrease in the deficit in the six months is largely due to actuarial gains of £99 million, attributable to a loss on assets offset by a decrease in liabilities and experience losses reflecting actual inflation in 2024; service costs of £5 million; a finance charge of £3 million; and contributions paid in the year. In the six months ended 30 June 2024, Heathrow contributed £7 million (six months ended 30 June 2023: £7 million) into the defined benefit pension scheme. No deficit repair contributions were paid in the first six months of 2024, or 2023.

The cost to the Heathrow Airport Holdings Group of contributions to defined contribution pension schemes in the first six months of 2024 was approximately £14 million (six months ended 30 June 2023: £9 million).

The Pension Scheme investment strategy adopted by the Pension Trustee, particularly the high levels of hedging for both inflation and interest rates, proved to be significantly robust to the market fluctuations caused by the COVID-19 pandemic. Asset values have fluctuated between £4,886 million as at 31 December 2021 (surplus: £343m, funding level: 107.6 per cent) to a low at 31 December 2022 of £2,735 million (deficit: £104 million, funding level: 96.3 per cent). As at 31 December 2023, the asset value was £2,782 million (deficit: £128 million, funding level: 95.8 per cent).

For additional information, see "*Risk Factors – Commercial Risks – Heathrow could be subject to periodic increase in pension cash contributions in the future*".

AIRPORT REGULATION

AIRPORT REGULATION GENERALLY

Regulatory Framework

Heathrow is subject to economic regulation by the CAA. The CAA is the independent aviation regulator in the UK, responsible for economic regulation, airspace policy, safety and consumer protection.

As the economic regulator for UK airports, the CAA assesses the market power of airports and if an airport passes the market power test(s) set out in the Civil Aviation Act 2012 (the "**Civil Aviation Act**"), the airport is regulated by means of a licence. Heathrow has been determined, by the CAA, to hold market power and operates under a licence granted by the CAA in March 2023.

Among other things, the CAA sets the maximum level of airport charges that Heathrow can levy on airlines for the use of Heathrow's airport facilities. This is set for the length of the regulatory period as defined by the CAA, known as a "price control period", the duration of which is usually five years. This price-setting mechanism provides significant income and cash flow predictability within each "price control period". On 1 February 2023 the CAA set out its final decision to impose an interim price cap for Heathrow's 2023 charges (CAP2515). This put in place a charge of £31.57 for 2023. In March 2023, the CAA published its final decision (the "**Final Decision**") (CAP2524) for the current price control period ("**H7**") period which runs from 1 January 2022 to 31 December 2026. Details relating to the H7 settlement are described in the section "*Heathrow Price Regulation – H7*" below. The Final Decision put in place new modifications to Heathrow's licence (which took effect from 18 April 2023). This retained the £31.57 price cap for 2023 and puts in place the flat in real terms price path of £21.03 (in 2020 prices) for the rest of H7 as well as updating licence conditions on consultation and service quality in line with the CAA's Final Decision. The Final Decision is not described in full in this document and reference should be made to the Final Decision itself for complete information.

The calculation of Heathrow's price caps uses a so-called building blocks model, and takes into account Heathrow's forecast revenues (both aeronautical and non-aeronautical) and costs as well as allowing recovery of capital costs and a regulatory return on investment capital. As for other regulated utilities in the UK, the RAB acts as a unit of regulatory value. The RAB works as a running account of the value of Heathrow's capital investments over time and is adjusted on an ongoing basis for capital expenditure, RPI inflation, regulatory depreciation, proceeds of disposals and certain other items.

Heathrow is regulated by means of a price control mechanism known as CPI +/- X, which incorporates an allowed return on the RAB. This is consistent with the economic regulation of other UK regulated industries (such as telecoms and the energy and water sectors). This form of economic regulation is also sometimes referred to as incentive-based regulation, in that Heathrow has an incentive to outperform the price control by means of attracting more passengers (measured against the CAAs forecast for the relevant period), reducing operating costs or delivering higher commercial revenues than forecasted. If the opposite is the case, then Heathrow has to absorb the downside.

The CAA and its Statutory Powers and Objectives

The CAA must perform its activities in line with the powers and duties set in the Civil Aviation Act. In its role as economic regulator, the CAA has a single primary duty to further the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services (where appropriate, by promoting competition in the provision of airport operation services). "Users" in this context means passengers and cargo-owners. There are also supplementary duties to which the CAA must have regard in fulfilling its primary duty:

- 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;
- the need to secure that all reasonable demands for airport operation services are met;
- the need to promote economy and efficiency on the part of each holder of a licence in its provision of airport operation services at the airport to which the licence relates;
- the need to secure that each holder of a licence is able to take reasonable measures to reduce, control or mitigate the adverse environmental effects of the airport to which the licence relates, facilities used or intended to be used in connection with that airport ("associated facilities") and aircraft using that airport;
- any guidance issued to the CAA by the Secretary of State for Transport;

- any international obligation of the UK notified to the CAA by the Secretary of State for Transport; and

- the principles that regulatory activities should be carried out in a way which is transparent, accountable, proportionate and consistent, and that regulatory activities should be targeted only at cases in which action is needed.

In its duties, the CAA also must take account of the UK's international obligations which provide, among other things, that airport charges for non-national aircraft are not higher than those paid by national aircraft engaged in similar operations.

The European Directive 2009/12/EC on airport charges was implemented into UK law by the Airport Charges Regulations 2011 which entered into force on 10 November 2011. They establish a common framework for the provision of information by airports to airport users and airport users to airports, airports consulting their airline customers about airport charges, service level agreements and major infrastructure projects, and the setting of charges and the allocation of spare capacity. The CAA is the nominated "independent supervisory agency" under the Airport Charges Regulations 2011 and, following a consultation, in October 2015 published its guidance on the application of the CAA's powers under the Airport Charges Regulations 2011.

PRINCIPLES OF ECONOMIC REGULATION

The Civil Aviation Act prohibits an operator of a dominant airport area from charging for airport operation services, unless it has a licence granted by the CAA. An airport area is dominant if the CAA determines (and publishes) that the Market Power Test ("**MPT**") in the Civil Aviation Act is met by the relevant airport operator. The MPT has three parts:

- whether the relevant operator has, or is likely to acquire, substantial market power in a market, either alone or taken with such other persons as the CAA considers appropriate;

- whether competition law does not provide sufficient protection against the risk that the relevant operator may engage in conduct that amounts to an abuse of that substantial market power; and

- for users of air transport services, the benefits of regulating the relevant operator by means of a licence are likely to outweigh the adverse effects.

In January 2014, the CAA confirmed that the MPT was met in relation to the core area of Heathrow Airport and that Heathrow's market power is likely to endure for the Q6 period. In the H7 Final Decision, the CAA confirmed its view that it continues to be appropriate to regulate Heathrow due to its findings in the 2014 MPT. No change in the CAA's MPT for Heathrow is expected for the next price control period, H8.

The Price Cap

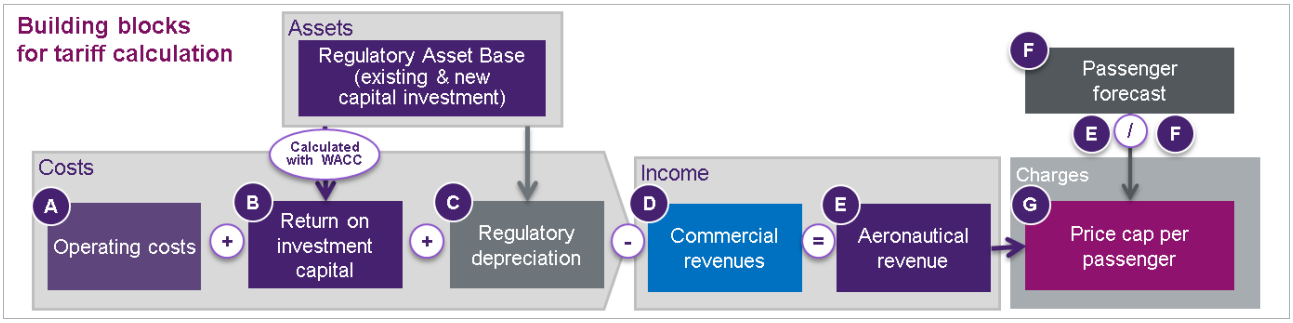
The price cap for Heathrow is based on a RAB methodology using a "single till" building block approach. The single till takes into account revenue and costs from both aeronautical and non-aeronautical activities when setting the price caps.

In setting the price cap, the CAA determines the regulated revenue requirement. This is calculated as the sum of forecast operating expenditure less other revenue plus the required return (using the cost of capital determined by the CAA) on the forecast RAB (the opening RAB and its forecast capital expenditure for the price control period), plus regulatory depreciation and plus or minus inflation. The resulting regulated revenue requirement effectively amounts to the total income from airport charges.

The regulated revenue requirement is divided by forecast passenger numbers which, subject to a price profiling adjustment to smooth charges across the regulatory period, establishes the price cap expressed as a maximum allowable yield per passenger.

This methodology for deriving the regulated revenue requirement can be represented by the simplified diagram below:

Regulatory Building Blocks



At the start of each regulatory period, the maximum allowable yield changes from 1 January each year by CPI +/- X per cent. based on forecast monthly average CPI, which incorporates an allowed return on the RAB.

In setting the price cap the CAA will typically take its own view of the scope for future efficiency savings, the appropriate level of capital expenditure, the average cost of capital associated with Heathrow's risk and the rate of change in demand for airport services by means of a central passenger forecast. Heathrow has the discretion on whether to price to the maximum permitted level. For example, if there is unused capacity, Heathrow could choose to set prices below the cap in order to stimulate demand.

The price control conditions currently set by the CAA include the following components for the maximum allowable yield:

The "**S factor**" mechanism is designed to adjust the maximum allowable yield within the relevant regulatory period for either additional or reduced health and safety and security costs incurred as a result of new UK legislation or EU security directives applicable in the UK. Under the current licence, the adjustment enables Heathrow to pass through 90 per cent. of any additional (or reduced) security costs around a deadband of £22.12 million.

The "**K factor**" is designed to correct for any under recovery (dilution) or over recovery (concentration) in airport charges revenues compared to the annual maximum allowable yield per passenger. Under or over recoveries generally arise due to changes in traffic mix or average loads compared to those forecast at the time airport charges were set for the relevant year. For example, an increase in the proportion of long-haul departing passengers would result in yield concentration leading to an over recovery. Conversely, an increase in average load factors or the proportion of transfer passengers would cause yield dilution. The K factor adjustment is applied to the maximum allowable yield calculation two years after the year in which it is incurred and therefore can be carried forward to the following regulatory period.

The Traffic Risk Sharing ("**TRS**") mechanism is designed to share the impact of under or over performance against the CAA's H7 passenger forecasts. Within +/-10% difference from the CAA's forecast, 50 per cent. of the aeronautical revenue impact is shared with airlines. Outside +/-10% difference, 105 per cent. of the aeronautical revenue impact is shared to allow for the consequential impact of differences in passenger numbers on commercial revenue. See *Heathrow Price Regulation – H7* below.

The H7 capex governance arrangements introduce a new forward-looking ex-ante incentive mechanism for capex projects. It relies on Heathrow agreeing with airlines on "delivery obligations", focusing on outputs, timescales, and quality and each capex project, all of which must be defined by the time approval for the investment decision is delivery obligations would each have a weighting to determine what proportion of baseline capex is to be associated with performance against that delivery obligation. An incentive rate of +/-25 per cent. will be applied to any over/under spend on the capex project against the agreed capex baseline.

Heathrow is allowed to request an increase to the cap on capital spend set by the CAA in its Final Decision, between 1 February 2024 to 31 March 2024 and 1 February 2025 to 31 March 2025.

There is a revenue sharing mechanism for revenues from the Terminal Drop Off Charge ("**TDOC**") which shares deviations in TDOC revenues versus forecast 65/35 between the airlines and Heathrow.

There is an outcome-based regulation framework at Heathrow Airport, replacing the Q6 service quality rebate scheme, which sets wider reputational and financial measures intended to measure Heathrow's delivery of the most important aspects of airport operation services that consumers value in their airport experience. See "*Heathrow Price Regulation – OBR Scheme*" below.

Regulatory Asset Base

As with other regulated utilities in the UK, the RAB acts as a unit of regulatory value and does not correspond to statutory asset values. The RAB works as a running account of the value of Heathrow's capital investments over time. The CAA has historically determined the value of the RAB for Heathrow over each year of the regulatory period. The closing RAB for Heathrow for each year is taken to be the sum of the opening RAB, plus actual capital expenditure (unless disallowed by the CAA) plus an adjustment for RPI inflation less regulatory depreciation and less proceeds of any disposals at the airport. The RAB may be adjusted for certain other reasons (as was the case to account for some of the effects of the COVID-19 pandemic).

Heathrow is required to submit regulatory accounts to the CAA for each year ending 31 December identifying, among other things, the value of the RAB. A decision as to whether the current period RAB has been appropriately updated during the current regulatory period is not normally made until the CAA sets the opening RAB for the next regulatory period as part of the price control review.

The RAB is included in the regulatory accounts, which are provided annually to (but not approved by) the CAA. The most recent regulatory accounts for the year ended 31 December 2023 were independently verified by PricewaterhouseCoopers LLP.

HEATHROW PRICE REGULATION

iH7

During the interim period immediately preceding H7 – the two-year period from 1 January 2020 through to 31 December 2021 ("**iH7**") – Heathrow underperformed against passenger number expectations due to the impact of the COVID-19 pandemic and the related travel restrictions. In recognition of the asymmetric risk in the regulatory model that the pandemic exposed, and which was not encompassed in the allowances for the regulatory returns determined by the CAA, Heathrow submitted a request in July 2020 that the CAA amend Heathrow's RAB to allow Heathrow to recover some of the losses experienced over the iH7 period extending over a prolonged period of time. Following consultation, the CAA agreed to grant Heathrow a positive RAB adjustment of £300m (in 2018 prices) in April 2021 (CAP2140), which was later confirmed by the CAA's H7 final decision (the "**Final Decision**") (CAP2524) in March 2023.

With the introduction of the traffic risk sharing mechanism in H7 (further explained below), the Group's financial exposure to passenger demand shock, like that experienced during the COVID-19 pandemic, will reduce with adjustments to the charge and the RAB reflecting out- and -underperformance against the CAA's traffic forecast.

H7

In March 2024, the CAA published its Final Decision including an average yield per passenger of £23.06 (in 2020 prices) across H7 with a flat per passenger charge of £21.03 (in 2020 prices) for the years 2024-2026. Overall, the Final Decision largely retained the CAA's position in its final proposals (CAP2365) (the "**Final Proposals**").

The Final Decision (as described above) confirmed the retention of the RAB-based single till approach as the basis of the regulatory framework alongside new developments including:

- The implementation of a traffic risk sharing mechanism with symmetrical sharing of both out- and under-performance against the H7 passenger forecast. The amount of the adjustment, for each calendar year, depends on the difference between actual and CAA forecast passenger revenue. This revenue difference is calculated by multiplying the per passenger price cap (excluding adjustments) with the difference between the actual and forecast passenger numbers, the forecast being as set out in the CAA's Final Decision. The amount of this revenue under- or over-shoot to be shared is 50 per cent. of the difference up to 10 per cent. of forecast revenue and 105 per cent. of the difference above 10 per cent. of forecast revenue. The 105 per cent. sharing band takes account of the incremental impact of commercial revenues which are also included in the single till price control mechanism and aims to provide EBITDA protection of over 80 per cent. The shared risk is recovered through the price cap as if it were to be spread over 10 years starting from two years after the year in which the variance occurred. Any adjustments which are not shared by the end of H7 will be rolled into the RAB for H8;

- A reset mechanism with the renewal of the price control for each subsequent price control period, which ensures that Heathrow is only exposed to residual passenger volume, operational expenditure, commercial revenue performance and capital investment delivery risk within each regulatory period. This provides substantial protection against long-term passenger trends;

A new outcomes-based approach to service quality implementing a set of wider reputational and financial measures intended to measure Heathrow's delivery of the key outcomes passengers expect from their airport experience; and

An ex-ante capital incentives framework with a symmetrical 25 per cent. sharing rate of over and under performance against the cost estimate for each of Heathrow's projects. This is combined with the introduction of Delivery Obligations, requiring agreement with the airline community on each capex project's expected outputs, quality requirements and timing.

Key elements of the forecasts informing the Final Decision include:

- Passenger forecasts of 375.5m over H7 (which includes actual passenger performance in 2022);
- Opex forecast of £5,995m across H7 taking account of higher passenger numbers, inflation, real wage inflation and energy prices;
- Commercial revenue forecast of £5,159m over H7 taking account of higher passenger numbers, corrections for errors in the calculation of surface access revenues and updated inflation assumptions leading to a commercial revenues and cargo allowance;
- Pre-tax WACC of 4.04 per cent. (3.18 per cent. vanilla) due to updated forecasts of the risk-free rate, the cost of debt and inflation; and
- RAB adjustment of £300m continuing to implement the RAB adjustment decision taken by the CAA in April 2021.

Following the publication of the Final Decision, Heathrow assessed the forecasts and evidence put forward by the CAA in detail. While Heathrow continues to disagree with a number of conclusions reached by the CAA, it is now focusing on ensuring that it can deliver the right outcomes for passengers through its own H7 plan. However, there were a number of areas in which Heathrow believed that the CAA made errors and, on 11 May 2023, the CMA granted Heathrow permission to appeal some elements of the decision in line with the appeals framework set out in the Civil Aviation Act 2012.

At the same time as Heathrow lodged its application to appeal with the CMA, British Airways Plc, Virgin Atlantic Airways Ltd and Delta Air Lines Inc also applied for and were granted permission on 11 May 2023 to appeal certain elements of the Final Decision. On 16 May 2023, the CMA extended the period for the determination of the appeals by 8 weeks as provided for under section 28(3) of the Civil Aviation Act 2012. The revised deadline for the CMA's determination of the appeals was 17 October 2023.

On 8 September 2023, the CMA issued its provisional determination of the appeals (the "**Provisional Determination**") to the parties to the appeals and published a summary on its website. In the Provisional Determination, the CMA provisionally considered that the CAA had erred on three elements of the Final Decision:

- the CAA was wrong in the way it mechanistically implemented the AK Factor, which was introduced by the CAA to claw back revenue which was 'over-recovered' against the maximum allowable yield in 2020 and 2021;
- the CAA made an error in a "relatively minor" aspect of its cost of debt calculation; and
- while the CAA was not wrong in its overall approach to forecasting the passenger numbers, it was wrong relation to "one small element within its calculation": the "shock factor", which makes an allowance for exceptional events that might reduce passenger numbers.

The CMA provisionally remitted these issues to the CAA for determination. In all other elements of the appeals, the CMA considered that the CAA's Final Decision was not wrong and those elements of the Provisional Determination remain in line with the Final Decision. The CMA also published its final determination and Order on costs (the "**Costs Determination**") in relation to the CMA appeal on 8 February 2024.

Responses to the Provisional Determination were due by 22 September 2023. The CMA issued its final determination of the appeals (the "**Final Determination**") on 17 October 2023 and upheld the errors from its Provisional Determination and the decision to remit these issues back to the CAA for determination.

On 20 March 2024, the CAA issued a consultation on 'H7 final issues' (the "**March 2024 Consultation**"), which dealt with both the matters that were remitted to the CAA by the CMA in the Final Determination as well as matters which the CAA had not been able to resolve prior to making the Final Decision in March 2023. The consultation proposed adjustments to a number of elements in the Final Decision, including (amongst other things) to the approach to calculating the "AK" adjustment to revenues for 2020-2021, the "index-linked premium" used to calculate the cost of debt for the H7 WACC, and the verification of the "shock factor" used in the H7 passenger forecast. On 11 July 2024, the CAA issued its decision on the "H7 final issues" (the "**July 2024 Decision**"), in which it adopted the approach to the AK adjustment

factor outlined in its March 2024 Consultation, removed the "index linked premium" from the WACC calculation, and retained the shock factor of 0.87 per cent. for the purposes of the H7 passenger forecast. The CAA also addressed certain issues that were outstanding from, or that had emerged since, the Final Decision (such as contribution to the opex allowance in H7 in respect of business rates), some of which will be considered as part of the H8 price control review ("**H8**").

In the July 2024 Decision, the CAA considered that it would be in consumers' interests to make the relevant adjustments within H7 by adjusting the allowed price cap, rather than more slowly through the RAB. The CAA therefore calculated that the estimated reduction in the allowed price caps per passenger following the adjustments will be (all in nominal terms): -£0.718 for 2025 and -£0.748 for 2026 with respect to the AK factor; and -£0.798 for 2025 and -£0.825 for 2026 with respect to the H7 factor. In total, the CAA estimated that the change will lead to decreases in Heathrow's charges of £1.516 in 2025 and £1.573 in 2026 compared to the charges for H7 set out in the Final Decision. On the basis of the nominal price caps set out in the Final Decision, these adjustments would reduce charges from £25.24 to £23.73 in 2025 and from £25.28 to £23.71 in 2026.

H8 Developments

On 13 August 2024, the CAA published an update on its thinking on the timetable for H8 and approach to the constructive engagement ("**CE**") process between Heathrow, NATS (En Route) plc, and its airline customers. The current timetable envisages that H8 will start in January 2027, following multiple rounds of CE that would take place both before and after a single business plan submission from Heathrow in June 2025. This is a change in approach from H7, in which Heathrow prepared an Initial Business Plan and a Revised Business Plan with CE taking place between these two submissions.

The CAA's current view is that the draft timetable for H8 should include:

- November 2024: the CAA is due to publish a draft method statement for H8, which would provide business plan guidance (though any detailed guidance and templates may need to be developed separately);
    - November to December 2024: Round 1 CE on high level issues of service quality and investment;
    - January to March 2025: Round 2 CE on more detailed building block issues (but excluding areas such as cost of capital and cost efficiency);
- February 2025: publication of the CAA final method statement for H8;
- June 2025: a single H8 business plan submission by Heathrow;
    - June to August 2025: Round 3 CE focusing on Heathrow's business plan submission;
- December 2025: publication of the CAA initial proposals for consultation, which would include draft licence modifications;
    - January to February 2026: Round 4 CE focusing on the CAA initial proposals;
- July 2026: publication of the Final Proposals and statutory consultation on licence modifications;
- October or November 2026: publication of the Final Decision and statutory notice on licence modifications; and
- January 2027: H8 Price Control Period begins.

Heathrow has aligned its approach with the CAA's new timetable, and discussions with airlines to implement CE are underway. At the same time, Heathrow has emphasised to the CAA the need to properly consider the risks around compressed timescales, as Heathrow believes that the overall process is likely to be more effective and better targeted at consumers' interests if adequate time is allowed for all parties to complete their stages of the process.

Expansion of Heathrow Airport – Regulatory Developments

Following the (now overturned) Court of Appeal decision which had suspended the ANPS, the CAA has reviewed the regulatory arrangements it was putting in place for the recovery of expansion related costs incurred by Heathrow throughout Q6 and iH7 in order to deliver expansion on a timely basis. In its June 2020 document, CAP1940, the CAA took the decision to simplify its approach to the regulation of these costs to reflect this change in circumstances. In its April 2021 document (CAP1996) the CAA confirmed its policy to allow Heathrow to recover all expansion costs it considers to be efficiently incurred up until the Court of Appeal decision in February 2020 from the start of H7. This encompasses around £500m of expansion related costs and includes all expenditure previously categorised as both Category B and pre-DCO Category C. As part of its Final Proposals, the CAA published its efficiency assessment of expansion related costs. In this assessment it considers that £3.6m of Heathrow's expansion related costs could be inefficient and will therefore disallow this expenditure. It has confirmed that Heathrow can recover all wind down costs and appeal costs.

OBR Scheme

Heathrow's licence includes a service quality scheme referred to as outcomes-based regulation ("**OBR**"). This is similar to the scheme applied during Q6 with defined service targets for a range of services relating to passengers' experience, however the H7 OBR scheme includes wider measures to track passengers' satisfaction with measures across the whole airport journey, including where services are provided by a number of different parties, such as immigration. The measures in the scheme continue to include measures such as security queuing times, departure lounge seat availability, cleanliness, way-finding, flight information, arrivals baggage reclaim availability, the availability of equipment such as lifts, escalators and people movers and the availability of and access to infrastructure such as Piers, jetties and stands. There are also now measures of overall satisfaction, satisfaction with the helpfulness of staff across the airport and surface access options.

While wider measures are now included in the scheme, financial incentives are only applied to measures within Heathrow's control. To the extent that Heathrow does not achieve the defined standards in these measures, rebates to airlines are required. The maximum total revenue at risk during the Quinquennium is 7 per cent. of the total airport charges. Heathrow can achieve a 1.44 per cent. revenue upside in the form of a bonus if it exceeds certain targets.

Heathrow's Licence

Heathrow's licence includes a self-modification provision allowing for Heathrow and airlines to agree immediate changes to the OBR scheme and for the CAA to act as arbiter if the parties cannot reach agreement on the proposed changes.

Heathrow's licence includes the price control and OBR conditions described above. Other key elements of the licence include:

- Revocation: Heathrow's licence will remain in force in perpetuity except for certain limited circumstances in which the licence may be revoked such as where the licence is no longer required or continued lack of compliance by Heathrow in relation to regulatory requirements.
- Financial resilience: the licence contains the following financial resilience conditions:
    - a restriction on business activities that prohibits Heathrow from undertaking unrelated business activities and placing the regulated business at risk which reflects the Permitted Business restriction in the Common Terms Agreement;
    - a requirement on the directors of Heathrow to provide annual certificates on the adequacy of financial and operational resources to continue to provide airport operation services at Heathrow Airport for the following 2 years; an undertaking from FGP Topco, Heathrow's ultimate parent company, not to do anything that would put Heathrow in breach of its licence;
    - a requirement for Heathrow to put in place a continuity of service plan;
    - a requirement for Heathrow to provide prior written notice to the CAA if it intends to amend its financing arrangements in respect of credit rating requirements; and
    - an obligation on Heathrow to notify the CAA in the event of Heathrow (or any company within its group where the financial position of that company or its inability to continue to trade would have an adverse effect on Heathrow's financial position or ability to continue to trade) seeking advice from an insolvency practitioner or any other person relating to Heathrow's financial position or ability to continue to trade.
- Operational resilience: The licence includes a condition relating to the need to secure the availability and continuity of airport operation services, particularly in times of disruption.
- Procurement: The licence includes a condition requiring Heathrow to ensure its procurement of capital projects is efficient and economical, and that it must publish its policies and procedures on how it will achieve this.
- Consultation and governance: The licence requires Heathrow to develop, consult on and use reasonable endeavours to agree governance and consultation agreements with customers for areas such as the delivery of capital projects, services subject to charging through the "Other Regulated Charges" mechanism and service quality.
- Economy and efficiency: a new licence condition came into effect in 1 January 2020 requiring Heathrow to conduct its business in a manner in which it promotes economy and efficiency in the provision of airport operation services.

AERODROME LICENCES

Heathrow is subject to aerodrome licensing, which requires the operator to demonstrate that it is competent to conduct aerodrome operations safely.

The CAA must grant a licence in respect of any aerodrome in the UK if it is satisfied that:

- the applicant is competent, having regard to its previous conduct and experience, equipment, organisation, staffing, maintenance and other arrangements, to secure that the aerodrome and the airspace within which its visual traffic pattern is normally contained are safe for use by aircraft; and

- the aerodrome is safe for use by aircraft, having regard in particular to the physical characteristics of the aerodrome and of its surroundings.

Heathrow has an aerodrome licence for Heathrow Airport.

In mid-2016, Heathrow completed its transition from an aerodrome licence for Heathrow Airport to a certificate issued in accordance with the new European Aviation Safety Agency's ("**EASA**") regime. The EASA regime allowed National Aviation Authorities ("**NAAs**") and airports to convert their existing aerodrome licences to the new EASA certificate. The CAA remains the primary regulatory point of contact for Heathrow Airport and continues to have a responsibility to conduct audits of the airport in its capacity as an NAA. Following the UK's exit from the European Union on 31 December 2020, the CAA has confirmed that the EASA certificate will remain valid.

DIRECTORS AND SENIOR MANAGEMENT OF HEATHROW AIRPORT HOLDINGS LIMITED

BOARD OF DIRECTORS OF HEATHROW AIRPORT HOLDINGS LIMITED

The Board of Directors of Heathrow Airport Holdings determines the strategy of the Heathrow Airport Holdings Group as well as the Group and monitors performance to ensure that the Group acts ethically and has the necessary resources to meet its objectives as well as its responsibilities as a leading airport operating group.

The current directors and secretary of Heathrow Airport Holdings are set out below.

Executive Directors

Thomas Woldbye, Chief Executive Officer

Thomas Woldbye joined Heathrow as Chief Executive Officer in October 2023. Before joining, Thomas served as the CEO of Copenhagen Airport where he encouraged passenger service, sustainability and growth. Prior to his role at Copenhagen Airport, Thomas spent 27 years at A.P. Møller-Mærsk as a leader in the global shipping business as well as CEO of Norfolkline.

Sally Ding, Chief Financial Officer

Sally was appointed as Chief Financial Officer in October 2024. Since joining Heathrow in 2006, Sally has played a key role in shaping Heathrow's capital structure and establishing Heathrow's credit in the financial market. Formerly, as the Director of Treasury and Business Planning, Sally has built robust global financial partnerships, delivered pioneering fundings, led the business through the COVID-19 pandemic and delivered complicated business plans for the business. Sally is a Chartered Financial Analyst and holds a Masters degree in Finance and has worked in Australia and Hong Kong prior to Heathrow.

Non-Executive Directors

Independent Non-Executive Directors:

- Lord Deighton, Chairman and independent non-executive director
- Ruth Kelly, independent non-executive director
- Joan MacNaughton, independent non-executive director
- Mark Brooker, independent non-executive director

Shareholder Non-Executive Directors:

- Akbar Abbas Al-Baker, Qatar Holding LLC appointee
- Ahmed Ali Al-Hammadi, Qatar Holding LLC appointee
- Andrew Dench, Government of Singapore Investment Corporation appointee
- Raymond Chan, Australian Retirement Trust appointee
- Shawn Kinder, Ferrovial S.E. appointee
- Ernesto Lopez Mozo, Ferrovial S.E. appointee
- Luke Bugeja, Ferrovial S.E. appointee
- David Xie, China Investment Corporation appointee
- Olivier Fortin, Caisse de dépôt et placement du Québec appointee
- Mike Powell, Universities Superannuation Scheme appointee

The business address of the directors listed above is The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

Company Secretary

Heathrow Airport Holdings' company secretary is Mine Hifzi.

EXECUTIVE COMMITTEE

The Executive Committee develops and recommends to the Board, medium and long-term business development strategies for the Heathrow Airport Holdings Group with particular focus on the Group's operations. It ensures the delivery of agreed strategies by providing guidance, approvals, governance and monitoring. In addition to Thomas Woldbye and Sally Ding (or any of their successors), the members of Heathrow Airport Holdings' Executive Committee are:

Ross Baker, Chief Customer Officer

Ross was appointed Chief Commercial Officer in January 2017, with his title changing to Chief Customer Officer in May 2024 Previously he was Heathrow's Director of Operations and before that, Director of Strategy. Prior to joining Heathrow in 2011, Ross held a mix of advisory and aviation industry roles. At Bain & Company, he advised on a mix of strategic, commercial and operational engagements. Prior to Bain, Ross spent a decade with British Airways where he held a range of operational and commercial management roles, in the UK and overseas.

Helen Elsby, Chief Solutions Officer

Helen was appointed as Chief Solutions Officer in September 2021. She joined Heathrow in 2009 and has held multiple roles in Heathrow's Capital team including Programme Management Office Director, Capital Development Director and Expansion Integration Director. Most recently, since 2019, Helen has been the Procurement Director. Prior to joining Heathrow, Helen spent 10 years at British Airways where she held development management and consultancy roles.

Javier Echave, Chief Operating Officer

Javier was appointed as Chief Operating Officer in 2024, having previously served as Chief Financial Officer from November 2016 to April 2024. He joined Heathrow in January 2008, bringing extensive expertise in finance and operations. As Chief Financial Officer, Javier was instrumental in establishing Heathrow's robust capital structure and securing its position as a strong entity in the financial markets. Prior to his role as CFO, he served as Finance Director for Operations and Performance. During this period, he played a pivotal role in the implementation of a cost-efficiency programme and conducted rigorous evaluations of a multi-billion capital investment plan.

Nigel Milton, Chief Communications & Sustainability Officer

Nigel was appointed to the Executive Committee in September 2021. In his role as Chief Communications and Sustainability Officer, he leads Heathrow's Decarbonisation Strategy, Communications, Sustainability and Communities teams. Before that he was Director of Communications, leading Heathrow's Press Office, Public Relations, Internal Comms, Political Affairs, Business Engagement and Policy teams. As Heathrow's Director for External Affairs between 2013 and 2016, Nigel led the communications campaign to win policy and political support for a third runway at the airport. Prior to joining Heathrow in 2010, Nigel worked in Virgin Atlantic's External Affairs department. Before that, he was Assistant Director for International Aviation in the Department for Transport and was also Private Secretary to the Deputy Prime Minister and Secretary for Transport, John Prescott, between 1998 and 2000. He has a law degree from Oxford University and a Masters Degree in Transport Planning and Management from the University of Westminster.

Mine Hifzi, General Counsel & Company Secretary

Mine was appointed General Counsel and Company Secretary in July 2022. Before joining Heathrow in July 2022, Mine was General Counsel at Virgin Media for 7 years, leading the legal team and subsequently the regulatory, government affairs and sustainability teams. Prior to her tenure at Virgin Media, Mine was at Scripps Networks Interactive as Senior Vice President of Commercial and Legal Affairs, where she held a combined international legal and commercial role. Mine also spent 14 years at Discovery Communications in a number of senior roles, culminating in her appointment as Senior Vice President and Chief International Counsel leading the international legal team across EMEA, and subsequently regulatory and government affairs. Before this, she held senior international legal positions at Turner Broadcasting and the joint venture United International Pictures. In her early career, Mine worked in private practice at Clifford Chance LLP.

DESCRIPTION OF THE GROUP COMPANIES

HEATHROW AIRPORT LIMITED

Heathrow was incorporated under the Companies Act 1985 and registered in England and Wales on 19 February 1986 as a private limited company with number 01991017. Heathrow's registered office is at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW and its telephone number is 084 4335 1801.

Heathrow is a wholly owned subsidiary of Heathrow (AH). The issued share capital of Heathrow is £1,605,051,095 divided into 1,605,051,095 £1.00 ordinary shares.

Heathrow has one subsidiary company, Heathrow Express.

Management and Employees

The directors of Heathrow and their respective principal activities are set out below. The business address of each of the directors listed below is The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

Name	*Principal Activities*
Ross Baker	Director
Javier Echave	Director
Helen Elsby	Director
Nigel Milton	Director
Mine Hifzi	Director
Thomas Woldbye	Director
Yuanyuan (Sally) Ding	Director

LHR Airports provides employees to Heathrow to undertake its operation of Heathrow Airport and Heathrow does not employ any staff directly.

HEATHROW EXPRESS OPERATING COMPANY LIMITED

Heathrow Express, a wholly owned subsidiary of Heathrow, is an independent train operating company and undertakes the operation of the Heathrow Express rail service.

Heathrow Express was incorporated under the Companies Act 1985 and registered in England and Wales on 11 January 1996 as a private limited company with number 03145133. The registered office of Heathrow Express is at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW. Its authorised share capital is £100, divided into 100 £1 ordinary shares. Its issued share capital is £4 divided into 4 £1 ordinary shares. Heathrow Express has no subsidiaries.

Management and Employees

The directors of Heathrow Express and their respective principal activities are set out below. The business address of each of the directors listed below is The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

Name	*Principal Activities*
Ross Baker	Director
Phil Bearpark	Director
Michael Hodson	Director
Sophie Chapman	Director
Jessica Kirbell	Director

Heathrow Express employs some of its own staff directly with other staff being provided through a services agreement with First Greater Western Limited.

HEATHROW (SP) LIMITED

Heathrow (SP) was incorporated under the Companies Act 1985 and registered in England and Wales on 20 December 2007 as a private limited company with number 06458621. The registered office of Heathrow (SP) is at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW and its telephone number is 084 4335 1801. Heathrow (SP) is a

wholly owned subsidiary of Heathrow Finance plc, and its issued share capital is £10,969,754.84, divided into 5,773,555,178 £0.0019 ordinary shares. Heathrow (SP) has two direct subsidiaries, Heathrow (AH) and the Issuer.

Management and Employees

The directors of Heathrow (SP) and their respective principal activities are set out below. The business address of each of the directors listed below is The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

Name	*Principal Activities*
Yuanyuan (Sally) Ding	Director
Javier Echave	Director
Martin Bailey	Director

Heathrow (SP) does not have any employees.

HEATHROW (AH) LIMITED

Heathrow (AH) was incorporated under the Companies Act 1985 and registered in England and Wales on 20 December 2007 as a private limited company with number 06458657. The registered office of Heathrow (AH) is at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW and its telephone number is 084 4335 1801. Heathrow (AH) is a wholly owned subsidiary of Heathrow (SP), and its issued share capital is £11,060,332.77, divided into 7,373,555,179 £0.0015 ordinary shares. Heathrow (AH) has one direct subsidiary, Heathrow.

Management and Employees

The directors of Heathrow (AH) and their respective principal activities are set out below. The business address of each of the directors listed below is The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

Name	*Principal Activities*
Yuanyuan (Sally) Ding	Director
Javier Echave	Director
Martin Bailey	Director

Heathrow (AH) does not have any employees.

THE ISSUER

The Issuer was incorporated and registered in Jersey on 11 December 2007 (with registered number 99529) as a public company of unlimited duration and with limited liability under the Companies (Jersey) Law 1991. The registered office of the Issuer is IFC 5, St Helier, Jersey JE1 1ST and its telephone number is 01534 722787. The Issuer carries out all its business through a fixed place of business at The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

The issued share capital of the Issuer consists of 2 ordinary shares of no par value and there is only a single class of shares in issue, namely ordinary shares without any preferential rights. The entire issued share capital of the Issuer is held by Heathrow (SP). Since the date of incorporation, no options to acquire shares have been issued or authorised. Since its incorporation up to the date of this Prospectus, the Issuer has not paid any dividends.

Principal Activities

The Issuer was formed with a view to raise or borrow money and to grant security over its property for the performance of its obligations or the payment of money, to lend money and to invest in and acquire loans and other similar investments.

The Issuer is organised as a special purpose company. The Issuer was established to raise capital by the issue of Bonds and to on-lend the proceeds of such issues of Bonds to Heathrow. The Issuer is and is obliged to remain resident in the UK for UK tax purposes.

The Issuer has not engaged, since its incorporation, and does not expect to engage, in any activities other than those incidental to (i) the authorisation and issue of the Bonds; (ii) the ownership of such interests and other assets referred to herein; (iii) the other matters contemplated in this Prospectus; (iv) the authorisation and execution of the other documents referred to in this Prospectus to which it is or will be a party; and (v) other matters which are incidental or ancillary to those activities.

The Issuer has entered into the Issuer Transaction Documents to which it is party for the purpose of making a profit. The Issuer has no subsidiaries, employees or non-executive directors.

Directors and Company Secretary

The directors of the Issuer and their respective principal activities are set out below. The business address of each of the directors listed below is The Compass Centre, Nelson Road, Hounslow, Middlesex TW6 2GW.

Name	*Principal Activities*
Yuanyuan (Sally) Ding	Director
Javier Echave	Director
Martin Bailey	Director

Apex Group Secretaries Limited (formerly Sanne Secretaries Limited), whose business address is IFC 5, St Helier, JE1 1ST, Jersey, is the company secretary of the Issuer. The directors of Apex Group Secretaries Limited are Kelly Moore, Maria de Fatima (Sandra) Nunes de Sousa, Mark Grenyer and Alice Read and their business address is the same as Apex Group Secretaries Limited.

Issuer Corporate Administration Agreements

Pursuant to the terms of a corporate administration agreement dated 26 September 2017 (as amended by a side letter dated 29 May 2018) (the "**Corporate Administration Agreement**"), Sanne Fiduciary Services Limited ("**Sanne**") provided certain corporate services to the Issuer. Pursuant to the terms of a corporate administration agreement dated 27 June 2008 (as novated by a novation administration agreement dated 15 July 2013) (the "**Directorship Corporate Administration Agreement**"), Sanne Group (UK) Limited ("**Sanne UK**") provided an independent director to the Issuer who was resident in the UK for tax purposes (the "**Director Service**"). The services provided under the Corporate Administration Agreement and the Directorship Corporate Administration Agreement (together the "**Issuer Corporate Administration Agreements**") are in consideration for the payment by the Issuer of an annual fee to each of Sanne and Sanne UK.

From 1 January 2021, the Issuer Corporate Administration Agreements were superseded by an engagement letter dated 29 September 2021 (the "**Engagement Letter**") between Sanne and the Issuer. On 9 January 2023, Sanne changed its name to Apex Group Fiduciary Services Limited ("**Apex Group**"). Apex Group (formerly Sanne) has not provided Director Service to the Issuer since 6 June 2022. Nevertheless, it continues to provide certain corporate administration services as set out in the Engagement Letter.

Pursuant to the terms of the Engagement Letter, the appointment of Apex Group may be terminated (i) by giving at least three months' written notice by either Apex Group or the Issuer to the other party or (ii) immediately by either Apex Group or the Issuer if the other party is: (a) declared insolvent or subject to a creditors' (insolvent) winding-up or any equivalent or similar procedure in any jurisdiction; or (b) the other party is in material breach of the Engagement Letter which breach is irremediable or (if such breach is remediable) fails to remedy that breach within a period of 7 days after being notified to do so.

Apex Group may terminate the Engagement Letter immediately if: (a) the Issuer has not provided reasonably requested customer due diligence material in accordance with anti-money-laundering laws ("**CDD**") or if any such information supplied in relation to CDD is deemed by Apex Group to be deliberately or recklessly false or misleading; or (b) if it no longer has the necessary licences or permissions under applicable law or regulation to perform the services under the Engagement Letter.

The Engagement Letter is governed by Jersey law, and Apex Group and the Issuer have agreed to submit to the exclusive jurisdiction of the Royal Court of Jersey in respect of any dispute under the Engagement Letter.

SUMMARY OF THE FINANCING AGREEMENTS

The following is a description of the principal Programme documentation. The Common Terms Agreement, the STID, the Bond Trust Deed, the Security Agreement, the Obligor Floating Charge Agreement and the Master Definitions Agreement are incorporated by reference in this Prospectus and may be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and are also available from https://www.heathrow.com/company/investor-centre/offering_related-documents/heathrow-funding-ltd. For more information, see "Documents Incorporated by Reference".

Capitalised terms used but not defined in this section are defined in the Master Definitions Agreement.

DOCUMENTS INCORPORATED BY REFERENCE

This section contains summaries of the following documents, which are incorporated by reference in this Prospectus:

- Common Terms Agreement
- Security Trust and Intercreditor Deed
- Bond Trust Deed
- Security Agreement
- Obligor Floating Charge Agreement

These summaries are brief and only touch on the main provisions of the documents listed above in very general terms. Consequently, investors are strongly recommended to obtain copies of the documents themselves. Recipients of this Prospectus should visit one of the websites listed above in order to download and read copies of the documents incorporated by reference. In addition to the documents listed above, the Master Definitions Agreement is also incorporated by reference.

The Borrower Secured Creditors (including the Issuer) all benefit from common terms and a common security package granted by the Obligors. The Common Terms Agreement sets out the common terms applicable to the Borrower Loan Agreements and each other Authorised Credit Facility which Heathrow enters into. Except for certain limited exceptions, no Borrower Secured Creditor can have additional warranties, 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 Common Terms Agreement. The Borrower Secured Creditors have also entered into intercreditor arrangements, contained in the STID, which regulate 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. It is a requirement of the Common Terms Agreement that any future provider of an Authorised Credit Facility must accede to and be bound by the terms of the Common Terms Agreement and the STID.

1. COMMON TERMS AGREEMENT

General

The Common Terms Agreement sets out the representations, covenants, Trigger Events and Loan Events of Default (at Schedules 1 to 4, respectively) which apply to each Authorised Credit Facility including the Borrower Loan Agreements.

Covenants

The covenants are positive, negative, informational and financial in nature. They include an undertaking by the Security Group Agent to provide consolidated audited financial statements of the Group for each financial year and consolidated, unaudited financial information for the financial half-year.

The Security Group Agent must also supply an Investor Report by 30 June and 31 December each year which will include a general update on the Group, regulatory and business developments and capital expenditure.

Each Obligor has undertaken not to incur any Financial Indebtedness other than Permitted Financial Indebtedness. The incurrence of additional Senior Debt or Junior Debt is subject to certain conditions including that the Senior RAR (in respect of additional Senior Debt) must be less than 0.725 and the Junior RAR (in respect of additional Junior Debt) must be less than 0.90, in each case calculated taking account of the proposed additional Financial Indebtedness. In addition,

there are provisions which restrict the amount of Financial Indebtedness which can fall due (a) within any 24 month period to 30 per cent. of Total RAB and (b) within any Five Year Period to 50 per cent. of Total RAB.

Heathrow is able to sell part of the airport subject to the application of proceeds to stay within prescribed financial ratios. Heathrow cannot sell the whole or substantially the whole of the airport and Heathrow cannot be sold by the Group without approval from the requisite majority of Qualifying Borrower Secured Creditors.

In addition to the restrictions on financial indebtedness and disposals, the Common Terms Agreement also contains a number of covenants which regulate the Obligors' activities including, among others:

(1) limitations on non-Permitted Business;

(2) limitations on joint ventures;

(3) a negative pledge; and

(4) a requirement to comply with specified insurance and outsourcing policies.

Trigger Events

The Common Terms Agreement sets out certain Trigger Events including:

(1) any breach of the following financial ratios:

  (A) the Senior RAR as at any Relevant Date is, or is estimated to be, more than 0.725;

  (B) the Junior RAR as at any Relevant Date is, or is estimated to be, more than 0.85;

  (C) the Senior ICR for each Relevant Period is, or is estimated to be, less than 1.40; or

  (D) the Junior ICR for each Relevant Period is, or is estimated to be, less than 1.20;

(2) a credit rating downgrade of Class A Bonds below BBB+;

(3) a credit rating downgrade of Class B Bonds below BBB-;

(4) the commencement of the final reading of draft legislation in the House of Lords or the House of Commons (whichever occurs later) relating to the business of any Obligor if such legislation could (if enacted) reasonably be expected to have a Material Adverse Effect;

(5) forecast Capital Expenditure over the 12 month period following a Calculation Date exceeds the aggregate of undrawn Capex Facilities, cash and Projected Excess Cashflow Before Capex over such 12 month period;

(6) the amount available under the Issuer Liquidity Facility Agreement/any cash liquidity reserve is less than the estimated interest and equivalent finance charges for (a) the 12 month period following a Calculation Date in respect of Issuer Senior Debt and (b) the six month period following a Calculation Date in respect of Issuer Junior Debt;

(7) the issue of any compliance or enforcement order by any Regulator which would reasonably be expected to have a Material Adverse Effect; or

(8) the issue of a termination notice or a notice of any proposed or actual modification in respect of any licence by a Regulator which, if implemented, would reasonably be expected to have a Material Adverse Effect.

The occurrence of a Trigger Event gives rise to various consequences including a block on Restricted Payments, the preparation of remedial plans and a termination plan in respect of the Shared Services Agreement, and a right for the Borrower Security Trustee to request to participate in discussions with the Regulator.

Loan Events of Default

The Common Terms Agreement contains a number of Loan Events of Default (subject, in some cases, to agreed exceptions, materiality qualifications, reservations of law and grace periods) including:

(1) non-payment by an Obligor of amounts payable under the Finance Documents;

(2) a breach of the following financial ratios:

(A) if the Senior RAR as stated in the Compliance Certificate produced in respect of the Reporting Date falling in June in respect of 31 December of the preceding Financial Year is more than 0.925; and/or

(B) if the Average Senior ICR as stated in the Compliance Certificate produced in respect of the Reporting Date falling in June is less than 1.05;

(3) non-compliance with any term of any covenant or undertaking in any Finance Document;

(4) a representation made or repeated by an Obligor in any Finance Document being incorrect or misleading in any material respect when made or deemed to be repeated;

(5) the insolvency of an Obligor;

(6) it becoming unlawful for any Obligor to perform its obligations under any Transaction Document;

(7) certain changes in law; or

(8) the occurrence of a Bond Event of Default.

In respect of each Loan Event of Default requiring any action or discretion on the part of the relevant creditor, the Borrower Security Trustee will act in accordance with the relevant provisions of the STID.

The Common Terms Agreement also provides for an "Accepted Restructuring Event" regime under which if there occurs a proposed or actual change in law/regulation and its effect would be to:

(i) restrict the grant or subsistence of security over the material assets of Heathrow;

(ii) restrict the ability of the Borrower Security Trustee to appoint a receiver or the Bond Trustee 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 Restricted Loan Event of Default at that time, then only a Trigger Event will arise until either (a) it 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. After this period a Loan Event of Default will occur.

Hedging Policy

The Issuer and Heathrow are subject to a Hedging Policy which is set out at Schedule 5 of the Common Terms Agreement. Heathrow and the Issuer have entered into and in the future may enter into various interest rate, inflation-linked and currency swap transactions in conformity with the Hedging Policy.

Such policy includes an obligation to ensure that:

(1) (a) during the current Regulatory Period, at least 75 per cent.; and

(b) during the immediately following Regulatory Period, at least 50 per cent,

of Relevant Debt (as defined in the Hedging Policy but which, broadly, means Senior Debt and Junior Debt excluding certain items) of the Group is hedged such that it effectively bears either a fixed rate of interest or an inflation-linked rate of interest;

(2) any foreign currency denominated debt instruments are 100 per cent. currency hedged; and

(3) the Group does not hedge its exposure to interest rate risk such that the Total Notional Hedged Amount (as defined in the Hedging Policy) exceeds 102.5 per cent. of the sum of Relevant Debt (subject to certain exclusions).

2. SECURITY TRUST AND INTERCREDITOR DEED

The intercreditor arrangements among the Borrower Secured Creditors of the Group (the "**Intercreditor Arrangements**") are contained in the STID. Unsecured creditors (other than LHR Airports or any Affiliate thereof which provides subordinated loans to a member of the Group) are not and will not become parties to the Intercreditor Arrangements and will have unfettered, independent rights of action in respect of their debts. However, the aggregate amount of unsecured Financial Indebtedness is restricted under the Common Terms Agreement.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (i) the claims of the Borrower Secured Creditors and their ranking in point of payment after the delivery of a Loan Enforcement Notice; (ii) the exercise, acceleration and enforcement of rights by the Borrower Secured Creditors; (iii) the rights of the Borrower Secured Creditors to instruct the Borrower Security Trustee; and (iv) the giving of consents and waivers and the making of modifications to the Common Documents. The Intercreditor Arrangements provide for the subordination and postponement of all claims in respect of Financial Indebtedness of any Heathrow Airport Holdings Group company or Affiliate thereof that is not a member of the Group and following delivery of a Loan Acceleration Notice, payments under the Shared Services Agreement and certain other contracts otherwise entered into in accordance with the Common Terms Agreement.

As regards the giving of consents and waivers and the making of modifications in relation to the Common Documents, the STID contains provisions which enable the Borrower Security Trustee to give or permit the making thereof in certain circumstances (principally where it determines that the consent, waiver or modification will not be materially prejudicial to Borrower Secured Creditors or Issuer Secured Creditors). Where the Borrower Security Trustee is not willing or able to exercise its discretion, approval from relevant Qualifying Borrower Secured Creditors (which do not include providers of liquidity or hedge counterparties) is required. Consents, waivers or modifications may, depending on their nature, constitute Ordinary Voting Matters or Extraordinary Voting Matters. In addition, it may constitute an Entrenched Right in respect of one or more affected Borrower Secured Creditors with the result that the consent of such Borrower Secured Creditors will need to be obtained. The STID contains the detailed provisions regarding the quorum required for the approval of such matters, (which, for example, in relation to an Ordinary Voting Matter, is one or more Participating QBS Creditors representing 20 per cent. of the Outstanding Principal Amount of all Qualifying Borrower Debt), including approval by a Financial Guarantor in the case of Wrapped Bonds (unless an FG Event of Default is continuing), the time periods in which approvals need to be given (which, for example, in relation to an Ordinary Voting Matter, is 10 Business Days from the date of the relevant STID Proposal) and the percentage thresholds required to approve the different matters (which, for example, in relation to an Ordinary Voting Matter, is a simple majority of the Voted Qualifying Debt). Such quorums, time periods and percentage thresholds vary depending on the nature of the different matters. Voting is effected on a 'one pound equals one vote' basis, save that, in the case of bank debt, the entirety of the relevant outstanding bank debt will vote in accordance with the instructions given by the relevant majority of the bank lenders in respect of such debt. Bondholders will be able to participate in such approval processes by means of an electronic voting procedure, details of which are set out in the Bond Trust Deed (and is briefly described in "– *Bond Trust Deed*" below). For full details of voting and modifications, consents and waivers, see parts 6 and 7 of the STID.

There are also provisions which enable instructions to be given to the Borrower Security Trustee by the required percentage of Qualifying Borrower Secured Creditors in relation to a number of matters including whether to enforce the security following a Loan Event of Default and whether to deliver a Loan Acceleration Notice. The required percentage of Participating QBS Creditors differs depending on the nature of the instruction and also may vary over time. For example, the initial quorum in relation to a decision on whether to enforce the security would be Participating QBS Creditors representing 25 per cent. of the Outstanding Principal Amount of all Qualifying Borrower Debt and the corresponding initial required percentage would be 25 per cent. of the Voted Qualifying Debt.

There is no generally applicable priority of payments prior to the delivery of a Loan Enforcement Notice (save in certain limited circumstances as set out in paragraph 12 of Schedule 9 to the Common Terms Agreement, including where the Obligors have insufficient funds on any payment date to pay in full those liabilities required to be paid on such date) and, because there is no requirement for all Financial Indebtedness to have common payment dates, Heathrow is free to pay debts as they fall due, whether they be in respect of Senior Debt or Junior Debt or in respect of unsecured claims. There are, however, priorities of payments which regulate payments made after the delivery of a Loan Enforcement Notice and after the delivery of a Loan Acceleration Notice. In addition, the making of certain payments following a Loan Event of Default is regulated. For full details of the priorities of payments, see Schedule 2 of the STID.

Subject to accession to the STID and Common Terms Agreement, Finance Lessors and other Authorised Credit Providers may, in the future, become Borrower Secured Creditors.

The representative of the Issuer is the Bond Trustee.

The STID is governed by English law.

3. BOND TRUST DEED

The Issuer, the Bond Guarantor and the Bond Trustee have entered into a bond trust deed (the "**Bond Trust Deed**") pursuant to which the Bonds are 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. The Bond Trust Deed contains a number of covenants given by the Issuer including it being obliged to use its reasonable endeavours to maintain a listing for listed Bonds while they remain outstanding.

Bondholders Voting Mechanics

In relation to a STID Voting Request in respect of Ordinary Voting Matters or Extraordinary Voting Matters, voting in respect of the Class A Unwrapped Bonds may be made by holders of the Class A Unwrapped Bonds and, following repayment in full of the Senior Debt, voting in respect of the Class B Unwrapped Bonds may be made by holders of the Class B Unwrapped Bonds, in each case in accordance with the following electronic voting procedures:

(a) the Bond Trustee will upon receipt of a STID Voting Request distribute a copy of the STID Voting Request and proposed resolution to the Qualifying Bondholders;

(b) Qualifying Bondholders may vote on the proposed resolution within the Decision Period through the clearing systems;

(c) the Principal Paying Agent, in the case of Bearer Bonds, and the Registrar, in the case of Registered Bonds, will complete Block Voting Instructions (which shall be the only method of voting in respect of such matters) in respect of the votes cast by Qualifying Bondholders and will notify the Borrower Security Trustee and the Issuer accordingly;

(d) only the Principal Amount Outstanding of Bonds then owed to Bondholders that vote on a proposed resolution within the Decision Period will be counted towards the Quorum Requirement and the Qualifying Borrower Senior Debt of the Participating QBS Creditors with such tranche being divided on a pound for pound basis between votes cast in favour and votes cast against; and

(e) votes cast in favour and votes cast against will then be aggregated by the Borrower Security Trustee with the votes cast by the other Participating Qualifying Borrower Secured Creditors.

For a description of Bondholder voting mechanics in other circumstances, see "*The Bonds – Terms and Conditions of the Bonds – Condition 15 (Meetings of Bondholders, Modification, Waiver and Substitution)*".

If no FG Event of Default has occurred and is continuing, voting in respect of the Class A Wrapped Bonds or the Class B Wrapped Bonds may be controlled by the relevant Financial Guarantors in their discretion, including those votes of the Bondholders and the Bond Trustee, other than a vote in respect of an Entrenched Right which constitutes a Basic Terms Modification. The Bond Trustee shall not (other than in relation to any Basic Terms Modification and notwithstanding the provisions of the Conditions), be entitled to act on behalf of the holders of any relevant Sub-Classes of Wrapped Bonds.

No proposed modification shall be made, consent be given or waiver be granted in respect of any Common Document which gives rise to an Entrenched Right unless and until, in relation to Wrapped Bonds, each Financial Guarantor (except where an FG Event of Default exists and is continuing for such Financial Guarantor) has voted in favour of the relevant modification, consent or waiver, or ten Business Days have elapsed since it was notified of such Entrenched Right.

An "**FG Event of Default**" means, in relation to each Relevant Financial Guarantor such events as are specified in the G&R Deed and, in relation to Wrapped Bonds, set out in the relevant Final Terms.

For the purposes of the foregoing, Qualifying Bondholder means, for so long as Qualifying Borrower Senior Debt remains outstanding, the holders of each Sub-Class of Class A Unwrapped Bonds and if an FG Event of Default is continuing in respect of a Financial Guarantor, the holders of each Sub-Class of Class A Wrapped Bonds wrapped on a primary basis by such Financial Guarantor and thereafter the holders of each Sub-Class of Class B Unwrapped Bonds or if an FG Event of Default is continuing in respect of a Financial Guarantor, the holders of each Sub-Class of Class B Wrapped Bonds wrapped on a primary basis by such Financial Guarantor.

The Bond Trust Deed is governed by English law.

4. SECURITY AGREEMENT AND OBLIGOR FLOATING CHARGE AGREEMENT

Borrower Security

Each Obligor entered into the security agreement (the "**Security Agreement**") with the Borrower Security Trustee on the Initial Issue Date. Under the Security Agreement, each Obligor guarantees the obligations of each other Obligor under the Finance Documents, in each case to the Borrower Security Trustee for itself and as security trustee for the Borrower Secured Creditors. Each Obligor secures its property, assets and undertakings to the Borrower Security Trustee for itself and as trustee for the Borrower Secured Creditors.

Except as set out below, the Security Agreement is subject to the STID.

The security constituted by the Security Agreement includes:

(i) first fixed charges over certain assets of the Obligors including the ordinary shares in each Obligor (other than Heathrow (SP)); plant, machinery, office equipment, computers, vehicles and other chattels; and all monies standing to the credit of each Obligor's accounts and the debts represented thereby;

(ii) first fixed charges over each Obligor's right, title and interest from time to time in and to:

  (A) by way of legal mortgage over any real property interests owned by it at the date of the Security Agreement and by way of equitable fixed charge over any real property interests acquired after the date of the Security Agreement; and

  (B) the proceeds of disposal of any land;

(iii) an assignment by way of security of each Obligor's right in respect of Assignable Insurances and in respect of its right, title and interest in all Transaction Documents to which an Obligor is a party; and

(iv) first floating charges of the whole of the undertaking, property, assets and rights whatsoever and wheresoever present and future of each Obligor (the floating charges referred to in this paragraph, the "**Security Agreement Floating Security**").

The Borrower Security does not extend to:

(a) Heathrow's interest in certain leasehold property or any other property or properties in respect of which the creation of any security by Heathrow is prohibited absolutely or without consent (until such time as consent is obtained) (the "**Excluded Charged Property**"); or

(b) any Obligor's rights under a document to the extent that such rights cannot be secured without the consent of a party to that document (the "**Excluded Documents**" and, together with the Excluded Charged Property, the "**Excluded Property**").

The Obligors covenant in the Common Terms Agreement that the value of the Excluded Property of Heathrow shall not at any time exceed 5 per cent. of its Total RAB.

Floating charges held by the Borrower Security Trustee and the Issuer

The Issuer holds the floating charges granted by the Obligors pursuant to the Obligor Floating Charge Agreement (the "**OFCA Floating Security**") for the benefit of itself. The OFCA Floating Security and the Security Agreement Floating Security rank *pari passu* with one another and are expressed to be created simultaneously.

Enforceability of the floating charges: The Security Agreement and the STID provide that the Security Agreement Floating Security shall only become enforceable following the delivery of a Loan Enforcement Notice.

The Obligor Floating Charge Agreement provides that the OFCA Floating Security shall become enforceable by the Bond Trustee (by appointing an administrative receiver):

(a) following the delivery of a Loan Enforcement Notice under the Common Terms Agreement; or

(b) if the Bond Trustee has actual notice of an application for the appointment of an administrator in respect of an Obligor or has actual notice of the giving of a notice of intention to appoint an administrator in respect of an Obligor or has actual notice of the filing of a notice of appointment of an administrator of an Obligor with the

court (in which case, the Bond Trustee will (subject to "– *Indemnity of the Bond Trustee*" immediately below), be obliged to appoint an administrative receiver).

In either case, the Bond Trustee shall not be liable for any failure to appoint, save in the case of its own negligence, wilful default or fraud.

Indemnity of the Bond Trustee: The Bond Trustee shall not be obliged to appoint an administrative receiver unless it is indemnified and/or secured to its satisfaction. However, pursuant to the Obligor Floating Charge Agreement, in the event that the Bond Trustee is required to enforce the OFCA Floating Security by appointing an administrative receiver following receipt of actual notice of an application for the appointment of an administrator or actual notice of the giving of a notice of intention to appoint an administrator, or has actual notice of the filing of a notice of appointment of an administrator in respect of an Obligor with the court, the Bond Trustee agrees that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against the Obligors under the Obligor Floating Charge Agreement and against the Issuer under the Bond Trust Deed, and the security it has in respect of such rights. The Obligors covenant in the Obligor Floating Charge Agreement that, in the event the Bond Trustee appoints an administrative receiver by reason of it having actual notice of an application for the appointment of an administrator or actual notice of the giving of a notice of intention to appoint an administrator, they waive any claims against the Bond Trustee in respect of such appointment.

Appointment of an administrator: The STID provides that the Borrower Security Trustee shall not (notwithstanding any instruction from a Borrower Secured Creditor to the contrary) make any application to appoint an administrator or give any notice of intention to appoint an administrator unless the Bond Trustee has agreed to such action.

Consultation in dealings with administrative receiver of the floating charge assets: Any administrative receiver appointed by the Bond Trustee pursuant to the Obligor Floating Charge Agreement in respect of any assets over which it is so appointed shall consult with the Borrower Security Trustee as holder of the Security Agreement Floating Security and, if necessary, request the release of such assets from such security.

Proceeds: The Security Agreement, the STID and the Obligor Floating Charge Agreement provide that the proceeds of enforcement of the OFCA Floating Security by the Bond Trustee (or any administrative receiver appointed by it) and paid to the Borrower Security Trustee will be applied, together with any proceeds of enforcement of the other Borrower Security by the Borrower Security Trustee (or any Receiver appointed by it), in accordance with the Borrower Payments Priorities. Any proceeds of enforcement of the OFCA Floating Security will be paid to the Issuer and will be taken into account by the Borrower Security Trustee in ensuring that the Issuer recovers no more than its pro rata proportion of the aggregate proceeds of enforcement of all Borrower Security.

DOCUMENTS NOT INCORPORATED BY REFERENCE

This section contains summaries of the principal Programme documentation which is not incorporated by reference in this Prospectus.

1. BORROWER LOAN ARRANGEMENTS

Borrower Loan Agreements

Amounts raised by the Issuer through the issue of Bonds will be on-lent, in sterling, to Heathrow so as to create matching debt obligations owed by Heathrow to the Issuer under a loan agreement (each, a "**Borrower Loan Agreement**") other than in respect of legal maturity and in the case of amounts raised by the Issuer through the issue of Bonds for the purpose of creating a liquidity reserve. As the Borrower Loans are structured and tranched to match the tenor, interest rate and payment dates of each Sub-Class of Bonds and related hedging, the Borrower Loans have characteristics that demonstrate capacity to produce funds to service any payments due and payable under the Bonds and related hedging.

In consideration of the Issuer agreeing to make the advances available under a Borrower Loan Agreement, Heathrow will agree to pay to the Issuer an ongoing facility fee as set out in each Borrower Loan Agreement.

The obligations of Heathrow under each Borrower Loan Agreement are secured pursuant to the Security Agreement, and are guaranteed by each other Obligor in favour of the Borrower Security Trustee. Heathrow's obligations under each Borrower Loan Agreement are also secured pursuant to the Obligor Floating Charge Agreement in favour of the Issuer.

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 Heathrow under each Borrower Loan Agreement and payments received under any related Hedging Agreements. Failure of Heathrow to repay an advance on the maturity date in respect of such advance (which corresponds to the Scheduled Redemption Date of the corresponding Class or Sub-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.

Heathrow agrees to make payments free and clear of any withholding on account of tax unless it is required by law to do so – in such circumstances Heathrow will gross-up such payments.

On or prior to each Issue Date on which the Issuer issues Bonds, the proceeds of which are intended to be on-lent to Heathrow, which are not fungible with an existing series of Bonds, a new Borrower Loan Agreement will be entered into by the Issuer, Heathrow and the Borrower Security Trustee. Such new Borrower Loan Agreement will be entered into substantially on the same terms as set out above.

Each Borrower Loan Agreement will be governed by English law and subject to the exclusive jurisdiction of the English courts (except that the Issuer alone may commence proceedings in any other court with jurisdiction).

2. CASH MANAGEMENT

Cash Management

Accounts

In accordance with the Common Terms Agreement, Heathrow and Heathrow Express are required to maintain an operating account (each, an "**Operating Account**") and a joint disposal proceeds account with the Borrower Account Bank, as well as a joint debt collateralisation account (the "**Debt Collateralisation Account**"). Heathrow is also required to maintain an insurance proceeds account on behalf of the Borrower. Each of the above accounts is collectively referred to as "**Obligor Accounts**". Lloyds Bank plc, acting through its office at 25 Gresham Street, London EC2V 7HN, has replaced The Royal Bank of Scotland plc as the Borrower Account Bank, and currently serves as Borrower Account Bank pursuant to a new Borrower Account Bank Agreement.

Heathrow Express maintains operating accounts with Barclays Bank PLC and will transfer amounts standing to the credit of those accounts on a weekly basis to the Operating Account opened by Heathrow Express with the Borrower Account Bank.

Operating Accounts

Heathrow will pay, among other things, the proceeds of any Borrower Loan or advance under an Authorised Credit Facility and income received from the BSC Account or LHR Airports Account on the allocation of revenues processed for Heathrow into its Operating Account and will use the funds standing to the credit of such Operating Account to make payments under the Authorised Credit Facilities on the payment dates specified in the relevant Authorised Credit Facility and to make payments to the BSC Account or LHR Airports Account to settle payments processed by the Shared Services Sub-contractor or Shared Services Provider as they fall due, as the case may be, on its behalf.

Debt Collateralisation Account

The Debt Collateralisation Account may be credited by Heathrow in discharge of its obligation to collateralise Senior Debt or Junior Debt that is not required to be Actually Prepaid following the delivery of a Loan Enforcement Notice or to meet certain hedging shortfalls.

Authorised Investments

The Common Terms Agreement allows the Group to invest in Authorised Investments such part of the amounts standing to the credit of any of the Obligor Accounts as is prudent and in accordance with certain provisions set out in the Common Terms Agreement.

Issuer Cash Management Agreement and Issuer Account Bank Agreement

The Issuer appointed LHR Airports as the Issuer Cash Manager pursuant to a cash management agreement dated the Initial Issue Date, as amended on 11 August 2010 (the "**Issuer Cash Management Agreement**"). Pursuant to the Issuer Cash Management Agreement, LHR Airports undertakes cash administration functions on behalf of the Issuer.

The Issuer maintains sterling, euro and U.S. dollar operating accounts and also maintains Canadian dollar, Australian dollar, Swiss franc, Norwegian krone and Japanese yen accounts (together with any issuer collateral accounts opened after the Initial Issue Date, the "**Issuer Accounts**"). The Issuer may also open and maintain a liquidity reserve account with the Issuer Account Bank.

Prior to the service of a Bond Enforcement Notice under the Issuer Deed of Charge, monies credited to an operating Issuer Account will be applied, subject to certain exceptions as set out in the Issuer Cash Management Agreement and Condition 8(f), for payment in accordance with the priority of payments set out in the Issuer Cash Management Agreement as set out below:

(i) *first*, the amounts due in respect of the fees and other remuneration and indemnity payments (if any) payable to the Bond Trustee and any Receiver and any costs, charges, liabilities and expenses incurred by the Bond Trustee under the Trust Documents and any other amounts payable to the Bond Trustee and any Receiver under the Trust Documents;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu*, of the amounts payable by the Issuer in respect of any amounts due and owing by the Issuer in respect of:

(a) 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;

(b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;

(c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager (for so long as the Issuer Cash Manager is not LHR Airports or a member of the Heathrow Airport Holdings Group); and

(d) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements;

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) 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

(b) 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;

(iv) *fourth*, *pro rata* according to the respective amounts thereof: (a) the fees, other remuneration, indemnity payments, costs, charges and expenses of each Issuer Liquidity Facility Provider (and any facility agent and arranger under any Issuer Liquidity Facility Agreement) and amounts of interest and principal due in respect of any drawing under the Issuer Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts); and (b) the fees, other remuneration, indemnity payments, costs, charges and expenses (other than reimbursement sums in respect of payments of principal and interest) of each Relevant Financial Guarantor pursuant to the G&R Deed;

(v) *fifth*, *pro rata* according to the respective amounts thereof, in or towards satisfaction of all scheduled amounts payable to each Issuer Hedge Counterparty under any Interest Rate Hedging Agreement entered into between the Issuer and the Issuer Hedge Counterparty (other than Issuer Subordinated Hedge Amounts) and scheduled amounts due and payable to Heathrow under any back-to-back hedging arrangements in respect of amounts received by the Issuer from the Issuer Hedge Counterparties under any Interest Rate Hedging Agreement entered into between the Issuer and an Issuer Hedge Counterparty;

(vi) *sixth*, *pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of interest and commitment commissions due in respect of the Class A Bonds (other than principal and Subordinated Step-up Fee Amounts); (b) all scheduled amounts payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class A Bonds (other than Issuer Subordinated Hedge Amounts); (c) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of interest of any Class A Wrapped Bonds guaranteed by such Relevant Financial Guarantor; and (d) all unscheduled amounts (including termination payments) payable to each Issuer Hedge Counterparty under any Interest Rate Hedging Agreement entered into between the Issuer and the Issuer

Hedge Counterparty (other than Issuer Subordinated Hedge Amounts) and unscheduled amounts (including termination amounts) due and payable to Heathrow under any back-to-back hedging arrangements in respect of amounts received by the Issuer from the Issuer Hedge Counterparties under any Interest Rate Hedging Agreement entered into between the Issuer and an Issuer Hedge Counterparty;

(vii) *seventh, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of principal due or overdue in respect of the Class A Bonds; (b) all principal exchange amounts due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class A Bonds; (c) any termination amounts or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and (d) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of principal on any Class A Wrapped Bonds guaranteed by such Relevant Financial Guarantor;

(viii) *eighth, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of interest and commitment commissions due in respect of the Class B Bonds (other than principal and Subordinated Step-up Fee Amounts); (b) all scheduled amounts payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class B Bonds (other than Issuer Subordinated Hedge Amounts); and (c) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of interest on any Class B Wrapped Bonds guaranteed by such Relevant Financial Guarantor;

(ix) *ninth, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of principal due or overdue in respect of the Class B Bonds; (b) all principal exchange amounts due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class B Bonds; (c) any termination amounts or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and (d) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of principal on any Class B Wrapped Bonds guaranteed by such Relevant Financial Guarantor;

(x) *tenth, pro rata* 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;

(xi) *eleventh, pro rata* 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;

(xii) *twelfth*, in or towards satisfaction of any Liquidity Subordinated Amount due to an Issuer Liquidity Facility Provider;

(xiii) *thirteenth, pro rata* according to the respective amounts thereof, in or towards satisfaction of any Issuer Subordinated Hedge Amounts due or overdue to an Issuer Hedge Counterparty;

(xiv) *fourteenth*, in or towards satisfaction of all reimbursement sums (if any) owed to the Bond Guarantor in respect of payments of interest on any LHR Guaranteed Bonds and all reimbursement sums (if any) owed to the Bond Guarantor in respect of payments of principal on any LHR Guaranteed Bonds; and

(xv) *fifteenth*, 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, to the maximum extent possible, of Ongoing Facility Fees to Heathrow under the terms of the Borrower Loan Agreements; and

(xvi) *sixteenth*, any remaining amount to Heathrow.

After the service of a Bond Enforcement Notice by the Bond Trustee under the Issuer Deed of Charge, the Issuer Cash Manager (or any substitute cash manager appointed by the Bond Trustee to act on its behalf) shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts (other than (i) Issuer Excess Hedge Collateral (if any), which shall be returned to the relevant Issuer Hedge Counterparty in accordance with the relevant Issuer Hedge Agreement, (ii) Issuer Hedge Replacement Premium (if any), which shall be paid to the relevant Issuer Hedge Counterparty and (iii) amounts standing to the credit of a Liquidity Standby Account that has been opened in accordance with the terms of an Issuer Liquidity Facility Agreement, which shall be paid to the relevant Issuer Liquidity Facility Provider in accordance with such Issuer Liquidity Facility Agreement) to make payments in accordance with the following order of priority:

(i) *first*, the amounts due in respect of the fees and other remuneration and indemnity payments (if any) payable to the Bond Trustee and any Receiver and any costs, charges, liabilities and expenses incurred by the Bond Trustee and any Receiver appointed under the Trust Documents or the Obligor Floating Charge Agreement and any other amounts payable to the Bond Trustee and any Receiver under the Trust Documents or the Obligor Floating Charge Agreement;

(ii) *second*, in or towards satisfaction, pro rata and *pari passu* of the amounts payable by the Issuer in respect of any amounts due and owing by the Issuer in respect of:

(a) 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;

(b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement;

(c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager (for so long as the Issuer Cash Manager is not LHR Airports or a member of the Heathrow Airport Holdings Group); and

(d) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Administration Providers under the Issuer Corporate Administration Agreements;

(iii) *third, pro rata*, according to the respective amounts thereof: (a) all amounts due to each Issuer Liquidity Facility Provider (and any facility agent and arranger under any Issuer Liquidity Facility Agreement), including all amounts of interest and principal due in respect of any drawing under the Issuer Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts); and (b) the fees, other remuneration, indemnity payments (other than in respect of reimbursement sums in respect of payments of interest or principal), costs, charges and expenses (other than reimbursement sums) of each Relevant Financial Guarantor pursuant to the G&R Deed;

(iv) *fourth, pro rata* according to the respective amounts thereof in or towards satisfaction of all scheduled amounts payable to each Issuer Hedge Counterparty under any Interest Rate Hedging Agreement (other than Issuer Subordinated Hedge Amounts);

(v) *fifth, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of interest and commitment commissions due in respect of the Class A Bonds (other than principal and Subordinated Step-up Fee Amounts); (b) all unscheduled amounts (including termination amounts) payable to each Issuer Hedge Counterparty under any Interest Rate Hedging Agreement (other than Issuer Subordinated Hedge Amounts); (c) all scheduled amounts payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class A Bonds (other than Issuer Subordinated Hedge Amounts); (d) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of interest on any Class A Wrapped Bonds guaranteed by such Relevant Financial Guarantor; and (e) in the event that any Interest Rate Hedging Agreement has been terminated and to the extent that the Issuer has received any termination payment thereunder, any termination payment that is due from the Issuer to Heathrow under the related back-to-back hedging agreement;

(vi) *sixth, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of principal due or overdue in respect of the Class A Bonds; (b) all principal exchange amounts due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class A Bonds; (c) any termination amounts or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class A Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and (d) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of interest on any Class A Wrapped Bonds guaranteed by such Relevant Financial Guarantor;

(vii) *seventh, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of interest and commitment commissions due in respect of the Class B Bonds (other than principal and Subordinated Step-up Fee Amounts); (b) all scheduled amounts payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class B Bonds (other than Issuer Subordinated Hedge Amounts); and (c) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of interest on any Class B Wrapped Bonds guaranteed by such Relevant Financial Guarantor;

(viii) *eighth, pro rata* according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of principal due or overdue in respect of the Class B Bonds; (b) all principal exchange amounts due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class B Bonds; (c) any termination amounts or other unscheduled sums due and payable to each Issuer Hedge Counterparty under any Cross Currency Hedging Agreement in respect of Class B Bonds (other than in respect of Issuer Subordinated Hedge Amounts); and (d) all reimbursement sums (if any) owed to each Relevant Financial Guarantor under the G&R Deed in respect of payments of interest on any Class B Wrapped Bonds guaranteed by such Relevant Financial Guarantor;

(ix) *ninth, pro rata* 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;

(x) *tenth, pro rata* 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;

(xi) *eleventh*, in or towards satisfaction of any Liquidity Subordinated Amount due to an Issuer Liquidity Facility Provider;

(xii) *twelfth, pro rata* according to the respective amounts thereof, in or towards satisfaction of any Issuer Subordinated Hedge Amounts due or overdue to an Issuer Hedge Counterparty;

(xiii) *thirteenth*, in or towards satisfaction of the amounts payable by the Issuer in respect of any amounts due and owing by the Issuer in respect of the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager (if the Issuer Cash Manager is LHR Airports);

(xiv) *fourteenth*, in or towards satisfaction of all reimbursement sums (if any) owed to the Bond Guarantor in respect of payments of interest on any LHR Guaranteed Bonds and all reimbursement sums (if any) owed to the Bond Guarantor in respect of payments of principal on any LHR Guaranteed Bonds; and

(xv) *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 facility fees pursuant to the terms of the Borrower Loan Agreements.

Lloyds Bank plc, acting through its office at 25 Gresham Street, London, EC2V 7HN currently serves as Issuer Account Bank pursuant to the Issuer Account Bank Agreement.

5. LIQUIDITY FACILITY AGREEMENT

The Issuer Liquidity Facility

Under the terms of an Issuer Liquidity Facility Agreement, a group of banks has provided a £593,589,758 364 day commitment (which may be renewed) to permit drawings to be made by the Issuer, in circumstances where there will be insufficient funds available to the Issuer on a Payment Date to pay amounts (other than any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty) scheduled to be paid in respect of paragraphs (i) to (viii) inclusive, but excluding paragraph (vii) of the Issuer Pre-Enforcement Priority of Payments (an "**Issuer Liquidity Shortfall**").

Key general provisions applicable to the Issuer Liquidity Facility Agreement

The Issuer Liquidity Facility Agreement provides that if at any time the rating of the Issuer Liquidity Facility Provider falls below the Minimum Short-term Rating (a "**Downgraded Liquidity Facility Provider**") the Issuer and the Downgraded Liquidity Facility Provider shall:

(a) take commercially reasonable efforts to replace the Downgraded Liquidity Facility Provider and appoint a successor Issuer Liquidity Facility Provider having the Minimum Short-term Rating (the "**Successor Liquidity Facility Provider**") within sixty (60) calendar days from the Downgrade Date (as defined in the Issuer Liquidity Facility Agreement); and

(b) if a Successor Liquidity Facility Provider has not become a party to the Issuer Liquidity Facility Agreement prior to the sixtieth (60) calendar day from the Downgrade Date, and until such time as a Successor Liquidity Facility Provider has become an Issuer Liquidity Facility Provider under the Issuer Liquidity Facility Agreement, the Issuer shall within sixty (60) calendar days from the Downgrade Date deliver a notice of drawing to, and make a standby drawing from, the Downgraded Liquidity Facility Provider

requiring such Downgraded Liquidity Facility Provider to immediately credit the full amount of the relevant Issuer Liquidity Facility Provider's undrawn commitment into the Liquidity Standby Account (a "**Standby Drawing**").

If an Issuer Liquidity Facility Provider does not agree to renew its commitment under the Issuer Liquidity Facility prior to the expiry of the relevant availability period, the Issuer shall deliver a Standby Drawing as above.

The Issuer Liquidity Facility Agreement also provides that if at any time the rating of the Facility Agent falls below the Minimum Short-term Rating (the "**Downgraded Facility Agent**"), the Issuer, the Instructing Group and the Downgraded Facility Agent shall take commercially reasonable efforts to replace the Downgraded Facility Agent and appoint a successor Facility Agent within sixty (60) calendar days from the Facility Agent Downgrade Date (as defined in the Issuer Liquidity Facility Agreement) provided that any such successor Facility Agent shall be any reputable and experienced Liquidity Facility Provider, facility agent or other reputable and experienced financial institution with at least the Minimum Short-term Rating, as approved by the Issuer, such approval not to be unreasonably withheld or delayed.

Upon the enforcement of the Issuer Security pursuant to the Issuer Deed of Charge, all indebtedness outstanding under any Issuer Liquidity Facility (other than Subordinated Liquidity Facility Amounts) will rank in priority to the Bonds.

Heathrow previously had a Borrower Liquidity Facility which was required under the terms of its loan facilities with European Investment Bank (the "**EIB Facilities**"). Following the pre-payment of the EIB Facilities in their entirety in December 2021, the Borrower Liquidity Facility provided under the terms of the Borrower Liquidity Facility Agreement was terminated.

6. HEATHROW (SP) LIMITED DEBENTURE

On or about the date of the refinancing of Heathrow Finance plc's debt in 2010, the terms of the Heathrow (SP) unsecured loan note (the "**Heathrow (SP) Limited Debenture**") were amended such that interest will accrue thereon at the rate which is the aggregate of (a) the percentage rate per annum notified by Heathrow Finance plc to Heathrow (SP) from time to time (being a rate equal to Heathrow Finance plc's all in cost of funds under the terms of its third party debt obligations (taking into account any hedging entered into by Heathrow Finance plc in connection therewith) from time to time); and (b) 0.125 per cent. on the principal amount outstanding of the loan note from time to time or such other rate as reflects an arm's length rate of return on the loan note and as has been agreed between the parties thereto from time to time.

The terms of the Heathrow (SP) Limited Debenture provide that Heathrow (SP) can make payments of interest or scheduled principal to the holder of the Heathrow (SP) Limited Debenture (being Heathrow Finance plc) only in circumstances where no Trigger Event has occurred or is subsisting.

The Heathrow (SP) Limited Debenture ranks junior and subordinated to all secured obligations of Heathrow (SP) and its subsidiaries existing and outstanding.

7. TAX DEED OF COVENANT

Pursuant to the Tax Deed of Covenant, each of the tax covenantors made representations and gave warranties and covenants with a view to protecting the Issuer and the members of the Group from various tax-related risks. Among the matters covered by those representations, warranties and covenants are VAT grouping, tax residency, group tax matters, secondary tax liabilities and the Issuer's status as a securitisation company for the purposes of The Taxation of Securitisation Companies Regulations 2006. The Tax Deed of Covenant is governed by English law.

8. THE ISSUER DEED OF CHARGE

Pursuant to the Issuer Deed of Charge, the Issuer secured its obligations to the Issuer Secured Creditors by granting the following security:

- an assignment by way of first fixed security of the Benefit of the Issuer under the Finance Documents to which it is a party and under each Issuer Transaction Document (other than the Trust Documents);

- a first fixed charge of the Benefit of the Issuer Accounts and any bank or other accounts in which the Issuer may at any time have or acquire any Benefit;

- a first fixed charge of the Benefit of each Authorised Investment of the Issuer; and

- a floating charge over the whole of the Issuer's undertaking, assets, property and rights whatsoever and wheresoever situated, present and future, including the Issuer's uncalled capital.

The Issuer Security is held on trust by the Bond Trustee for itself and on behalf of the Issuer Secured Creditors in accordance with, and subject to, the Issuer Deed of Charge.

9. CONDITIONS PRECEDENT

The conditions precedent to the issue of Bonds are set out in a conditions precedent agreement dated the Initial Issue Date (the "**CP Agreement**") between, among others, the Bond Trustee, the Borrower Security Trustee, the Obligors and the Issuer.

THE BONDS

Terms and Conditions of the Bonds

*The following is the text of the terms and conditions which (subject to completion in accordance with the provisions of the relevant Final Terms (as defined below) and, save for the italicised paragraphs) will be incorporated by reference into each Global Bond (as defined below) representing Bonds (as defined below) in bearer form, Bonds in definitive form (if any) issued in exchange for the Global Bond(s) representing Bonds in bearer form, each Global Bond Certificate (as defined below) representing Bonds in registered form and each Individual Bond Certificate (as defined below) representing Bonds in registered form (only if such incorporation by reference is permitted by the rules of the relevant stock exchange and agreed by the Issuer). If such incorporation by reference is not so permitted and agreed, each Bond in bearer form and each Individual Bond Certificate representing Bonds in registered form will have endorsed thereon or attached thereto such text (as so completed). Further information with respect to each Tranche (as defined below) of Bonds will be given in the relevant Final Terms which will provide for those aspects of these Conditions which are applicable to such Tranche (as defined below) of Bonds, including, in the case of Wrapped Bonds (as defined below), the form of Financial Guarantee (as defined below) and endorsement. If a Relevant Financial Guarantor (as defined below) is appointed in relation to any Sub-Class of Wrapped Bonds, a Drawdown Prospectus will be produced providing such information about such Relevant Financial Guarantor as may be required by the rules of the UK Listing Authority or the London Stock Exchange. 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. The Issuer does not intend to issue any Bonds with a LHR Bond Guarantee under this Prospectus.*

Heathrow Funding Limited (the "**Issuer**") has established a bond programme (the "**Programme**") for the issuance of wrapped bonds (the "**Wrapped Bonds**") and unwrapped bonds (the "**Unwrapped Bonds**" (together with the Wrapped 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 Wrapped Bonds will be designated as "**Class A Wrapped Bonds**" or "**Class B Wrapped Bonds**". The Unwrapped Bonds will be designated as "**Class A Unwrapped Bonds**" (and together with the Class A Wrapped Bonds, the "**Class A Bonds**") or "**Class B Unwrapped Bonds**" (and together with the Class B Wrapped Bonds, the "**Class B Bonds**"). Under the Programme, the Issuer may issue Bonds in one or more classes which rank in point of payment and security subordinate to the Class A Bonds and the Class B Bonds (the "**Subordinated 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, Canadian dollars, Australian dollars, Swiss francs, Norwegian krone, Japanese yen, Singapore dollars, Hong Kong dollars, Swedish krona, Mexican pesos or in other currencies subject to compliance with applicable law. Certain Sub-Classes of Bonds novated to the Issuer by LHR Airport Limited will be guaranteed as to payments of interest and principal by LHR Airport Limited in its capacity as "**Bond Guarantor**" and such Bonds will be designated as LHR Guaranteed Bonds.

The terms and conditions applicable to any particular Sub-Class of Bonds are these terms and conditions ("**Conditions**") as completed by a set of final terms in relation to such Sub-Class ("**Final Terms**").

The Bonds will be subject to and have the benefit of a bond trust deed dated the Initial Issue 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, each financial guarantor which accedes to the Bond Trust Deed (each, a "**Relevant Financial Guarantor**") 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 Class A Wrapped Bonds and the Class B Wrapped Bonds alone will be unconditionally and irrevocably guaranteed as to scheduled or ultimate payments of principal and interest (as adjusted for indexation, as applicable, but excluding any additional amounts relating to premium, prepayment or acceleration, accelerated amounts and amounts (if any) by which, in the case of Fixed Rate Bonds or Indexed Bonds (other than deferred interest), the Coupons (as defined below) exceed the initial Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(j) (*Definitions*)), and, in the case of Floating Rate Bonds, the Coupons (as defined below) exceed the initial Coupons on such Sub-Class as at the relevant Issue Date (as defined in Condition 6(j) (*Definitions*)) (in each case, the "**Subordinated Step-up Fee Amounts**"), all such amounts being the "**FG Excepted Amounts**") pursuant to a financial guarantee (each, a "**Financial Guarantee**") to be issued by a Relevant Financial Guarantor (each such Relevant Financial Guarantor being a "**Financial Guarantor**") in conjunction with the issue of each Sub-Class of Bonds.

Neither of the Class A Unwrapped Bonds or the Class B Unwrapped Bonds will have the benefit of any such Financial Guarantee.

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time) to be dated on or before the date upon which the first Series of Bonds is issued by the Issuer (the "**Initial Issue 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) and, if applicable, any additional or supplemental paying agency agreement dated on or after the Initial Issue Date between the Issuer and any additional Agent referred to therein (the "**Agency Agreement**)". 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, Exchange Agent, Agent Bank, Transfer Agent and/or Registrar, respectively, and, in each case, any successor or additional paying agent or other agent appointed pursuant to an Agency Agreement, including, for the avoidance of doubt, any agent appointed pursuant to Condition 9(e). 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 Initial Issue Date, the Issuer entered into a deed of charge (the "**Issuer Deed of Charge**") with the Bond Trustee as security trustee, pursuant to which the Issuer will grant certain fixed and floating charge security (the "**Issuer Security**") to the Bond Trustee for itself and on behalf of the Bondholders, each Relevant Financial Guarantor, each Issuer Hedge Counterparty, each Issuer Liquidity Facility Provider, the Principal Paying Agent, each Paying Agent, the Exchange Agent, the Calculation Agent (if any), the Transfer Agent, the Registrar, the Bond Guarantor, the Issuer Account Bank, the Agent Bank, the Issuer Cash Manager and the Issuer Corporate Administration Provider (together, the "**Issuer Secured Creditors**").

On the Initial Issue Date, the Issuer entered into a Dealership Agreement (the "**Dealership Agreement**") with the dealers named therein (the "**Dealers**") 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.

The Issuer may enter into liquidity facility agreements (together, the "**Issuer Liquidity Facility Agreements**") with certain liquidity facility providers (together, the "**Issuer Liquidity Facility Providers**") pursuant to which the Issuer Liquidity Facility Providers agree to make certain facilities available to meet liquidity shortfalls.

The Issuer may enter into certain currency, inflation-linked and interest rate hedging agreements (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 Heathrow on substantially the same terms as the corresponding Hedging Agreements between the Issuer and the relevant Hedge Counterparties.

On the Initial Issue Date, the Issuer entered into a common terms agreement with among others, Heathrow (the "**Common Terms Agreement**") and a security trust and intercreditor deed between among others, the Obligors, the Borrower Security Trustee and the other Borrower Secured Creditors (the "**STID**").

On the Initial Issue Date, the Issuer entered into an Obligor floating charge agreement (the "**Obligor Floating Charge Agreement**") pursuant to which the Obligors will grant a floating charge over all or substantially all of their assets in favour of the Issuer.

The Bond Trust Deed, the Bonds (including the applicable Final Terms), the Issuer Deed of Charge, the Financial Guarantee Fee Letters, the Agency Agreement, the Issuer Liquidity Facility Agreements, the Issuer Hedging Agreements, the Borrower Loan Agreements, the G&R Deed, the Financial Guarantees, the LHR Bond Guarantees, the Common Terms Agreement, the Security Agreement, the Obligor Floating Charge Agreement, the STID, 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 Initial Issue Date (the "**Master Definitions Agreement**"), the account bank agreement between, among others, the Issuer Account Bank, the Issuer and the Bond Trustee (the "**Issuer Account Bank Agreement**"), the Tax Deed of Covenant and each indemnification deed between, among others, the Relevant Financial Guarantor and the Dealers to be dated on or prior to the Initial Issue Date, 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**".

Capitalised terms not defined in these Conditions have the meaning set out in the Master Definitions Agreement.

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 in the Bond Trust Deed or the Issuer Deed of Charge. Copies of the Bond Trust Deed are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds).

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 and the relevant Final Terms and to have notice of those provisions of the Agency Agreement and the other Issuer Transaction Documents applicable to them.

Any reference in these conditions to a matter being "specified" means as the same may be specified in the relevant Final Terms or Drawdown Prospectus, as the case may be.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Bonds are in bearer form ("**Bearer Bonds**") or in registered form ("**Registered Bonds**") as specified in the applicable Final Terms and serially numbered in the Specified Denomination(s). Bonds may be issued in such denomination and higher integral multiples of a smaller amount if specified in the applicable Final Terms. 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).

Interest-bearing Bearer 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 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.

(b) *Title*

Title to Bearer Bonds, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Bonds passes by registration in the register (the "**Register**"), which the Issuer shall procure to be kept by the Registrar.

In these Conditions, subject as provided below, each reference to "**Bondholder**" (in relation to a Bond, Coupon, Receipt or Talon), "**holder**" and "**Holder**" means (i) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (ii) in relation to a Registered Bond, the person in whose name a Registered Bond is registered, as the case may be. The expressions "**Bondholder**", "**holder**" and "**Holder**" include the holders of instalment receipts (which, in relation to Class A Bonds will be "**Class A Receipts**", in relation to Class B Bonds, "**Class B Receipts**" and together, the "**Receipts**") appertaining to the payment of principal by instalments (if any) attached to such Bonds in bearer form (the "**Receiptholders**"), the holders of the coupons (which, in relation to Class A Bonds will be "**Class A Coupons**", in relation to Class B Bonds, "**Class B Coupons**" and together, the "**Coupons**") (if any) appertaining to interest bearing Bonds in bearer form (the "**Couponholders**"), and the expression Couponholders or Receiptholders includes the holders of talons in relation to Coupons or Receipts as applicable, (which, in relation to Class A Bonds will be "**Class A Talons**", in relation to Class B Bonds, "**Class B Talons**" and together, the "**Talons**") (if any) for further coupons or receipts, as applicable attached to such Bonds.

The bearer of any Bearer Bond, Coupon, Receipt or Talon and the registered holder of any Registered Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the relevant Bond, or its theft or loss or any express or constructive notice of any claim by any other person of any interest therein other than, in the case of a Registered Bond, a duly executed transfer of such Bond in the form endorsed on the Bond Certificate in respect thereof) and no person will be liable for so treating the holder.

Bonds which are represented by a Global Bond or Global Bond Certificate 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 as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

(c) ***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(e) (*Closed Periods*), Bearer Bonds may, if so specified in the relevant Final Terms, 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 (as defined below) for any payment of interest or Interest Amount (as defined below), 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) ***Transfer of Registered Bonds***

A Registered Bond may be transferred upon the surrender of the relevant Individual Bond Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of any Transfer Agent or the Registrar. However, a Registered Bond may not be transferred unless (i) the principal amount of Registered Bonds proposed to be transferred and (ii) the principal amount of the balance of Registered Bonds to be retained by the relevant transferor are, in each case, Specified Denominations. In the case of a transfer of part only of a holding of Registered Bonds represented by an Individual Bond Certificate, a new Individual Bond Certificate in respect of the balance not transferred will be issued to the transferor within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such form of transfer.

(c) ***Delivery of New Individual Bond Certificates***

Each new Individual Bond Certificate to be issued upon exchange of Bearer Bonds or transfer of Registered Bonds will, within three business days (in the place of the specified office of the Transfer Agent or the Registrar) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Bondholder entitled to the Individual Bond Certificate to such address as may be specified in such request for exchange or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date (as defined below) in respect of any payment due in respect of Registered Bonds shall be deemed not to be effectively received by the Registrar until the business day (as defined below) following the due date for such payment.

(d) ***Exchange 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.

(e) ***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 (as defined below) or Redemption Amount (as defined below) on that Bond.

(f) ***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.

3. Status of Bonds, Financial Guarantee and LHR Bond Guarantee

(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. However, the Class A Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(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. However, the Class B Unwrapped Bonds will not have the benefit of any Financial Guarantee.

(c) ***Financial Guarantee Issued by a Relevant Financial Guarantor***

This Condition 3(c) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds.

Each Sub-Class of Wrapped Bonds will have the benefit of a Financial Guarantee issued by a Relevant Financial Guarantor, issued pursuant to a guarantee and reimbursement deed between, among others, the Issuer and the Relevant Financial Guarantor dated on or before the relevant Issue Date (as defined below) of such Bonds (the "**G&R Deed**"). Under the relevant Financial Guarantee, the Relevant Financial Guarantor unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by the Issuer in respect of scheduled interest and payment of principal (but excluding FG Excepted Amounts) on such Wrapped Bonds, all as more particularly described in the relevant Financial Guarantee.

The terms of the relevant Financial Guarantee provide that amounts of principal on any such Bonds which have become immediately due and payable (whether by virtue of acceleration, prepayment or otherwise) other than on the relevant Payment Date (as defined under the relevant Financial Guarantee) will not be treated as Guaranteed Amounts (as defined in the relevant Financial Guarantee) which are Due for Payment (as defined in the relevant Financial Guarantee) under the relevant Financial Guarantee unless the Relevant Financial Guarantor in its sole discretion elects so to do by notice in writing to the Bond Trustee. A Relevant Financial Guarantor may elect to accelerate payments due under its Financial Guarantee in full or partially. All payments made by the Relevant Financial Guarantor under its relevant Financial Guarantee in respect of partial acceleration shall be applied (i) to pay the Interest (as defined in the relevant Financial Guarantee) accrued but unpaid on the Principal (as defined in the relevant Financial Guarantee) of such part of the accelerated payment and (ii) to reduce the Principal (as defined in the relevant Financial Guarantee) (or, in the case of Wrapped Bonds repayable in instalments, each principal repayment instalment on a *pro rata* basis with a corresponding reduction of each amount of the Interest (as stated in the relevant Financial Guarantee)) outstanding under the relevant Sub-Classes of Wrapped Bonds. If no such election is made, the Relevant Financial Guarantor will continue to be liable to make payments in respect of the Bonds pursuant to the relevant Financial Guarantee on the dates on which such payments would have been required to be made if such amounts had not become immediately due and payable.

To the extent that the early redemption price of any Bonds exceeds the aggregate of the Principal Amount Outstanding of and any accrued interest outstanding on any such Bonds to be redeemed (each as adjusted for indexation in accordance with Condition 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*), if applicable) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), payment of such early redemption price will to that extent, not be guaranteed by the Relevant Financial Guarantor under its relevant Financial Guarantee.

(d) ***Status of Financial Guarantee***

This Condition 3(d) is applicable only in relation to Bonds which are specified as being a Sub-Class of Wrapped Bonds.

The relevant Financial Guarantee provided by a Relevant Financial Guarantor in respect of the Bonds will constitute a direct, unsecured obligation of such Relevant Financial Guarantor which will rank at least *pari passu* with all other unsecured obligations of such Relevant Financial Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(e) ***LHR Bond Guarantee issued by the Bond Guarantor***

This Condition 3(e) is applicable only in relation to Bonds which are specified as being a Sub-Class of LHR Guaranteed Bonds.

Each Sub-Class of LHR Guaranteed Bonds will be guaranteed by the Bond Guarantor issued pursuant to a bond guarantee dated on or before the Initial Issue Date of such Bonds (the "**LHR Bond Guarantee**"). Under the relevant LHR Bond Guarantee, the Bond Guarantor unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by the Issuer in respect of scheduled interest and payment of principal on such LHR Guaranteed Bonds, all as more particularly described in the LHR Bond Guarantee.

(f) ***Status of LHR Bond Guarantee***

This Condition 3(f) is applicable only in relation to Bonds which are specified as being a Sub-Class of LHR Guaranteed Bonds.

Each LHR Bond Guarantee provided by the Bond Guarantor in respect of the Bonds will constitute a direct, unsecured obligation of the Bond Guarantor which will rank at least *pari passu* with all other unsecured obligations of the Bond Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(g) ***Bond Trustee not responsible for monitoring compliance***

The Bond Trustee shall not be responsible for monitoring compliance by the Issuer with any of its obligations under the Issuer Transaction Documents except by means of receipt of a certificate from the Issuer which will state, among other things, that no Bond Event of Default is outstanding. The Bond Trustee shall be entitled to rely on such certificates absolutely. The Bond Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Issuer Transaction Documents. The Bond Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any one director of the Issuer, the Obligors (or any of them) or any other party to any Issuer Transaction Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Bond Trustee may require to be satisfied. The Bond Trustee is in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate although the same may contain some error or is not authentic. The Bond Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

4. Security, Priority and Relationship with Issuer Secured Creditors

(a) ***Security***

As continuing security for the payment or discharge of the Issuer Secured Liabilities (including 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 the remuneration, expenses and other claims of the Bond Trustee and any Receiver appointed under the Issuer Deed of Charge)), the Issuer has entered in to 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 Bond Trustee for itself and on trust for the other Issuer Secured Creditors:

(i) an assignment by way of first fixed security of the Benefit of the Issuer under the Finance Documents to which it is a party;

(ii) an assignment by way of first fixed security of the Benefit of the Issuer under each Issuer Transaction Document (other than the Trust Documents);

(iii) a first fixed charge of the Benefit of the bank accounts (other than any Liquidity Standby Account (the "**Issuer Accounts**")) and any bank or other accounts in which the Issuer may at any time have or acquire any Benefit;

(iv) a first fixed charge of the Benefit of each Authorised Investment of the Issuer; and

(v) a floating charge over the whole of the Issuer's undertaking, assets, property and rights whatsoever and wheresoever situated, present and future, including the Issuer's uncalled capital.

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 or otherwise referred to in Condition 16 (*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 instructed by, in respect of the Wrapped Bonds, each Relevant Financial Guarantor (or following the occurrence of an FG Event of Default, the holders of the Most Senior Class of Wrapped Bonds then outstanding) and in respect of the Unwrapped Bonds, the holders of the Most Senior Class of Unwrapped Bonds then outstanding, 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 the Bond Trustee shall not be obliged to take any action unless it is indemnified and/or secured to its satisfaction.

(d) ***Application After Enforcement***

After enforcement of the Issuer Security, the Bond Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts to make payments in accordance with the Issuer Post-Enforcement Priority of Payments (as set out in the Issuer Deed of Charge).

(e) ***Bond Trustee not liable for security***

The Bond Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Issuer Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the Issuer Security, whether such defect or failure was known to the Bond Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Issuer Security created under the Issuer Deed of Charge whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Issuer Security or otherwise. The Bond Trustee shall have no responsibility for the value of any such Issuer Security.

5. Issuer Covenants

So long as any of the Bonds remain outstanding, the Issuer has agreed to comply with the covenants as set out in schedule 2 of the Bond Trust Deed.

The Bond Trustee shall be entitled to rely absolutely on a certificate of any director of the Issuer in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

6. Interest and other Calculations

(a) ***Interest Rate and Accrual***

Each Bond (unless specified in the relevant Final Terms to be a Zero Coupon Bond) bears interest on its Principal Amount Outstanding as defined below (or as otherwise specified in the relevant Final Terms) from the Interest Commencement Date (as defined below) at the Interest Rate (as defined below), such interest being payable in arrear (unless otherwise specified in the relevant Final Terms) on each Interest Payment Date (as defined below).

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 (as defined in Condition 6(j)(*Definitions*)).

In the case of interest on Class B Unwrapped 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 any amounts available to be drawn 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 Unwrapped Bonds at such time.

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms, 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 is specified to be subject to adjustment in accordance with a Business Day convention and would otherwise fall on a day which is not a Business Day (as defined below), then if the Business Day Convention specified in the relevant Final Terms 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 6(c) is applicable only if the relevant Final Terms specify the Bonds as Floating Rate Bonds.

(i) *Screen Rate Determination*

Subject to Condition 6(n) (*Benchmark discontinuation*), if "**Screen Rate Determination**" is specified in the relevant Final Terms 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 the following basis:

(A) if the Relevant Screen Page (as defined below) 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 6(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 (as defined below) which appear on the Page as of the Relevant Time (as defined below) on the relevant Interest Determination Date;

(C) if, in the case of (A) above, such rate does not appear on that Relevant Screen Page or, in the case of (ii) above, fewer than two such rates appear on that Relevant Screen Page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:

(1) request the principal Relevant Financial Centre office of each of the Reference Banks (as defined in Condition 6(j) (*Definitions*)) 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 (as defined below) 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) provide such quotations to the Agent Bank (or the Calculation Agent, if applicable) who will determine the arithmetic mean of such quotations; and

(D) if fewer than two such quotations are provided as requested in Condition 6(c)(i)(C), 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 Calculation Agent) notified to it by the Issuer, being the rates quoted by the Reference Banks to the Issuer at approximately 11:00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the relevant Interest Determination Date (as defined in Condition 6(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 6(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.

Notwithstanding any other provision of this Condition 6(c)(i), if in the Agent Bank's or the Calculation Agent's (if applicable) opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 6(c)(i), the Agent Bank or the Calculation Agent (if applicable) shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank or the Calculation Agent (if applicable) in writing as to which alternative course of action to adopt. If the Agent Bank or the Calculation Agent (if applicable) 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 Agent Bank or the Calculation Agent (if applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

(ii) *ISDA Determination*

If "**ISDA Determination**" is specified in the relevant Final Terms 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 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 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 is as specified in the relevant Final Terms;

(B) the Designated Maturity is the Specified Duration (as defined in Condition 6(j) (*Definitions*));

(C) the relevant Reset Date is either (1) if the relevant Floating Rate Option is based on EURIBOR, AUD BBSW, NIBOR, SGD SOR, HKD HIBOR, SEK STIBOR, MXN TIIE the first day of that Interest Period, or (2) in any other case, as specified in the relevant Final Terms;

(D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the relevant Final Terms:

(I) Compounding with Lookback;

(II) Compounding with Observation Period Shift; or

(III) Compounding with Lockout;

(E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift, as specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

For the purposes of this subparagraph (e), Floating Rate, Floating Rate Option, Designated Maturity, Reset Date, Overnight Floating Rate Option, Overnight Rate Compounding Method, Compounding with Lookback, Compounding with Observation Period Shift, Compounding with Lockout, Compounded Index Floating Rate Option, Index Method and Compounded Index Method with Observation Period Shift have the meanings given to those terms in the ISDA Definitions.

For the avoidance of doubt, and notwithstanding anything in the ISDA Definitions to the contrary, the Agent Bank (or the Calculation Agent, if applicable) shall have no obligation to exercise any discretion in relation to determining the ISDA Rate, and to the extent that the ISDA Definitions require the Agent Bank (or the Calculation Agent, if applicable) to exercise any such discretion, the Issuer will provide written direction to the Agent Bank (or the Calculation Agent, if applicable) specifying how such discretion should be exercised. The Agent Bank (or the Calculation Agent, if applicable) may exclusively rely on such written direction, and will be fully protected if the Agent Bank (or the Calculation Agent, if applicable) acts in accordance with such written direction.

(iii) *Provisions relating to Floating Rate Bonds which reference SONIA*

If the relevant Final Terms specify the Interest Rate applicable to the Bonds as being Floating Rate and the Relevant Rate specified in the applicable Final Terms is SONIA, the Interest Rate for each Interest Period will be equal to the relevant SONIA Benchmark, plus or minus (as specified in the relevant Final Terms) (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, all as determined by the Calculation Agent.

The **"SONIA Benchmark**" will be determined based on either SONIA Compound or SONIA Index Determination, as follows (subject to Condition 6(n) (*Benchmark discontinuation*) below):

(1) if SONIA Compound ("**SONIA Compound**") is specified as applicable in the relevant Final Terms, the SONIA Benchmark for each Interest Period shall be equal to the value of the SONIA rates for each day during the relevant Interest Period (where SONIA Compound with Lookback is specified in the relevant Final Terms to determine SONIA Compound), Observation Period (where SONIA Compound with Observation Period Shift is specified in the relevant Final Terms to determine SONIA Compound) or Interest Accrual Period (where SONIA Compound with Payment Delay is specified in the relevant Final Terms to determine SONIA Compound).

SONIA Compound shall be calculated in accordance with one of the formulas referenced below:

(a) SONIA Compound with Lookback:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{SONIA}_{i-\text{pLBD}}\times n_i}{365}\right)-1\right)\times\frac{365}{d}$$

with the resulting percentage being rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_0**" for any Interest Period, means the number of London Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant London Banking Day in chronological order from (and including) the first London Banking Day in the relevant 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_i**" for any London Banking Day "i" in the relevant Interest Period, means the number of calendar days from (and including) such day "i" up to (but excluding) the following London Banking Day ("i+1");

"**Lookback Days**" means the number of London Banking Days specified in the Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"**SONIA**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average 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, in each case on the London Banking Day immediately following such London Banking Day; and

"**$SONIA_{i-pLBD}$**" for any London Banking Day "i" in the relevant Interest Period, is equal to the SONIA in respect of the London Banking Day falling a number of London Banking Days prior to that day "i" equal to the number of Lookback Days.

(b) SONIA Compound with Observation Period Shift:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{SONIA}_i \times n_i}{365}\right)-1\right)\times\frac{365}{d}$$

with the resulting percentage being rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Observation Period;

"**d_0**" for any Observation Period, means the number of London Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant London Banking Day in chronological order from (and including) the first London Banking Day in the relevant Observation 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_i**" for any London Banking Day "i" in the relevant Observation Period, means the number of calendar days from (and including) such day "i" up to (but excluding) the following London Banking Day ("i+1");

"**Observation Period**" means, in respect of each Interest Period, the period from (and including) the date falling a number of London Banking Days equal to the Observation Shift Days preceding the first day of such Interest Period to (but excluding) the date falling a number of London Banking Days equal to the Observation Shift Days preceding the Interest Payment Date for such Interest Period;

"**Observation Shift Days**" means the number of London Banking Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate); and

"**SONIA**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average 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, in each case on the London Banking Day immediately following such London Banking Day; and

"**SONIA$_i$**" for any London Banking Day "i" in the relevant Observation Period, is equal to SONIA in respect of that day "i".

(c) SONIA Compound with Payment Delay:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right)\times\frac{365}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" for any Interest Accrual Period, means the number of London Banking Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant London Banking Day in chronological order from (and including) the first London Banking Day in the relevant Interest Accrual Period;

"**Interest Accrual Periods**" each period from (and including) an Interest Accrual Period End Date (or in the case of the first Interest Accrual Period, the Interest Commencement Date) to (but excluding) the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date);

"**Interest Accrual Period End Dates**" shall have the meaning specified in the relevant Final Terms;

"**Interest Payment Dates**" shall be the number of Business Days equal to the Interest Payment Delay following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date;

"**Interest Payment Delay**" means the number of London Banking Days specified in the relevant Final Terms;

"**Interest Payment Determination Dates**" mean the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the SONIA Rate Cut-Off Date;

"**n_i**" for any London Banking Day "i" in the relevant Interest Accrual Period, means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day ("i+1"); and

"**SONIA**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average 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, in each case on the London Banking Day immediately following such London Banking Day;

"**SONIA$_i$**" means for any London Banking Day "i" in the relevant Interest Accrual Period, is equal to SONIA in respect of that day "i".

"**SONIA Rate Cut-Off Date**" means the date that is a number of London Banking Day(s) prior to the end of each Interest Period, the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, as specified in the relevant Final Terms;

For purposes of calculating SONIA Compound with respect to the final Interest Accrual Period, the level of SONIA for each London Banking Day in the period from (and including) the SONIA Rate Cut-Off Date to (but excluding) the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, shall be the level of SONIA in respect of such SONIA Rate Cut-Off Date.

(2) if SONIA Index Determination ("**SONIA Index Determination**"), is specified as applicable in the relevant Final Terms, the following provisions shall apply and the SONIA Benchmark for each Interest Period shall be equal to the rate of return of a daily compound interest investment (with the daily SONIA as the Relevant Rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) and will be calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula:

$$\left(\frac{SONIA\ Index\ End}{SONIA\ Index\ Start} - 1\right) \times \frac{365}{d}$$

where:

"**d**" means the number of calendar days from (and including) the day in relation to which SONIA Index Start is determined to (but excluding) the day in relation to which SONIA Index End is determined;

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Relevant Number**" means the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

"**SONIA**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average rate for such London Banking Day, as provided by the administrator of SONIA to authorised distributors and as then published on the London Banking Day immediately following such London Banking Day;

"**SONIA Index End**" means, with respect to an Interest Period, the SONIA Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**SONIA Index Start**" means, with respect to an Interest Period, the SONIA Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Period; and

"**SONIA Index**" means the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date.

If the relevant SONIA Index is not published or displayed on the Relevant Screen Page by the administrator of the SONIA or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA or of such other information service, as the case may be) on the relevant Interest Determination Date, the SONIA Benchmark for the applicable Interest Period for which the SONIA Index is not available shall be determined as if SONIA Compound with Observation Period Shift were

specified as applicable in the relevant Final Terms, and for these purposes: the Observation Shift Days in respect of the applicable Interest Period for which the SONIA Index is not available shall be deemed to be equal to the Relevant Number of London Banking Days, as if such alternative elections had been made in the applicable Final Terms.

If, in respect of that London Banking Day "i-pLBD" or "i", as applicable, the Calculation Agent determines that the SONIA is not available on the Relevant Screen Page (the "**SONIA Screen Page**") or has not otherwise been published by the relevant authorised distributors, such SONIA shall be (A) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA to the Bank Rate over the previous five (5) days on which a SONIA 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 (B) 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) (the "**SONIA Replacement Rate**").

Notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA is to be determined or (ii) any rate that is to replace the SONIA, the Calculation Agent shall, to the extent that it is reasonably practicable and it is instructed by the Issuer in writing, follow such guidance in order to determine the SONIA Replacement Rate for the purpose of the Bonds for so long as the SONIA is not available or has not been published by the 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, the Floating Rate shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial SONIA Rate which would have been applicable to the relevant Class or Sub-Class of Bonds for the first Interest Period had the Bonds been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Relevant Margin applicable to the first Interest Period).If the relevant Series of Bonds become due and payable in accordance with Condition 8 (Redemption, Purchase and Cancellation) or Condition 11 (Bond Events of Default), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, 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.

(iv) *Provisions relating to Floating Rate Bonds which reference SOFR*

If the relevant Final Terms specify the Interest Rate applicable to the Bonds as being Floating Rate and the Relevant Rate specified in the applicable Final Terms is SOFR, the Interest Rate for each Interest Period will be equal to the relevant SOFR Benchmark, plus or minus (as specified in the relevant Final Terms) (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, all as determined by the Calculation Agent.

The "**SOFR Benchmark**" will be determined based on either SOFR Arithmetic Mean, SOFR Compound or SOFR Index Average, as follows (subject to Condition 6(n) (*Benchmark discontinuation*) below):

(1) if SOFR Arithmetic Mean ("**SOFR Arithmetic Mean**") is specified as applicable in the relevant Final Terms, the SOFR Benchmark for each Interest Period shall be the arithmetic mean of the SOFR rates for each day during the period, as calculated by the Calculation Agent, where, if applicable (as specified in the relevant Final Terms), the SOFR rate on the SOFR Rate Cut-Off Date shall be used for the days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Payment Date;

(2) if SOFR Compound ("**SOFR Compound**") is specified as applicable in the relevant Final Terms, the SOFR Benchmark for each Interest Period shall be equal to the value of the SOFR rates for each day during the relevant Interest Period (where SOFR Compound with Lookback is specified in the relevant Final Terms to determine SOFR Compound), Observation Period (where SOFR Compound with Observation Period Shift is specified in the relevant Final Terms to determine SOFR Compound) or Interest Accrual Period (where SOFR Compound with Payment Delay is specified in the relevant Final Terms to determine SOFR Compound).

SOFR Compound shall be calculated in accordance with one of the formulas referenced below:

(a) SOFR Compound with Lookback:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_{i-xUSBD}\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_0**" for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period;

"**Lookback Days**" means the number of U.S. Government Securities Business Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day ("i+1");

"**$SOFR_{i-xUSBD}$**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period, is equal to the SOFR in respect of the U.S. Government Securities Business Days falling a number of U.S. Government Securities Business Days prior to that day "i" equal to the number of Lookback Days ;and

"**U.S. Government Securities Business Days**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(b) SOFR Compound with Observation Period Shift:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Observation Period;

"**d_0**" for any Observation Period, means the number of U.S. Government Securities Business Days in the relevant Observation Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Observation Period;

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day ("i+1");

"**Observation Period**" means, in respect of each Interest Period, the period from (and including) the date falling a number of U.S. Government Securities Business Days equal to the Observation Shift Days preceding the first date in such Interest Period to (but excluding) the date falling a number of U.S. Government Securities Business Days equal to the number of Observation Shift Days, preceding the Interest Payment Date for such Interest Period;

"**Observation Shift Days**" means the number of U.S. Government Securities Business Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"**$SOFR_i$**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is equal to SOFR in respect of that day "i"; and

"**U.S. Government Securities Business Days**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(c) SOFR Compound with Payment Delay:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

"**Interest Accrual Periods**" each period from (and including) an Interest Accrual Period End Date (or in the case of the first Interest Accrual Period, the Interest Commencement Date) to (but excluding) the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date);

"**Interest Accrual Period End Dates**" shall have the meaning specified in the relevant Final Terms;

"**Interest Payment Dates**" shall be the number of Business Days equal to the Interest Payment Delay following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date;

"**Interest Payment Delay**" means the number of U.S. Government Securities Business Days specified in the relevant Final Terms;

"**Interest Payment Determination Dates**" mean the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the SOFR Rate Cut-Off Date;

"$\mathbf{n_i}$" for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day ("i+1");

"$\mathbf{SOFR_i}$" means for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, is equal to SOFR in respect of that day "i"; and

"**U.S. Government Securities Business Days**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

For purposes of calculating SOFR Compound with respect to the final Interest Accrual Period, the level of SOFR for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, shall be the level of SOFR in respect of such SOFR Rate Cut-Off Date.

(3) if SOFR Index Average ("**SOFR Index Average**") is specified as applicable in the relevant Final Terms, the SOFR Benchmark for each Interest Period shall be equal to the value of the SOFR rates for each day during the relevant Interest Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**SOFR Index**" means the SOFR Index in relation to any U.S. Government Securities Business Day as published by the NY Federal Reserve on the NY Federal Reserve's Website at the SOFR Determination Time and appearing on the Relevant Screen Page.

"**SOFR IndexStart**" means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant Final Terms preceding the first date of the relevant Interest Period (a "**SOFR Index Determination Date**").

"**SOFR IndexEnd**" means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant Final Terms preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Scheduled Redemption date or the Maturity Date (as the case may be)).

"$\mathbf{d_c}$" means the number of calendar days from (and including) the SOFR IndexStart to (but excluding) the SOFR IndexEnd.

Subject Condition 6(n) (*Benchmark discontinuation*) below, if the SOFR Index is not published on any relevant SOFR Index Determination Date and no Benchmark Event has occurred, the "SOFR Index Average" shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the SOFR Compound formula described above in (b) SOFR Compound with Observation Period Shift" and the term "Observation Shift Days" shall mean two U.S. Government Securities Business Days.

In connection with the SOFR provisions above, the following definitions apply:

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**NY Federal Reserve**" means the Federal Reserve Bank of New York;

"**NY Federal Reserve's Website**" means the website of the NY Federal Reserve, currently at www.newyorkfed.org, or any successor website of the NY Federal Reserve or the website of any successor administrator of SOFR;

"**SOFR Rate Cut-Off Date**" means the date that is a number of U.S. Government Securities Business Day(s) prior to the end of each Interest Period, the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, as specified in the relevant Final Terms;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR=" or any successor page or service;

"**SOFR**" means, with respect to any U.S. Government Securities Business Day, the rate determined by the Calculation Agent or the SOFR Replacement Rate Determination Agent, as the case may be, in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Bloomberg Screen SOFRRATE Page, then the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Reuters Page USDSOFR=, then the Secured Overnight Financing Rate that appears at the SOFR Determination Time on the NY Federal Reserve's Website; or

(ii) if the rate specified in (i) above does not appear, the SOFR published on the NY Federal Reserve's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the NY Federal Reserve's Website;

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the NY Federal Reserve's Website on the immediately following U.S. Government Securities Business Day; and

"**U.S. Government Securities Business Days**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(v) *Provisions relating to Floating Rate Bonds which reference €STR*

If the relevant Final Terms specify the Interest Rate applicable to the Bonds as being Floating Rate and the Relevant Rate specified in the applicable Final Terms is €STR, the Interest Rate for each Interest Period shall be the rate of return of a daily compound interest investment (with the daily euro short-term rate as the reference rate for the calculation of interest), plus or minus (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, all as determined by the Calculation Agent on the Interest Determination Date, according to the formula below:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{€STR}_{i-\text{pTBD}} \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_0**" for any Interest Period, means the number of TARGET Business Days in the relevant Interest Period;

"**ECB €STR Guideline**" means Guideline (EU) 2019/1265 of the ECB of 10 July 2019 on the euro short-term rate (€STR) (ECB/2019/19), as amended from time to time;

"€STR" means, in respect of any TARGET Business Days, the interest rate representing the wholesale Euro unsecured overnight borrowing costs of banks located in the Euro area provided by the ECB as administrator of such rate (or any successor administrator) and published on the ECB's Website at or before 9:00 a.m. (Frankfurt time) (or, in case a revised euro short-term rate is published as provided in Article 4 subsection 3 of the ECB €STR Guideline at or before 11:00 a.m. (Frankfurt time), such revised interest rate) on the TARGET Business Day immediately following such TARGET Business Day;

"$\mathbf{€STR_{i\text{-}pTBD}}$" for any TARGET Business Day "i" in the relevant Interest Period, is equal to the €STR in respect of the TARGET Business Day falling a number of TARGET Business Days prior to that day "i" equal to the number of Lookback Days;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant TARGET Business Day in chronological order from (and including) the first TARGET Business Day in the relevant Interest Period to (but excluding) the Interest Payment Date corresponding to such Interest Period;

"**Lookback Days**" is as specified in the Final Terms but shall not be less than five TARGET Business Days at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"$\mathbf{n_i}$" for any TARGET Business Day "i" in the relevant Interest Period, means the number of calendar days from (and including) such TARGET Business Day "i" up to (but excluding) the following TARGET Business Day ("i+1");

"**TARGET Business Day**" or "**TBD**" means any day on which T2 is open for the settlement of payments in euro; and

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor or replacement for that system.

If the €STR is not published on the Relevant Screen Page (the **"€STR Screen Page**") on any particular TARGET Business Day and no Benchmark Event has occurred, the €STR for such TARGET Business Day shall be the rate equal to €STR in respect of the last TARGET Business Day for which such rate was published on the ECB's Website.

In connection with the €STR provisions above, the following definitions apply:

"**ECB's Website**" means the website of the ECB currently at www.ecb.europa.eu or any successor source officially designated by the ECB;

(vi) *Provisions relating to Floating Rate Bonds which reference SARON*

If the relevant Final Terms specify the Interest Rate applicable to the Bonds as being Floating Rate and the Relevant Rate specified in the applicable Final Terms is SARON, the Interest Rate for each Interest Period will be equal to the relevant SARON Benchmark, plus or minus (as specified in the relevant Final Terms) (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, all as determined by the Calculation Agent.

The "**SARON Benchmark**" will be determined based on either SARON Compound or SAION Index Determination, as follows (subject to Condition 6(n) (*Benchmark discontinuation*) below):

(1) if SARON Compound ("**SARON Compound**") is specified as applicable in the relevant Final Terms, the SARON Benchmark for each Interest Period shall be equal to the value of the SARON rates for each day during the relevant Interest Period (where SARON Compound with Lookback is specified in the relevant Final Terms to determine SARON Compound), Observation Period (where SARON Compound with Observation Period Shift is specified in the relevant Final Terms to determine SARON Compound) or Interest Accrual Period (where SARON Compound with Payment Delay is specified in the relevant Final Terms to determine SARON Compound).

SARON Compound shall be calculated in accordance with one of the formulas referenced below:

(a) SARON Compound with Lookback:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{SARON}_{i-xZBD}\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_0**" for any Interest Period, means the number of Zurich Banking Days in the relevant Interest Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant Zurich Banking Day in chronological order from (and including) the first Zurich Banking Day in the relevant Interest Period;

"**Lookback Days**" means the number of Zurich Banking Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"**n_i**" for any Zurich Banking Day "i" in the relevant Interest Period, means the number of calendar days from (and including) such Zurich Banking Day "i" up to (but excluding) the following Zurich Banking Day ("i+1");

"**SARON**", in respect of any Zurich Banking Day, is a reference rate equal to the daily Swiss Average Rate Overnight for such Zurich Banking Day as provided by the SARON Administrator 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, in each case on the Zurich Banking Day immediately following such Zurich Banking Day;

"**$\text{SARON}_{i\text{-}xZBD}$**" for any Zurich Banking Day "i" in the relevant Interest Period, is equal to the SARON in respect of the Zurich Banking Day falling a number of Zurich Banking Days prior to that day "i" equal to the number of Lookback Days; and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

(b) SARON Compound with Observation Period Shift:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{SARON}_i\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Observation Period;

"**d_0**" for any Observation Period, means the number of Zurich Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant Zurich Banking Day in chronological order from (and including) the first Zurich Banking Day in the relevant Observation Period;

"**n_i**" for any Zurich Banking Day "i" in the relevant Observation Period, means the number of calendar days from (and including) such day "i" up to (but excluding) the following Zurich Banking Day ("i+1");

"**Observation Period**" means, in respect of each Interest Period, the period from (and including) the date falling a number of Zurich Banking Days equal to the Observation Shift Days preceding the first day of such Interest Period to (but excluding) the date falling a number of Zurich Banking Days equal to the Observation Shift Days preceding the Interest Payment Date for such Interest Period;

"**Observation Shift Days**" means the number of Zurich Banking Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"**SARON**", in respect of any Zurich Banking Day, is a reference rate equal to the daily Swiss Average Rate Overnight for such Zurich Banking Day as provided by the SARON Administrator 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, in each case on the Zurich Banking Day immediately following such Zurich Banking Day;

"**$SARON_i$**" for any Zurich Banking Day "i" in the relevant Observation Period, is equal to SARON in respect of that day "i"; and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

(c) SARON Compound with Payment Delay:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SARON_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" for any Interest Accrual Period, means the number of Zurich Banking Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant Zurich Banking Day in chronological order from (and including) the first Zurich Banking Day in the relevant Interest Accrual Period;

"**Interest Accrual Periods**" each period from (and including) an Interest Accrual Period End Date (or in the case of the first Interest Accrual Period, the Interest Commencement Date) to (but excluding) the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date);

"**Interest Accrual Period End Dates**" shall have the meaning specified in the relevant Final Terms;

"**Interest Payment Dates**" shall be the number of Business Days equal to the Interest Payment Delay following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date;

"**Interest Payment Delay**" means the number of Zurich Banking Days specified in the relevant Final Terms;

"**Interest Payment Determination Dates**" mean the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the SARON Rate Cut-Off Date;

"$\mathbf{n_i}$" for any Zurich Banking Day "i" in the relevant Interest Accrual Period, means the number of calendar days from (and including) such Zurich Banking Day "i" up to (but excluding) the following Zurich Banking Day ("i+1");

"**SARON**", in respect of any Zurich Banking Day, is a reference rate equal to the daily Swiss Average Rate Overnight for such Zurich Banking Day as provided by the SARON Administrator 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, in each case on the Zurich Banking Day immediately following such Zurich Banking Day;

"$\mathbf{SARON_i}$" means for any Zurich Banking Day "i" in the relevant Interest Accrual Period, is equal to SARON in respect of that day "i";

"**SARON Rate Cut-Off Date**" means the date that is a number of Zurich Banking Day(s) prior to the end of each Interest Period, the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, as specified in the relevant Final Terms;

For purposes of calculating SARON Compound with respect to the final Interest Accrual Period, the level of SARON for each Zurich Banking Day in the period from (and including) the SARON Rate Cut-Off Date to (but excluding) the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, shall be the level of SARON in respect of such SARON Rate Cut-Off Date; and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

(2) if SAION Index Determination ("**SAION Index Determination**"), is specified as applicable in the relevant Final Terms, the following provisions shall apply and the SARON Benchmark for each Interest Period shall be equal to the rate of return of a daily compound interest investment (with the daily SARON as the Relevant Rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula:

$$\left(\frac{SAION\ Index\ End}{SAION\ Index\ Start} - 1\right) \times \frac{360}{d}$$

where:

"**d**" means the number of calendar days from (and including) the day in relation to which SAION Index Start is determined to (but excluding) the day in relation to which SAION Index End is determined;

"**Relevant Number**" means the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

"**SARON**", in respect of any Zurich Banking Day, is a reference rate equal to the daily Swiss Average Rate Overnight for such Zurich Banking Day as provided by the SARON Administrator 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, in each case on the Zurich Banking Day immediately following such Zurich Banking Day;

"**SAION Index End**" means, with respect to an Interest Period, the SAION Index determined in relation to the day falling the Relevant Number of Zurich Banking Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**SAION Index Start**" means, with respect to an Interest Period, the SAION Index determined in relation to the day falling the Relevant Number of Zurich Banking Days prior to the first day of such Interest Period;

"**SAION Index**" means the screen rate or index for compounded daily SARON rates administered by the SARON Administrator that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date; and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

If the relevant SAION Index is not published or displayed by the administrator of the SARON or other information service by 6.00 p.m. (Zurich time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SARON or of such other information service, as the case may be) on the relevant Interest Determination Date, the SARON Benchmark for the applicable Interest Period for which the SAION Index is not available shall be determined as if SARON Compound with Observation Period Shift were specified as applicable in the relevant Final Terms, and for these purposes the Observation Shift Days in respect of the applicable Interest Period for which the SAION Index is not available shall be deemed to be equal to the Relevant Number of Zurich Banking Days, as if such alternative elections had been made in the applicable Final Terms.

If the SARON is not published on the Relevant Screen Page (the "**SARON Screen Page**") at the Relevant Screen Page Time on the relevant Zurich Banking Day and a Benchmark Event has not occurred on or prior to the Relevant Screen Page Time on the relevant Zurich Banking Day, the SARON for such Zurich Banking Day shall be the rate equal to the Swiss Average Rate Overnight published by the SARON Administrator on the SARON Administrator Website for the last preceding Zurich Banking Day on which the Swiss Average Rate Overnight was published by the SARON Administrator on the SARON Administrator Website.

In connection with the SARON provisions above, the following definitions apply:

"**SARON Administrator**" means SIX Swiss Exchange or any successor administrator of the Swiss Average Rate Overnight;

"**SARON Administrator Website**" means the website of the SARON Administrator; and

"**SIX Swiss Exchange**" means SIX Swiss Exchange AG and any successor thereto.

(vii) *Provisions relating to Floating Rate Bonds which reference TONA*

If the relevant Final Terms specify the Interest Rate applicable to the Bonds as being Floating Rate and the Relevant Rate specified in the applicable Final Terms is TONA, the Interest Rate for each Interest Period will be equal to the relevant TONA Benchmark, plus or minus (as specified in the relevant Final Terms) (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, all as determined by the Calculation Agent.

The "**TONA Benchmark**" for each Interest Period shall be equal (subject to Condition 6(n) (*Benchmark discontinuation*) below) to the value of the TONA rates for each day during the relevant Interest Period (where TONA Compound with Lookback is specified in the relevant Final Terms to determine TONA Compound), Observation Period (where TONA Compound with Observation Period Shift is specified in the relevant Final Terms to determine TONA Compound) or Interest Accrual Period (where TONA Compound with Payment Delay is specified in the relevant Final Terms to determine TONA Compound).

TONA Benchmark shall be calculated in accordance with one of the formulas referenced below:

(a) TONA Compound with Lookback:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{TONA}_{i-p\text{TBD}}\times n_i}{365}\right)-1\right)\times\frac{365}{d}$$

with the resulting percentage being rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_0**" for any Interest Period, means the number of Tokyo Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant Tokyo Banking Day in chronological order from (and including) the first Tokyo Banking Day in the relevant Interest Period;

"**Lookback Days**" means the number of Tokyo Banking Days specified in the Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate);

"**n_i**" for any Tokyo Banking Day "i" in the relevant Interest Period, means the number of calendar days from (and including) such day "i" up to (but excluding) the following Tokyo Banking Day ("i+1");

"**Bloomberg Screen TONA Page**" means MUTKCALM Index;

"**Tokyo Banking Day**" or "**TBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo;

"**TONA**", in respect of any Tokyo Banking Day, is a reference rate equal to the trade weighted average of the overnight unsecured call loan rate (rounded upward, if necessary), which appears on the Bloomberg Screen TONA Page under the headline "Tokyo Overnight Average Rates" or any other Relevant Screen Page on the Tokyo Banking Day immediately following such Tokyo Banking Day;

"**$\text{TONA}_{i\text{-}p\text{TBD}}$**" for any Tokyo Banking Day "i" in the relevant Interest Period, is equal to the TONA in respect of the Tokyo Banking Day falling a number of Tokyo Banking Days prior to that day "i" equal to the number of Lookback Days.

(b) TONA Compound with Observation Period Shift:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{\text{TONA}_i\times n_i}{365}\right)-1\right)\times\frac{365}{d}$$

with the resulting percentage being rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Observation Period;

"**d_0**" for any Observation Period, means the number of Tokyo Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant Tokyo Banking Day in chronological order from (and including) the first Tokyo Banking Day in the relevant Observation Period;

"**n_i**" for any Tokyo Banking Day "i" in the relevant Observation Period, means the number of calendar days from (and including) such day "i" up to (but excluding) the following Tokyo Banking Day ("i+1");

"**Observation Period**" means, in respect of each Interest Period, the period from (and including) the date falling a number of Tokyo Banking Days equal to the Observation Shift Days preceding the first day of such Interest Period to (but excluding) the date falling a number of Tokyo Banking Days equal to the Observation Shift Days preceding the Interest Payment Date for such Interest Period;

"**Observation Shift Days**" means the number of Tokyo Banking Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate); and

"**Bloomberg Screen TONA Page**" means MUTKCALM Index;

"**Tokyo Banking Day**" or "**TBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo;

"**TONA**", in respect of any Tokyo Banking Day, is a reference rate equal to the trade weighted average of the overnight unsecured call loan rate (rounded upward, if necessary), which appears on the Bloomberg Screen TONA Page under the headline "Tokyo Overnight Average Rates" or any other Relevant Screen Page on the Tokyo Banking Day immediately following such Tokyo Banking Day;

"**$TONA_i$**" for any Tokyo Banking Day "i" in the relevant Observation Period, is equal to TONA in respect of that day "i".

(c) TONA Compound with Payment Delay:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{TONA_i \times n_i}{365}\right)-1\right)\times\frac{365}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" for any Interest Accrual Period, means the number of Tokyo Banking Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant Tokyo Banking Day in chronological order from (and including) the first Tokyo Banking Day in the relevant Interest Accrual Period;

"**Interest Accrual Periods**" each period from (and including) an Interest Accrual Period End Date (or in the case of the first Interest Accrual Period, the Interest Commencement Date) to (but excluding) the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date);

"**Interest Accrual Period End Dates**" shall have the meaning specified in the relevant Final Terms;

"**Interest Payment Dates**" shall be the number of Business Days equal to the Interest Payment Delay following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date;

"**Interest Payment Delay**" means the number of Tokyo Banking Days specified in the relevant Final Terms;

"**Interest Payment Determination Dates**" mean the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the TONA Rate Cut-Off Date;

"$\mathbf{n_i}$" for any Tokyo Banking Day "i" in the relevant Interest Accrual Period, means the number of calendar days from (and including) such Tokyo Banking Day "i" up to (but excluding) the following Tokyo Banking Day ("i+1");

"**Bloomberg Screen TONA Page**" means MUTKCALM Index;

"**TONA**", in respect of any Tokyo Banking Day, is a reference rate equal to the trade weighted average of the overnight unsecured call loan rate (rounded upward, if necessary), which appears on the Bloomberg Screen TONA Page under the headline "Tokyo Overnight Average Rates" or any other Relevant Screen Page on the Tokyo Banking Day immediately following such Tokyo Banking Day;

"$\mathbf{TONA_i}$" means for any Tokyo Banking Day "i" in the relevant Interest Accrual Period, is equal to TONA in respect of that day "i"; and

"**TONA Rate Cut-Off Date**" means the date that is a number of Tokyo Banking Day(s) prior to the end of each Interest Period, the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, as specified in the relevant Final Terms.

For purposes of calculating TONA Compound with respect to the final Interest Accrual Period, the level of TONA for each Tokyo Banking Day in the period from (and including) the TONA Rate Cut-Off Date to (but excluding) the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, shall be the level of TONA in respect of such TONA Rate Cut-Off Date.

If, in respect of that Tokyo Banking Day "i-pTBD" or "i", as applicable, the Calculation Agent determines that the TONA is not available on the Bloomberg Screen TONA Page or the Relevant Screen Page as applicable (the "**TONA Screen Page**") or has not otherwise been published by the relevant authorised distributors, such TONA shall be (i) the Bank of Japan's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Tokyo Banking Day; plus (ii) the mean of the spread of the TONA to the Bank Rate over the previous five (5) days on which a TONA 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 (the "**TONA Replacement Rate**").

Notwithstanding the paragraph above, in the event the Bank of Japan publishes guidance as to (i) how the TONA is to be determined or (ii) any rate that is to replace the TONA, the Calculation Agent shall, to the extent that it is reasonably practicable and it is instructed by the Issuer in writing, follow such guidance in order to determine the TONA Replacement Rate for the purpose of the Bonds for so long as the TONA is not available or has not been published by the authorised distributors.

(viii) *Provisions relating to Floating Rate Bonds which reference CORRA*

If the relevant Final Terms specify the Interest Rate applicable to the Bonds as being Floating Rate and the Relevant Rate specified in the applicable Final Terms is CORRA, the Interest Rate for each Interest Period shall be the relevant CORRA Benchmark, plus or minus (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, all as determined by the Calculation Agent.

The "**CORRA Benchmark**" will be determined based on either CORRA Arithmetic Mean, CORRA Compound or CORRA Index Determination, as follows:

(1) if CORRA Arithmetic Mean ("**CORRA Arithmetic Mean**") is specified as applicable in the relevant Final Terms, the CORRA Benchmark for each Interest Period shall be the arithmetic mean of the CORRA rates for each day during the period, as calculated by the Calculation Agent, where, if applicable (as specified in the relevant Final Terms), the CORRA rate on the CORRA Rate Cut-Off Date shall be used for the days in the period from (and including) the CORRA Rate Cut-Off Date to (but excluding) the Interest Payment Date.

(2) if CORRA Compound ("**CORRA Compound**") is specified as applicable in the relevant Final Terms, the CORRA Benchmark for each Interest Period shall be equal to the value of the CORRA rates for each day during the relevant Interest Period (where CORRA Compound with Lookback is specified in the relevant Final Terms to determine CORRA Compound), Observation Period (where CORRA Compound with Observation Period Shift is specified in the relevant Final Terms to determine CORRA Compound) or Interest Accrual Period (where CORRA Compound with Payment Delay is specified in the relevant Final Terms to determine CORRA Compound).

CORRA Compound shall be calculated in accordance with one of the formulas referenced below:

(a) CORRA Compound with Lookback:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{CORRA_{i-pTBD}\ \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**$CORRA_{i-pTBD}$**", for any Toronto Banking Day "i" in the relevant Interest Period, is equal to the CORRA in respect of the Toronto Banking Day falling a number of Toronto Banking Days prior to that day "i" equal to the number of Lookback Days;

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_0**" for any Interest Period, means the number of Toronto Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant Toronto Banking Day in chronological order from (and including) the first Toronto Banking Day in the relevant Interest Period;

"**Lookback Days**" means the number of Toronto Banking Days specified in the Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate); and

"**n_i**" for any Toronto Banking Day "i" in the relevant Interest Period, means the number of calendar days from (and including) such day "i" up to (but excluding) the following Toronto Banking Day ("i+1").

(b) CORRA Compound with Observation Period Shift:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{CORRA_i\ \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**$CORRA_i$**", for any Toronto Banking Day "i" in the relevant Observation Period, is equal to CORRA in respect of that day "i";

"**d**" means the number of calendar days in the relevant Observation Period;

"**d_0**" for any Observation Period, means the number of Toronto Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_0, each representing the relevant Toronto Banking Day in chronological order from (and including) the first Toronto Banking Day in the relevant Observation Period;

"**n_i**" for any Toronto Banking Day "i" in the relevant Observation Period, means the number of calendar days from (and including) such Toronto Banking Day "i" up to (but excluding) the following Toronto Banking Day ("i+1");

"**Observation Period**" means, in respect of each Interest Period, the period from (and including) the date falling a number of Toronto Banking Days equal to the Observation Shift Days preceding the first day of such Interest Period to (but excluding) the date falling a number of Toronto Banking Days equal to the Observation Shift Days preceding the Interest Payment Date for such Interest Period; and

"**Observation Shift Days**" means the number of Toronto Banking Days specified in the relevant Final Terms, which shall not be less than five at any time unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate).

(c) CORRA Compound with Payment Delay:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{CORRA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**$CORRA_i$**", for any Toronto Banking Day "i" in the relevant Interest Accrual Period, is equal to CORRA in respect of that day "i";

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" for any Interest Accrual Period, means the number of Toronto Banking Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d_0, each representing the relevant Toronto Banking Day in chronological order from (and including) the first Toronto Banking Day in the relevant Interest Accrual Period;

"**Interest Accrual Periods**" each period from (and including) an Interest Accrual Period End Date (or in the case of the first Interest Accrual Period, the Interest Commencement Date) to (but excluding) the next Interest Accrual Period End Date (or, in the case of the final Interest Accrual Period, the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date);

"**Interest Accrual Period End Dates**" shall have the meaning specified in the relevant Final Terms;

"**Interest Payment Dates**" shall be the number of Business Days equal to the Interest Payment Delay following each Interest Accrual Period End Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Scheduled Redemption Date or the Maturity Date (as the case may be) or, if the Issuer elects to redeem the Bonds prior to the Scheduled Redemption Date or the Maturity Date (as the case may be), the redemption date;

"**Interest Payment Delay**" means the number of Toronto Banking Days specified in the relevant Final Terms;

"**Interest Payment Determination Dates**" mean the Interest Accrual Period End Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the CORRA Rate Cut-Off Date; and

"$\mathbf{n_i}$" for any Toronto Banking Day "i" in the relevant Interest Accrual Period, means the number of calendar days from (and including) such Toronto Banking Day "i" up to (but excluding) the following Toronto Banking Day ("i+1").

For purposes of calculating CORRA Compound with respect to the final Interest Accrual Period, the level of CORRA for each Toronto Banking Day in the period from (and including) the CORRA Rate Cut-Off Date to (but excluding) the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, shall be the level of CORRA in respect of such CORRA Rate Cut-Off Date.

(3) if CORRA Index Determination ("**CORRA Index Determination**"), is specified as applicable in the relevant Final Terms, the following provisions shall apply and the CORRA Benchmark for each Interest Period shall be equal to the rate of return of a daily compound interest investment (with the daily CORRA as the Relevant Rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula:

$$\left(\frac{CORRA\ Index\ End}{CORRA\ Index\ Start} - 1\right) \times \frac{365}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

"**CORRA Index End**" means, with respect to an Interest Period, the CORRA Index determined in relation to the day falling the Relevant Number of Toronto Banking Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**CORRA Index Start**" means, with respect to an Interest Period, the CORRA Index determined in relation to the day falling the Relevant Number of Toronto Banking Days prior to the first day of such Interest Period;

"**CORRA Index**" means the screen rate or index for compounded daily CORRA rates administered by the CORRA Administrator that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date;

"**d**" means the number of calendar days from (and including) the day in relation to which CORRA Index Start is determined to (but excluding) the day in relation to which CORRA Index End is determined; and

"**Relevant Number**" is as specified in the applicable Final Terms.

If the CORRA Index is not published on the CORRA Administrator Website at the Relevant Screen Page Time specified in the applicable Final Terms on the relevant Interest Determination Date, the CORRA Benchmark for the applicable Interest Period for which the CORRA Index is not available shall be determined as if CORRA Compound with Observation Period Shift were specified as applicable in the relevant Final Terms, and for these purposes: the Observation Shift Days in respect of the applicable Interest Period for which the CORRA Index is not available shall be deemed to be equal to the Relevant Number of Toronto Banking Days, as if such alternative elections had been made in the applicable Final Terms.

If CORRA is not published on the CORRA Administrator Website at the Relevant Screen Page Time on the relevant Toronto Banking Day or has not otherwise been published by the relevant authorised distributors, and a CORRA Cessation Event has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

Notwithstanding the paragraph above, in the event the CORRA Administrator publishes guidance as to (i) how CORRA is to be determined or (ii) any rate that is to replace CORRA, the Calculation Agent shall, to the extent

that it is reasonably practicable and it is instructed by the Issuer in writing, follow such guidance in order to determine CORRA for any Toronto Banking Day "i" for so long as CORRA is not available or has not been published by the authorised distributors.

If a CORRA Cessation Event and its related CORRA Cessation Effective Date occurs, then the rate for an Interest Determination Date which occurs on or after the CORRA Cessation Effective Date will be the CAD Recommended Rate, as adjusted on the instructions of the Issuer by the Calculation Agent as necessary to account for any difference in the term, structure or tenor of the CAD Recommended Rate in comparison with CORRA, for all purposes relating to the Bonds in respect of all determinations on such date and for all determinations on all subsequent dates.

If there is a CAD Recommended Rate before the end of the first Toronto Banking Day following the CORRA Cessation Effective Date but neither the CORRA Administrator nor authorised distributors provide or publish the CAD Recommended Rate and a Index Cessation Effective Date with respect to the CAD Recommended Rate has not occurred, then, in respect of any day for which the CAD Recommended Rate is required, references to the CAD Recommended Rate will be deemed to be references to the last provided or published CAD Recommended Rate.

If (i) there is no CAD Recommended Rate before the end of the first Toronto Banking Day following the Index Cessation Effective Date with respect to CORRA, or (ii) there is a CAD Recommended Rate and an Index Cessation Effective Date subsequently occurs with respect to the CAD Recommended Rate, the interest rate for an Interest Determination Date which occurs on or after such applicable Index Cessation Effective Date will be the BOC Target Rate, to which the Issuer or its designee shall apply the most recently published spread, as at the Index Cessation Effective Date with respect to CORRA, and make such adjustments to the BOC Target Rate as are necessary to account for any difference in term, structure or tenor of the BOC Target Rate by comparison to CORRA.

If neither the CORRA Administrator nor authorised distributors provide or publish the BOC Target Rate and an Index Cessation Effective Date with respect to the BOC Target Rate has not occurred, then, in respect of any day for which the BOC Target Rate is required, references to the BOC Target Rate will be deemed to be references to the last provided or published BOC Target Rate as of the close of business in Toronto on that day.

In connection with the implementation of an Applicable Fallback Rate, the Calculation Agent may, on the instructions of the Issuer, make such adjustments to the Applicable Fallback Rate or the spread thereon, as well as the Toronto Banking Day and calendar day count conventions, and related provisions and definitions including the Interest Payment Date and Observation Date, in each case as are consistent with accepted market practice for the use of the Applicable Fallback Rate for debt obligations such as the Bonds in such circumstances.

Any determination, decision or election that may be made by the Issuer, in relation to the Applicable Fallback Rate, including any determination with respect to an adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection: (i) will be conclusive and binding absent manifest error; (ii) will be made in the sole discretion and under the instructions of the Issuer, and the Calculation Agent will not make any determination, decision or election to which the Issuer objects and will have no liability for not making any determination, decision or election; and (iii) shall become effective without consent from the holders of the Bonds or any other party.

In connection with the CORRA provisions above, the following definitions apply:

"**Applicable Fallback Rate**" means one of the CAD Recommended Rate or the BOC Target Rate, as applicable.

"**BOC Target Rate**" means the prevailing Bank of Canada target for the overnight rate as displayed on the Bank of Canada website on such Toronto Banking Day, or, if the Bank of Canada does not target a single rate, the mid-point of the target range set by the Bank of Canada and so published (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards).

"**CAD Recommended Rate**" means the rate (inclusive of any spreads or adjustments) recommended as the replacement for CORRA by a committee officially endorsed or convened by the Bank of Canada for the purpose of recommending a replacement for CORRA (which rate may be produced by the Bank of Canada or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorised distributor.

"**CORRA**", in respect of any Toronto Banking Day, is a reference rate equal to the daily Canada Overnight Repo Rate Average for such Toronto Banking Day as provided by the CORRA Administrator on the CORRA Administrator Website on the Toronto Banking Day immediately following such Toronto Banking Day.

"**CORRA Administrator**" means the Bank of Canada or any successor administrator of CORRA.

"**CORRA Administrator Website**" means the website of the CORRA Administrator.

"**CORRA Cessation Effective Date**" means, in respect of one or more CORRA Cessation Events, the first date on which CORRA is no longer provided. If CORRA ceases to be provided on the same day that it is required to determine the rate for an Interest Period but it was provided on the Interest Determination Date for such Interest Period, then the CORRA Cessation Effective Date will be the next day on which CORRA would ordinarily have been published.

"**CORRA Cessation Event**" means:

(A) a public statement or publication of information by or on behalf of the CORRA Administrator announcing that it has ceased or will cease to provide CORRA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor CORRA administrator that will continue to provide CORRA; or

(B) a public statement or publication of information by the regulatory supervisor for the CORRA Administrator, the Bank of Canada, an insolvency official with jurisdiction over the administrator for CORRA, a resolution authority with jurisdiction over the administrator for CORRA or a court or an entity with similar insolvency or resolution authority over the CORRA Administrator, which states that the CORRA Administrator has ceased or will cease to provide CORRA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide CORRA.

"**CORRA Rate Cut-Off Date**" means the date that is a number of Toronto Business Day(s) prior to the end of each Interest Period, the Scheduled Redemption Date, the Maturity Date or the redemption date, as applicable, as specified in the relevant Final Terms.

"**Toronto Banking Day**" or "**TBD**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Toronto.

(d) ***Fixed Rate Bonds***

This Condition 6(d) is applicable only if the relevant Final Terms 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.

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 6(c) (*Floating Rate Bonds*) if that Condition otherwise applied and (b) the Step-Up Fixed Fee Rate.

(e) ***Indexed Bonds***

This Condition 6(e) is applicable only if the relevant Final Terms specify the Bonds as Indexed Bonds.

Payments of principal on, and the interest payable in respect of, the Bonds will be subject to adjustment for indexation and to the extent set out in Condition 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable.

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.

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 6(c) (*Floating Rate Bonds*) if that Condition otherwise applied and (b) the Step-Up Fixed Fee Rate.

(f) ***Step Up Option and/or Premium Payment Option for Fixed Rate Bonds and Floating Rate Bonds***

This Condition 6(f) applies to Bonds in respect of which the applicable Final Terms indicate that the Step Up Option and/or Premium Payment Option, as the case may be, is or are applicable (***Sustainability-Linked Bonds***).

(i) Step Up Option

Where the Step Up Option is specified as being applicable in the relevant Final Terms, for any Interest Period commencing on or after the first Interest Payment Date immediately following the occurrence of a Step Up Event, if any, the Initial Rate of Interest (in the case of Fixed Rate Bonds) or the Initial Margin (in the case of Floating Rate Bonds) shall be increased by the Step Up Margin specified in the applicable Final Terms.

If the applicable Final Terms specify the Step Up Option and one or more of the In the Air Carbon KPI Step Up Event and/or the On the Ground Carbon KPI Step Up Event as being applicable, and more than one such Step Up Events occur, then the Initial Rate of Interest (in the case of Fixed Rate Bonds) or the Initial Margin (in the case of Floating Rate Bonds) shall be increased by the aggregate of the Step Up Margin applicable to each such Step Up Event which has occurred.

If the applicable Final Terms specify the Step Up Option and one or more of the In the Air Carbon KPI Step Up Event and/or the On the Ground Carbon KPI Step Up Event as being applicable, and only one of the Step Up Events occurs, then the Initial Rate of Interest (in the case of Fixed Rate Bonds) or the Initial Margin (in the case of Floating Rate Bonds), will only be increased by the Step Up Margin specified in relation to the Step Up Event which has occurred.

(ii) Premium Payment Option

Where a Premium Payment Option is specified as being applicable in the relevant Final Terms and a Step Up Event occurs, the Bonds shall be redeemed on their Maturity Date in accordance with Condition 8(b) (*Final Redemption*) or, as the case may be, early redeemed in accordance with Conditions 8(a) (*Scheduled Redemption*), 8(d) (*Optional Redemption*), 8(e) (*Redemption for Index Event, Taxation or Other Reasons*), 8(f) (*Early Redemption on Prepayment of Borrower Loan Agreements*), 8(g) (*Early redemption following Loan Enforcement Notice*) or 11 (*Bond Events of Default*) as applicable, on the date set for redemption (in each case, the "**Premium Payment Date**"), at their Adjusted Final Redemption Amount.

The "**Adjusted Final Redemption Amount**" will be equal to the sum of the relevant Redemption Amount as determined in accordance with Conditions 8 or 11 (as applicable) and:

(A) in the event the Issuer has not met the In the Air Carbon KPI Condition or the On the Ground KPI Condition (as applicable) as specified in the relevant Final Terms with respect to the relevant In the Air Carbon KPI Percentage Reference Year or On the Ground Carbon KPI Percentage Reference Year (as applicable) as a result of the In the Air Carbon KPI being less than the relevant In the Air Carbon KPI Percentage Threshold or the On the Ground Carbon KPI being less than the relevant On the Ground Carbon KPI Percentage Threshold, the Premium Payment Amount; and

(B) in the event the Issuer has not met the In the Air Carbon KPI Condition or the On the Ground KPI Condition (as applicable) as specified in the relevant Final Terms as a result of the Issuer failing to publish the Sustainability Report and the Assurance Report relating thereto and (if applicable) the related 2019 On the Ground Carbon Baseline Assurance Report or 2019 In the Air Carbon Baseline Assurance Report in accordance with Condition 14A (*Available Information*) by not later than the relevant Step Up Notification Deadline, the Premium Payment Amount,

provided that the Adjusted Final Redemption Amount may comprise only one Premium Payment Amount during the term of the Sustainability-Linked Bonds.

Consequently, if a Premium Payment Amount is due following the occurrence of the circumstances described in paragraphs (A) and (B) above and such circumstances re-occur on any subsequent date, the Adjusted Final Redemption Amount shall not comprise any further Premium Payment Amount.

(iii) Notifications

The Issuer will cause (i) the occurrence of a Step Up Event and (ii) (unless the relevant Step Up Event has previously occurred and been notified to the Principal Paying Agent, the Bond Trustee and the Bondholders as required by this Condition 6(f)) the satisfaction of the In the Air Carbon KPI Condition in respect of any In the Air Carbon KPI Percentage Reference Year and the On the Ground Carbon KPI Condition in respect of any On the Ground Carbon KPI Percentage Reference Year (as applicable) to be notified to the Principal Paying Agent, the Agent Bank, the Calculation Agent (if applicable), the Bond Trustee and, in accordance with Condition 14A (*Available Information*), the Bondholders as soon as reasonably practicable after such occurrence or satisfaction (as applicable) and in no event later than the relevant Step Up Notification Deadline. Such notice shall be irrevocable and shall specify the Rate of Interest and, in the case of a notification of the occurrence of a Step Up Event, the Step Up Margin and the Step Up Date in respect of any applicable Step Up Option and/or the Premium Payment Amount in respect of any applicable Premium Payment Option.

For the avoidance of doubt, an In the Air Carbon KPI Step Up Event and/or an On the Ground Carbon KPI Step Up Event may only occur once each during the term of the relevant Sustainability-Linked Bonds. The Rate of Interest (in the case

of Fixed Rate Bonds) or Margin (in the case of Floating Rate Bonds) will not subsequently decrease and the Premium Payment Option will not be disapplied subsequently, regardless of the In the Air Carbon KPI Percentage for any other specified In the Air Carbon KPI Percentage Reference Year following the occurrence of an In the Air Carbon KPI Step Up Event or the On the Ground Carbon KPI Percentage for any other specified On the Ground Carbon KPI Percentage Reference Year following the occurrence of an On the Ground Carbon KPI Step Up Event, as the case may be.

None of the Bond Trustee, the Agent Bank, the Calculation Agent or the Principal Paying Agent shall be obliged to monitor or inquire as to whether a Step Up Event has occurred or have any liability in respect thereof and the Bond Trustee, the Agent Bank, the Calculation Agent and the Principal Paying Agent shall be entitled to rely absolutely on any notice given to it by the Issuer pursuant to this Condition 6(f) without further enquiry or liability.

(iv) Definitions

As used in these Conditions:

"**2019 In the Air Carbon Baseline**" means 19,993,153 metric tons of carbon dioxide equivalent (t CO2e) for the financial year ending 31 December 2019 or, if applicable the amount as recalculated in good faith by the Issuer to reflect any significant or structural changes to the Group in line with the relevant Recalculation Policy, confirmed by the relevant Assurance Provider in an Assurance Report and published by the Issuer in the latest Sustainability Report in accordance with Condition 14A (*Available Information*);

"**2019 In the Air Carbon Baseline Assurance Report**" has the meaning given to it in Condition 14A (*Available Information*);

"**2019 On the Ground Carbon Baseline**" means 1,047,588 metric tonnes of carbon dioxide equivalent (t CO2e) for the financial year ending 31 December 2019, or, if applicable the amount as recalculated in good faith by the Issuer to reflect any significant or structural changes to the Group in line with the Recalculation Policy, confirmed by the relevant Assurance Provider in an Assurance Report and published by the Issuer in the latest Sustainability Report in accordance with Condition 14A (*Available Information*);

"**2019 On the Ground Carbon Baseline Assurance Report**" has the meaning given to it in Condition 14A (*Available Information*);

"**Assurance Provider**" means an independent, qualified provider of third party assurance or attestation services appointed by the Issuer to review the Issuer's statements of the In the Air Carbon KPI and/or the On the Ground Carbon KPI;

"**Assurance Report**" has the meaning given to it in Condition 14A (*Available Information*);

"**In the Air Carbon KPI**" means, in metric tonnes of carbon dioxide equivalent (t CO2e), the sum of absolute "in the air" carbon emissions from value chain activities not owned or controlled by the Group but that can be indirectly impacted by the Group's actions, as defined by the GHG Protocol Standard and emitted from aircraft during landing and take-off up to 3000ft and cruise phase for departing flights (the "**In the Air Scope 3 Emissions**"), as calculated in good faith by the Issuer in respect of a financial year, confirmed by the relevant Assurance Provider and reported by the Issuer in the relevant Sustainability Report;

"**In the Air Carbon KPI Condition**", in relation to an In the Air Carbon KPI Percentage Reference Year, is the condition that:

(a) the Sustainability Report and the Assurance Report relating to such In the Air Carbon KPI Percentage Reference Year and (if applicable) the related 2019 In the Air Carbon Baseline Assurance Report have been published by the Issuer in accordance with Condition 14A (*Available Information*) by no later than the relevant Step Up Notification Deadline;

(b) the In the Air Carbon KPI in respect of such In the Air Carbon KPI Percentage Reference Year, as shown in the relevant Sustainability Report referred to in paragraph (a) above, was equal to or greater than the In the Air Carbon KPI Percentage Threshold in respect of such In the Air Carbon KPI Percentage Reference Year; and

and if the requirements of paragraph(s) (a) or (b) are not met, the Issuer shall be deemed to have failed to satisfy the In the Air Carbon KPI Condition in respect of the relevant In the Air Carbon KPI Percentage Reference Year;

"**In the Air Carbon KPI Percentage**" means, in respect of the relevant In the Air Carbon KPI Percentage Reference Year specified in the applicable Final Terms, the percentage by which the In the Air Carbon KPI for such financial year is a reduction in comparison to the 2019 In the Air Carbon Baseline, as calculated in good faith by the Issuer in accordance with Condition 14A (*Available Information*);

"**In the Air Carbon KPI Percentage Reference Year**" means the financial year(s) of the Group specified in the applicable Final Terms as being the In the Air Carbon KPI Percentage Reference Year(s);

"**In the Air Carbon KPI Percentage Threshold**" means:

a) if a single In the Air Carbon KPI Percentage Reference Year is specified in the applicable Final Terms, the threshold (expressed as a percentage) specified in the applicable Final Terms as being the In the Air Carbon KPI Percentage Threshold; or

b) if more than one In the Air Carbon KPI Percentage Reference Year is specified in the applicable Final Terms, the threshold (expressed as a percentage) specified in the applicable Final Terms as being the In the Air Carbon KPI Percentage Threshold in respect of the relevant In the Air Carbon KPI Percentage Reference Year(s).

For the avoidance of doubt, any significant or structural change to the Group will not result in any adjustment to the In the Air Carbon KPI Percentage Threshold(s), but may result in the recalculation of the 2019 In the Air Carbon Baseline;

an "**In the Air Carbon KPI Step Up Event**" occurs if:

a) the Issuer fails to satisfy the In the Air Carbon KPI Condition in respect of any In the Air Carbon KPI Percentage Reference Year; and

b) no In the Air Carbon KPI Step Up Event has previously occurred in respect of the Sustainability-Linked Bonds;

"**Initial Margin**" means, in respect of Floating Rate Bonds, the initial Margin specified in the applicable Final Terms;

"**Initial Rate of Interest**" means, in respect of Fixed Rate Bonds, the initial Rate of Interest specified in the applicable Final Terms;

"**On the Ground Carbon KPI**" means, in metric tonnes of carbon dioxide equivalent (t CO2e), the sum of:

(a) direct "on the ground" absolute carbon emissions from owned or controlled sources of the Group as defined by the GHG Protocol Standard and emitted from airport vehicles, buildings and infrastructure specifically (the "**Ground Scope 1 Emissions**");

(b) indirect "on the ground" absolute carbon emissions from electricity, steam, heat and cooling purchased or acquired by the Group, as defined by the GHG Protocol Standard and emitted from buildings and infrastructure specifically (the "**Ground Scope 2 Emissions**");

(c) absolute "on the ground" carbon emissions from value chain activities not owned or controlled by the Group but that can be indirectly impacted by the Group's actions, as defined by the GHG Protocol Standard and emitted from surface access (passengers and colleagues), supply chains, airport vehicles and buildings and infrastructure specifically (the "**Ground Scope 3 Emissions**")

in each case as calculated using the market-based method in good faith by the Issuer in respect of a financial year, confirmed by the relevant Assurance Provider and reported by the Issuer in the relevant Sustainability Report;

"**On the Ground Carbon KPI Condition**", in relation to an On the Ground Carbon KPI Percentage Reference Year, is the condition that:

(d) the Sustainability Report and the Assurance Report relating to such On the Ground Carbon KPI Percentage Reference Year and (if applicable) the related 2019 On the Ground Carbon Baseline Assurance Report have been published by the Issuer in accordance with Condition 14A (*Available Information*) by no later than the relevant Step Up Notification Deadline;

(e) the On the Ground Carbon KPI in respect of such On the Ground Carbon KPI Percentage Reference Year, as shown in the relevant Sustainability Report referred to in paragraph (a) above, was equal to or greater than the On the Ground Carbon KPI Percentage Threshold in respect of such On the Ground Carbon KPI Percentage Reference Year; and

and if the requirements of paragraph(s) (a) or (b) are not met, the Issuer shall be deemed to have failed to satisfy the On the Ground Carbon KPI Condition in respect of the relevant On the Ground Carbon KPI Percentage Reference Year;

"**On the Ground Carbon KPI Percentage**" means, in respect of the relevant On the Ground Carbon KPI Percentage Reference Year specified in the applicable Final Terms, the percentage by which the On the Ground Carbon KPI for such financial year is a reduction in comparison to the 2019 On the Ground Carbon Baseline, as calculated in good faith by the Issuer in accordance with Condition 14A (*Available Information*);

"**On the Ground Carbon KPI Percentage Reference Year**" means the financial year(s) of the Group specified in the applicable Final Terms as being the On the Ground Carbon KPI Percentage Reference Year(s);

an "**On the Ground Carbon KPI Step Up Event**" occurs if:

a) the Issuer fails to satisfy the On the Ground Carbon KPI Condition in respect of any On the Ground Carbon KPI Percentage Reference Year; and

b) no On the Ground Carbon KPI Step Up Event has previously occurred in respect of the Sustainability-Linked Bonds;

"**On the Ground Carbon KPI Percentage Threshold**" means:

a) if a single On the Ground Carbon KPI Percentage Reference Year is specified in the applicable Final Terms, the threshold (expressed as a percentage) specified in the applicable Final Terms as being the On the Ground Carbon KPI Percentage Threshold; or

b) if more than one On the Ground Carbon KPI Percentage Reference Year is specified in the applicable Final Terms, the threshold (expressed as a percentage) specified in the applicable Final Terms as being the On the Ground Carbon KPI Percentage Threshold in respect of the relevant On the Ground Carbon KPI Percentage Reference Year(s).

For the avoidance of doubt, any significant or structural change to the Group will not result in any adjustment to the On the Ground Carbon KPI Percentage Threshold(s), but may result in the recalculation of the 2019 On the Ground Carbon Baseline;

"**Premium Payment Amount**" means the amount specified or calculated in accordance with the relevant Final Terms as being the Premium Payment Amount with respect to a given In the Air Carbon KPI Percentage Reference Year and/or On the Ground Carbon KPI Percentage Reference Year;

"**Premium Payment Date**" has the meaning given to it in Condition 6(f)(ii);

"**Recalculation Policy**" means the Group's recalculation policy in relation to any of the In the Air Carbon KPI and/or the On the Ground Carbon KPI, as set out within the Sustainability-Linked Bond Framework;

"**Step Up Date**" means the first day of the next Interest Period following the date on which a Step Up Event occurs;

a "**Step Up Event**" means, as specified in the applicable Final Terms, an In the Air Carbon KPI Step Up Event, and/or an On the Ground Carbon KPI Step Up Event;

"**Step Up Margin**" means, in relation to any Step Up Event, the amount specified in the applicable Final Terms as being the Step Up Margin in respect of such Step Up Event;

"**Step Up Notification Deadline**" means, in relation to any In the Air Carbon KPI Percentage Reference Year or any On the Ground Carbon KPI Percentage Reference Year as the case may be, the day falling 180 days after the last day of the relevant In the Air Carbon KPI Percentage Reference Year or the relevant On the Ground Carbon KPI Percentage Reference Year as the case may be; and

"**Sustainability Report**" has the meaning given to it in Condition 14A (*Available Information*).

(g) ***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.

(h) ***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 6(j) (*Definitions*)) and, in the case of Indexed Bonds only, adjusted according to the indexation set out in Condition 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable, unless an Interest Amount is specified in respect of such period in the relevant Final Terms, in which case the amount of interest payable in respect of such Bond for such Interest Period will equal such Interest Amount.

(i) ***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**") 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable), calculate the Redemption Amount or Instalment Amount 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 Stock Exchange as soon as possible after its determination but in no event later than (i) (in case of notification to the Stock Exchange 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 17 (*Notices*). If the Bonds become due and payable under Condition 11 (*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 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 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 6 or Condition 7 (*Indexation*), shall (in the absence of manifest error) be final and binding upon all parties.

(j) ***Definitions***

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

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day; and

(ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally 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 each (if any) additional city or cities specified as the Relevant Financial Centre in the relevant Final Terms,

provided that when "Business Day" is used in relation to (a) a payment of principal or interest that will ultimately be used to make a payment on any Wrapped Bond or (b) any notice delivered in connection with such a payment, a day will only be a Business Day if it is also a business day (howsoever defined) for the purposes of the relevant Financial Guarantee;

"**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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable) 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 17 (*Notices*);

"**Calculation Amount**" means the amount specified as such in the relevant Final Terms;

"**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 falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of;

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

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

where:

"**Determination Period**" means the period from and including a Determination Date in any year 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;

(i) 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);

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

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

(iv) 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 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st 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));

(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);

(vii) if "**Actual/Actual Canadian Compound Method**" is specified, whenever it is necessary to compute any amount of accrued interest in respect of the Bonds for a period of less than one full year, other than in respect of any regular semi-annual interest payments, such interest will be calculated on the basis of the actual number of days in the Calculation Period and a year of 365 days;

(viii) if "**Australian Bond Basis**" is specified, one divided by the number of Interest Payment Dates in each twelve month period.

"**euro**" means the lawful currency of the Participating Member States;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Final Terms;

"**Interest Determination Date**" means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Final Terms which shall not be less than five 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 specified in the relevant Final Terms) unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate) or, if none is so specified, the day falling five 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 specified in the relevant Final Terms);

"**Interest Payment Date**" means the date(s) specified as such in the relevant Final Terms;

"**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;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds of the relevant Sub-Class as published by the International Swaps and Derivatives Association, Inc.) and for the avoidance of doubt, the definition of 'Fallback Observation Day' in the ISDA Definitions as applicable shall be deemed deleted in its entirety and replaced with the following: "'Fallback Observation Day' means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date";

"**Issue Date**" means the date specified as such in the relevant Final Terms;

"**Margin**" means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms;

"**Maturity Date**" means the date specified in the relevant Final Terms as the final date on which the principal amount of the Bond is due and payable;

"**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 provided that, with respect to Zero Coupon Bonds, where the Principal Amount Outstanding of each Bond is required to be calculated on any date other than the Scheduled Redemption Date it shall be calculated in accordance with the following formula:

The original face value thereof * (1 + Accrual Yield) ^ N

Where:

N = number of years between the Issue Date and the date on which the relevant calculation is required to be made; and

"**Accrual Yield**" shall have the meaning specified as such in the relevant Final Terms.

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 for the purposes of the definition of "Principal Amount Outstanding" or, if none is so specified, a Day Count Fraction of 30/360;

"**Redemption Amount**" means the amount provided under Condition 8(d) (*Optional Redemption*), unless otherwise specified in the relevant Final Terms;

"**Reference Banks**" means the institutions specified as such or, if none, four major banks selected by the Issuer in the interbank market (or, if appropriate, money market) which is most closely connected with the Relevant Rate as determined by 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, 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);

"**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 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, 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 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;

"**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, 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, 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, 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;

"**TARGET Settlement Day**" means any day on which the TARGET system is open; and

"**TARGET system**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET or 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 with offices in the Relevant Financial Centre if provision is made for them in these Conditions applicable to this Bond 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 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***

If the Agent Bank (or the Calculation Agent, if applicable) does not at any time for any reason determine any Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Bond Trustee shall (without liability for so doing) determine such Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to the terms of the Bond Trust Deed) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its sole opinion, it can do so and in all other respects

it shall do so in such manner as it shall, in its absolute discretion, deem fair and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Agent Bank (or the Calculation Agent, if applicable).

(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 6 (*Interest and Other Calculations*) whether by 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.

(n) ***Benchmark Discontinuation***

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Relevant Rate when any Interest Rate (or any component part thereof) remains to be determined by reference to such Original Relevant Rate, then the Issuer shall notify the Agent Bank or the Calculation Agent (if applicable) of the occurrence of such Benchmark Event and use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6(n)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 6(n)(iii)) and any Benchmark Amendments (in accordance with Condition 6(n)(iv)).

An Independent Adviser appointed pursuant to this Condition 6(n) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Bond Trustee, the Paying Agents, the Bondholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 6(n).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 6(n)(iii)) subsequently be used in place of the Original Relevant Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the relevant Bonds (subject to the operation of this Condition 6(n)); 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 6(n)(iii)) subsequently be used in place of the Original Relevant Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the relevant Bonds (subject to the operation of this Condition 6(n)).

(iii) *Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to 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).

(iv) *Benchmark Amendment*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 6(n) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary 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 Issuer shall, subject to giving notice thereof in accordance with Condition 6(n)(v), 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 and the Bond Trustee shall (without any requirement for the consent or approval of Bondholders and regardless of whether or not the Benchmark Amendment constitutes a Basic Terms Modification) concur with the Issuer in making any such variations provided that it receives the certificate specified in Condition 6(n)(v) below. Notwithstanding any other provision of this Condition 6(n),the Bond Trustee, the Agent Bank or the Calculation Agent (if applicable) shall not be obliged to agree to any Benchmark Amendments which, in the sole opinion of the Bond Trustee, the Agent Bank or the Calculation Agent (if applicable) would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Bond Trustee, the Agent Bank or the Calculation Agent (if applicable) in the Transaction Documents and/or these Conditions.

In connection with any such variation in accordance with this Condition 6(n)(iv), the Issuer shall comply with the rules of any stock exchange on which the Bonds are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 6(n) will be notified promptly and, in any event, no less than the date which is ten Business Days prior to the relevant Interest Determination Date by the Issuer to the Bond Trustee, the Agent Bank, the Calculation Agent (if applicable), the Paying Agents and, in accordance with Condition 17, the Bondholders. Such notice shall be irrevocable and shall specify the effective date (which shall be on or after the date of such notice and not less than five Business Days prior to the next Interest Determination Date) of the Benchmark Amendments, if any.

No later than notifying the Bond Trustee of the same, the Issuer shall deliver to the Bond Trustee a certificate (on which the Bond Trustee shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) that the Issuer has consulted with an Independent Adviser, (iii) the Successor Rate or, as the case may be, the Alternative Rate and, (iv) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 6(n); and

(B) certifying that the Benchmark Amendments (i) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread and (ii) in each case, have been drafted solely to such effect.

The Issuer shall display such certificate at its offices, for inspection by the Bondholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate 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) and) be binding on the Issuer, the Bond Trustee, the Calculation Agent, the Paying Agents and the Bondholders.

(vi) *Survival of Original Relevant Rate*

Without prejudice to the obligations of the Issuer under Conditions 6(m)(i), (ii), (iii) and (iv), the Original Relevant Rate and the fallback provisions provided for in Conditions 6(c) will continue to apply unless and until the Agent Bank or the Calculation Agent, as applicable, has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 6(n)(v).

(vii) *Definitions*

As used in this Condition:

"**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 Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the

extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Bondholders and Couponholders as a result of the replacement of the Original Relevant Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which is notified by the Issuer to the Agent Bank or the Calculation Agent (if applicable) as being:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Relevant Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Relevant Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be) (or if the Issuer determines that no such industry standard is recognised or acknowledged); or

(iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

"**Alternative Rate**" means an alternative to the Relevant Rate which the Issuer determines and notifies to the Agent Bank or the Calculation Agent (if applicable), in accordance with Condition 6(n)(ii) has replaced the Original Relevant 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) for the same interest period and in the same Specified Currency as the relevant Bonds.

"**Benchmark Amendments**" has the meaning given to it in Condition 6(n)(iv).

"**Benchmark Event**" means:

(i) the Original Relevant Rate ceasing be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Relevant Rate that it will, by a specified date within the following six months, cease publishing the Original Relevant Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Relevant Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Relevant Rate that the Original Relevant Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

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

(v) it has become unlawful for any Paying Agent, the Agent Bank, the Calculation Agent (if applicable) or the Issuer to calculate any payments due to be made to any Bondholder using the Original Relevant Rate; or

(vi) a change in the generally accepted market practice in the bond market to refer to a Benchmark Rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other regulatory body or authority equivalent to the foregoing in any relevant jurisdiction, including the Working Group on Sterling Risk-Free Relevant Rates, despite the continued existence of the Original Relevant Rate.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 6(n)(i).

"**Original Relevant Rate**" means the originally-specified Relevant Rate used to determine the Interest Rate (or any component part thereof) on the Bonds.

"**Relevant Nominating Body**" means, in respect of a Relevant Rate:

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

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

"**Successor Rate**" means a successor to or replacement of the Original Relevant Rate which is formally recommended by any Relevant Nominating Body.

7. Indexation

This Condition 7 is applicable only if the relevant Final Terms specify the Bonds as Indexed Bonds.

7.1 UK Retail Price Index

Where UK Retail Price Index is specified as the Index or Index Figure (each as defined below) in the relevant Final Terms, this Condition 7.1 will apply. For the purposes of this Condition 7.1, unless the context otherwise requires, the following defined terms shall have the following meanings:

"**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;

"**Base Index Figure**" means (subject to Condition 7.1(b)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms;

"**Index**" or "**Index Figure**" means, subject as provided in Condition 7.1(b)(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 (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:

(i) if paragraph (i) of this definition is specified as "applicable" in the Final Terms, applicable to a particular month shall, subject as provided in Condition 7.1(b) (*Changes in Circumstances Affecting the Index*) and 7.1(d) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication;

(ii) applicable to the first calendar day of any month shall, subject as provided in Condition 7.1(b) (*Changes in Circumstances Affecting the Index*) and 7.1(d) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or

(iii) applicable to any other day in any month shall, subject as provided in Condition 7.1(b) (*Changes in Circumstances Affecting the Index*) and 7.1(d) (*Cessation of or Fundamental Changes to the Index*), be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (ii) above, and (y) the Index Figure applicable to the first calendar day of the following month, calculated as specified in sub-paragraph (ii) above, and rounded in accordance with Condition 6(g) (*Rounding*).

If the Index is replaced, the Issuer will describe the replacement Index in a supplementary prospectus;

"**Index Ratio**" applicable to any day or month, as the case may be, means the Index Figure applicable to such day or month, as applicable, 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 twelve 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 twelve months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, 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, it shall be deemed to be equal to such Minimum Indexation Factor;

"**Limited Indexation Month**" means any month specified in the relevant Final Terms 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) applies; and

"**Reference Gilt**" means the Treasury Stock specified as such in the relevant Final Terms for so long as such stock is in issue, and thereafter such issue of index-linked Treasury 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**").

(a) ***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 day on which such payment falls to be made and rounded in accordance with Condition 6(g) (*Rounding*).

(b) ***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 (1) the definition of "**Index**" and "**Index Figure**" in Condition 7.1 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 (2) the new Base Index Figure shall be the product of the then 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 fourteenth business day before the date on which such payment is due (the "**date for payment**") (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be (1) such substitute index figure (if any) as the Bond Trustee considers to have been published by the UK Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Bond Trustee); or (2) 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 Condition 7.1(b)(ii)(1)) before the date for payment.

(c) ***Application of Changes***

Where the provisions of Condition 7.1(b)(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 7.1(b)(ii)(2), 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 7.1(b)(ii)(2), 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 fourteenth 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.

(d) ***Cessation of or Fundamental Changes to the Index***

(i) If (1) 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 (2) 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), 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 Condition 7.1(d)(i) 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 7.1(b)(i) (*Change in base)* above) 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 7.1(b)(ii)(1) and the Bond Trustee (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 7.1(d) (*Cessation of or Fundamental Changes to the Index*), 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, each Relevant Financial Guarantor, the other Issuer Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (Notices) of such amendments as promptly as practicable following such notification.

7.2 **HICP**

Where HICP (as defined below) is specified as in the Index or Index Level (each as defined below) in the relevant Final Terms, this Condition 7.2 will apply. For the purposes of this Condition 7.2, unless the context otherwise requires, the following defined terms shall have the following meanings:

"Base Index Level" means the base index figure as specified in the relevant Final Terms;

"Index" or **"Index Level"** means (subject as provided in Condition 7.2(b) the non-revised Harmonised Index of Consumer Prices excluding tobacco or relevant Successor Index (as defined in Condition 7.2(b)(ii)),

measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by Eurostat (the **"HICP"**). The first publication or announcement of a level of such index for a calculation month (as defined in Condition 7.2(b)(i)) shall be final and conclusive and later revisions to the level for such calculation month will not be used in any calculations. Any reference to the Index Level which is specified in these Conditions as applicable to any day ("d") in any month ("m") shall, subject as provided in Condition 7.2(b), be calculated as follows:

$$1_d = \mathrm{HICP}_{m-3} + \frac{nbd}{qm} x \left(\mathrm{HICP}_{m-2} - \mathrm{HICP}_{m-3} \right)$$

where:

$\mathbf{l_d}$ is the Index Level for the day d

$\mathbf{HICP}_{m-2}$ is the level of HICP for month m-2

$\mathbf{HICP}_{m-3}$ is the level of HICP for month m-3

nbd is the actual number of days from and excluding the first day of month m to but including day d; and

qm is the actual number of days in month m,

provided that if Condition 7.2(b) applies, the Index Level shall be the Substitute Index Level determined in accordance with such Condition.

"Index Business Day" means a day on which the TARGET system is operating;

"Index Determination Date" means in respect of any date for which the Index Level is required to be determined, the fifth Index Business Day prior to such date;

"Index Ratio" applicable to any date means the Index Level applicable to the relevant Index Determination Date divided by the Base Index Level and rounded to the nearest fifth decimal place, 0.000005 being rounded upwards; and

"Related Instrument" means an inflation-linked bond selected by the Calculation Agent that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity date after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. The Calculation Agent will select the Related Instrument from such of those inflation-linked bonds issued on or before the relevant Issue Date and, if there is more than one such inflation-linked bond maturing on the same date, the Related Instrument shall be selected by the Calculation Agent from such of those bonds. If the Related Instrument is redeemed, the Calculation Agent will select a new Related Instrument on the same basis, but selected from all eligible bonds in issue at the time the originally selected Related Instrument is redeemed (including any bond for which the redeemed originally selected Related Instrument is exchanged).

(a) ***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 applicable to the date on which such payment falls to be made and rounded in accordance with Condition 6(g).

(b) ***Changes in Circumstances Affecting the Index***

(i) Delay in publication of Index:

(A) If the Index Level relating to any month (the **"calculation month")** which is required to be taken into account for the purposes of the determination of the Index Level for any date (the **"Relevant Level")** has not been published or announced by the day that is five Business Days before the date on which such payment is due (the **"Affected Payment Date"),** the Calculation Agent shall determine a

Substitute Index Level (as defined below) (in place of such Relevant Level) by using the following methodology:

(1) if applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent (or any other party performing the function of a calculation agent (whatever such party's title)) pursuant to the terms and conditions of the Related Instrument;

(2) if (1) above does not result in a Substitute Index Level for the Affected Payment Date for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

Substitute Index Level = Base Level x (Latest Level / Reference Level)

where:

"Base Level" means the level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

"Latest Level" means the latest level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) prior to the month in respect of which the Substitute Index Level is being calculated; and

"Reference Level" means the level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

(B) If a Relevant Level is published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 7.2(b) will be the definitive level for that calculation month.

(ii) Cessation of publication: If the Index Level has not been published or announced for two consecutive months or Eurostat announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a successor index in lieu of any previously applicable Index (the **"Successor Index")** by using the following methodology:

(A) if at any time a successor index has been designated by the calculation agent (or any other party performing the function of a calculation agent (whatever such party's title)) pursuant to the terms and conditions of the Related Instrument, such successor index shall be designated the **"Successor Index"** for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraphs (B), (C) or (D) below; or

(B) if a Successor Index has not been determined under paragraph (A) above and a notice has been given or an announcement has been made by Eurostat (or any successor entity which publishes such index) specifying that the Index will be superseded by a replacement index specified by Eurostat (or any such successor), and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index from the date that such replacement index comes into effect; or

(C) if a Successor Index has not been determined under paragraphs (A) or (B) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the **"Successor Index".** If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the **"Successor Index".** If fewer than three responses are received, the Calculation Agent will proceed to paragraph (D) below;

(D) if no Successor Index has been determined under paragraphs (A), (B) or (C) above on or before the fifth Index Business Day prior to the next Affected Payment Date the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed the **"Successor Index"**;

(E) if the Calculation Agent determines that there is no appropriate alternative index, the Issuer and the Bondholder shall, in conjunction with the Calculation Agent, determine an appropriate alternative index.

(iii) Rebasing of the Index: If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the **"Rebased Index")** will be used for the purposes of determining each relevant Index Level from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the calculation agent (or any other party performing the function of a calculation agent (whatever such party's title)) pursuant to the terms and conditions of the Related Instrument to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made.

(iv) Material Modification Prior to Interest Payment Date: If, on or prior to the day that is five Business Days before an Interest Payment Date, Eurostat announces that it will make a material change to the Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Instrument.

(v) Manifest Error in Publication: If, within thirty days of publication, the Calculation Agent determines that Eurostat (or any successor entity which publishes such index) has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will notify the parties of (A) that correction, (B) the amount that is payable as a result of that correction and (C) take such other action as it may deem necessary to give effect to such correction.

7.3 **UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs**

Where either UK Consumer Price Index or UK Consumer Price Index including owner occupier's housing costs are specified as the Index or Index Figure (each as defined below) in the relevant Final Terms, this Condition 7.3 will apply. For the purposes of this Condition 7.3, unless the context otherwise requires, the following defined terms shall have the following meanings:

"**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;

"**Base Index Figure**" means (subject to Condition 7.3(b)(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms;

"**CPI**" means the UK Consumer Price Index (CPI) (for all items) published by the Office for National Statistics (2015 = 100) and available to view at www.statistics.gov.uk or any comparable index which may replace the UK Consumer Price Index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

"**CPIH**" means the UK Consumer Price Index including owner occupier's housing costs (CPIH) (for all items) published by the Office for National Statistics (2015 = 100) and available to view at www.statistics.gov.uk or any comparable index which may replace the UK Consumer Price Index including owner occupier's housing costs for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

"**Index**" or "**Index Figure**" means, subject as provided in Condition 7.3(b)(i) (*Change in base*), either CPI or CPIH, as applicable. Any reference to the Index Figure:

(i) applicable to the first calendar day of any month shall, subject as provided in Condition 7.3(b) (*Changes in Circumstances Affecting the Index*) and 7.3(d) (*Cessation of or Fundamental Changes to the Index*), be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or

(ii) applicable to any other day in any month shall, subject as provided in Condition 7.3(b) (*Changes in Circumstances Affecting the Index*) and 7.3(d) (*Cessation of or Fundamental Changes to the Index*), be

calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (i) above, and (y) the Index Figure applicable to the first calendar day of the following month, calculated as specified in sub-paragraph (i) above, and rounded to the nearest fifth decimal place.

If the Index is replaced, the Issuer will describe the replacement Index in a supplementary prospectus;

"**Indexed Benchmark Gilt**" means the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange whose average maturity most closely matches that of the Bonds as a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an "**Indexation Adviser**") shall determine to be appropriate;

"**Index Ratio**" applicable to any day or month, as the case may be, means the Index Figure applicable to such day or month, as applicable, divided by the Base Index Figure and rounded to the nearest fifth decimal place;

"**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 twelve 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 twelve months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, 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, it shall be deemed to be equal to such Minimum Indexation Factor;

"**Limited Indexation Month**" means any month specified in the relevant Final Terms 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) applies; and

(a) ***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 day on which such payment falls to be made and rounded in accordance with Condition 6(g) (*Rounding*).

(b) ***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 (1) the definition of "**Index**" and "**Index Figure**" in Condition 7.3 shall be deemed to refer to the new date or month in substitution for 2015 (or, as the case may be, to such other date or month as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the then 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 fourteenth business day before the date on which such payment is due (the "**date for payment**") (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be (1) such substitute index figure (if any) as the Bond Trustee considers, acting solely on the advice of the Indexation Adviser, to have been published by the UK Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK Government for such purpose) for the purposes of indexation of payments on the Index Benchmarked Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Bond Trustee acting solely on the advice of the Indexation Adviser); or (2) 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 Condition 7.3(b)(ii)(1)) before the date for payment.

(c) ***Application of Changes***

Where the provisions of Condition 7.3(b)(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 7.3(b)(ii)(2), 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 7.3(b)(ii)(2), 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 fourteenth 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.

(d) ***Cessation of or Fundamental Changes to the Index***

(i) If (1) 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 (2) 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 acting solely on the advice of the Indexation Adviser 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 acting solely on the advice of the Indexation Adviser fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in paragraph (i), 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 acting solely on the advice of the Indexation Adviser (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 Condition 7.3(d)(i) 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 7.3(b)(i) (*Change in base*) above) 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 7.3(b)(ii)(1) and the Bond Trustee (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 7.3(d) (*Cessation of or Fundamental Changes to the Index*), 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 acting solely on the advice of the Indexation Adviser 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 acting solely on the advice of the Indexation Adviser 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, each Relevant Financial Guarantor, the other Issuer Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such notification.

8. 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 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 relevant 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable) 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 relevant 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – 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 relevant Borrower Loan Agreements) 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 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable) of such Sub-Class plus accrued but unpaid interest on the Maturity Date specified in the relevant Final Terms for such Sub-Class.

In the case of principal on Class B Unwrapped 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 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 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 Unwrapped Bonds immediately prior to the Maturity Date.

(c) ***Redemption of Zero Coupon Bonds after Scheduled Redemption Date***

If the relevant Final Terms specify 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 for the purposes of Condition 8(j) 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.

(d) ***Optional Redemption***

Subject as provided below, upon giving not more than 60 nor less than 30 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, as follows:

(i) In respect of Fixed Rate Bonds denominated in sterling, the Redemption Amount will, unless otherwise specified in a Drawdown Prospectus, be an amount equal to (A) if the proposed redemption date falls three months or less prior to the Scheduled Redemption Date for the relevant Bonds, their Principal Amount Outstanding (plus accrued but unpaid interest) and (B) at any other time prior to the Scheduled Redemption Date for the relevant Bonds, the higher of (i) their Principal Amount Outstanding and (ii) 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 (as defined below) on such Bonds on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) 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 Condition 8(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 plus 0.50 per cent. or such other percentage rate over or under such Reference Gilt (if any) as specified in the relevant Final Terms or Drawdown Prospectus 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 Condition 8(d)(i); and "**Reference Gilt**" means the Treasury Stock specified in the relevant Final Terms.

In respect of any Sustainability-Linked Bonds to which this paragraph (i) applies and for which Step Up Option is specified as applicable in the relevant Final Terms, the applicable Step Up Margin from the Interest Payment Date immediately following the Step Up Date shall be factored into the calculation of the Gross Redemption Yield on the assumption that the applicable Step Up Event will occur, unless the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition as applicable has been achieved for the In the Air Carbon KPI

Percentage Reference Year or On the Ground Carbon KPI Percentage Reference Year as relevant prior to the notice of redemption for which an Assurance Report is available (as set out in such Assurance Report), in which case if the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition has been met, no Step Up Margin shall be taken into account.

(ii) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding plus any premium for early redemption in certain years (as specified in the relevant Final Terms) plus any accrued but unpaid interest on the Principal Amount Outstanding.

(iii) In respect of Indexed Bonds which specify either the (i) UK Retail Prices Index; (ii) UK Consumer Price Index; or (iii) UK Consumer Price Index including owner occupier's housing costs as the Index in the relevant Final Terms and which are denominated in sterling, the Redemption Amount will (unless otherwise specified in a Drawdown Prospectus) be an amount equal to (A) if the proposed redemption date falls three months or less prior to the Scheduled Redemption Date for the relevant Bonds, their Principal Amount Outstanding (plus accrued but unpaid interest (as adjusted in accordance with Condition 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*) or Condition 7.3(a) (UK *Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*) (as applicable)) and (B) at any other time prior to the Scheduled Redemption Date for the relevant Bonds, 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 (as defined below) on the Bonds on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt or Indexed Benchmark Gilt (as applicable) 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*) or Condition 7.3(a) (UK *Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*) (as applicable) on the Principal Amount Outstanding.

For the purposes of this Condition 8(d)(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 plus 0.50 per cent. or such other percentage rate over or under such Reference Gilt or Indexed Benchmark Gilt (if any) as specified in the relevant Final Terms or Drawdown Prospectus, provided that, for the purpose of calculating the Gross Real Redemption Yield on Index Linked Bonds in respect of which CPI (or UK Consumer Price Index) or CPIH (or UK Consumer Price Index including owner occupier's housing costs) is specified as the applicable Index, any references to RPI (or the UK Retail Price Index) therein shall be read and construed as references to, as applicable, CPI or CPIH, if CPI or CPIH is not covered by such publication, 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 Condition 8(d)(iii); and "**Reference Gilt**" shall have the meaning specified in Condition 7.1 (*UK Retail Price Index*) and "**Indexed Benchmark Gilt**" shall have the meaning specified in Condition 7.3 (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs*).

(iv) In respect of Indexed Bonds which specify HICP as the Index in the relevant Final Terms and are denominated in euro, the Redemption Amount will (unless otherwise specified in a Drawdown Prospectus) be the Principal Amount Outstanding (plus any premium for early redemption (as specified in the relevant Final Terms or Drawdown Prospectus) plus any accrued but unpaid interest up to and including the date of redemption (in each case, as adjusted in accordance with Condition 7.2(a) (*HICP – Application of the Index Ratio*)).

(v) In respect of Fixed Rate Bonds denominated in euro, the Redemption Amount will, unless otherwise specified in a Drawdown Prospectus, be an amount equal to (A) if the proposed redemption date falls three months or less prior to the Scheduled Redemption Date for the relevant Bonds, their Principal Amount Outstanding (plus accrued but unpaid interest) and (B) at any other time prior to the Scheduled Redemption Date for the relevant Bonds, the higher of (i) their Principal Amount Outstanding and (ii) the present value at the Reference Date (as defined below) of (1) their Principal Amount Outstanding plus (2) 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**") but including, in respect of any Sustainability-Linked Bonds to which this paragraph (v) applies and for which Step Up Option is specified as applicable in the relevant Final Terms, the applicable Step Up Margin from the Interest Payment Date immediately following the Step Up Date on the assumption that the applicable Step Up Event will occur, unless the In the Air Carbon KPI Condition and/or the On the Ground

Carbon KPI Condition as applicable has been achieved for the In the Air Carbon KPI Percentage Reference Year or On the Ground Carbon KPI Percentage Reference Year as relevant prior to the notice of redemption for which an Assurance Report is available (as set out in such Assurance Report), in which case if the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition has been met, no Step Up Margin shall be taken into account), computed using a discount rate equal to the Bund Rate as of the Reference Date plus 0.50 per cent. or such other percentage rate over or under such Bund Rate (if any) as specified in the relevant Final Terms or Drawdown Prospectus 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 Condition 8(d)(v), "**Bund Rate**" means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity as of 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, 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 dispatch of the notice of redemption under this Condition 8(d)(v); "**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 p.m. (Frankfurt, Germany time) on the Reference Date.

(vi) In respect of Fixed Rate Bonds denominated in U.S. dollars, the Redemption Amount will, unless otherwise specified in a Drawdown Prospectus, be an amount equal to (A) if the proposed redemption date falls three months or less prior to the Scheduled Redemption Date for the relevant Bonds, their Principal Amount Outstanding (plus accrued but unpaid interest) and (B) at any other time prior to the Scheduled Redemption Date for the relevant Bonds (i) the Principal Amount Outstanding plus (ii) the accrued but unpaid interest on the Principal Amount Outstanding, plus the greater of (1) one per cent. of the Principal Amount Outstanding and (2) the excess of: (I) the present value as of the Reference Date of the redemption price of the Sub-Class of Bonds at the Scheduled Redemption Date, plus all required interest payments that would otherwise be due to be paid on the Sub-Class of Bonds during the period between such Reference Date and the Scheduled Redemption Date, excluding accrued but unpaid interest but including, in respect of any Sustainability-Linked Bonds to which this paragraph (vi) applies and for which Step Up Option is specified as applicable in the relevant Final Terms, the applicable Step Up Margin from the Interest Payment Date immediately following the Step Up Date on the assumption that the applicable Step Up Event will occur, unless the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition as applicable has been achieved for the In the Air Carbon KPI Percentage Reference Year or On the Ground Carbon KPI Percentage Reference Year as relevant prior to the notice of redemption for which an Assurance Report is available (as set out in such Assurance Report), in which case if the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition has been met, no Step Up Margin shall be taken into account, computed using a discount rate equal to the Treasury Rate (as defined below) at such Reference Date plus 0.50 per cent. or such other percentage rate over or under such Treasury Rate (if any) specified in the relevant Final Terms and assuming the relevant Fixed Rate Bonds would otherwise have been redeemed on the Scheduled Redemption Date, over (II) the Principal Amount Outstanding on such Reference Date.

"**Treasury Rate**" means, with respect to any Reference Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Scheduled Redemption Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall

be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date, where:

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by any Reference Treasury Dealer as having a maturity comparable to the remaining term of the Sub-Class of Bonds from the Reference Date to the Scheduled Redemption Date that would be utilised at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Scheduled Redemption Date;

"**Comparable Treasury Price"** means, with respect to any redemption date, if clause (ii) of the definition of "Treasury Rate" is applicable, the average of all Reference Treasury Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations;

"**Federal Reserve System**" means the central banking system of the United States;

"**Reference Treasury Dealer**" means any primary U.S. government securities dealer appointed by the Issuer; and

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and ask prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00p.m. New York City time, on the third Business Day immediately preceding such redemption date.

(vii) In respect of Fixed Rate Bonds denominated in Canadian dollars, the Redemption Amount will, unless otherwise specified in a Drawdown Prospectus, be an amount equal to (A) if the proposed redemption date falls three months or less prior to the Scheduled Redemption Date for the relevant Bonds, their Principal Amount Outstanding (plus accrued but unpaid interest) and (B) at any other time prior to the Scheduled Redemption Date for the relevant Bonds, the greater of (i) the Principal Amount Outstanding and (ii) the Canada Yield Price, in each case, plus accrued but unpaid interest on the Principal Amount Outstanding (if any).

For the purposes of this Condition 8(d)(vii), **"Canada Yield Price"** means an amount equal to the sum of the present values of all remaining scheduled payments of principal and interest (not including any portion of payment of interest accrued as of the date of redemption but including, in respect of any Sustainability-Linked Bonds to which this paragraph (vii) applies and for which Step Up Option is specified as applicable in the relevant Final Terms, the applicable Step Up Margin from the Interest Payment Date immediately following the Step Up Date on the assumption that the applicable Step Up Event will occur, unless the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition as applicable has been achieved for the In the Air Carbon KPI Percentage Reference Year or On the Ground Carbon KPI Percentage Reference Year as relevant prior to the notice of redemption for which an Assurance Report is available (as set out in such Assurance Report), in which case if the In the Air Carbon KPI Condition and/or the On the Ground Carbon KPI Condition has been met, no Step Up Margin shall be taken into account) from the redemption date to the respective due dates for such payments until maturity of the Bonds (and, for the purposes of such calculation, the date of maturity of the Bonds shall be assumed to be the Scheduled Redemption Date and not the Maturity Date) computed on a semi-annual basis by discounting such payments (assuming a 365 day year) to the redemption date at the Government of Canada Yield plus such percentage rate over or under such Government of Canada Yield (if any) specified in the relevant Final Terms; **"Government of Canada Yield"** means, with respect to any redemption date, the mid-market yield to maturity on the third business day ("**Determination Date**") preceding the redemption date, compounded semi-annually, which a non-callable Government of Canada Bond would carry if issued, in Canadian dollars in Canada, at 100 per cent. of its principal amount on such date with a term to maturity which most closely approximates the remaining term to maturity of the Bonds (and, for the purposes of such calculation, the date of maturity of the Bonds shall be assumed to be the Scheduled Redemption Date and not the Maturity Date) from such redemption date, such yield to maturity being the average of the yields provided by two Canadian investment dealers selected from time to time by the Issuer at noon (Toronto time) on such Determination Date.

(viii) In respect of Fixed Rate Bonds denominated in Australian dollars, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early

redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(ix) In respect of Fixed Rate Bonds denominated in Norwegian krone, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(x) In respect of Fixed Rate Bonds denominated in Japanese yen, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(xi) In respect of Fixed Rate Bonds denominated in Singapore dollars, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(xii) In respect of Fixed Rate Bonds denominated in Hong Kong dollars, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(xiii) In respect of Fixed Rate Bonds denominated in Swedish krona, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(xiv) In respect of Fixed Rate Bonds denominated in Mexican pesos, the Redemption Amount will unless otherwise specified in a Drawdown Prospectus, be the Principal Amount Outstanding (plus any premium for early redemption as specified in the relevant Final Terms) plus any accrued but unpaid interest up to and including the date of redemption.

(xv) In respect of Sustainability-Linked Bonds for which Premium Payment Option is specified as applicable in the relevant Final Terms and a Step Up Event has occurred prior to the proposed redemption date, the Redemption Amount shall be increased by the applicable Premium Payment Amount or, in the case of a partial redemption of the Sustainability-Linked Notes, by the corresponding part of the applicable Premium Payment Amount.
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.

(e) ***Redemption for Index Event, Taxation or Other Reasons***

Redemption for Index Reasons: Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 10 nor less than 5 days' notice to the Bond Trustee, the Issuer Secured Creditors and the holders of the Indexed Bonds in accordance with Condition 17 (*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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio,* Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable) 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, the Issuer Secured Creditors and any Relevant Financial Guarantor(s) 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.

If the UK Retail Price Index is specified as the index in the relevant Final Terms, "**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 7.1(b)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Agent Bank (or Calculation Agent, if applicable) 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;

If HICP is specified as the Index in the relevant Final Terms, "**Index Event**" means if the Index Level has not been published or announced for two consecutive months or Eurostat announces that it will no longer continue to publish or announce the Index and no Successor Index has been determined under Condition 7.2(b)(ii)(A)(B)(C) or (D) and the Issuer and the Bondholders (in conjunction with the Calculation Agent) have been unable to reach agreement on an appropriate alternative index within a period of 10 Business Days; and

If either the UK Consumer Price Index or UK Consumer Price Index including owner occupier's housing costs is specified as the index in the relevant Final Terms, "**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 7.3(b)(ii) (*Delay in publication of Index*) and the Bond Trustee has been notified by the Agent Bank (or Calculation Agent, if applicable) 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 Indexed Benchmark 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: In addition, if at any time the Issuer satisfies the Bond Trustee, (a) that the Issuer would, on the next Interest Payment Date, become obliged to deduct or withhold from any payment of interest 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) that Heathrow 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 a Borrower Loan Agreement; (c) that the Issuer or an Issuer Hedge Counterparty would be 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) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Initial Issue Date that it has or will become unlawful for the Issuer to perform any of its obligations under the Borrower Loan Agreements 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 Agreements and as obligor under the Finance Documents upon satisfying the conditions for substitution of the Issuer as set out in Condition 15 (*Meetings of Bondholders, Modification, Waiver and Substitution*) or (ii) convert any Bearer Bonds into Registered Bonds in accordance with Condition 2(a) (*Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds*) if such conversion will be effective to avoid the relevant deduction or withholding. 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 to Registered Bonds would not prevent any withholding or deduction and, as a result, the relevant deduction or withholding is continuing then the Issuer may, upon giving not more than 10 nor less than 5 days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the Bonds of the affected Class or Sub-Class 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable). Before giving any such notice of redemption, the Issuer shall provide to the Bond Trustee and the Issuer Secured Creditors and each Relevant Financial Guarantor a certificate signed by a director of the Issuer (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 and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to discharge all its liabilities in respect of the Bonds of the affected Class or Sub-Class and any amounts under the Security Agreement to be paid in priority to, or *pari passu* with, such Bonds under the Issuer Payment Priorities.

(f) ***Early Redemption on Prepayment of Borrower Loan Agreements***

If:

(i) Heathrow gives notice to the Issuer under a Borrower Loan Agreement that it intends to prepay all or part of any advance made under such Borrower Loan Agreement or Heathrow is required to prepay all or part of any advance made under a Borrower Loan Agreement (including (A) following a Designated Airport Disposal after the occurrence of a Trigger Event which is continuing or (B) following the delivery of a Loan Acceleration Notice out of any sums credited to the Debt Collateralisation Account); 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 10 nor less than 5 days' notice to the Bond Trustee, the Issuer Secured Creditors, each Relevant Financial Guarantor and the Bondholders in accordance with Condition 17 (*Notices*) (where such advance is being prepaid in whole), redeem all of the Bonds of that Sub-Class or (where part only of such advance is being prepaid) the proportion of the relevant 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 8(d) (*Optional Redemption*) except that, in the case of Fixed Rate Bonds and Indexed Bonds, for the purposes of this Condition 8(f), "**Reference Date**" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 8(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.

In the case of any prepayment out of the net proceeds of a Designated Airport Disposal following the occurrence of a Trigger Event which is continuing and after the date on which an amount equal to the initial aggregate amount drawn under the Refinancing Facility has been repaid to the Refinancing Facility Providers, (i) Call Protected Floating Rate Bonds of any Sub-Class will be redeemed at an amount (the "**Par Redemption Amount**") equal to their Principal Amount Outstanding 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 and (ii) Fixed Rate Bonds and Indexed Bonds of any Sub-Class will be redeemed at an amount (the "**Modified Redemption Amount**") equal to the lower 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 8(d)(v) provided that 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 Redemption Amount calculated in accordance with the relevant Final Terms, plus, in any case, accrued but unpaid interest (in the case of Indexed Bonds, as adjusted in accordance with Condition 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable) on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption.

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 8(f), "**Call Protected Floating Rate Bonds**" means any Floating Rate Bonds, the Final Terms 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 cent. 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 cent. per annum; "**Gross Redemption Yield**" has the meaning given to it (in the case of Fixed Rate Bonds) in Condition 8(d)(i) or (in the case of Indexed Bonds) in Condition 8(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 (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 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: Reuters screen LIBOR01 (if the relevant Bonds are denominated in sterling, U.S. dollars or Japanese yen), Reuters screen EURIBOR01 (if the relevant Bonds are denominated in euro), Reuters screen LIBOR02 (if the relevant Bonds are denominated in Swiss francs), Reuters screen BBSW (if the relevant Bonds are denominated in Australian dollars), the Oslo Børs' webpage (if the relevant Bonds are denominated in Norwegian krone), Reuters screen ABSFIX1 (if the relevant Bonds are denominated in Singapore dollars), Reuters screen HKABHIBOR (if the relevant Bonds are denominated in Hong Kong dollars),

Reuters screen SIDE (if the relevant Bonds are denominated in Swedish krona), Reuters screen MEX06 (if the relevant Bonds are denominated in Mexican pesos) or the Reuters screen (or other page or successor thereto) specified in the relevant Final Terms 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 (or other page) (if the relevant Bonds are denominated in any other currency).

(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 10 nor less than 5 days' notice to the Bond Trustee, the Issuer Secured Creditors, each Relevant Financial Guarantor and the Bondholders in accordance with Condition 17 (*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) Principal Priority of Payment, 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 Class, the Bonds of such Class shall be redeemed in part in the proportion which the Principal Amount Outstanding of such Class to be redeemed bears to the Principal Amount Outstanding of such Class.

(h) ***Early redemption of Zero Coupon Bonds***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Scheduled Redemption 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 for the purposes of this Condition 8(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.

(i) ***Purchase of Bonds***

The Issuer 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.

If not all the Bonds which are in registered form are to be purchased, upon surrender of the existing Individual Bond Certificate, the Registrar shall forthwith upon the written request of the Bondholder concerned issue a new Individual Bond Certificate in respect of the Bonds which are not to be purchased and despatch such Individual Bond Certificate 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 or Global Bond Certificate, the relevant Global Bond or Global Bond Certificate will be endorsed to reflect the Principal Amount Outstanding of Bonds to be so redeemed or purchased.

(j) ***Redemption by Instalments***

Unless previously redeemed, purchased and cancelled as provided in this Condition 8, each Bond which provides for Instalment Dates (as specified in the relevant Final Terms) and Instalment Amounts (as specified in the relevant Final Terms) 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 using the net proceeds of a Designated Airport Disposal pursuant to paragraph 6(b)(ii) of part 3 of schedule 3 to the Common Terms Agreement, shall 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.

9. 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 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 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9(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 and its possessions 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.

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 9(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 9(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 9(a) (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond Certificate.

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 if joint holders) on the fifteenth 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.

A record of each payment so made will be endorsed on the schedule to the Global Bond or the Global Bond Certificate 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 shall have 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 and Registered Bonds***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of this Condition 9. 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 or Global Bond Certificate shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Bond or Global Bond Certificate (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 or Global Bond Certificate in respect of each amount paid.

(e) ***Appointment of the Agents***

The Paying Agents, the Agent Bank, the Transfer Agents, the Exchange Agent and the Registrar (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 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) (in the case of Floating Rate Bonds or Indexed Bonds) 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, which, while any Bonds are admitted to the Official List of the UK Listing Authority and/or admitted to trading on the London Stock Exchange – Regulated Market shall be in London. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

(f) ***Unmatured Coupons and Receipts and Unexchanged Talons***

(i) Subject to the provisions of the relevant Final Terms, upon the due date for redemption of any Bond which is a Bearer Bond (other than a Fixed Rate Bond, unless it has all unmatured Coupons attached), unmatured 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 unmatured 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 unmatured Coupons and any unexchanged Talon relating to it, a sum equal to the aggregate amount of the missing unmatured 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, 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 (i) in respect of payments on a Global Bond or a Global Bond Certificate, the cities referred to in the definition of Business Days and (ii) otherwise, a day (other than a Saturday or a Sunday) on which banks are open for presentation and on which dealings may be carried on in the relevant currency in the principal financial centre of the country of such currency.

(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 13 (*Prescription*)).

10. Taxation

All payments in respect of the Bonds, Receipts or Coupons will be made (whether by the Issuer, any Paying Agent, the Registrar, the Bond Trustee or, in respect of Wrapped Bonds, the Relevant Financial Guarantor or, in respect of the LHR Guaranteed Bonds, by the Bond Guarantor) 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 or the Relevant Financial Guarantor or the Bond Guarantor 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, the Bond Trustee, the Relevant Financial Guarantor or the Bond Guarantor, 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, the Bond Trustee, the Relevant Financial Guarantor or the Bond Guarantor will be obliged to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. The Issuer, any Paying Agent, the Registrar, the Bond Trustee, the Relevant Financial Guarantor or the Bond Guarantor 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.

If the Issuer is obliged to make any such deduction or withholding, the amount so deducted or withheld is not guaranteed by any Relevant Financial Guarantor.

11. 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 or Tranche 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 3 Business Days in the payment of interest on any Sub-Class or Tranche 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 this Condition 11(a)) and, except where in the opinion of the Bond Trustee the 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 Trust 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 11(a)(ii) above, 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 per cent. or more of the Issuer Qualifying Debt, deliver a Bond Enforcement Notice to the Issuer provided that, in either case, it is indemnified and/or secured 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 11(b) (*Delivery of Bond Enforcement Notice*): (i) all Classes of the Bonds then outstanding shall immediately become due and repayable at their respective Principal Amount Outstanding (in the case of Indexed Bonds, as adjusted in accordance with Condition 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable) 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 7.1(a) (*UK Retail Price Index – Application of the Index Ratio*), Condition 7.2(a) (*HICP - Application of the Index Ratio*) or Condition 7.3(a) (*UK Consumer Price Index and UK Consumer Price Index including owner occupier's housing costs – Application of the Index Ratio*), as applicable and (ii) the Issuer Security shall become enforceable by the Bond Trustee in accordance with the Issuer Deed of Charge provided that the OFCA Floating Security shall only become enforceable in accordance with the Obligor Floating Charge Agreement.

(e) ***"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 Unwrapped Bonds, (for so long as no FG Event of Default has occurred in respect of a Relevant Financial Guarantor) the Relevant Financial Guarantor in relation to each Sub-Class or Tranche of the Class A Wrapped Bonds, (in respect of any Tranche or Sub-Class of Class A Wrapped Bonds in relation to which an FG Event of Default is continuing) the holders of such Tranche or Sub-Class of Class A Wrapped Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class A Bonds;

(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 Unwrapped Bonds, (for so long as no FG Event of Default has occurred in respect of a Relevant Financial Guarantor) the Relevant Financial Guarantor in relation to each Sub-Class or Tranche of the Class B Wrapped Bonds, (in respect of any Tranche or Sub-Class of Class B Wrapped Bonds in relation to which an FG Event of Default if continuing) the holders of such Tranche or Sub-Class of Class B Wrapped Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Class B Bonds;

(iii) if there are no Class A Bonds or Class B Bonds then outstanding, the holders of the Subordinated Bonds and each Cross Currency Hedge Counterparty that is party to a Cross Currency Hedging Agreement in respect of the Subordinated Bonds.

(f) ***"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;

(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; or

(iii) if there are no Class A Bonds or Class B Bonds then outstanding, the sum of (i) the Principal Amount Outstanding of the Subordinated Bonds and (ii) the mark-to-market value of all transactions arising under Cross Currency Hedging Agreements in respect of the Subordinated 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.

12. Enforcement Against Issuer

No Bondholder, Receiptholder, Couponholder or other Issuer Secured Creditor is entitled to take any action against the Issuer or, in the case of the holders of Wrapped Bonds, against the Relevant Financial Guarantor, or against any assets of the Issuer or any Relevant Financial Guarantor to enforce its rights in respect of the Bonds or to enforce any of the Issuer Security or to enforce any Financial Guarantee unless the Bond 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 Bond Trustee shall, subject to being indemnified and/or secured 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 Issuer Qualifying Creditors together holding or representing 25 per cent. or more of the Issuer Qualifying Debt, enforce the Issuer Security in accordance with the Issuer Deed of Charge.

Neither the Bond 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 appointment of a Receiver pursuant to the terms of the Issuer Deed of Charge) or other proceeding under any similar 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.

13. 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 6(j) (*Definitions*)) in respect thereof.

14. 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 Stock Exchange, 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.

14A. Available Information

This Condition 14A only applies to Sustainability-Linked Bonds.

In respect of each financial year of the Group, beginning with the financial year in which the Issue Date of the first Tranche of the Sustainability-Linked Bonds falls, the Issuer will publish on its website (which is, as at the date of this Prospectus: https://www.heathrow.com/company/investor-centre/offering-related-documents) and in accordance with applicable laws:

(i) the 2019 In the Air Carbon Baseline, the 2019 On the Ground Carbon Baseline, the In the Air Carbon KPI, the On the Ground Carbon KPI, the In the Air Carbon KPI Percentage, and the On the Ground Carbon KPI Percentage for the relevant financial year, prepared pursuant to applicable legislation (such information, whether contained in the Issuer's annual report and accounts, or in any other standalone document, the "**Sustainability Report**");

(ii) an assurance report (which may be a limited assurance report in accordance with the International Standard for Assurance Engagements 3000 ("**ISAE 3000**") and/or Assurance Engagements on Greenhouse Gas Statements ("**ISAE 3410**"), as applicable, issued by the International Auditing and Assurance Standards Board ("**IAASB**") and/or such other standards as the relevant Assurance Provider shall deem appropriate) issued by the relevant Assurance Provider (the "**Assurance Report**") in respect of the In the Air Carbon KPI and the On the Ground Carbon KPI provided in the Sustainability Report;

(iii) if applicable, an assurance report (which may be a limited assurance report in accordance with ISAE 3410 issued by the IAASB and/or such other standards as the relevant Assurance Provider shall deem appropriate) issued by the relevant Assurance Provider confirming the Issuer's recalculation of (x) the 2019 In the Air Carbon Baseline (the "**2019 In the Air Baseline Assurance Report**") and/or (y) the 2019 On the Ground Carbon Baseline (the "**2019 On the Ground Carbon Baseline Assurance Report**").

The Assurance Report, the Sustainability Report, (if applicable) the 2019 In the Air Carbon Baseline Assurance Report and (if applicable) the 2019 On the Ground Carbon Baseline Assurance Report relating to any financial year of the Group will be published no later than the date falling 180 days after the last day of the relevant financial year.

15. 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 a Sub-Class, Class or Classes to consider matters affecting their interests, including the modification of these Conditions, the Bond Trust Deed and (in the case of Wrapped Bonds) the Financial Guarantees relating to such Wrapped Bonds and any other Issuer Transaction Document to which the Bond Trustee is a party or in relation to which it holds security. Subject to Condition 15(d), 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 15(b) below), SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notice, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice and subject to the provisions concerning ratification and/or meetings of particular combinations of Sub-Classes of Bonds as set out in Condition 15(c) and the Bond Trust Deed), be made if sanctioned by a resolution passed at a meeting of the Bondholders of the relevant Sub-Class, Class or 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, or by the Issuer (failing which the Bond Trustee) upon the request in writing of the Bondholders holding not less than one tenth of the aggregate Principal Amount Outstanding of the relevant outstanding Bonds.

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 per cent. 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 the holders 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 reduce the amount of principal or the rate of interest payable on any date in respect of such Sub-Class of Bonds or (other than as specified in Conditions 7 and 8) 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 15(d), 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;

(iii) to change the currency in which amounts due in respect of such Sub-Class of Bonds are payable other than pursuant to redenomination into euro pursuant to Condition 19;

(iv) having the effect of adversely changing the Issuer Payments Priorities or application thereof in respect of such Sub-Class of Bonds provided that alterations to introduce the Subordinated Bonds will not be deemed to affect any Sub-Class of Class A Bonds or Class B Bonds where "**adversely**" means, in respect of any change to the Issuer Payments 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 an Issuer Secured Creditor;

(v) in relation to any Sub-Class of Wrapped Bonds, to approve the release of the Relevant Financial Guarantee or the substitution of the Relevant Financial Guarantor;

(vi) to change the quorum required at any meeting or the majority required to pass an Extraordinary Resolution; or

(vii) to amend this definition or this Condition,

may be sanctioned only by an Extraordinary Resolution passed at a meeting of Bondholders of the relevant Sub-Class or Sub-Classes 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 outstanding Bonds form a quorum. Any Extraordinary 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 all Bondholders who for the time being are entitled to receive notice of Bondholder meetings under the Bond Trust Deed 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 Bondholders.

A meeting of such Bondholders will also have the power (exercisable by Extraordinary Resolution) to advise or instruct the Bond Trustee in connection with the exercise by the Bond Trustee of any of its 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 and, where requested by the Bond Trustee, in relation to voting or providing directions under or in connection with the STID.

(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, SSA Instruction Notices, Emergency SSA Instruction Notices, Intercreditor Instruction Notices, Direction Notices, Enforcement Instruction Notices and Further Enforcement Instruction Notices (each as defined in the STID) the Most Senior Class of holders of Unwrapped Bonds shall be entitled to instruct the Bond Trustee to vote and (other than following an FG Event of Default in relation to the Relevant Financial Guarantor), each Relevant Financial Guarantor will vote in respect of each Class or Sub-Class of Wrapped Bonds in respect of which it has provided a Financial Guarantee instead of the Issuer.

In respect of any Unwrapped Bonds (or following the occurrence of an FG Event of Default, the relevant Wrapped Bonds), any Bondholder who is a Bondholder of the Most Senior Class of Unwrapped Bonds (or following the occurrence of an FG Event of Default, the relevant Wrapped Bonds) will vote solely by instructing the Bond Trustee to vote on its behalf as its Secured Creditor Representative (as defined in the STID) in connection with the STID Proposal, SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notices, Direction Notices, Enforcement Instruction Notice or Further Enforcement Instruction Notice. Voting in connection with such STID Proposal, SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notices, Direction Notices, 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, each Relevant Financial Guarantor and the other Participating QBS Creditors who are not Bondholders or Relevant Financial Guarantors are considered on an aggregated basis, irrespective of whether a majority of such holders of Unwrapped Bonds and Relevant Financial Guarantors are in favour of or against the proposal.

For the purpose of voting in connection with a STID Proposal, SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notice, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice, the Security Group Agent (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 Qualifying Bondholders in accordance with Condition 17 (*Notices*) requesting them to instruct the Bond Trustee how to vote. After obtaining the instruction of the Qualifying Bondholders, the Bond Trustee will vote in relation to the relevant STID Voting Request in accordance with such instructions.

Irrespective of the result of voting in relation to a proposed STID Proposal in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter or in relation to an SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notice, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice, any such STID Proposal or decision in respect of an SSA Instruction Notice, Emergency SSA Instruction Notice, Intercreditor Instruction Notice, 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 forthwith, in accordance with the Bond Trust Deed, convene a meeting of (i) the holders of each Class, Sub-Class or Tranche of Unwrapped Bonds, (ii) if an FG Event of Default is continuing in respect of a Financial Guarantor the holders of the relevant Class, Sub-Class or Tranche of Wrapped Bonds, and (iii) in respect of an Entrenched Right which constitutes a Basic Terms Modification, the holders of each Class, Sub-Class or Tranche of Wrapped 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 the relevant Classes, Sub-Classes or Tranches of Bonds, or relevant Financial Guarantor, if applicable, affected by the Entrenched Right.

(c) ***Relationship between Classes***

In relation to each Sub-Class of Bonds:

(i) no Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one Sub-Class of Bonds shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Sub-Classes of Bonds (to the extent that there are Bonds outstanding in each such other Sub-Class); and

(ii) no Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any Sub-Class of Bonds shall be effective unless it is sanctioned by (i) an Extraordinary Resolution of the holders of each of the other Sub-Classes of Bonds ranking equally or senior to such Sub-Class (to the extent that there are Bonds outstanding ranking equally or senior to such Sub-Class) unless the Bond Trustee considers that the interests of the holders of the other Sub-Classes of Bonds ranking equally or senior to such Sub-Class would not be materially prejudiced by the implementation of such Extraordinary Resolution, and for the avoidance of doubt as regards ranking, Class B Bonds are subordinate to the Class A Bonds or (ii), in respect of any Sub-Class of Wrapped Bonds in respect of which no FG Event of Default is continuing in respect of the Relevant Financial Guarantor, the Relevant Financial Guarantor;

(iii) Conditions 15(a) and (b) in respect of meetings are subject to the further provisions of the Bond Trust Deed.

(d) ***Modification, waiver and substitution***

As more fully set out in the Bond Trust Deed and the Issuer Deed of Charge (and subject to the conditions and qualifications therein), 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 the Issuer or any other relevant parties in making (i) any modification to the Conditions or the Issuer Transaction Documents (subject as provided in the STID in relation to any Common Documents) or other document to which it is a party or in respect of which it 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 in respect of a Basic Terms Modification) to the Conditions or any Issuer Transaction Document (subject as provided in the STID in relation to any Common Documents) or other document to which it is a party or in respect of which it 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.

As more fully set out in the Issuer Deed of Charge (and subject to the conditions and qualifications therein), if the Issuer proposes to issue Subordinated Bonds, the Bond Trustee may, provided that it has received a Ratings Confirmation in relation to the then ratings of the outstanding Bonds, without the consent or sanction of the Bondholders, the Receiptholders or the Couponholders of any Sub-Class or any other Issuer Secured Creditor other than any Relevant Issuer Secured Creditor at any time and from time to time concur with the Issuer and any other relevant parties in making any modifications proposed by the Issuer (other than in respect of a Basic Terms Modification or an Entrenched Right) to (i) the Issuer Payment Priorities set out in the Issuer Deed of Charge and the Issuer Cash Management Agreement and (ii) to the Master Definitions Agreement to give effect to any amendments to or to incorporate any additional defined terms relating to the Subordinated Bonds provided that each of the Relevant Issuer Secured Creditors (if any) has given its prior written consent to such modifications.

The Bond Trustee is 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 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.

As more fully set out in the Bond Trust Deed and the Issuer Deed of Charge (and subject to the conditions and qualifications therein), 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 any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions or any Issuer Transaction Document (other than a Common Document) to which it is a party or in respect of which it 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 per cent. 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 or authorisation previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification.

Any such modification, waiver or authorisation shall be binding on the Bondholders of that Sub-Class, Class or Classes 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 of that Sub-Class, Class or Classes as soon as practicable thereafter.

Notwithstanding that none of the Bond Trustee, the Bondholders or the other Issuer Secured Creditors may have any right of recourse against the Rating Agencies in respect of any Ratings Confirmation given by them and relied upon by the Bond Trustee, the Bond 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, that such exercise will not be materially prejudicial to the interests of the Bondholders if the Rating Agencies have provided a Ratings Confirmation. 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 and the Bondholders agree and acknowledge that being entitled to rely on the fact that the Rating Agencies have delivered a Ratings Confirmation does not impose or extend any actual or contingent liability for the Rating Agencies to the Bond 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 Bondholders, any other Issuer Secured Creditor or any other person whether by way of contract or otherwise.

As more fully set forth in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without the consent of the Bondholders of any Sub-Class or any other Issuer Secured Creditor, also agree with the Issuer, subject, for as long as there are any Wrapped Bonds outstanding, to the prior written consent of each Relevant Financial Guarantor (in respect of which no FG Event of Default is continuing), to the substitution of another corporation in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds of all Series and subject to the Class A Wrapped Bonds continuing to carry the unconditional guarantee of the Relevant Financial Guarantor.

16. Bond Trustee Protections

(a) *Trustee considerations*

Subject to Condition 16(b) (*Exercise of rights by Bond Trustee*), in connection with the exercise, under these Conditions, the Bond Trust Deed, any Financial Guarantee, any LHR Bond Guarantee or Issuer Transaction Document, of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), 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 (or, if there are no Class A or Class B Bonds outstanding, the Subordinated Bonds), it shall have regard to the interests of the holders of the Tranche or Sub-Class of such Class (or the Subordinated Bonds, as the case may be) then outstanding with the greatest Principal Amount Outstanding and will not have regard to the consequences of such exercise for the holders of other Tranches or Sub-Classes of Bonds or 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. The Bond Trustee shall not be entitled to require from the Issuer or any Relevant Financial Guarantor, nor shall any Bondholders be entitled to claim from the Issuer, any Relevant Financial Guarantor 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.

(b) *Exercise of rights by Bond Trustee*

Except as otherwise provided in these Conditions, the STID and the Bond Trust Deed, when exercising any rights, powers, trusts, authorities and discretions relating to or contained in these Conditions or the Bond Trust Deed or any other Issuer Transaction Document (other than in determining or in respect of any Ordinary Voting Matter or Extraordinary Voting Matter relating to the Bonds, in respect of which the relevant Financial Guarantor shall be required to vote in accordance with the STID, or any Basic Terms Modification, which shall require the vote of the relevant Bondholders), which affect or relate to any Class A Wrapped Bonds and/or Class B Wrapped Bonds, the Bond Trustee shall only act on the instructions of the Relevant Financial Guarantor(s) (provided no FG Event of Default has occurred and is continuing) in accordance with the provisions of the Bond Trust Deed and the Bond Trustee shall not be required to have regard to the interests of the Bondholders in relation to the exercise of such rights, powers, trusts, authorities and discretions and shall have no liability to any Bondholders as a consequence of so acting. As a consequence of being required to act only on the instructions of the Relevant Financial Guarantor(s) in the circumstances referred to in the previous sentence, the Bond Trustee may not, notwithstanding the provisions of these Conditions, be entitled to act on behalf of the holders of any Sub-Classes of Bonds.

Subject as provided in these Conditions and the Bond Trust Deed, the Bond Trustee will exercise its rights under, or in relation to, the Bond Trust Deed, the Conditions, any Financial Guarantee and any Issuer Transaction Documents in accordance with the directions of the relevant Bondholders, but the Bond Trustee shall not be bound as against the Bondholders to take any such action unless it has (i) (a) been so requested in writing by the holders of at least 25 per cent.

in nominal amount of the relevant Sub-Classes of Bonds outstanding or (b) been so directed by an Extraordinary Resolution and (ii) been indemnified and/or furnished with security to its satisfaction.

17. 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 London (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 Stock Exchange. 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 Receiptholders 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 17.

So long as any Bonds are represented by Global Bonds or Global Bond Certificates, notices in respect of those Bonds may be given only by delivery of the relevant notice to Euroclear Bank S.A./N.V. as operator of the Euroclear System or Clearstream Banking, société anonyme, DTC or any other relevant clearing system as specified in the relevant Final Terms 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 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.

18. Indemnification Of The Bond Trustee

(a) ***Indemnification of the Bond Trustee***

The Bond Trust Deed contains provisions for indemnification of the Bond Trustee, and for its relief from responsibility, including provisions relieving it from taking any action including taking proceedings against the Issuer, any Relevant Financial Guarantor and/or any other person unless indemnified and/or secured to its satisfaction. The Bond Trustee or any of its affiliates (as defined in Condition 7 (*Indexation*)) are entitled to enter into business transactions with the Issuer, any Relevant Financial Guarantor, the other Issuer Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom. Save as otherwise provided in these Conditions or any Issuer Transaction Document the Bond Trustee will only be required to take any action under or in relation to, or to enforce or protect the Issuer Security, or a document referred to therein, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of then outstanding Bonds or if so requested in writing by holders of at least 25 per cent. in nominal amount of the holders of the Most Senior Class of then outstanding Bonds (or in respect of the Wrapped Bonds, the relevant Financial Guarantor) and in all cases if indemnified and/or secured to its satisfaction provided that the Bond Trustee has agreed that it is indemnified to its satisfaction in respect of the OFCA Floating Security as described in the Obligor Floating Charge Agreement.

(b) ***Directions, Duties and Liabilities***

The Bond Trustee, in the absence of its own wilful misconduct, gross negligence or fraud, and in all cases when acting as directed by or subject to the agreement of the holders of the Most Senior Class of Unwrapped Bonds and in respect of the Wrapped Bonds, each relevant Financial Guarantor (and following the occurrence of an FG Event of Default which is continuing or, in respect of any direction relating to a Basic Terms Modification, the holders of the most Senior Class of Wrapped Bond, then outstanding) shall not in any way be responsible for any loss, costs, damages or expenses or other liability, which may result from the exercise or non-exercise of any consent, waiver, power, trust, authority or discretion vested in the Bond Trustee pursuant to the Issuer Deed of Charge or any ancillary document.

19. European Economic and Monetary Union

(a) ***Notice of redenomination***

The Issuer may, without the consent of the Bondholders, and on giving at least 30 days' prior notice to the Bondholders, the Relevant Financial Guarantors, the Bond Trustee and the Principal Paying Agent, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Bonds falling on or after the date on which the UK becomes a Participating Member State.

(b) ***Redenomination***

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

(i) the Bonds of each Sub-Class denominated in sterling (the "**Sterling Bonds**") shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Bond equal to the principal amount of that Bond in sterling, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty establishing the European Union, as amended, (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, with the agreement of the Bond Trustee, that the then current market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Bondholders, the London Stock Exchange and any stock exchange (if any) on which the Bonds are then listed and the Principal Paying Agent of such deemed amendments;

(ii) if Bonds have been issued in definitive form:

(A) all Bonds denominated in sterling will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Bondholders and the Bond Trustee that replacement Bonds denominated in euro are available for exchange (provided that such Bonds are available) and no payments will be made in respect thereof;

(B) the payment obligations contained in all Bonds denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Bonds in accordance with this Condition 19) shall remain in full force and effect; and

(C) new Bonds denominated in euro will be issued in exchange for Sterling Bonds in such manner as the Principal Paying Agent or the Registrar, as the case may be, may specify and as shall be notified to the Bondholders in the Euro Exchange Notice;

(iii) all payments in respect of the Sterling Bonds (other than, unless the Redenomination Date is on or after such date as sterling ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Participating Member State; and

(iv) a Bond may only be presented for payment on a day which is a business day in the place of presentation.

(c) ***Interest***

Following redenomination of the Bonds pursuant to this Condition 19:

(i) where Sterling Bonds have been issued in definitive form, the amount of interest due in respect of the Sterling Bonds will be calculated by reference to the aggregate principal amount of the Sterling Bonds presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and

(ii) the amount of interest payable in respect of each Sub-Class of Sterling Bonds for any Interest Period shall be calculated by applying the Interest Rate applicable to the Sub-Class of Bonds denominated in euro ranking *pari passu* to the relevant Sub-Class.

20. Subordinated Bonds

The Issuer shall be at liberty, without the consent of the Bondholders, the Couponholders or the Receiptholders or any other Issuer Secured Creditor, but subject always to the provisions of these Conditions, the Issuer Deed of Charge and the Bond Trust Deed, to raise funds, from time to time, on any date through the creation and issue of subordinated bonds which rank subordinate to the Class A Bonds and the Class B Bonds provided that:

(a) the aggregate principal amount of Subordinated Bonds to be issued on such date is not less than £5,000,000 (or the Equivalent Amount);

(b) Ratings Confirmation is obtained in relation to the then ratings of the Class A Bonds and the Class B Bonds;

(c) the Subordinated Bonds shall not rank, in point of payment or security, ahead of the Subordinated Step-Up Fee Amounts, the Issuer Subordinated Hedge Amounts or the Liquidity Subordinated Amount;

(d) the Bond Trustee has received a legal opinion in form and substance satisfactory to it in relation to the enforceability and the ranking of the obligations of the Issuer under the Subordinated Bonds from a reputable London law firm; and

(e) no Bond Event of Default is outstanding or would occur as a result of such issue.

21. Limited Recourse

Each of the Bondholders agrees 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 as set out below:

(a) it will have a claim only in respect of the Issuer Charged Property;

(b) the aggregate amount of all sums due and payable to the Bondholders in respect of the Issuer's obligations to such Bondholders shall reduce by the amount by which the aggregate amount of sums due and payable to the Bondholders exceeds the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Issuer Charged Property (after payment of any sums which are payable by the Issuer in accordance with the Issuer Payment Priorities in priority to or *pari passu* with sums payable to such Bondholders), whether pursuant to enforcement of the Issuer Security or otherwise; and

(c) upon the Bond Trustee giving written notice to the Bondholders that it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Issuer Charged Property (whether arising from an enforcement of the Issuer Security or otherwise) which would be available to pay amounts outstanding under the Issuer Transaction Documents and the Bonds, the Bondholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

22. Miscellaneous

(a) ***Governing Law***

The Bond Trust Deed, the Issuer Deed of Charge, the Bonds, the Coupons, the Receipts, the Talons (if any), each Financial Guarantee (if any) and the other Issuer Transaction Documents are, and all matters arising from or in connection with such documents shall be governed by, and shall be construed in accordance with, English law.

(b) ***Jurisdiction***

The courts of England are to have exclusive jurisdiction to settle any dispute 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, each Financial Guarantee (if any) and the other Issuer Transaction Documents and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons, the Receipts, the Talons (if any) the relevant Financial Guarantee (if any) and/or the Finance Documents may be brought in such courts. The Issuer has in each of the Finance Documents to which it is a party irrevocably submitted to the jurisdiction of such courts.

(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 or Global Bond Certificate 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 Global Bond or the person shown in the records of the relevant clearing system as the holder of the Global Bond Certificate.

Each of the persons shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, as being entitled to an interest in a Global Bond or a Global Bond Certificate (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 or, in the case of Wrapped Bonds, each Relevant Financial Guarantor, to such Accountholder and in relation to all other rights arising under the Global Bond or Global Bond Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Bond or Global Bond Certificate 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 or Global Bond Certificate, Accountholders shall have no claim directly against the Issuer or, in the case of Wrapped Bonds, the Relevant Financial Guarantor in respect of payments due under the Bonds and such obligations of the Issuer and, in the case of Wrapped Bonds, the Relevant Financial Guarantor will be discharged by payment to the bearer of the Global Bond or the registered holder of the Global Bond Certificate, as the case may be.

FORMS OF THE BONDS

Bonds may, subject to all applicable legal and regulatory requirements, be issued in Series comprising either Bonds in bearer form ("**Bearer Bonds**") or Bonds in registered form ("**Registered Bonds**"), as specified in the relevant Final Terms.

Bearer Bonds

Each Sub-Class of Bonds initially issued in bearer form will be issued either as a temporary global bond (the "**Temporary Global Bond**"), without Receipts, Coupons or Talons attached, or a permanent global bond (the "**Permanent Global Bond**"), without Receipts, Coupons or Talons attached, in each case as specified in the relevant Final Terms. Each Temporary Global Bond or, as the case may be, Permanent Global Bond (each a "**Global Bond**") will be delivered on or prior to the Issue Date of the relevant Sub-Class of the Bonds to a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant Clearing System on or about the Issue Date of the relevant Sub-Class.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Bonds.

Temporary Global Bond exchangeable for Permanent Global Bond

If the relevant Final Terms specify the form of Bonds as being represented by "Temporary Global Bond exchangeable for a Permanent Global Bond", then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole or in part, for interests in a Permanent Global Bond, without Receipts, Coupons or Talons attached, not earlier than 40 days after the Issue Date of the relevant Sub-Class of the Bonds upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, payments of interest in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in a Temporary Global Bond is to be exchanged for an interest in a Permanent Global Bond, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Bond, duly authenticated, to the bearer of the Temporary Global Bond or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Bond in accordance with its terms against:

- presentation and (in the case of final exchange) surrender of the Temporary Global Bond at the Specified Office of the Principal Paying Agent; and
- receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant Clearing System,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Bond shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Bond exceed the aggregate initial principal amount of the Temporary Global Bond and any Temporary Global Bond representing a fungible Sub-Class of Bonds with the Sub-Class of Bonds represented by the first Temporary Global Bond.

The Permanent Global Bond will be exchangeable in whole, but not in part, for Bonds in definitive form, each a Definitive Bond:

- if Euroclear or Clearstream, Luxembourg or any other relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- any of the circumstances described in Condition 11(a) (*Bond Events of Default*) occurs and is continuing.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

Temporary Global Bond exchangeable for Definitive Bonds

If the relevant Final Terms specify the form of Bonds as being "Temporary Global Bond exchangeable for Definitive Bonds" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole but not in part, for Definitive Bonds not earlier than 40 days after the Issue Date of the relevant Sub-Class of the Bonds.

If the relevant Final Terms specify the form of Bonds as being "Temporary Global Bond exchangeable for Definitive Bonds" and also specifies that the TEFRA D Rules are applicable, then the Bonds will initially be in the form of a Temporary Global Bond which will be exchangeable, in whole or in part, for Definitive Bonds not earlier than 40 days after the Issue Date of the relevant Sub-Class of the Bonds upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Bond so exchanged to the bearer of the Temporary Global Bond against the presentation (and in the case of final exchange, surrender) of the Temporary Global Bond at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

Permanent Global Bond exchangeable for Definitive Bonds

If the relevant Final Terms specify the form of Bonds as being "Permanent Global Bond exchangeable for Definitive Bonds" and also specifies that the TEFRA C Rules are applicable or that TEFRA does not apply, then the Bonds will initially be in the form of a Permanent Global Bond which will be exchangeable in whole, but not in part, for Definitive Bonds:

- if Euroclear or Clearstream, Luxembourg or any other relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

- any of the circumstances described in Condition 11(a) (*Bond Events of Default*) occurs.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange but not earlier than 40 days after the Issue Date of such Bonds.

In the event that a Global Bond is exchanged for Definitive Bonds, such Definitive Bonds shall be issued in Specified Denominations(s) only. Bondholders who hold Bonds in the relevant Clearing System in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant date of exchange, a principal amount of Bonds such that their holding is an integral multiple of a Specified Denomination.

Conditions applicable to the Bonds

The Conditions applicable to any Definitive Bond will be endorsed on that Bond and will consist of the Conditions set out under "*Terms and Conditions of the Bonds*" above and the provisions of the relevant Final Terms which complete those Conditions.

The Conditions applicable to any Global Bond will differ from those Conditions which would apply to the Definitive Bond to the extent described under "*Provisions Relating to the Bonds while in Global Form*".

Legend concerning United States persons

Global Bonds and Definitive Bonds having a maturity of more than one year and any Receipts, Coupons and Talons appertaining thereto will bear a legend to the following effect unless the relevant Final Terms specify that the TEFRA C Rules are applicable or that TEFRA does not apply:

"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 Bond, Receipt, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bond, Receipt, Coupon 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.

Registered Bonds

The Bonds of each Series sold in reliance on Regulation S under the Securities Act, as specified in the relevant Final Terms, will be represented on issue by one or more global certificates of such Class in fully registered form without interest coupons or principal receipts attached (each a "**Regulation S Global Bond Certificate**") which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Bond Certificate may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. See "*Book-Entry Clearance Procedure*".

The Bonds of each series sold in reliance on Rule 144A under the Securities Act, as specified in the relevant Final Terms, will be represented on issue by one or more permanent global certificates of such Class, in fully registered form without interest coupons or principal receipts attached (each a "**Rule 144A Global Bond Certificate**") which, in the case of any Rule 144A EC Global Bond Certificates, will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or, in the case of any Rule 144A DTC Global Bond Certificates, will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. Beneficial interests in a Rule 144A Global Bond Certificate may only be held through Euroclear, Clearstream, Luxembourg (in the case of Rule 144A EC Global Bond Certificates) or DTC (in the case of Rule 144A DTC Global Bond Certificates) or their participants at any time. See "*Book-Entry Clearance Procedure*". Beneficial interests in a Rule 144A Global Bond Certificate may only be held by persons who are QIBs that are QPs, holding their interests for their own account or for the account of one or more QIBs each of which is also a QP. By acquisition of a beneficial interest in a Rule 144A Global Bond Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB that is a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Bond Certificate.

The Regulation S Global Bond Certificates and the Rule 144A Global Bond Certificates are referred to herein as "**Global Bond Certificates**". Beneficial interests in Global Bond Certificates will be subject to certain restrictions on transfer set out herein and in the Agency Agreement, and such Global Bond Certificates will bear the applicable legends regarding the restrictions set out in the relevant Subscription Agreement. No beneficial interest in a Regulation S Global Bond Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Bond Certificate unless (i) a corresponding Rule 144A Global Bond Certificate is also issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms), (ii) the transfer is to a person that is both a QIB and a QP, (iii) such transfer is made in reliance on Rule 144A, and (iv) the transferor provides the Registrar with a written certification substantially in the form set out in the Bond Trust Deed. No beneficial interest in the Rule 144A Global Bond Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Bond Certificate unless a corresponding Regulation S Global Bond Certificate is also issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms), and in such case only if the transfer is to a person who is neither a U.S. person nor a U.S. resident, and is conducted in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification substantially in the form set out in the Bond Trust Deed.

Any beneficial interest in a Regulation S Global Bond Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Bond Certificate, which is possible only if a corresponding Rule 144A Global Bond Certificate is also issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms) and subject to the limitation stated in the paragraph above, will upon transfer, cease to be an interest in such Regulation S Global Bond Certificate and become an interest in the Rule 144A Global Bond Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Bond Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Bond Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Bond Certificate, which is possible only if a corresponding Regulation S Global Bond Certificate is also issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms) and subject to the limitation stated in the paragraph above, will upon transfer, cease to be an interest in a Rule 144A Global Bond Certificate and become an interest in the Regulation S Global Bond Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Bond Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Bonds, but the Registrar or Transfer Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Bond Certificates will not be entitled to receive physical delivery of certificated Bonds.

Exchange for Individual Bond Certificates

Each Rule 144A Global Bond Certificate will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for certificates in individual bond certificate form ("**Rule 144A Individual Bond Certificates**") and each Regulation S Global Bond Certificate will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for individual bond certificates in fully registered form ("**Regulation S Individual Bond Certificates**" and, together with the Rule 144A Individual Bond Certificates, "**Individual Bond Certificates**"):

- if a Global Bond Certificate is held (directly or indirectly) on behalf of Euroclear and/or Clearstream, Luxembourg or an alternative Clearing System (other than DTC) and any such Clearing System is closed for business for a continuous period of 14 days (other than by reason of legal holidays, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so; or

- if a Global Bond Certificate is held on behalf of DTC and DTC notifies the Issuer that it is no longer willing to discharge properly its responsibilities as depositary with respect to the relevant Global Bond Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

- any of the circumstances described in Condition 11(a) (*Bond Events of Default*) occurs.

The Registrar will not register the transfer of, or exchange of interests in, a Global Bond Certificate for Individual Bond Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the relevant Class, Sub-Class or Tranche of Bonds.

If only one of the Global Bond Certificates (the "**Exchanged Global Bond Certificate**") becomes exchangeable for Individual Bond Certificates in accordance with the above paragraphs, transfers of Bonds may not take place between, on the one hand, persons holding Individual Bond Certificates issued in exchange for beneficial interests in the Exchanged Global Bond Certificate and on the other hand, persons wishing to purchase beneficial interests in the other Global Bond Certificate.

"**Individual Exchange Date**" means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the Specified Office of the Registrar and any Transfer Agent is located.

In such circumstances, the relevant Global Bond Certificate shall be exchanged in full for Individual Bond Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Bond Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders. A person having an interest in a Global Bond Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Bond Certificates and (b) in the case of the Rule 144A Global Bond Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a purchaser that the transferor reasonably believes to be a QIB that is a QP. Individual Bond Certificates issued in exchange for a beneficial interest in the Rule 144A Global Bond Certificate shall bear the legends applicable to transfers pursuant to Rule 144A.

Legends and Transfers

The holder of an Individual Bond Certificate may transfer the Bonds represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the Specified Office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of an Individual Bond Certificate bearing the legend referred to under "*Transfer Restrictions*" or upon specific request for removal of the legend on an Individual Bond Certificate, the Issuer will deliver only Individual Bond Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. Individual Bond Certificates for each class of Bonds for the Rule 144A Bonds will

bear the same legend as the legend for the Rule 144A Global Bond Certificates for such classes set out under "*Transfer Restrictions*". The Rule 144A Individual Bond Certificates may not at any time be held by or on behalf of U.S. persons or U.S. residents that are not QIBs that are QPs. Individual Bond Certificates for each class of Bonds for the Regulation S Bonds will bear the same legend as the legend for the Regulation S Global Bond Certificates for such classes set out under "*Transfer Restrictions*".

Provisions Relating to the Bonds while in Global Form

Global Bonds and Global Bond Certificates 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 or Global Bond Certificate 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 or Global Bond Certificate shall be treated as having one vote in respect of each minimum denomination of Bonds for which such Global Bond or Global Bond Certificate may be exchanged.

- *Cancellation*: Cancellation of any Bond represented by a Global Bond or Global Bond Certificate 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 or Global Bond Certificate.

- *Notices*: So long as any Bonds are represented by a Global Bond or Global Bond Certificate and such Global Bond or Global Bond Certificate is held on behalf of DTC, 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 DTC, 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.

- *Record Date*: Each payment in respect of any Bond represented by a Global Bond or Global Bond Certificate will be made to the person shown as the holder of a Global Bond or Global Bond Certificate at the close of business on the Clearing System Business Day immediately prior to the due date for payment (the "**Record Date**") where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

- *Business Day*: Notwithstanding the definition of "Business Day" in Condition 6(i) (*Definitions*) and the definition of "business day" in Condition 9(g) (*Non-Business Days*), while any Bonds are represented by a Global Bond or a Global Bond Certificate and such Global Bond or Global Bond Certificate is held on behalf of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System, "**Business Day**" and "**business day**" shall mean:

  (a) if the currency of payment is euro, any day on which the TARGET system is open and a day on which dealings in foreign currencies may be carried on in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus; or

  (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Relevant Financial Centre specified in the relevant Final Terms or Drawdown Prospectus.

BOOK-ENTRY CLEARANCE PROCEDURE

*The information set out below has been obtained from the Clearing Systems (as defined herein) 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 information published by the Clearing Systems and so far as the Issuer is aware and is able to ascertain from the information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, 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, Clearstream, Luxembourg and DTC

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg and DTC to facilitate the initial issue of each Series of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. See "– *Settlement and transfer of Bonds*" below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate 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. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in Global Bonds and Global Bond Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

DTC

DTC has advised the Issuer as follows: "DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly."

Investors may hold their interests in a Global Bond Certificate directly through DTC if they are participants ("**Direct Participants**") in the DTC system, or indirectly through organisations which are participants in such system ("**Indirect Participants**" and together with Direct Participants, "**Participants**").

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Bonds (including, without limitation, the presentation of certificates for exchange as described under "*Form of the Bonds – Registered Bonds – Exchange for Individual Bond Certificates*" above) only at the direction of one or more Participants in whose accounts with DTC interests in Global Bond Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Global Bond Certificates as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Form of the Bonds – Registered Bonds – Exchange for Individual Bond Certificates*" above, DTC will surrender the relevant Rule 144A DTC Global Bond Certificates for exchange for Individual Bond Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A or Regulation S (as applicable)).

Book-entry ownership

Euroclear and Clearstream, Luxembourg

Each Global Bond will have an ISIN and a common code and will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

Each Regulation S Global Bond Certificate and Rule 144A EC Global Bond Certificate will have an ISIN and a common code and will be registered in the name of a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

DTC

Each Rule 144A DTC Global Bond Certificate will have a CUSIP number, an ISIN and a common code and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The custodian and DTC will electronically record the principal amount of the Bonds held within the DTC system.

Payments and relationship of participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Bond represented by a Global Bond or a Global Bond Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Bond or Global Bond Certificate and in relation to all other rights arising under the Global Bond or Global Bond Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Bonds represented by a Global Bond or a Global Bond Certificate, the common depositary 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 or Global Bond Certificate (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 or Global Bond Certificate 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 or Global Bond Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Bond or Global Bond Certificate 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 ownership interest of each actual purchaser of each such Bond (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. 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 or Global Bond Certificate held within a Clearing System are exchanged for Definitive Bonds or Individual Bond Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Bonds held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Bond or Global Bond Certificate to such persons may be limited. The Clearing Systems can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, so the ability of a person having an interest in a Global Bond or Global Bond Certificate to pledge such interest to persons or entities that do not participate in such Clearing System, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg (subject to the transfer restrictions applicable to the Bonds described in "*Transfer Restrictions*") and will be settled using the procedures applicable to conventional Eurobonds and U.S. dollar denominated bonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Bonds between DTC participants will occur in the ordinary way in accordance with DTC rules (subject to the transfer restrictions applicable to the Bonds described in "*Transfer Restrictions*") and will be settled using the procedures applicable to United States corporate debt obligations in DTC's same-day funds settlement system in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC Participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Bonds are capable of being transferred (as specified in "*Transfer Restrictions*") from the account of a DTC participant holding a beneficial interest in a Global Bond Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in that Global Bond Certificate (subject to the certification procedures provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Global Bond Certificate will instruct the Registrar to (i) decrease the amount of Bonds registered in the name of Cede & Co. and evidenced by the relevant Global Bond Certificate and (ii) increase the amount of Bonds registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Global Bond Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Bonds are capable of being transferred (as specified in "*Transfer Restrictions*") from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Global Bond Certificate (subject to the certification procedures provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Global Bond Certificate who will in turn deliver evidence of such book-entry interests in the Bonds free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Bonds registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Global Bond Certificate and (ii) increase the amount of Bonds registered in the name of Cede & Co. and evidenced by the relevant Global Bond Certificate.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in applicable Global Bond Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

Pre-issue trades settlement

It is expected that delivery of Bonds will be made against payment therefor on each Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Bonds in the United States on the date of pricing or the next succeeding business days until three days prior to the Issuer Date of a series will be required, by virtue of the fact the Bonds initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to

prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Bonds may be affected by such local settlement practices and purchasers of Bonds who wish to trade Bonds between the date of pricing and the Issue Date should consult their own adviser.

PRO FORMA FINAL TERMS

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the 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 Directive 2014/65/EU (as amended, "**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 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 European Union (Withdrawal) Act 2018 ("**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 (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 manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[EU PRIIPs Regulation / PROHIBITION OF SALES TO EEARETAIL 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, "**MiFID II**") or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**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.]

[UK 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, of a 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 European Union (Withdrawal) Act 2018 ("**EUWA**") or (ii) a customer within the meaning of the provisions of the FSMA (as amended) 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. 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.]

[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018),** the Bank has determined the classification of the Bonds to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in the Singapore Monetary Authority (the **MAS)** Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Final Terms dated [●]

Heathrow Funding Limited

Issue of [Sub-Class [–[●]] [Aggregate Nominal Amount of Sub-Class]

[Title of Bonds]

under the Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated [●] [and the supplement[s] to it dated [●] [and [●]], which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA"**) (the "**UK Prospectus Regulation**"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 8.2 of the 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 [as so supplemented]. [The Prospectus [is] [and [each of] the supplement[s] are] available for viewing at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]]

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in, and extracted from, the Prospectus dated [[14 July 2008] [20 November 2009] [18 March 2011] [16 June 2011] [14 June 2012] [16 October 2013] [16 December 2014] [22 January 2016] [26 June 2017] [10 August 2018] [19 July 2019] [24 September 2020][4 October 2021][25 November 2022][30 June 2023]] which are incorporated by reference in the Prospectus dated [●]. This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 8.2 of the UK Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). and must be read in conjunction with the Prospectus dated [●] [and the supplement[s] to it dated [●] [and [●]], which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation. 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 dated [●] [as so supplemented]. [The Prospectus [is] [and [each of] the supplement[s] are] available for viewing at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

1	(i)	Issuer	Heathrow Funding Limited
	(ii)	Obligors:	Heathrow Airport Limited, Heathrow (SP) Limited, Heathrow (AH) Limited, Heathrow Express Operating Company Limited
2	(i)	Series Number	[●]
	(ii)	Sub-Class Number:	[●]
	(iii)	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 24 below, which is expected to occur on or about [●]]
3	Relevant Currency or Currencies:		[£]/[EUR]/[USD]/[CAD]/[AUD]/[CHF]/[NOK]/[JPY]/[SGD]/[HKD]/[SEK]/[MXN]
4	Aggregate Nominal Amount of Bonds admitted to trading:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
	(iii)	Sub-Class:	[●]
5	(i)	Issue price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]]
6	(i)	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].] [$200,000 and integral multiples of [$1,000] in excess thereof up to and including [$399,000]. No Bonds in definitive form will be issued with a denomination above [$399,000].] [£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].]

			[[CAD]/[AUD]/[CHF]/[NOK]/[JPY]]/[SGD]/[HKD]/[SEK]/[MXN] [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Bonds in definitive form will be issued with a denomination above [●].
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date (if different from the Issue Date):	[●]
8	(i)	Scheduled Redemption Date:	[Not applicable]/[●]
	(ii)	Maturity Date:	[●]
9	Instalment Date:		[Not applicable/[●]
10	Interest Basis:		[[●] per cent. Fixed Rate] [[●]] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest]
11	Redemption/Payment Basis:		[Redemption at par[, subject to any Step Up Event (only applicable for Sustainability-Linked Bonds with "Premium Payment Option" below specified as applicable)] [Index Linked Redemption] [Instalment]
12	Change of Interest or Redemption/Payment Basis:		[●]
13	Put/Call Options:		Issuer Call Option [(further particulars specified below)]
14	Date [Board] approval for issuance of Bonds obtained:		[●]/[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Bond Provisions:		[Applicable]/[Not Applicable]
			[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(i)	Interest Rate:	[●]
	(ii)	Screen Rate Determination:	
		- Relevant Rate:	[[●] month [●] [EURIBOR/ AUD BBSW/ NIBOR/ SGD SOR/HKD HIBOR/SEK STIBOR/MXN TIIE] ***[SONIA/ SOFR/ €STR/ SARON/ TONA/ CORRA]***
		-Benchmark	[Not Applicable]
			[SONIA Compound-SONIA Compound with Lookback][SONIA Compound – SONIA Compound with Observation Shift][SONIA Compound – SONIA Compound with Payment Delay]/SONIA Index Determination] (*if SONIA*)
			[SOFR Benchmark – SOFR Arithmetic Mean][SOFR Benchmark - SOFR Compound – SOFR Compound with Lookback][SOFR Benchmark - SOFR Compound – SOFR Compound with Observation Shift][SOFR Benchmark - SOFR Compound – SOFR Compound with Payment Delay] [SOFR Benchmark – SOFR Index Average] (*if SOFR*)

	[SARON Benchmark – SARON Compound – SARON Compound with Lookback] [SARON Benchmark – SARON Compound – SARON Compound with Observation Period Shift] [SARON Benchmark – SARON Compound – SARON Compound with Payment Delay] [SARON Benchmark – SAION Index Determination] (*if SARON*)
	[TONA Benchmark – TONA Compound with Lookback][TONA benchmark = TONA Compound with Observation Period Shift][TONA Compound – TONA Compound with Payment Delay] (*if TONA*)
	[CORRA Benchmark – CORRA Arithmetic Mean][CORRA Benchmark - CORRA Compound – CORRA Compound with Lookback][CORRA Benchmark - CORRA Compound – CORRA Compound with Observation Shift][CORRA Benchmark - CORRA Compound – CORRA Compound with Payment Delay] [CORRA Benchmark – CORRA Index Average] (*if CORRA*)
	(*only applicable in the case of SONIA, SOFR, SARON, TONA or CORRA*)
- Relevant Screen Page	[●]
- Relevant Screen Page Time:	[●]
-Interest Determination Date:	[●] [[TARGET] Business Day(s) in [specify city] for [specify currency]] / [U.S. Government Securities Business Day(s) (*if SOFR*)] / [London Banking Day(s) (*if SONIA*)] / [Zurich Banking Day(s) (*if SARON*)] / [Tokyo Banking Day(s) (*if TONA*)] / [Toronto Banking Day(s) (if *CORRA*)] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
– SOFR Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SOFR Arithmetic Mean or SOFR Compound with Payment Delay*)
– SONIA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] London Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SONIA Compound with Payment Delay*)
– SARON Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Zurich Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SARON Compound with Payment Delay*)
– TONA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Tokyo Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of TONA Compound with Payment Delay*)
– CORRA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Toronto Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of CORRA Arithmetic Mean or CORRA Compound with Payment Delay*)
– Lookback Days:	[Not Applicable / [●] U.S. Government Securities Business Day(s) (*if SOFR Compound with Lookback*) / [●] London Banking Day(s) (*if SONIA Compound with Lookback*) / [●] Zurich Banking Day(s) (*if SARON Compound with Lookback*) / [●] Tokyo Banking Day(s) (*if TONA Compound with Lookback*)] / [●] Toronto Banking Day(s) (*if CORRA Compound with Lookback*)] / [●] TARGET Business Day(s) (*if €STR*)] (*Only applicable in the case of SOFR Compound with Lookback, SONIA Compound with Lookback, SARON Compound with Lookback, TONA Compound with Lookback, CORRA Compound with Lookback, or €STR*)

– Observation Shift Days:	[Not Applicable / [●] U.S. Government Securities Business Day(s) (*if SOFR Compound with Observation period Shift*) / [●] London Banking Day(s) (*if SONIA Compound with Observation Period Shift*) / [●] Zurich Banking Day(s) (*if SARON Compound with Observation Shift*) / [●] Tokyo Banking Day(s) (*if TONA Compound with Observation Shift*)] / [●] Toronto Banking Day(s) (if *CORRA Compound with Observation Shift*)] (*Only applicable in the case of SOFR Compound with Observation period Shift, SONIA Compound with Observation Shift, SARON Compound with Observation Shift, TONA Compound with Observation Shift or CORRA Compound with Observation Shift*)
– Relevant Number:	[Not Applicable / [●] London Banking Day(s) (*if SONIA Index Determination*) / [●] Zurich Banking Day(s) (*if SAION Index Determination*) / [●] Toronto Banking Day(s) (*if CORRA Index Determination*)] (*Only applicable in the case of SONIA Index Determination, SAION Index Determination or CORRA Index Determination*)
– Interest Accrual Period End Dates:	[Not Applicable / each date falling [●] U.S. Government Securities Business Day(s) / [●] London Banking Day(s) / [●] Zurich Banking Day(s) / [●] Tokyo Banking Day(s) / [●] Toronto Banking Day(s) after the Interest Commencement Date in relation to the first Interest Accrual Period or after the previous Interest Accrual Period End Date thereafter] (*Only applicable in the case of SOFR Compound with Payment Delay, SONIA Compound with Payment Delay, SARON Compound with Payment Delay, TONA Compound with Payment Delay or CORRA Compound with Payment Delay*)
– Interest Payment Delay:	[Not Applicable / [●] U.S. Government Securities Business Day(s) / [●] London Banking Day(s) / [●] Zurich Banking Day(s) / [●] Tokyo Banking Day(s) / [●] Toronto Banking Day(s)] (*Only applicable in the case of SOFR Compound with Payment Delay, SONIA Compound with Payment Delay, SARON Compound with Payment Delay, TONA Compound with Payment Delay or CORRA Compound with Payment Delay*)
– SOFR Index Start:	[Not Applicable / [●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
– SOFR Index End:	[Not Applicable / [●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
– SAION Index Start:	[Not Applicable / [●] Zurich Banking Day(s)] (*Only applicable in the case of SAION Index Determination*)
– SAION Index End:	[Not Applicable / [●] Zurich Banking Day(s)] (*Only applicable in the case of SAION Index Determination*)
– SONIA Index Start:	[Not Applicable / [●] London Banking Day(s)] (*Only applicable in the case of SONIA Index Determination*)
– SONIA Index End:	[Not Applicable / [●] London Banking Day(s)] (*Only applicable in the case of SONIA Index Determination*)
– CORRA Index Start:	[Not Applicable / [●] Toronto Banking Day(s)] (*Only applicable in the case of CORRA Index Determination*)
– CORRA Index End:	[Not Applicable / [●] Toronto Banking Day(s)] (*Only applicable in the case of CORRA Index Determination*)
ISDA Determination:	
- ISDA Definitions:	[[2006] / [2021] ISDA Definitions]
- Floating Rate Option:	[●]
- Designated Maturity:	[●]
- Specified Duration	[●]

	- Reset Date:	[●]
	- Overnight Rate Compounding Method:	[Not Applicable]/[Compounding with Lookback/Compounding with Observation Period Shift/Compounding with Lockout]
	- Index Method:	[Not Applicable]/[Compounded Index Method with Observation Period Shift]
(iii)	Step-Up Fixed Fee Rate:	[●] per cent. per annum
(iv)	Interest Determination Date:	[●] in each year [adjusted in accordance with [[●]]/not adjusted]
(v)	Interest Payment Date(s):	[●]
(vi)	First Interest Payment Date:	[●]
(vii)	[Fixed Coupon Amount[(s)]:]	[[●] per Calculation Amount]
(viii)	Broken Amount(s):	[●]
(ix)	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] [Actual/Actual Canadian Compound Method] [Australian Bond Basis]
(x)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other]
(xi)	Reference Gilt:	[●]/[Not Applicable]
	- [Alternative Percentage amount [over]/[under] the Gross Redemption Yield]	[[●]]
(xii)	Comparable German Bund Issue:	[●]/[Not Applicable]
	- [Alternative Percentage amount [over]/[under] the Bund Rate]	[[●]]
(xiii)	Comparable United States Treasury Securities	[●]/[Not Applicable]
	- [Alternative Percentage amount [over]/[under] the Treasury Rate]	[[●]]
(xiv)	Fixed Rate Bond denominated in CAD	[●]/[Not Applicable]
	- [Percentage amount [over]/[under] the Government of Canada Yield]	[[●]]
(xv)	Fixed Rate Bonds denominated in AUD	[●]/[Not Applicable]
	- [Premium on early redemption]	[[●]]
(xvi)	Fixed Rate Bonds denominated in NOK	[●]/[Not Applicable]
	- [Premium on early redemption]	[[●]]
(xvii)	Fixed Rate Bonds denominated in SGD	[●]/[Not Applicable]
	- [Premium on early redemption]	[[●]]

	(xviii)	Fixed Rate Bonds denominated in HKD	[●]/[Not Applicable]
		- [Premium on early redemption]	[[●]]
	(xix)	Fixed Rate Bonds denominated in SEK	[●]/[Not Applicable]
		- [Premium on early redemption]	[[●]]
	(xx)	Fixed Rate Bonds denominated in MXN	[●]/[Not Applicable]
		- [Premium on early redemption]	[[●]]
16	Floating Rate Bond Provisions:		[Applicable]/[Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(ii)	Specified Interest Payment Dates	[●]
	(iii)	First Interest Payment Date	[●]
	(iv)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other]
	(v)	Business Centre(s):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank):	[Not applicable/Calculation Agent]
	(viii)	Interest Amount	[●]/[Not Applicable]
	(ix)	Screen Rate Determination:	
		- Relevant Rate:	[[●] month [●] [EURIBOR/ AUD BBSW/ NIBOR/ SGD SOR/HKD HIBOR/SEK STIBOR/MXN TIIE] [SONIA/ SOFR/ €STR/ SARON/ TONA/ CORRA]
		-Benchmark	[Not Applicable] [SONIA Compound-SONIA Compound with Lookback][SONIA Compound – SONIA Compound with Observation Shift][SONIA Compound – SONIA Compound with Payment Delay]/SONIA Index Determination] (*if SONIA*) [SOFR Benchmark – SOFR Arithmetic Mean][SOFR Benchmark - SOFR Compound – SOFR Compound with Lookback][SOFR Benchmark - SOFR Compound – SOFR Compound with Observation Shift][SOFR Benchmark - SOFR Compound – SOFR Compound with Payment Delay] [SOFR Benchmark – SOFR Index Average] (*if SOFR*) [SARON Benchmark – SARON Compound – SARON Compound with Lookback] [SARON Benchmark – SARON Compound – SARON Compound with Observation Period Shift] [SARON Benchmark – SARON Compound – SARON Compound with Payment Delay] [SARON Benchmark – SAION Index Determination] (*if SARON*)

	[TONA Benchmark – TONA Compound with Lookback][TONA benchmark = TONA Compound with Observation Period Shift][TONA Compound – TONA Compound with Payment Delay] (*if TONA*)
	[CORRA Benchmark – CORRA Arithmetic Mean][CORRA Benchmark - CORRA Compound – CORRA Compound with Lookback][CORRA Benchmark - CORRA Compound – CORRA Compound with Observation Shift][CORRA Benchmark - CORRA Compound – CORRA Compound with Payment Delay] [CORRA Benchmark – CORRA Index Average] (*if CORRA*)
	(*only applicable in the case of SONIA, SOFR, SARON, TONA or CORRA*)
- Interest Determination Date(s):	[●]
- Relevant Screen Page	[●]
- Relevant Screen Page Time:	[●]
-Interest Determination Date:	[●] [[TARGET] Business Day(s) in [specify city] for [specify currency]] / [U.S. Government Securities Business Day(s) (*if SOFR*)] / [London Banking Day(s) (*if SONIA*)] / [Zurich Banking Day(s) (*if SARON*)] / [Tokyo Banking Day(s) (*if TONA*)] / [Toronto Banking Day(s) (if *CORRA*)] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
– SOFR Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SOFR Arithmetic Mean or SOFR Compound with Payment Delay*)
– SONIA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] London Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SONIA Compound with Payment Delay*)
– SARON Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Zurich Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SARON Compound with Payment Delay*)
– TONA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Tokyo Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of TONA Compound with Payment Delay*)
– CORRA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Toronto Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of CORRA Arithmetic Mean or CORRA Compound with Payment Delay*)
– Lookback Days:	[Not Applicable / [●] U.S. Government Securities Business Day(s) (*if SOFR Compound with Lookback*) / [●] London Banking Day(s) (*if SONIA Compound with Lookback*) / [●] Zurich Banking Day(s) (*if SARON Compound with Lookback*) / [●] Tokyo Banking Day(s) (*if TONA Compound with Lookback*)] / [●] Toronto Banking Day(s) (*if CORRA Compound with Lookback*)] / [●] TARGET Business Day(s) (if €STR)] (*Only applicable in the case of SOFR Compound with Lookback, SONIA Compound with Lookback, SARON Compound with Lookback, TONA Compound with Lookback, CORRA Compound with Lookback, or €STR*)
– Observation Shift Days:	[Not Applicable / [●] U.S. Government Securities Business Day(s) (*if SOFR Compound with Observation period Shift*) / [●]

		London Banking Day(s) (*if SONIA Compound with Observation Period Shift*) / [●] Zurich Banking Day(s) (*if SARON Compound with Observation Shift*) / [●] Tokyo Banking Day(s) (*if TONA Compound with Observation Shift*)] / [●] Toronto Banking Day(s) (*if CORRA Compound with Observation Shift*)] (*Only applicable in the case of SOFR Compound with Observation period Shift, SONIA Compound with Observation Shift, SARON Compound with Observation Shift, TONA Compound with Observation Shift or CORRA Compound with Observation Shift*)
	– Relevant Number:	[Not Applicable / [●] London Banking Day(s) *(if SONIA Index Determination*) / [●] Zurich Banking Day(s) (*if SAION Index Determination*) / [●] Toronto Banking Day(s) (*if CORRA Index Determination*)] (*Only applicable in the case of SONIA Index Determination, SAION Index Determination or CORRA Index Determination*)
	– Interest Accrual Period End Dates:	[Not Applicable / each date falling [●] U.S. Government Securities Business Day(s) / [●] London Banking Day(s) / [●] Zurich Banking Day(s) / [●] Tokyo Banking Day(s) / [●] Toronto Banking Day(s) after the Interest Commencement Date in relation to the first Interest Accrual Period or after the previous Interest Accrual Period End Date thereafter] (*Only applicable in the case of SOFR Compound with Payment Delay, SONIA Compound with Payment Delay, SARON Compound with Payment Delay, TONA Compound with Payment Delay or CORRA Compound with Payment Delay*)
	– Interest Payment Delay:	[Not Applicable / [●] U.S. Government Securities Business Day(s) / [●] London Banking Day(s) / [●] Zurich Banking Day(s) / [●] Tokyo Banking Day(s) / [●] Toronto Banking Day(s)] (*Only applicable in the case of SOFR Compound with Payment Delay, SONIA Compound with Payment Delay, SARON Compound with Payment Delay, TONA Compound with Payment Delay or CORRA Compound with Payment Delay*)
	– SOFR Index Start:	[Not Applicable / [●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
	– SOFR Index End:	[Not Applicable / [●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
	– SAION Index Start:	[Not Applicable / [●] Zurich Banking Day(s)] (*Only applicable in the case of SAION Index Determination*)
	– SAION Index End:	[Not Applicable / [●] Zurich Banking Day(s)] (*Only applicable in the case of SAION Index Determination*)
	– SONIA Index Start:	[Not Applicable / [●] London Banking Day(s)] (*Only applicable in the case of SONIA Index Determination*)
	– SONIA Index End:	[Not Applicable / [●] London Banking Day(s)] (*Only applicable in the case of SONIA Index Determination*)
	– CORRA Index Start:	[Not Applicable / [●] Toronto Banking Day(s)] (*Only applicable in the case of CORRA Index Determination*)
	– CORRA Index End:	[Not Applicable / [●] Toronto Banking Day(s)] (*Only applicable in the case of CORRA Index Determination*)
(x)	ISDA Determination:	
	- ISDA Definitions:	[[2006] / [2021] ISDA Definitions]
	- Floating Rate Option:	[●]/[Overnight Floating Rate Option]/[Compounded Index Floating Rate Option]
	- Designated Maturity:	[●]
	- Specified Duration:	[●]

		- Reset Date:	[●]
		- Overnight Rate Compounding Method:	[Not Applicable]/[Compounding with Lookback/Compounding with Observation Period Shift/Compounding with Lockout]
		- Index Method:	[Not Applicable]/[Compounded Index Method with Observation Period Shift]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Step-Up Floating Fee Rate:	[●] per cent. per annum
	(xiii)	Minimum Rate of Interest:	[Not Applicable]/[●]
	(xiv)	Maximum Rate of Interest:	[Not Applicable]/[●]
	(xv)	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] [Actual/Actual Canadian Compound Method] [Australian Bond Basis]
	(xvi)	Additional Business Centre(s):	[●]
	(xvii)	Relevant Financial Centre:	[●]
	(xviii)	Representative Amount:	[●]
	(xix)	Reference Banks:	[●]
17	Zero Coupon Bond Provisions:		[Applicable]/[Not Applicable]
	(i)	Accrual Yield:	[●] per cent. per annum
	(ii)	Reference Price:	[●]
	(iii)	Any other formula/basis of determining amount payable:	[●] [Condition 8(e)]
	(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment for purposes of Condition 8(i) and the calculation of the Principal Amount Outstanding	[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] [Actual/Actual Canadian Compound Method] [Australian Bond Basis]
18	Indexed Bond Provisions:		[Applicable]/[Not Applicable]
	(i)	Index/Formula:	[UK Retail Price Index]/[HICP]/[UK Consumer Price Index]/[UK Consumer Price Index including owner occupier's housing costs]
	(ii)	In relation to Bonds which specify UK Retail Price Index as the relevant Index, Paragraph (i) of the definition of "Index Figures".	[Applicable]/[Not Applicable]
	(iii)	Interest Rate:	[●]
	(iv)	Interest Amount	[●]/[Not Applicable]
	(v)	Screen Rate Determination:	
		- Relevant Rate:	[[●] month [●] [EURIBOR/ AUD BBSW/ NIBOR/ SGD SOR/HKD HIBOR/SEK STIBOR/MXN TIIE] [SONIA/ SOFR/ €STR/ SARON/ TONA/ CORRA]
		-Benchmark	[Not Applicable]
			[SONIA Compound-SONIA Compound with Lookback][SONIA Compound – SONIA Compound with Observation Shift][SONIA Compound – SONIA Compound with Payment Delay]/SONIA Index Determination] (*if SONIA*)
			[SOFR Benchmark – SOFR Arithmetic Mean][SOFR Benchmark - SOFR Compound – SOFR Compound with Lookback][SOFR Benchmark - SOFR Compound – SOFR Compound with

	Observation Shift][SOFR Benchmark - SOFR Compound – SOFR Compound with Payment Delay] [SOFR Benchmark – SOFR Index Average] (*if SOFR*)
	[SARON Benchmark – SARON Compound – SARON Compound with Lookback] [SARON Benchmark – SARON Compound – SARON Compound with Observation Period Shift] [SARON Benchmark – SARON Compound – SARON Compound with Payment Delay] [SARON Benchmark – SAION Index Determination] (*if SARON*)
	[TONA Benchmark – TONA Compound with Lookback][TONA benchmark = TONA Compound with Observation Period Shift][TONA Compound – TONA Compound with Payment Delay] (*if TONA*)
	[CORRA Benchmark – CORRA Arithmetic Mean][CORRA Benchmark - CORRA Compound – CORRA Compound with Lookback][CORRA Benchmark - CORRA Compound – CORRA Compound with Observation Shift][CORRA Benchmark - CORRA Compound – CORRA Compound with Payment Delay] [CORRA Benchmark – CORRA Index Average] (*if CORRA*)
	(*only applicable in the case of SONIA, SOFR, SARON, TONA or CORRA*)
- Interest Determination Date(s):	[●]
- Relevant Screen Page	[●]
- Relevant Screen Page Time:	[●]
-Interest Determination Date:	[●] [[TARGET] Business Day(s) in [specify city] for [specify currency]] / [U.S. Government Securities Business Day(s) (*if SOFR*)] / [London Banking Day(s) (*if SONIA*)] / [Zurich Banking Day(s) (*if SARON*)] / [Tokyo Banking Day(s) (*if TONA*)] / [Toronto Banking Day(s) (*if CORRA*)] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
– SOFR Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SOFR Arithmetic Mean or SOFR Compound with Payment Delay*)
– SONIA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] London Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SONIA Compound with Payment Delay*)
– SARON Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Zurich Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (Only applicable in the case of SARON Compound with Payment Delay)
– TONA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Tokyo Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of TONA Compound with Payment Delay*)
– CORRA Rate Cut-Off Date:	[Not Applicable / The day that is the [second/[•]] Toronto Banking Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of CORRA Arithmetic Mean or CORRA Compound with Payment Delay*)
– Lookback Days:	[Not Applicable / [●] U.S. Government Securities Business Day(s) (*if SOFR Compound with Lookback*) / [●] London Banking Day(s) (*if SONIA Compound with Lookback*) / [●] Zurich Banking Day(s) (*if SARON Compound with Lookback*) /

	[●] Tokyo Banking Day(s) (*if TONA Compound with Lookback*)] / [●] Toronto Banking Day(s) (*if CORRA Compound with Lookback*)] / [●] TARGET Business Day(s) (if €STR)] (*Only applicable in the case of SOFR Compound with Lookback, SONIA Compound with Lookback, SARON Compound with Lookback, TONA Compound with Lookback, CORRA Compound with Lookback, or €STR*)
– Observation Shift Days:	[Not Applicable / [●] U.S. Government Securities Business Day(s) (*if SOFR Compound with Observation period Shift*) / [●] London Banking Day(s) (*if SONIA Compound with Observation Period Shift*) / [●] Zurich Banking Day(s) (*if SARON Compound with Observation Shift*) / [●] Tokyo Banking Day(s) (*if TONA Compound with Observation Shift*)] / [●] Toronto Banking Day(s) (*if CORRA Compound with Observation Shift*)] (*Only applicable in the case of SOFR Compound with Observation period Shift, SONIA Compound with Observation Shift, SARON Compound with Observation Shift, TONA Compound with Observation Shift or CORRA Compound with Observation Shift*)
– Relevant Number:	[Not Applicable / [●] London Banking Day(s) (if SONIA Index Determination) / [●] Zurich Banking Day(s) (if SAION Index Determination) / [●] Toronto Banking Day(s) (*if CORRA Index Determination*)] (*Only applicable in the case of SONIA Index Determination, SAION Index Determination or CORRA Index Determination*)
– Interest Accrual Period End Dates:	[Not Applicable / each date falling [●] U.S. Government Securities Business Day(s) / [●] London Banking Day(s) / [●] Zurich Banking Day(s) / [●] Tokyo Banking Day(s) / [●] Toronto Banking Day(s) after the Interest Commencement Date in relation to the first Interest Accrual Period or after the previous Interest Accrual Period End Date thereafter] (*Only applicable in the case of SOFR Compound with Payment Delay, SONIA Compound with Payment Delay, SARON Compound with Payment Delay, TONA Compound with Payment Delay or CORRA Compound with Payment Delay*)
– Interest Payment Delay:	[Not Applicable / [●] U.S. Government Securities Business Day(s) / [●] London Banking Day(s) / [●] Zurich Banking Day(s) / [●] Tokyo Banking Day(s) / [●] Toronto Banking Day(s)] (*Only applicable in the case of SOFR Compound with Payment Delay, SONIA Compound with Payment Delay, SARON Compound with Payment Delay, TONA Compound with Payment Delay or CORRA Compound with Payment Delay*)
– SOFR Index Start:	[Not Applicable / [●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
– SOFR Index End:	[Not Applicable / [●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
– SAION Index Start:	[Not Applicable / [●] Zurich Banking Day(s)] (*Only applicable in the case of SAION Index Determination*)
– SAION Index End:	[Not Applicable / [●] Zurich Banking Day(s)] (*Only applicable in the case of SAION Index Determination*)
– SONIA Index Start:	[Not Applicable / [●] London Banking Day(s)] (*Only applicable in the case of SONIA Index Determination*)
– SONIA Index End:	[Not Applicable / [●] London Banking Day(s)] (*Only applicable in the case of SONIA Index Determination*)
– CORRA Index Start:	[Not Applicable / [●] Toronto Banking Day(s)] (*Only applicable in the case of CORRA Index Determination*)
– CORRA Index End:	[Not Applicable / [●] Toronto Banking Day(s)] (*Only applicable in the case of CORRA Index Determination*)

	- Interest Determination Date(s):	[●]
	- Page:	[●]
	- Relevant Time:	[●]
ISDA Determination:		
	- ISDA Definitions:	[[2006] / [2021] ISDA Definitions]
	- Floating Rate Option:	[●]/[Overnight Floating Rate Option]/[Compounded Index Floating Rate Option]
	- Designated Maturity:	[●]
	- Specified Duration:	[●]
	- Reset Date:	[●]
	- Overnight Rate Compounding Method:	[Not Applicable]/[Compounding with Lookback/Compounding with Observation Period Shift/Compounding with Lockout]
	- Index Method:	[Not Applicable]/[Compounded Index Method with Observation Period Shift]
(vi)	Step-Up Fixed Fee Rate:	[●] per cent. per annum
(vii)	Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank):	[Not applicable/Calculation Agent]
(viii)	Provisions for determining Coupon in the event of changes in circumstances, disruptions, cessation or fundamental changes to the Index:	[Applicable – Condition 7.1(b) and 7.1(d)] [Applicable – Condition 7.2(b)]
(ix)	Interest or calculation period(s)	[●]
(x)	Interest Payment Dates:	[●]
(xi)	First Interest Payment Date:	[●]
(xii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(xiii)	Business Centre:	[●]
(xiv)	Minimum Indexation Factor:	[Not Applicable]/[●]
(xv)	Maximum Indexation Factor:	[Not Applicable]/[●]
(xvi)	Base Index Figure/Base Index Level:	[●]
(xvii)	Limited Indexation Month(s):	[●]
(xviii)	Reference Gilt/Indexed Benchmark Gilt:	[●]
	- [Alternative percentage amount [over]/[under] the Gross Real Redemption Yield]	[[●]]
(xix)	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]

19 Step Up Option: [Applicable / Not Applicable] Any Interest Payment Date [falling on or after [●] and at a premium of [●] (delete for non-Floating Rate Bonds).]

(i)	Step Up Event:	[In the Air Carbon KPI Step Up Event] / [On the Ground Carbon KPI Step Up Event]
(ii)	Step Up Margin:	[(i)] [●] per cent. per annum [in respect of an In the Air Carbon KPI Step Up Event][; and] [(i)/(ii)] [●] per cent. per annum [in respect of an On the Ground Carbon KPI Step Up Event]
(iii)	In the Air Carbon KPI Percentage Reference Year(s)	[●] [Not Applicable]
(iv)	On the Ground Carbon KPI Percentage Reference Year(s)	[●] [Not Applicable]
(v)	In the Air Carbon KPI Percentage Threshold	[] per cent. [in respect of [specify relevant In the Air Carbon KPI Percentage Reference Year if more than one In the Air Carbon KPI Percentage Reference Year is included]] [Not Applicable]
(vi)	On the Ground Carbon KPI Percentage Threshold	[] per cent. [in respect of [specify relevant On the Ground Carbon KPI Percentage Reference Year if more than one On the Ground Carbon KPI Percentage Reference Year is included]] [Not Applicable]

20	Premium Payment Option:		[Applicable / Not Applicable]
	(i)	Step Up Event:	[In the Air Carbon KPI Step Up Event] / [On the Ground Carbon KPI Step Up Event]
	(ii)	In the Air Carbon KPI Percentage Reference Year(s)	[●] [Not Applicable]
	(iii)	On the Ground Carbon KPI Percentage Reference Year(s)	[●] [Not Applicable]
	(iv)	In the Air Carbon KPI Percentage Threshold	[] per cent. [in respect of [specify relevant In the Air Carbon KPI Percentage Reference Year if more than one In the Air Carbon KPI Percentage Reference Year is included]] [Not Applicable]
	(v)	On the Ground Carbon KPI Percentage Threshold	[] per cent. [in respect of [specify relevant On the Ground Carbon KPI Percentage Reference Year if more than one On the Ground Carbon KPI Percentage Reference Year is included]] [Not Applicable]
	(vi)	Premium Payment Amount	[] per cent. [in respect of [specify relevant In the Air Carbon KPI Percentage Reference Year and/or On the Ground Carbon KPI Percentage Reference Year if more than one In the Air Carbon KPI Percentage Reference Year and/or On the Ground Carbon KPI Percentage Reference Year is included]] [Not Applicable]

PROVISIONS RELATING TO REDEMPTION

21	Issuer Call Option:		Applicable in accordance with Condition 8(d) Any Interest Payment Date [falling on or after [●] and at a premium of [●] (delete for non-Floating Rate Bonds).]
	(i)	Optional Redemption Date(s):	[●][As specified in Condition 8(d)]
	(ii)	Optional Redemption Amount(s) and method, if any,	[Calculated in accordance with Condition 8(d)]

		of calculation of such amount(s):	
	(iii)	If redeemable in part:	
	(iv)	Minimum Redemption Amount:	[Not Applicable]
	(v)	Maximum Redemption Amount:	[Not Applicable]
	(vi)	Notice period (if other than as set out in the Conditions):	[Not Applicable]
22	Put Option:		[Not Applicable]
23	Final Redemption Amount of each Bond:		[●][Determined in accordance with Condition 8(a) or Condition 8(b)]
	In cases where the Redemption Amount is Index-Linked or other variable-linked:		[Applicable] [Not Applicable]
	(i)	Index/Formula/variable:	[UK Retail Price Index] [HICP] [UK Consumer Price Index] [UK Consumer Price Index including owner occupier's housing costs]
	(ii)	Party responsible for calculating the Final Redemption Amount (if not the [Agent]):	[●]
	(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv)	Determination Date(s):	[●]
	(v)	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:	[●]
	(vi)	Payment Date:	[●]
	(vii)	Minimum Final Redemption Amount:	[●] per Calculation Amount
	(viii)	Maximum Final Redemption Amount:	[●] per Calculation Amount
24	**Early Redemption Amount:**		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[●] [As set out in the Conditions] [Determined in accordance with Condition 8(d), Condition 8(e), Condition 8(f) and Condition 8(g), as the case may be]

GENERAL PROVISIONS APPLICABLE TO THE BONDS

25	**Form of Bonds:**	[Bearer/Registered]
	(i) If issued in Bearer form	[Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited

			circumstances specified in the Permanent Global Bond (TEFRA C Rules apply).] [Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (TEFRA D Rules apply).] [Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply).] [Temporary Global Bond exchangeable for Definitive Bonds in limited circumstances (TEFRA C Rules apply).] [Temporary Global Bond exchangeable for Definitive Bonds in limited circumstances (TEFRA D Rules apply).] [Temporary Global Bond exchangeable for Definitive Bonds in limited circumstances (Neither TEFRA C Rules nor TEFRA D Rules apply).] [Permanent Global Bond exchangeable for 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 (TEFRA D 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).]
	(ii)	If Registered Bonds:	[Regulation S Global Bond Certificate registered in the name of a nominee for the common depositary for Euroclear and Clearstream, Luxembourg][Rule 144A Global Bond Certificate registered in the name of [a nominee for DTC]/[a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]] exchangeable for Individual Bond Certificates in the circumstances described in such [Regulation S Global Bond Certificate]/[Rule 144A Global Bond Certificate]
26	Relevant Financial Centre(s):		[Not applicable]/[●]
27	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):		[Yes]/[No]
28	Details relating to Instalment Bonds:		[Not Applicable]/[●]
	(i)	Instalment Date:	[●]
	(ii)	Instalment Amount:	[●]

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 it is aware, and is 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 Heathrow Airport Limited:

By:

Duly authorised

Signed on behalf of Heathrow Express Operating Company Limited:

By:

Duly authorised

Signed on behalf of Heathrow (SP) Limited:

By:

Duly authorised

Signed on behalf of Heathrow (AH) Limited:

By:

Duly authorised

PART B – OTHER INFORMATION

1	**Listing**		
	(i)	Listing	London
	(ii)	Admission to trading:	Application [has been]/[is expected to be] made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [●].
	(iii)	Estimate of total expenses related to admission to trading:	[●]
2	**Ratings**		The Bonds to be issued [have been] [are expected to be] rated: [S&P: [●]] [Fitch: [●]]

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[●]/[Save as discussed in "*Subscription and Sale*"], 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]

(i)	[Reasons for the offer:	[●]
(ii)	[Estimated net proceeds:	[●]
(iii)	[Estimated total expenses:	[●]

5 [Fixed Rate Bonds only – YIELD

Indication of yield: [●]

6 [PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX]

(i) Name of underlying index:	[UK Retail Price Index (RPI) (all items) published by the Office for National Statistics]/ [non-revised Harmonised Index of Consumer Prices (HICP) (all items excluding tobacco), published by Eurostat]/ / [UK Consumer Price Index (CPI) (all items) published by the Office for National Statistics] / [UK Consumer Price Index including owner occupier's housing costs (CPIH) (all items) published by the Office for National Statistics]
(ii) Information about the Index, its volatility and past and future performance can be obtained from:	Information on [RPI]/[HICP]/[CPI]/[CPIH] can be found at [www.statistics.gov.uk] / [www.epp.eurostat.ec.europa.eu]

7 OPERATIONAL INFORMATION

Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	[Not Applicable]/[●]
Delivery:	Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable]/[●]
ISIN Code:	Regulation S [●] Rule 144A [●]
Common Code:	Regulation S [●] Rule 144A [●]
[CUSIP:	Rule 144A [●]]
Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (If the Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Bonds may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)
Prohibition of Sales to UK Retail Investors	[Applicable/Not Applicable] (If the Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Bonds may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)

DESCRIPTION OF HEDGE COUNTERPARTIES

Aviva Life & Pensions UK Limited, registered in England No. 3253947. Registered Office: Aviva, Wellington Row, York, YO90 1WR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Member of the Association of British Insurers. Firm Reference Number 185896.
The principal activity of the Company is life and pension insurance business. The Company offers a market leading range of propositions to individual and corporate customers covering their savings, retirement, insurance and protection needs.

Banco Santander, S.A., London Branch is a branch of Banco Santander, S.A. with its principal place of business located at 2 Triton Square, Regent's Place, London, NW1 3AN. It is authorised by the Bank of Spain (BoS) and subject to regulatory oversight on certain matters by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority ("**PRA**").

Banco Santander, S.A. is the parent company of Grupo Santander ("**Santander**"). It was established on 21 March 1857 and incorporated in its present form by a public deed executed in the city of Santander, Spain, on 14 January 1875. Banco Santander, S.A. and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering a wide range of financial products.

At 31 December 2022, Santander had a market capitalization of €47.1 billion, stockholders' equity of €90.0 billion and total assets of €1,734.7 billion. Santander had €1,146.1 billion total customer funds at that date. As of 31 December 2022, Banco Santander, S.A. had 65,581 employees and 3,148 branch offices in Europe (of which 26,839 employees and 1,913 branches in Spain and 21,185 employees and 449 branches in the United Kingdom), 44,518 employees and 1,854 branches in North America, 78,271 employees and 3,653 branches in South America (of which 55,993 employees and 2,847 branches in Brazil), 16,193 employees and 364 branches in Digital Consumer Bank and 1,899 employees in Corporate Activities.

Banco Santander, S.A has a long- term credit rating of "A-" by Fitch, "A+" by Standard & Poor´s, "A2" by Moody´s and "A (high)" by DBRS.

Bank of America, N.A. (BANA) is the flagship, national, full-service consumer and commercial bank and primary operating subsidiary of BAC. BANA operates across the U.S., its territories, and has active foreign branches in 15 countries. In the U.S., BANA serves approximately 66 million consumer and small business clients. BANA is a global leader in corporate and investment banking and trading across a broad range of asset classes serving corporations, governments, institutions, and individuals around the world.

Bank of Montreal, doing business as BMO Financial Group, is a Canadian chartered bank which operates throughout the world. The Bank offers commercial, corporate, governmental, international, personal banking, and trust services. Bank of Montreal also offers full brokerage, underwriting, investment, and advisory services.

Barclays Bank PLC ("**Barclays**"**,** and together with its subsidiary undertakings, the "**Barclays Bank Group**") is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of Barclays is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Barclays Bank Group or Barclays) is the ultimate holding company of the Barclays Bank Group. Barclays' principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Barclays Bank Group's operations include consumer banking and payment services in the UK, U.S. and Europe, as well as a global corporate and investment bank. The Group operates as two divisions – the Barclays UK (Barclays UK) division and the Barclays International (Barclays International) division – which are supported by Barclays Execution Services Limited, the Barclays Bank Group-wide service company providing technology, operations and functional services to businesses across the Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, Barclays Bank UK PLC (BBUKPLC) and certain other entities within the Barclays Bank Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, the Bank and its subsidiaries, and by certain other entities within the Barclays Bank Group.

The short term unsecured obligations of Barclays are rated A-1 by S&P Global Ratings UK Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the unsecured unsubordinated long term obligations of Barclays are rated A by S&P Global Ratings UK Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

BNP Paribas' organisation is based on three operating divisions: Corporate & Institutional Banking (CIB), Commercial, Personal Banking & Services (CPBS) and Investment & Protection Services (IPS).
Corporate and Institutional Banking (CIB) division, combines:

- Global Banking,
- Global Markets,
- and Securities Services.

Commercial, Personal Banking & Services division, covers:

- Commercial & Personal Banking in the euro zone:
- Commercial & Personal Banking in France (CPBF),
- BNL banca commerciale (BNL bc), Italian Commercial & Personal Banking,
- Commercial & Personal Banking in Belgium (CPBB),
- Commercial & Personal Banking in Luxembourg (CPBL);
- Commercial & Personal Banking outside the euro zone, organised around:
- Europe-Mediterranean, covering Commercial & Personal Banking outside the euro zone and the United States, in particular in Central and Eastern Europe, Turkey and Africa
- BancWest in the United States;
- Specialised businesses:
- BNP Paribas Personal Finance,
- Arval and BNP Paribas Leasing Solutions,
- New Digital Businesses (in particular Nickel, Floa, Lyf) and BNP Paribas Personal Investors.

Investment & Protection Services division, combines:

- Insurance (BNP Paribas Cardif),
- Wealth and Asset Management: BNP Paribas Asset Management, BNP Paribas Real Estate, BNP Paribas Principal Investments (management of the BNP Paribas Group's portfolio of unlisted and listed industrial and commercial investments) and BNP Paribas Wealth Management.

BNP Paribas SA is the Parent Company of the BNP Paribas Group.
As at 31 December 2022, the BNP Paribas Group had consolidated assets of €2,666 billion (compared to €2,634 billion at 31 December 2021), consolidated loans and receivables due from customers of €857 billion (compared to €814 billion at 31 December 2021), consolidated items due to customers of €1,008 billion (compared to €958 billion at 31 December 2021) and shareholders' equity (Group share) of €122 billion (compared to €118 billion at 31 December 2021).
As at 31 December 2022, pre-tax income from continuing activities was €13.6 billion (compared to €12.7 billion as at 31 December 2021). For the year 2022, net income, attributable to equity holders was €10.2 billion (compared to €9.5 billion for the year 2021).

At the date of this Prospectus, the BNP Paribas Group currently has Long Term Senior Preferred debt ratings of "A+" with stable outlook from S&P, "Aa3" with stable outlook from Moody's Investors Service, Inc. and "AA-" with stable outlook from Fitch Ratings, Ltd and "AA (low)" with stable outlook from DBRS.

The information contained in this section relates to and has been obtained from BNP Paribas. The information concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of BNP Paribas or the BNP Paribas Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.
For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to http://invest.bnpparibas.com/en.

CaixaBank, S.A (CaixaBank) is the parent company of a group of financial services, whose stock is traded on the stock exchanges of Barcelona, Madrid, Valencia and Bilbao and on the continuous market. The principal activities of CaixaBank are banking and insurance and equity investments. The registered head office is Pintor Sorolla, 2-4 46002 Valencia, Spain. The entity is supervised by the National Stock Market Commission (CNMV) and the National Spanish Bank (Banco de España). The registered office of the United Kingdom branch is 8th Floor, 63 St. Mary Axe, London EC3A 8AA and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Canadian Imperial Bank of Commerce ("**CIBC**") is a diversified financial institution governed by the Bank Act (Canada) (the "Bank Act"). CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by

special act of the legislature of the Province of Canada in 1858. Subsequently, the name was changed to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by special act of the Parliament of Canada and commenced operations in that year. The address of the registered and head office of CIBC is 81 Bay Street, CIBC Square, Toronto, Ontario, Canada M5J 0E7.

CIBC will be acting as hedging counterparty through its London Branch ("**CIBC London Branch**"), which has its principal place of business at 150 Cheapside, London EC2V 6ET. CIBC is regulated by the Office of the Superintendent of Financial Institutions in Canada and CIBC London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. As extracted from its latest audited consolidated financial statements, as at 31 October 2022, CIBC had total assets of C$943.597 billion, total average deposits of C$697.572 billion and common shareholders' equity of C$ 45.258 billion. These financial statements were prepared in accordance with IFRS.

CIBC is a leading Canadian-based global financial institution. As set out in the Bank Act, its corporate purpose is to act as a financial institution and can carry on business, conduct its affairs and exercise its powers in any jurisdiction outside Canada to the extent and in the manner that the laws of that jurisdiction permit. CIBC's principal activities are Canadian Personal and Business Banking, Canadian Commercial Banking and Wealth Management, U.S. Commercial Banking and Wealth Management and Capital Markets. CIBC provides a full range of financial products and services to 13 million personal banking, business, public sector and institutional clients in Canada, the United States and around the world.

Citibank Europe plc, UK Branch. Citibank Europe plc was incorporated in Ireland on 9 June 1988 under registration number 132781, is a public company limited by shares and is authorised by the Central Bank of Ireland as a credit institution and jointly regulated by the Central Bank of Ireland and the European Central Bank. Citibank Europe plc is an indirect wholly-owned subsidiary of Citigroup Inc, a Delaware holding company.

Citibank Europe plc, UK branch was registered as a UK Establishment on 15 September 2015 under UK Establishment number BR017844. The principal offices of Citibank Europe plc, UK branch is located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. Citibank Europe plc, UK branch is authorised by the Prudential Regulation Authority and subject to regulation by the Central Bank of Ireland, and the Financial Conduct Authority, and limited regulation by the Prudential Regulation Authority.

Citibank, N.A. London Branch. Citibank, N.A. was originally organized as the City Bank of New York on 16 June 1812, and now is a national banking association organised under the National Bank Act of 1864 of the United States with charter number 1461. Citibank, N.A. is an indirect wholly-owned subsidiary of Citigroup Inc. ("**Citigroup**"), a Delaware corporation and a financial holding company under the Bank Holding Company Act.

Citibank, N.A. was registered in the United Kingdom as a foreign company in June 1920 and subsequently registered in July 1993 as having established a branch in England and Wales. The principal office of Citibank, N.A. London Branch is located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. Citibank, N.A., London Branch is authorised and regulated by the Federal Reserve Board (USA) and Office of the Comptroller of the Currency (USA), and also authorised by the Prudential Regulation Authority (UK). Citibank, N.A. London Branch is also subject to regulation by the Financial Conduct Authority (UK) and limited regulation by the Prudential Regulation Authority.

Commonwealth Bank of Australia (CBA) ABN 48 123 123 124 "CBA" is a company incorporated in Australia with limited liability and is authorised and regulated by the Australian Prudential Regulatory Authority. Registered in England No. BR250. In the UK CBA is authorised by the Prudential Regulation Authority (PRA) (FRN 139185) and is subject to regulation by the FCA and limited regulation by the PRA. Details about the extent of CBA's regulation by the PRA are available on request.

Crédit Agricole Corporate and Investment Bank is a public limited company ("société anonyme") under French law, incorporated in France under SIREN number 304187701 at the Nanterre Trade and Companies Registry, with limited liability and its registered office address at 12, Place des États-Unis, CS 70052, 92547 Montrouge Cedex, France. Crédit Agricole Corporate and Investment Bank is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "**ACPR**") and supervised by the European Central Bank (the "ECB"), the ACPR and the Autorité des Marchés Financiers (the "**AMF**") in France. Crédit Agricole Corporate and Investment Bank is subject to Articles L.225-1 et seq. of Book 2 of the French Commercial Code. As a credit institution, Crédit Agricole Corporate and Investment Bank is subject to Articles L.511-1 et seq. and L.531-1 et seq. of the French Monetary and Financial Code.

Credit Suisse International ("**CSI**"), a bank domiciled in England established under English law, was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199. CSI was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed "Credit Suisse First Boston International" on 27 March 2000 and "Credit Suisse International" on 16 January 2006.

CSI is an indirect wholly owned subsidiary of Credit Suisse Group AG. CSI's registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888. CSI's legal entity identifier (LEI) is E58DKGMJYYYJLN8C3868.

CSI is authorised by the PRA and regulated by the FCA and the PRA. CSI is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in its assets in the event of its liquidation. The joint, several and unlimited liability of the shareholders of CSI to meet any insufficiency in the assets of CSI will only apply upon liquidation of CSI. Therefore, prior to any liquidation of CSI, the creditors may only have the benefit of recourse to the assets of CSI and not to those of its shareholders.

CSI commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSI is to provide comprehensive treasury and risk management derivative product services. CSI has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Global Markets and Investment Banking and Capital Markets Divisions of Credit Suisse AG.

The liquidity and capital requirements of CSI are managed as an integral part of the wider Credit Suisse framework. This includes the local regulatory liquidity and capital requirements in the UK. CSI has direct access to funding sources of the Credit Suisse Group (the "**CS Group**"). After making enquiries of the CS Group, the Directors of CSI have received a confirmation that the CS Group will ensure that CSI maintains a sound financial position and is able to meet its debt obligations for the foreseeable future.

DBS is a leading financial services group in Asia with a presence in 19 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world. Recognised for its global leadership, DBS has been named "World's Best Bank" by Global Finance, "World's Best Bank" by Euromoney and "Global Bank of the Year" by The Banker. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "World's Best Digital Bank" by Euromoney and the world's "Most Innovative in Digital Banking" by The Banker. In addition, DBS has been accorded the "Safest Bank in Asia" award by Global Finance for 14 consecutive years from 2009 to 2022.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets.

DBS is committed to building lasting relationships with customers, as it banks the Asian way. Through the DBS Foundation, the bank creates impact beyond banking by supporting social enterprises: businesses with a double bottom-line of profit and social and/or environmental impact. DBS Foundation also gives back to society in various ways, including equipping communities with future-ready skills and building food resilience.

Deutsche Bank AG, London Branch. Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000, with its registered office in Frankfurt am Main, Germany, and its head office at Taunusanlage 12, 60325 Frankfurt am Main, Germany. Deutsche Bank AG operates in the UK under branch registration number BR000005, acting through its London Branch at 21 Moorfields, London, EC2Y 9DB. Deutsche Bank AG is the parent company and most material entity of a group consisting of banks, capital market companies, fund management companies, property finance companies, instalment financing companies, research and consultancy companies and other domestic and foreign companies.

Goldman Sachs Bank USA ("**GS Bank USA**") is a New York State-chartered bank and a member of the Federal Reserve System of the United States of America ("**FRSUSA**"). GS Bank is supervised by the Federal Reserve Bank of New York ("**FRBNY**"), the New York State Department of Financial Services ("**NYSDFS**") and the Consumer Financial Protection Bureau ("**CFPB**"), and is a member of the Federal Deposit Insurance Corporation ("**FDIC**"). As a registered swap dealer, GS Bank is regulated by the CFTC. Goldman Sachs Bank USA, London Branch, a branch of GS Bank located in London, England, is authorised by the PRA, supervised by the FRBNY and NYSDFS, and regulated by the FCA and to a limited extent by the PRA. Details about the extent of Goldman Sachs Bank USA, London Branch's authorisation by the PRA, and regulation by the FCA and PRA are available on request. Legal Entity Identifier: KD3XUN7C6T14HNAYLU02. VAT registration number: GB447264928. The contact address of the FRSUSA is 20th Street and Constitution Avenue, NW, Washington, DC 20551, United States of America. The contact address of the FRBNY is 33 Liberty Street, New York, NY 10045, United States of America. The contact address of the CFPB is 1625 Eye Street, NW, Washington, DC 20006, United States of America. The contact address of the FDIC is 1310 Courthouse Road, Arlington, VA 22201, United States of America. The contact address of the CFTC is Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581, United States of America.

Industrial And Commercial Bank Of China Limited London Branch ("**ICBCL**"). ICBCL is a UK establishment of Industrial And Commercial Bank Of China Limited. ICBCL is authorised by the PRA and regulated by the FCA and the PRA in the UK. Its UK establishment number is BR016211 and its UK establishment office address is 81 King William St, London EC4N 7BG. ICBCL's business lines include corporate banking, commodity and structured finance, infrastructure project finance, commercial real estate lending, trade finance and derivatives.

J.P. Morgan Securities plc ("**JPMS plc**") principal subsidiary of the Group in Europe, the Middle East & Africa (EMEA) and engages in international investment banking activity, including activity across Markets and Banking. Within these lines of business its activities include underwriting government and corporate bonds, equities and other securities; arranging private placements of debt and convertible securities; trading in debt securities, equity securities, commodities, swaps and other derivatives; brokerage and clearing services for exchange traded future and options contracts; lending related activities including securities lending; and providing investment banking advisory services.

JPMS plc is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA (formerly, together, the Financial Services Authority) in the United Kingdom. JPMS plc is a member of over twenty exchanges. It has branches in Frankfurt, Paris and Zurich.

Lloyds Bank Corporate Markets plc ("**Lloyds Bank Corporate Markets**") is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, "**Lloyds Banking Group**"), was incorporated under the laws of England and Wales on 28 September 2016 (registration number 10399850) and is authorised by the PRA and regulated by the FCA and the PRA. Lloyds Bank Corporate Markets' registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom.

Lloyds Bank Corporate Markets was created in response to the Financial Services (Banking Reform) Act 2013, which took effect from 1 January 2019 and required the separation of certain commercial banking activities and international operations from the rest of the Lloyds Banking Group. Lloyds Bank Corporate Markets supports the business of the Lloyds Banking Group as a whole. Lloyds Bank Corporate Markets does this by providing services and products to customers (both new and existing) including those that cannot be provided by the ring-fenced bank sub as a result of the restrictions imposed by the implementation of the Ring-fencing Rules and market participation choices made by the Lloyds Banking Group.

Its main businesses are commercial lending, trade and working capital finance, bonds and structured finance, expatriate banking, risk management and in addition retail banking to customers in the Bailiwick of Jersey, the Bailiwick of Guernsey and the Isle of Man (together, the "**Crown Dependencies**"). It operates from branches in the UK, New York and the Crown Dependencies, as well as having a European investment firm in Frankfurt. A decision was made in February 2022 to close its Singapore branch. Accordingly, the Singapore branch no longer has any active business and will be deregistered as a branch in Singapore in due course.

Merrill Lynch International (MLI) is Bank of America Corporation's ("**BAC**") largest operating subsidiary outside of the United States. MLI is a regulated, international broker-dealer and swap dealer located in the U.K. that provides a wide range of global financial services for business originated in EMEA, Asia Pacific, and the Americas. MLI provides non-U.S. market access for Global Banking and Global Markets clients. MLI serves as a broker and dealer in financial instruments and provides corporate finance advisory services. It also provides a number of post-trade related services, including settlement and clearing services to third-party clients.

Morgan Stanley & Co. International plc is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London, E14 4QA. Morgan Stanley & Co. International plc is an indirect wholly owned subsidiary of Morgan Stanley. Morgan Stanley & Co. International plc is a U.K. registered broker dealer. The principal activity of Morgan Stanley & Co. International plc is the provision of financial services to corporations, governments and financial institutions across a global client base. It is authorised in the U.K. by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

MUFG Securities EMEA plc ("**MUS(EMEA)**") was incorporated in England and Wales on 11 February, 1983, as a company with liability limited by shares, and commenced business on 3 October, 1983. MUS(EMEA) was re-registered as a public limited company on 3 August, 1989. MUS(EMEA)'s registered office is located at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AJ. MUS(EMEA)'s registration number is 01698498. MUS(EMEA) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK.

Mitsubishi UFJ Securities Holdings Co., Ltd. ("**MUSHD**"), owns 100 per cent. of the shares in MUS(EMEA). Each of MUSHD and MUFG Bank, Ltd. ("**MUFG Bank**") is a wholly-owned subsidiary of Mitsubishi UFJ Financial Group, Inc. ("MUFG**").**

MUS(EMEA) is a principal part of the securities and capital markets arm of MUFG and provides a wide range of services in the worldwide securities and derivatives businesses to governments, their monetary authorities and central banks, state authorities, supranational organisations and corporations. MUS(EMEA) is also engaged in market making and dealing in securities in the international securities markets, in swaps and various other derivative instruments and in the management and underwriting of issues of securities and securities investment. MUS(EMEA) continues to promote and develop its international capital markets business, dealing in its main areas of activity: debt and equity securities, derivatives and structured products.

National Australia Bank Limited (ABN 12 004 044 937) ("**NAB**") is a public limited company incorporated in the Commonwealth of Australia and operates under Australian legislation including the Corporations Act 2001 of Australia. Its registered office is Level 28, 395 Bourke Street, Docklands, Victoria 3000, Australia.
NAB is the holding company for the NAB Group (comprising NAB and its controlled entities), as well as being the main operating company. As at 30 September 2022, the NAB Group had total assets of A$1,055,126 million and total equity of A$59,032 million.

The NAB Group is a financial services organisation with more than 35,000 colleagues, operating through 714 branches and business banking centres, with more than 595,000 shareholders and serving more than 10 million customers. The majority of the NAB Group's businesses operate in Australia and New Zealand, with additional operations located in Asia, the United Kingdom, France and the United States. The principal activities of the NAB Group during the year ended 30 September 2022–were banking services, credit and access card facilities, leasing, housing and general finance, international, investment and private banking and wealth management services, funds management and custodian, trustee and nominee services.

NatWest Markets Plc ("**NWM Plc**") is a wholly-owned subsidiary of NatWest Group plc (the "holding company" or "**NatWest Group**"). NWM Plc helps its customers manage their financial risks and achieve their short-term and long-term financial goals, while navigating changing markets and regulation. For further information about the group structure please refer to the NatWest Group website: https://investors.natwestgroup.com/fixed-income-investors/company-legal-structure.

Nomura International plc was incorporated on 12 March 1981 and is registered as a public limited company (registration number 1550505) in England and Wales. Nomura International plc's registered office is situated at 1 Angel Lane, London EC4R 3AB. Nomura International plc is a wholly owned subsidiary of Nomura Europe Holdings plc ("NEHS"), which in turn is a wholly owned subsidiary of Nomura Holdings, Inc. Nomura Holdings, Inc. is a holding company which manages financial operations for its subsidiaries. Nomura International plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Royal Bank of Canada (referred to in this section as "**Royal Bank**") is a Schedule I bank under the Bank Act (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec, H3B 3A9, Canada. Royal Bank is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Royal Bank's success comes from the 97,000+ employees who leverage their imaginations and insights to bring its vision, values and strategy to life so it can help clients thrive and communities prosper. As Canada's biggest bank, and one of the largest in the world based on market capitalization, Royal Bank has a diversified business model with a focus on innovation and providing exceptional experiences to its 17 million clients in Canada, the U.S. and 27 other countries.

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of the world. Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale employs over 117,000 members of staff in 66 countries and supports on a daily basis 25 million clients, businesses and institutional investors around the world. The Group offers a wide range of advisory services and tailored financial solutions to secure transactions, protect and manage assets and savings, and help its clients finance their projects. Societe Generale seeks to protect them in both their day-to-day life and their professional activities, offering the innovative services and solutions they require. The Group's mission is to empower each and everyone who wants to have a positive impact on the future.

SMBC Nikko Capital Markets Limited is registered in England and Wales and located in London, with an office in Sydney, and is authorised and regulated by the UK Financial Conduct Authority. Sumitomo Mitsui Banking Corporation ("**SMBC**"), one of the largest commercial banks in Japan, holds a majority of voting rights in SMBC Nikko Capital Markets Limited with the remainder held by SMBC Nikko Securities, Inc.
SMBC Nikko Capital Markets Limited is an investment banking firm whose activities include providing pricing and execution capabilities in a wide range of derivative activities, customer facilitation, debt and equity underwriting, broking and trading in secondary debt and equity securities and investment advice.

TD Bank Group, headquartered in Toronto, Canada, with ~95,000 employees around the world, the Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group (TD). TD offers a full range of financial products and services to over 27 million customers worldwide through key business lines:

- Canadian Personal and Commercial including TD Canada Trust, Business Banking, and MBNA
- U.S. Retail including TD Bank, America's Most Convenient Bank, TD Auto Finance (U.S.), TD Wealth (U.S.) and TD's investment in Schwab
- Wealth Management & Insurance including TD Wealth (Canada), TD Direct Investing, and TD Insurance
- Wholesale Banking including TD Securities

TD had CDN$1.9 trillion in assets on January 31, 2023. TD also ranks among the world's leading online financial services firms, with more than 15 million active online and mobile customers. The Toronto-Dominion Bank trades on the Toronto and New York stock exchanges under the symbol "TD". The Toronto-Dominion Bank is a chartered bank subject to the provisions of the Bank Act (Canada). It was formed on February 1, 1955 through the amalgamation of The Bank of Toronto, chartered in 1855, and The Dominion Bank, chartered in 1869.

The Bank of Nova Scotia was granted a charter under the laws of the Province of Nova Scotia in 1832 and commenced operations in Halifax, Nova Scotia in that year. Since 1871, The Bank of Nova Scotia has been a chartered bank under the Bank Act (Canada) (the Bank Act). The Bank of Nova Scotia is a Schedule 1 bank under the Bank Act and the Bank Act is its charter. The head office of The Bank of Nova Scotia is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and its executive offices are at 40 Temperance Street, Toronto, Ontario, M5H 0B4. A copy of The Bank of Nova Scotia's by-laws is available on http://www.sedar.com.

Scotiabank is a leading bank in the Americas. Guided by its purpose: "for every future", Scotiabank helps its customers, their families and their communities achieve success through a broad range of advice, products and services, including personal and commercial banking, wealth management and private banking, corporate and investment banking, and capital markets. With a team of over 90,000 employees and assets of over $1.3 trillion (as at January 31, 2023), Scotiabank trades on the Toronto Stock Exchange (TSX: BNS) and New York Stock Exchange (NYSE: BNS).

UBS AG, London Branch ("**UBS**") is a company incorporated with limited liability in Switzerland on 28 February 1978 registered at the Commercial Registry Office of the Canton of Zurich and the Commercial Registry Office of the Canton of Basel-City with Identification No: CHE-101.329.561 as from 18 December 2013 (and prior to 18 December 2013 with Identification No: CH-270.3.004.646-4) having its registered offices at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland and having established in the UK a branch office situated at 5 Broadgate, London, EC2M 2QS registered at Companies House, Cardiff, as a UK Establishment pursuant to Part 34 (Sections 1044 to 1052) of the Companies Act 2006 and the Overseas Companies Regulations 2009 SI 2009/1801 (being successor legislation to Schedule 21A to the Companies Act 1985 under which that branch office was originally registered on 16 June 1998) with Company No: FC021146 and UK Establishment (formerly referred to as Branch) No: BR004507.

TAX CONSIDERATIONS

UNITED KINGDOM TAXATION

The following is a summary of the UK withholding taxation treatment in relation to payments of interest and certain types of principal in respect of the Bonds based on current law and published practice in the UK as at the date of this Prospectus. The comments do not purport to be a complete analysis of all tax considerations relating to the Bonds, and do not deal with other UK tax aspects of acquiring, holding or disposing of the Bonds. The comments relate only to the position of persons who are absolute beneficial owners of the Bonds. The summary set out below is a general guide and should be treated with appropriate caution. Prospective purchasers who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK should consult their professional advisors. 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 UK.

UK Withholding Tax on UK source interest

The Bonds issued by the Issuer will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the ***Act***) provided they carry a right to interest and they are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act as it applies for the purposes of section 987 of the Act. The London Stock Exchange has been designated as a recognised stock exchange for these purposes. The Bonds will be treated as listed on the London Stock Exchange if they are admitted to the Official List of the FCA and are admitted to trading on the London Stock Exchange. While 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 UK income tax.

In cases falling outside the exemption described above, interest on the Bonds will be paid under deduction of UK income tax at the basic rate (currently 20 per cent.) subject to any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty, and except that the withholding obligation is disapplied in respect of payments to Bondholders which the Issuer reasonably believes are either a UK resident company or a non-UK resident company carrying on a trade in the UK through a permanent establishment which brings into account the interest in computing its UK taxable profits, or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting of such persons (unless HM Revenue and Customs direct otherwise).

However, interest on the Bonds may also be paid without withholding or deduction on account of UK tax where the maturity of the Bonds is less than 365 days 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.

If UK withholding tax is imposed, then neither the Issuer nor any Paying Agent nor any other person will pay additional amounts in respect of the Bonds.

Payments by each Relevant Financial Guarantor under the Financial Guarantees

Depending on the correct legal analysis of payments made by any Relevant Financial Guarantor as a matter of UK tax law, it is possible that payments by such Relevant Financial Guarantor would be subject to withholding on account of UK tax, subject to any applicable exemptions or reliefs (and noting that not all of the exemptions and reliefs set out above would necessarily be applicable).

Other Rules relating to UK Withholding Tax

Where the Bonds are to be, or may fall to be, redeemed at a premium any such element of premium may constitute a payment of interest. Payments of interest are subject to withholding or deduction on account of UK income tax as outlined above. In certain cases, the same could be true for amounts of discount where Bonds are issued at a discount.

Where interest has been paid under deduction of UK income tax, Bondholders who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in UK 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 UK withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 15(d) (*Modification, Waiver and Substitution*) of the Bonds 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 holders of Bonds (other than Jersey residents) and the payment of interest in respect of the Bonds to holders of Bonds (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. Holders of Bonds 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. Holders of Bonds should be aware that tax laws, rules and practice and their interpretation may change.

Under the Income Tax (Jersey) Law 1961 (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.

If the Issuer derives any income from the ownership or disposal of land in Jersey, such income will be subject to tax at the rate of 20 per cent. It is not expected that the Issuer will derive any such income.

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. Holders of any Bonds issued by the Issuer (other than residents of Jersey) will not be subject to any Jersey tax in respect of the holding, sale or other disposition of such Bonds.

Goods and Services Tax

The Issuer is an "international services entity" for the purposes of the Goods and Services Tax (Jersey) Law 2007 (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 per cent. 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 (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 is situate in Jersey.

Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Jersey has implemented the CRS by the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015 which came into force 1 January 2016. As a result, the Issuer is required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Jersey has committed to a common implementation timetable which has seen the first exchange of information in 2017 in respect of accounts open at end of 2015, with further countries also committed to implement the new global standard.

Holders of Bonds may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of the Bonds.

UNITED STATES TAXATION

The following discussion is a summary based upon present law of certain U.S. federal income tax considerations for prospective purchasers of Registered Bonds. This discussion addresses only U.S. Holders (as defined below) purchasing

Registered Bonds in an original offering at the original offering price that will hold Registered Bonds as capital assets and use the U.S. dollar as their functional currency. This discussion is a general summary. It is not a substitute for tax advice. This discussion does not address the tax treatment of prospective purchasers subject to special rules, such as financial institutions, insurance companies, tax-exempt entities, dealers in securities or foreign currencies, traders in securities that elect to mark-to-market, prospective purchasers liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, persons using an accrual method of tax accounting that are required to take items of gross income into account no later than the time amounts are reflected on an applicable financial statement or persons holding the Bonds as part of a hedge, straddle, conversion, or other integrated financial transaction. This summary does not address the tax laws of any state, local or foreign government and does not address U.S. federal taxes other than income tax (such as estate or gift tax). This summary does not address the U.S. federal income tax consequences to prospective purchasers of Bearer Bonds, Subordinated Bonds or Indexed Bonds, therefore, the term Bonds, as used throughout this summary, refers to Registered Bonds other than Subordinated Bonds and Indexed Bonds.

For the purposes of this discussion, a "**U.S. Holder**" means a beneficial owner of Registered Bonds that is (i) a citizen or individual resident of the United States for U.S. federal income tax purposes, (ii) a corporation organised in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of a partner in a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) that holds Bonds generally will depend on the status of the partner and the activities of the partnership. Partners of a partnership holding Bonds are urged to consult their own tax advisers regarding the specific tax consequences to them of the partnership purchasing, owning and disposing of such Bonds.

Characterisation of Bonds

The Issuer expects that the Bonds generally should be characterised as debt for U.S. federal income tax purposes. The tax characterisation of Bonds in any particular Series will depend, however, on the Final Terms of the Series. Assuming that the Bonds are characterised as debt for U.S. federal income tax purposes, the Bonds should be treated as obligations of Heathrow (SP) for such purposes because the Issuer has elected to be treated as an entity disregarded from its sole shareholder, Heathrow (SP), for such purposes.

Although the proper characterisation of the Bonds for U.S. federal income tax purposes is not entirely free from doubt in all cases and will depend on the Final Terms of each Series, the Issuer and Heathrow (SP) generally expect to treat the Bonds as indebtedness for such purposes. This characterisation is binding on all U.S. Holders unless the holder discloses on its own U.S. federal income tax return that it is treating the Bonds in a manner inconsistent with that characterisation. However, the Issuer's and Heathrow (SP)'s characterisation of the Bonds as indebtedness is not binding on the U.S. Internal Revenue Service (the "**IRS**") or the courts, and no ruling is being requested or could be obtained from the IRS with respect to the proper characterisation of the Bonds for U.S. federal income tax purposes. No assurance can be given that the IRS will not assert that the Bonds should be treated as equity interests in the Issuer rather than indebtedness for U.S. federal income tax purposes. While the following discussion generally assumes that the Bonds will be characterised as indebtedness for U.S. federal income tax purposes, U.S. Holders must consider any supplemental tax disclosure contained in the Final Terms with respect to the treatment of particular Bonds and consult their own tax advisors about the proper tax characterisation of such Bonds and the consequences to them if such Bonds were to be characterised as equity interests in the Issuer for U.S. federal income tax purposes.

The consequences to a U.S. Holder of purchasing Bonds in the original offering and holding Bonds that are treated as debt for U.S. federal income tax purposes generally are expected to be as described below.

Interest

Except as discussed below under "Original Issue Discount" and "Contingent Debt Obligations", interest on the Bonds will be includible in the income of a U.S. Holder as ordinary income from sources outside the United States according to such U.S. Holder's regular method of accounting for tax purposes. Interest on the Floating Rate Bonds will generally accrue at a hypothetical fixed rate equal to the rate at which the Bonds bore interest on their issue date. The amount of interest actually recognised for any accrual period will increase (or decrease) if the interest actually paid during the period is more (or less) than the amount accrued at the hypothetical rate. U.S. Holders of the Floating Rate Bonds, therefore, generally will recognise income for each period equal to the amount paid during that period.

A cash basis U.S. Holder receiving interest denominated in a currency other than U.S. dollars must include a U.S. dollar amount in income based on the spot exchange rate on the date of receipt whether or not the payment is converted to U.S. dollars. An accrual basis U.S. Holder (or a cash basis U.S. Holder in the case of interest, such as original issue discount, that must be accrued prior to receipt) receiving interest denominated in a currency other than U.S. dollars must include

in income a U.S. dollar amount based on the average exchange rate during the accrual period (or, if an accrual period spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment in currency other than U.S. dollars, U.S. Holders that have accrued interest will recognise exchange gain or loss equal to the difference, if any, between the U.S. dollar amount of interest previously accrued and the U.S. dollar value of the payment received, determined at the spot exchange rate on the date of receipt. Such exchange gain or loss will be U.S. source ordinary income or loss and generally will not be considered additional interest income or expense.

An accrual basis U.S. Holder may elect to translate accrued interest into U.S. dollars at the spot exchange rate on the last day of the accrual period (or, if an accrual period spans two taxable years, at the exchange rate on the last day of the first taxable year for the interest accrued through that date). If accrued interest actually is received within five business days of the last day of the accrual period (or the taxable year, in the case of a partial accrual period), an electing accrual basis U.S. Holder instead may translate the accrued interest at the spot exchange rate on the date of actual receipt for the purposes of translating accrued interest income into U.S. dollars (in which case no exchange gain or loss will be taken into account upon receipt). Any currency translation elections will apply to all debt instruments that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the IRS.

For the purposes of this discussion, the "**spot exchange rate**" generally means a rate that reflects a fair market rate of exchange available to the public for currency under a "spot contract" in a free market and involving representative amounts. A "**spot contract**" is a contract to buy or sell a currency other than the U.S. dollar on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the IRS has the authority to determine the spot rate. The "**average rate**" for an accrual period (or partial period) is the average of the spot exchange rates for each business day of such period or other average exchange rate for the period reasonably derived and consistently applied by a U.S. Holder.

If you are a non-corporate U.S. Holder whose income exceeds certain thresholds, interest received generally will be includable in "net investment income" for the purposes of the 3.8 per cent. Medicare contribution surtax on net investment income.

Receipt of Foreign Currency

The tax basis of currency other than U.S. dollars received by a U.S. Holder generally will equal the U.S. dollar equivalent of such foreign currency at the spot rate on the date it is received. Upon the subsequent exchange of such foreign currency for U.S. dollars, another currency, or property, a U.S. Holder generally will recognise exchange gain or loss equal to the difference between the U.S. Holder's tax basis in the foreign currency and the U.S. dollars received or the U.S. dollar value of the other currency (at the spot rate on the date of exchange) or property. Such gain or loss will be U.S. source ordinary gain or loss.

Original Issue Discount

Some or all of the Bonds may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. A Bond will have OID to the extent that the Bond's "stated redemption price at maturity" exceeds its "issue price". Notwithstanding the foregoing, a Bond generally will be treated as not having OID for U.S. federal income tax purposes if such excess is less than 1/4 of 1 per cent. of the Bond's stated redemption price at maturity multiplied by the number of complete years to maturity or, in the case of an Instalment Bond, the weighted average maturity ("**de minimis OID**").

The issue price of a Bond is the initial offering price at which a substantial amount of the Bonds are sold for cash (excluding sales to underwriters, brokers or similar persons). The stated redemption price at maturity of a Bond is the total of all payments on the Bond other than payments of "qualified stated interest". Qualified stated interest means, in general, stated interest that is payable unconditionally in cash or in property at least annually at a single fixed rate (or at certain qualifying floating rates) that appropriately takes into account the length of the interval between stated interest payments.

A U.S. Holder of a Bond issued with OID for U.S. federal income tax purposes and having a maturity in excess of one year must include OID in income over the term of the Bond. An initial U.S. Holder generally must include in gross income the sum of the daily portions of OID that accrue on the Bond for each day during the taxable year in which such U.S. Holder held the Bond. To determine the daily portion of OID, OID accruing during an accrual period (generally the period not exceeding one year between dates on which interest is paid) is divided by the number of days in the accrual period.

The amount of OID accruing during an accrual period is determined by using a constant yield to maturity method. For any accrual period, the OID allocable to the accrual period is the excess of (i) the product of the Bond's adjusted issue price at the beginning of the accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted for the length of the accrual period) over (ii) the sum of any qualified

stated interest payments allocable to the accrual period. A Bond's adjusted issue price generally equals the issue price of the Bond increased by the aggregate amount of OID accrued on a Bond in all prior accrual periods (determined without regard to the amortisation of any acquisition premium, or bond premium, as discussed below) and reduced by the amount of projected payments previously received (other than payments of qualified stated interest).

As described below in "*Optional Redemption*", certain of the Bonds may be subject to special redemption features. These features may affect the determination of whether a Bond has a maturity of one year or less and thus is a Short-Term Bond, as discussed below.

Floating rate Bonds are subject to special OID rules. In the case of a floating rate Bond, both the yield to maturity and qualified stated interest will be determined as though the Floating Rate Bonds will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable on the date of issue or, in the case of certain floating rate Bonds, the rate that reflects the yield to maturity that is reasonably expected for the Floating Rate Bond. In certain cases, floating rate Bonds that bear stated interest and are issued at par may have OID, with the result that the inclusion of interest in income may vary from the actual cash payments of interest made on such Floating Rate Bonds.

OID on a Bond that is denominated in a single currency other than U.S. dollars will be determined for any accrual period in the applicable currency and then translated into U.S. dollars in the same manner as other interest income accrued by an accrual method U.S. Holder, as described above under "*Interest*". A U.S. Holder will recognise exchange gain or loss when OID is paid to the extent of the difference between the U.S. dollar value of the accrued OID and the U.S. dollar value of the currency received at the spot rate on the date of receipt. For this purpose, all payments (other than qualified stated interest) on a Bond will first be viewed as payments of previously accrued OID, with payments considered made for the earliest accrual periods first.

A U.S. Holder may elect to treat all interest on a Bond as OID applying the constant yield method described above to accrue such interest, with the modifications described below. For the purposes of this election, interest includes stated interest, OID, de minimis OID, acquisition discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. In applying the constant yield method to a Bond with respect to which this election has been made, the issue price of a Bond will equal the electing U.S. Holder's adjusted basis in the Bond immediately after its acquisition, the issue date of the Bond will be the date of its acquisition by the electing U.S. Holder, and no payments on the Bond will be treated as payments of qualified stated interest. If a U.S. Holder makes this election, it will apply only to the Bond with respect to which it is made and the U.S. Holder may not revoke it. A U.S. Holder making this election with respect to a Bond with bond premium will be deemed to have made the elections (discussed below in "*Bond Premium*") to amortise bond premium currently with respect to all debt instruments with bond premium held or acquired by such U.S. Holder as of the beginning of that taxable year.

Short-Term Bonds

A U.S. Holder of a Bond with a maturity of one year or less (a "**Short-Term Bond**") will be subject to special rules. The OID rules do not treat interest payments on a Short-Term Bond as qualified stated interest, but instead treat a Short-Term Bond as having OID determined by including stated interest payments in a Short-Term Bond's stated redemption price at maturity. Except as noted below, a cash-basis U.S. Holder of a Short-Term Bond generally will not be required to accrue OID currently, but will be required to treat any gain realised on a sale or other disposition of a Short-Term Bond as ordinary income to the extent such gain or loss does not exceed the OID accrued with respect to the Short-Term Bond during the period the U.S. Holder held it. Accrual basis (and electing cash-basis) U.S. Holders will include OID on a Short-Term Bond in income on a current basis.

A U.S. Holder will accrue OID on a Short-Term Bond on a straight-line method unless it elects a constant yield method. If a U.S. Holder makes this election, it will apply only to the Short-Term Bond with respect to which it is made, and the U.S. Holder may not revoke it. Furthermore, unless a U.S. Holder elects to include OID into income on a current basis as described above, a U.S. Holder of a Short-Term Bond having OID may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Short-Term Bond.

Contingent Debt Obligations

Some or all of the Bonds may provide for contingent payments ("**Contingent Debt Obligations**"). Special rules govern the tax treatment of Contingent Debt Obligations. These rules generally require a U.S. Holder to treat all interest as OID and to accrue OID at a rate equal to the comparable yield on a non-contingent fixed rate debt instrument of the Issuer with similar terms and conditions and a projected payment schedule that provides such comparable yield. The amount of OID will then be allocated on a rateable basis to each day in the period that the U.S. Holder holds the Contingent Debt Obligation. The OID is generally treated as ordinary income from sources outside of the United States. If the actual payments made on a Contingent Debt Obligation in a year differ from the projected contingent payments, U.S. Holders will recognise additional interest income or ordinary loss (after offsetting and reducing OID for such periods). U.S.

Holders therefore might be required to recognise income greater or less than the interest and other cash payments on the Contingent Debt Obligations. The OID rules do not treat Bonds as having OID by reason of the contingent U.S. dollar values of payments on Bonds denominated in a single currency other than U.S. dollars. U.S. Holders of Contingent Debt Obligations denominated in a single currency other than U.S. dollars generally are required to accrue interest at a comparable yield in units of foreign currency and translate OID into U.S. dollars in accordance with the rules for accrual basis taxpayers. Special rules apply to the conversion of adjustments.

Gain on the sale or other disposition of a Contingent Debt Obligation generally will be treated as ordinary income from sources outside of the United States. Loss will be treated as ordinary loss to the extent of prior net interest inclusions and capital loss to the extent of any excess. Loss generally would be treated as arising from U.S. sources.

A particular Series of Sustainability-Linked Bonds may be treated as Contingent Debt Obligations, if, as of the issue date of such Series of Sustainability-Linked Bonds, the likelihood of a Step Up Event occurring (resulting in a premium payment at maturity and/or an increase in the Initial Rate of Interest or the Initial Margin (as applicable) of the Series of Sustainability-Linked Bonds) is not remote. U.S. Holders must consider any supplemental tax disclosure contained in the Final Terms with respect to the treatment of a particular Series of Sustainability-Linked Bonds and consult their own tax advisors about the proper tax characterisation of such Sustainability-Linked Bonds and the consequences to them if such Sustainability-Linked Bonds were to be characterised as Contingent Debt Obligations for U.S. federal income tax purposes.

Optional Redemption

If the Issuer has an option to redeem a Bond or a U.S. Holder has an option to cause a Bond to be repurchased prior to the Bond's stated maturity, the option will be presumed to be exercised if, utilising an early redemption or repurchase date and the amount payable on such date, the yield on the Bond would (i) in the case of an option of the Issuer, be lower than its yield to stated maturity, or (ii) in the case of an option of the U.S. Holder, be higher than its yield to stated maturity. A determination of the payment schedule most likely to occur is binding upon all U.S. Holders of the Bonds except for a U.S. Holder that explicitly discloses on its U.S. federal income tax return for the taxable year in which it acquired the Bond that it has determined the yield and maturity of the Bond on a different basis. If the option is not exercised when presumed to be exercised, for the purposes of computing future accruals of OID, the Bond would be treated as if it were repurchased or redeemed and a new Bond were issued on the presumed exercise date for an amount equal to the Bond's adjusted issue price on that date.

Bond Premium

A U.S. Holder that has a tax basis in a Bond that is greater than its principal amount may elect to treat the excess as amortisable bond premium. If a U.S. Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Bond by the amount of amortisable bond premium allocable to that year. If a U.S. Holder makes an election to amortise bond premium, it will apply to all the debt instruments of a U.S. Holder with bond premium that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the IRS.

In the case of a Bond denominated in a currency other than U.S. dollars, bond premium is computed in units of the relevant foreign currency and amortisable bond premium reduces interest income in units of such foreign currency. At the time amortised bond premium offsets interest income, foreign currency exchange gain or loss (taxable as ordinary income or loss, but not generally as interest income or expense) is realised based on the difference between spot rates at that time and at the time of the acquisition of the Bond.

If a Bond can be optionally redeemed after the U.S. Holder acquires it at a price in excess of its principal amount, special rules would apply that could result in a deferral of the amortisation of some bond premium until later in the term of the Bond.

With respect to a holder that does not elect to amortise bond premium, the amount of bond premium constitutes a capital loss when the bond matures. In the case of a Bond denominated in a currency other than U.S. dollars, foreign currency exchange gain or loss with respect to the premium is realised based on the difference between the spot rates on the sale or other disposition of the Bond and at the time of the acquisition of the Bond. In such case, the amount of capital loss relating to the premium may be offset or eliminated by exchange gain.

Special rules apply to Bonds issued with OID that are purchased at a premium to their adjusted issue price.

Fungible Further Issue of Bonds of a Sub-Class

The Issuer may 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). While a further issue of the same Sub-Class will be consolidated and form a Series with the prior issues of that Sub-Class, these additional Bonds may not be fungible with other Bonds in the same Sub-Class for U.S. federal income tax purposes. Whether such additional Bonds would be fungible depends on whether the issuance of additional Bonds would be treated as a qualified reopening of the initial offering of Bonds with respect to that Sub-Class. This determination will depend on the date when the additional Bonds are issued, the yield of the Bonds at that time (based on their fair market value), whether the first issued Bonds of that Sub-Class were issued with OID and whether the Bonds are publicly traded or quoted at the time of the additional Bond issuance. If issuance of any additional Bonds which are otherwise fungible with other Bonds in a Sub-Class is not a qualified reopening, the additional Bonds may have OID (or a greater amount of OID), which may adversely affect the market value of the earlier issued Bonds.

Disposition of Bonds

A U.S. Holder generally will recognise gain or loss upon a sale, redemption, retirement or other taxable disposition of a Bond in an amount equal to the difference between the amount realised from such disposition (less any accrued unpaid qualified stated interest) and the U.S. Holder's adjusted tax basis in the Bond. Gain or loss on the sale or other disposition of the Bond generally will be capital gain or loss except to the extent of any foreign exchange gain or loss as described below, which foreign exchange gain or loss generally will be ordinary income. Gain or loss on the sale or other disposition of the Bond generally will be long-term capital gain or loss if the Bond has been held for more than a year. Special rules apply to gains or losses on Contingent Debt Obligations as described above.

A U.S. Holder's adjusted tax basis in a Bond generally will equal the U.S. Holder's cost of the Bond, increased by any OID included in income and decreased by the amount of any amortised bond premium or payment (other than qualified stated interest) received with respect to the Bond. The cost of a Bond denominated in a currency other than U.S. dollars will be the U.S. dollar value of the currency at the spot rate on the date of purchase or, if the Bonds are treated as traded on an established securities market, in the case of a cash basis U.S. Holder or electing accrual basis U.S. Holder, the spot rate on the settlement date.

A U.S. Holder that receives currency other than U.S. dollars upon sale or other disposition of the Bonds will realise an amount equal to the U.S. dollar value of the currency on the date of sale. If the Bonds are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis U.S. Holder will determine the amount realised on the settlement date. If the Bonds are not traded on an established securities market (or the relevant holder is an accrual basis U.S. Holder that does not make the special settlement date election), a U.S. Holder will recognize foreign exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will be U.S. source ordinary income or loss. A U.S. Holder will have a tax basis in the currency equal to the U.S. dollar amount realised. Any gain or loss realised by a U.S. Holder on a subsequent conversion of currency for U.S. dollars generally will be U.S. source ordinary income or loss.

The election available to accrual basis U.S. Holders in respect of the purchase and taxable disposition of Bonds traded on an established securities market must be applied consistently to all debt instruments held by the U.S. Holder from year to year and cannot be changed without the consent of the IRS.

In the case of a Bond denominated in a currency other than U.S. dollars, to the extent recognised gain or loss is attributable to fluctuations in currency exchange rates with respect to the non-U.S. dollar currency principal amount of such Bond between the date of acquisition and disposition of the Bond, the exchange gain or loss generally will be treated as U.S. source ordinary income or loss and generally will not be considered additional interest income or expense. However, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction. Generally, any gain or loss realised on the transaction in excess of such exchange gain or loss will be U.S. source capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than one year.

If you are a non-corporate U.S. Holder whose income exceeds certain thresholds, gain or loss realised on the disposition of Bonds generally will be includable in "net investment income" for the purposes of the 3.8 per cent. Medicare contribution surtax on net investment income.

Reportable Transactions

A U.S. taxpayer that participates in a 'reportable transaction' will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder that holds Bonds that are denominated in a foreign currency, may be required to treat a foreign currency exchange loss from such Bonds as a reportable transaction if this loss exceeds the relevant threshold in the regulations, and to disclose its investment by filing Form 8886 with the IRS. A penalty generally is

imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Information Reporting and Backup Withholding

Payments of interest (including OID, if any), principal, premium, or the proceeds from sale of Bonds that are made within the United States or through certain U.S. related financial intermediaries may be reported to the IRS unless the U.S. Holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the U.S. Holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. A U.S. Holder can claim a credit against U.S. federal income tax liability for amounts withheld under the backup withholding rules, and it can claim a refund of amounts in excess of its liability by providing required information to the IRS. Prospective investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain non-corporate U.S. Holders are required to report information with respect to their investment in the Bonds not held through an account with a U.S. financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the Bonds.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE BONDS.

SUBSCRIPTION AND SALE

Dealership Agreement

Bonds may be sold from time to time by the Issuer to any dealer appointed from time to time (the "**Dealers**") in each case acting as principal or to subscribers from whom subscriptions have been procured by the Dealers, in each case pursuant to the dealership agreement dated 3 December 2009 made between, among others, the Issuer, the Obligors, and the Dealers (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 existing Dealers 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 Heathrow, have each agreed to reimburse the Dealers 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 each of the Obligors has agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States of America

The Bonds and any guarantees in respect thereof have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and, in each case, in circumstances that will not require the Issuer to register under the Investment Company 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 U.S. Internal Revenue Code and Treasury regulations promulgated thereunder.

Unless otherwise provided in the relevant Final Terms, the Bonds will be offered, sold and delivered only (i) outside the United States, to persons who are neither U.S. persons nor U.S. residents, in offshore transactions in reliance on Regulation S, and (ii) within the United States, in reliance on Rule 144A, to persons that are both QIBs and QPs, acting for their own account, or for the account of another QIB that is also a QP. In connection with each such sale of Bonds pursuant to Rule 144A under the Securities Act, neither the relevant Dealer nor any person acting on its behalf will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act).

Each Dealer has agreed that it has offered and sold, and it will offer and sell, Regulation S Bonds of any Series (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Regulation S Bonds are a part, as determined and certified to the Principal Paying Agent by the relevant Dealer (or in the case of a sale of an identifiable tranche of Regulation S Bonds to or through more than one relevant Dealer, by each of such relevant Dealers as to the Regulation S Bonds of such identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify each such relevant Dealer when all such relevant Dealers have so certified), only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts in the United States with respect to Regulation S Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer and its affiliates will also agree that, at or prior to confirmation of sale of Regulation S Bonds to a distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Regulation S Bonds from it during the distribution compliance period it will send to such purchaser a confirmation or notice stating that such purchaser is subject to the foregoing restrictions on offers and sales. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds comprising any Sub-Class, any offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) other than pursuant to Rule 144A may violate the registration requirements of the Securities Act.

Due to the restrictions set forth above and in the relevant Final Terms, purchasers of the Bonds are advised to consult legal counsel prior to making an offer to purchase or to re-sell, pledge or otherwise transfer the Bonds.

Purchasers of Bonds shall be deemed to have made the representations set forth under "*Transfer Restrictions*".

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each relevant Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or 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 (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "**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 for the Bonds.

If the Final Terms in respect of any Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA (each, a "**Relevant State**"), each relevant Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Bonds to the public in that Relevant State:

(A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Bonds referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each relevant Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the in the UK. 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 of the UK by virtue of the EUWA; or

(ii) a customer within the meaning of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customers 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 of the UK by virtue of the EUWA; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "**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 for the Bonds.

If the Final Terms in respect of any Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each relevant Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the UK except that it may make an offer of such Bonds to the public in the UK:

(A) at any time to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Bonds referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA.

Other UK regulatory restrictions

Each Dealer has represented, warranted and agreed 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 or the Bond Guarantor; 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 UK.

Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Bonds. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Bonds and any representation to the contrary is an offence. The offer and sale of the Bonds in Canada is being made on a private placement basis and is exempt from the requirement that the Issuer prepare and file a prospectus under applicable Canadian securities laws. Any resale of Bonds acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which resale restrictions may under certain circumstances apply to resales of the Bonds outside of Canada.

As applicable, each Canadian investor who purchases the Bonds will be deemed to have represented to the Issuer and to each dealer that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.*

Securities legislation in certain provinces or territories of Canada may provide an investor with remedies for rescission or damages if this issuing document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the investor within the time limit prescribed by securities legislation of the investor's province or territory. The investor should refer to any applicable provisions of the securities legislation of the investor's province or territory for particulars of these rights or consult with a legal advisor.

In addition to the foregoing, by purchasing the Bonds, investors in Canada will also be deemed to have acknowledged and consented to certain prescribed disclosure regarding the investors and their purchase of the Bonds which may be required to be provided to the applicable Canadian securities regulators.

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Bonds described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

Japan

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

Singapore

Each relevant Dealer appointed in connection with any issue of Bonds denominated in Singapore dollars will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited

investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Final Terms in respect of any Bonds, all Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each relevant Dealer appointed in connection with any issue of Bonds denominated in Hong Kong dollars will be required to represent and agree, that:

(a) it has not offered or sold, and will not offer or sell, in the Hong Kong Special Administrative Region of The People's Republic of China ("**Hong Kong**"), by means of any document, any Bonds (which are not "structured products" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong, and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws in Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any rules made under that Ordinance.

Sweden

Each relevant Dealer appointed in connection with any issue of Bonds denominated in Swedish krona will be required to represent and agree, that no Bonds may be offered to the public in Sweden nor admitted to trading on a regulated market in Sweden unless and until:

(a) a prospectus in relation to those Bonds has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has notified the competent authority in Sweden, all in accordance with Regulation (EU) 2017/1129 and the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*); or

(b) an exemption from the requirement to prepare a prospectus is available under the Swedish Financial Instruments Trading Act.

Mexico

Each relevant Dealer appointed in connection with any issue of Bonds denominated in Mexican pesos will be required to represent and agree, that the Bonds have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*), maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria de Valores*), and may not be offered or sold publicly in Mexico. The Bonds may be sold in Mexico, by any person to investors that qualify as institutional and accredited investors in Mexico, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*).

General

Each Dealer acknowledges 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 of the London Stock Exchange, no action has been or will be taken in any jurisdiction by the Issuer or any of the other parties 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. Each Dealer shall to the best of its knowledge comply with all applicable laws and regulations in each jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute the Prospectus or any other offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers 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 Dealers 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 Subscription Agreement (in the case of a supplement or modification relevant only to a particular Sub-Class of Bonds).

TRANSFER RESTRICTIONS

The Bonds and any guarantees in respect thereof have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction, and the Issuer has not registered and does not intend to register as an investment company under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). 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).

General

Global Bond Certificates other than a Rule 144A DTC Global Bond Certificate may be transferred only to a common depositary for Euroclear and Clearstream, Luxembourg; Rule 144A DTC Global Bond Certificates may be transferred only to a custodian for DTC or DTC's nominee.

On or prior to the 40th day after the later of the commencement of the offering and the relevant Issue Date, ownership of interests in a Regulation S Global Bond Certificate will be limited to persons who have accounts with Euroclear or Clearstream, Luxembourg, or persons who hold interests through Euroclear or Clearstream, Luxembourg and any sale or transfer of such interests to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below.

Interests in a Regulation S Global Bond Certificate may be transferred at any time to a person who wishes to hold such interests through a Rule 144A Global Bond Certificate of the same Sub-Class of Bonds only if a corresponding Rule 144A Global Bond Certificate has been issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms) and, in each case, only upon receipt by the Registrar of a written certification from the transferor (in substantially the form set out in the Bond Trust Deed) to the effect that such transfer is being made to a person who is both a QIB and a QP, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Interests in a Rule 144A Global Bond Certificate may be transferred to a person who wishes to hold such interests through a Regulation S Global Bond Certificate of the same Sub-Class of Bonds, only if a corresponding Regulation S Global Bond Certificate has been issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms) and, in each case, only upon receipt by the Registrar of a written certification from the transferor (in substantially the form set out in the Bond Trust Deed) to the effect that such transfer is being made to a person who is neither a U.S. person nor a U.S. resident and is being made outside the United States in accordance with Regulation S under the Securities Act. Neither U.S. persons nor U.S. residents may hold an interest in a Regulation S Global Bond Certificate at any time.

Any interest in (i) a Rule 144A Global Bond Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Bond Certificate, or (ii) a Regulation S Global Bond Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Bond Certificate will, in each case, upon transfer, cease to be an interest in the first Global Bond Certificate and will become an interest in the other Global Bond Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Bond Certificate.

Rule 144A Bonds

Each purchaser or transferee of a Rule 144A Bond (or beneficial interests therein), by accepting delivery of such Rule 144A Bond or beneficial interest therein, will be deemed to have represented and agreed for the benefit of the Issuer and the Bond Trustee (and, in the case of a purchaser or transferee acquiring a Rule 144A Bond from a Dealer, for the benefit of such Dealers) as follows:

1. It and each person for which it is acting (a) is a QIB and a QP, (b) is aware that the sale of such Rule 144A Bond (or beneficial interests therein) to it is being made in reliance on Rule 144A, (c) is acquiring such Bond (or beneficial interests therein) for its own account or for the account of one or more QIBs each of which is also a QP as to which the purchaser exercises sole investment discretion and such purchaser or transferee has full power to make the acknowledgements, representations and agreements on behalf of each such account contained in (2) through (9) herein, and in a principal amount of not less than the principal amount of the Rule 144A Bonds for the purchaser and for each such account, (d) will provide notice of the transfer restrictions described in this section "*Transfer Restrictions*" to any subsequent transferees and (e) is not purchasing such Rule 144A Bond (or beneficial interests therein) with the intention of evading, either alone or in conjunction with any other person, the requirements of the Investment Company Act.

2. It understands and agrees that such Rule 144A Bond (or beneficial interests therein) have not been and will not be registered under the Securities Act, that the Issuer has not registered and does not intend to register under the Investment Company Act and that such Rule 144A Bond may be reoffered, resold, pledged or otherwise transferred only (a) to the Issuer; (b) within the United States, or to or for the account of a U.S. person (as defined in Regulation S under the Securities Act) or a U.S. resident (as determined for the purposes of the Investment Company Act), to a QP who the seller reasonably believes is a QIB purchasing for its own account or for the account of one of more QIBs each of which is also a QP as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A; or (c) outside the United States, to a person who is neither a U.S. person nor a U.S. resident in an offshore transaction (and not to or for the account or benefit of a U.S. person or a U.S. resident) complying with Rule 903 or Rule 904 of Regulation S; and in the case of (b) and (c) above, in accordance with all applicable securities laws including the securities laws of any state of the United States. It understands and agrees that before any interest in a Rule 144A 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 Bonds, the Registrar is required to receive a written certification (in substantially the form provided in the Bond Trust Deed) as to compliance with the transfer restrictions described herein.

3. It and each account for which it is purchasing is acquiring such Rule 144A Bond (or beneficial interest therein) for its own account for investment purposes and not for sale in connection with any distribution thereof. It and each person for which it is acting (a) was not formed for the purpose of investing in such Rule 144A Bond (or beneficial interest therein), except when each beneficial owner of the purchaser and each person for which it is acting is a QP for the purposes of section 3(c)(7) of the Investment Company Act, (b) to the extent the purchaser or any person for which it is acting is a private investment company formed on or before 30 April 1996, the purchaser has received the necessary consent to its being treated as a QP from its beneficial owners who acquired their interests on or before 30 April 1996, (c) is not a participant-directed employee plan, such as a 401 (k) plan or any other type of plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan, (d) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers and (e) understands that the Issuer may receive a list of participants holding positions in securities from one or more book-entry depositaries.

4. It understands and agrees that: (a) any purported transfer of such Rule 144A Bond (or a beneficial interest therein) to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void ab initio; (b) the Issuer has the power to compel any beneficial owner of Rule 144A Bonds that is not both a QIB and a QP to sell its interest in the Rule 144A Bonds, or may sell such interest on behalf of such owner, as described in the securities legend contained in paragraph 8 below; and (c) the Issuer has the right to refuse to honour the transfer of an interest in Rule 144A Bonds to a person who is not both a QIB and a QP.

5. It shall not resell or otherwise transfer such Rule 144A Bonds (or beneficial interest therein) except (a) to the Issuer, (b) in the United States, to a person that is both a QIB and a QP in a transaction meeting the requirements of Rule 144A under the Securities Act, or (c) in a transaction outside the United States and not to, or for the account or benefit of, a U.S. person or a U.S. resident, in accordance with Regulation S under the Securities Act. It understands that an investment in Rule 144A Bonds involves certain risks, including the risk of loss of its entire investment in such Rule 144A Bonds. It has had access to such financial and other information concerning the Issuer and the Rule 144A Bonds as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Bonds, including an opportunity to ask questions of, and request information from, the Issuer.

6. In connection with its purchase of such Rule 144A Bond (or beneficial interest therein) (a) none of the Issuer, the Dealers, the Bond Trustee, or any affiliates thereof, or any person acting on behalf of the foregoing, is acting as such purchaser's or transferee's fiduciary or financial or investment advisor; (b) such purchaser or transferee is not relying (for the purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, 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 and the Prospectus and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, or the Dealers or any affiliate thereof, the Bond Trustee, or any person acting on behalf of the foregoing, has given to such purchaser or transferee (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 such Rule 144A Bond (or beneficial interest therein); (d) such purchaser or transferee has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors 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 judgment and upon any

advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, or the Dealers or any affiliate thereof, the Bond Trustee, or any person acting on behalf of the foregoing; (e) such purchaser or transferee has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of such Rule 144A Bond 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) such purchaser or transferee is a sophisticated investor; and (g) such purchaser or transferee understands that these acknowledgements, representations, and agreements are required in connection with U.S. securities laws and agrees to indemnify and hold harmless each of the Issuer, the Dealers, the Bond Trustee and any affiliates thereof from and against all losses, liabilities, claims, costs, charges and expenses incurred by each of them by reason of such purchaser's or transferee's 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.

7. With respect to such Rule 144A Bond (or beneficial interest therein), either (a) such purchaser or transferee is not, and for so long as such Rule 144A Bond (or beneficial interest therein) is held will not be (i) an "employee benefit plan" as defined in section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that is subject to Title I of ERISA, (ii) a "plan" that is subject to section 4975 of the Code or (iii) any entity whose underlying assets include (or are deemed for the purposes of ERISA or Section 4975 to include) "plan assets" by reason of such plan investment in the entity (an "**ERISA Plan**"), or (b) such purchaser's or transferee's purchase and holding of such Rule 144A Bond will not constitute or result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code for which an exemption is not available. Any purported transfer of a Rule 144A Bond (or beneficial interest therein) to a purchaser that does not comply with the requirements of this paragraph (7) 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 Rule 144A Bond (or beneficial interest therein), as applicable, to a person who meets the foregoing criteria.

8. It understands that each certificate representing such Rule 144A Bond (or beneficial interests therein), including a Rule 144A Global Bond Certificate, will bear the following legend and may not be reoffered, resold, pledged or otherwise transferred except in accordance with such legend:

THE BOND REPRESENTED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND THE ISSUER THEREOF HAS NOT AND DOES NOT INTEND TO REGISTER UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THIS BOND (AND ANY BENEFICIAL INTEREST THEREIN) MAY NOT BE REOFFERED, RESOLD, PLEDGED, EXCHANGED OR OTHERWISE TRANSFERRED EXCEPT IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT UNDER CIRCUMSTANCES THAT WOULD NOT REQUIRE THE ISSUER TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT AND IN COMPLIANCE WITH ANY OTHER APPLICABLE SECURITIES LAWS.

EACH PERSON WHO PURCHASES OR OTHERWISE ACQUIRES THIS BOND (OR A BENEFICIAL INTEREST THEREIN) BY ACCEPTING DELIVERY HEREOF (OR OF AN INTEREST HEREIN) IS DEEMED TO REPRESENT, WARRANT, ACKNOWLEDGE AND AGREE FOR THE BENEFIT OF THE ISSUER AND THE BOND TRUSTEE THAT IT, AND EACH PERSON FOR WHICH IT IS ACTING, WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS BOND OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND EXCEPT: (1) TO THE ISSUER; (2) IN THE UNITED STATES, OR TO OR FOR THE ACCOUNT OF A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), OR A U.S. RESIDENT (AS DETERMINED FOR PURPOSES OF THE INVESTMENT COMPANY ACT), ONLY TO A PERSON WHO IS A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT (A "**QP**") WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (A "**QIB**") WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QP AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; OR (3) OUTSIDE THE UNITED STATES, TO A PERSON WHO IS NEITHER A U.S. PERSON (AS DEFINED IN REGULATION S) NOR A U.S. RESIDENT (AS DETERMINED FOR PURPOSES OF THE INVESTMENT COMPANY ACT) IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S) PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S; AND IN EACH CASE IN A PRINCIPAL AMOUNT (FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH SUCH PURCHASER IS ACTING) OF NOT LESS THAN THE MINIMUM DENOMINATION SPECIFIED FOR THIS BOND PURSUANT TO THE BOND TRUST DEED.

EACH TRANSFEREE WHO PURCHASES OR OTHERWISE ACQUIRES THIS RULE 144A BOND (OR A BENEFICIAL INTEREST THEREIN), BY PURCHASING OR OTHERWISE ACQUIRING SUCH INTEREST, IS DEEMED TO REPRESENT, WARRANT, ACKNOWLEDGE AND AGREE FOR THE BENEFIT OF THE ISSUER AND THE BOND TRUSTEE THAT:

(A) IT, AND EACH PERSON FOR WHICH IT IS ACTING, (I) IS A QIB THAT IS A QP, (II) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THIS BOND (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER AND EACH PERSON FOR WHICH IT IS ACTING IS A QP), (III) HAS RECEIVED THE NECESSARY CONSENT TO BE TREATED AS A QP FROM ALL BENEFICIAL OWNERS WHO ACQUIRED THEIR INTERESTS ON OR BEFORE 30 APRIL 1996, WHEN THE PURCHASER OR ANY PERSON FOR WHICH IT IS ACTING IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE 30 APRIL 1996, (IV) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (V) IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN OR ANY OTHER TYPE OF PLAN REFERRED TO IN PARAGRAPH (a)(1)(i)(D) OR (a)(1)(i)(E) OF RULE 144A, OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH PLAN, UNLESS INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF SUCH PLAN, (VI) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (VII) IS ACTING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QP AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION AND HAS FULL POWER TO MAKE THE ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS ON BEHALF OF EACH SUCH ACCOUNT CONTAINED IN THIS LEGEND;

(B) ANY RESALE OR OTHER TRANSFER OF THIS BOND (OR BENEFICIAL INTEREST THEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE BOND TRUSTEE OR ANY INTERMEDIARY;

(C) IN THE EVENT OF A TRANSFER OF THIS BOND (OR BENEFICIAL INTEREST THEREIN) TO A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) OR A U.S. RESIDENT (AS DETERMINED FOR PURPOSES OF THE INVESTMENT COMPANY ACT) THAT IS NOT BOTH A QIB AND A QP, THE ISSUER MAY, IN ITS DISCRETION, EITHER (A) COMPEL SUCH TRANSFEREE TO SELL THIS BOND OR ITS INTEREST THEREIN TO A PERSON WHO EITHER (I) IS A U.S. PERSON WHO IS BOTH A QIB AND A QP THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS BOND OR INTEREST THEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) IS NEITHER A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) NOR A U.S. RESIDENT (AS DETERMINED FOR PURPOSES OF THE INVESTMENT COMPANY ACT) IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (B) ON BEHALF OF SUCH TRANSFEREE (AND SUCH TRANSFEREE BY ITS ACCEPTING DELIVERY OF THIS BOND OR A BENEFICIAL INTEREST HEREIN IRREVOCABLY GRANTS TO THE ISSUER AND THE ISSUER'S AGENTS FULL POWER AND AUTHORITY TO, ON BEHALF OF SUCH TRANSFEREE), SELL THIS BOND OR SUCH TRANSFEREE'S INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LEAST OF (1) THE PURCHASE PRICE THEREFORE PAID BY THE ORIGINAL TRANSFEREE, (2) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF AND (3) THE FAIR MARKET VALUE THEREOF;

(D) THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS BOND OR INTEREST THEREIN TO A U.S. PERSON (AS DEFINED IN REGULATION S) OR A U.S. RESIDENT (AS DETERMINED FOR PURPOSES OF THE INVESTMENT COMPANY ACT) WHO IS NOT BOTH A QIB AND A QP; AND

(E) SUCH TRANSFEREE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ANY SUBSEQUENT TRANSFEREE.

THE PURCHASER OF THIS BOND OR ANY INTEREST THEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED EITHER THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS BOND OR ANY INTEREST IN THIS BOND IT WILL NOT BE, (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 TO INCLUDE) "PLAN ASSETS" BY REASON OF SUCH PLAN INVESTMENT IN THE ENTITY, OR (II) ITS PURCHASE AND HOLDING OF THIS BOND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

In addition, each Rule 144A Bond Certificate issued with more than a de minimis amount of original issue discount shall bear the following legend:

THIS BOND HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (OID) FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS BOND MAY BE OBTAINED BY WRITING TO: [***address of Issuer's representative responsible for OID calculation***].

9. It acknowledges that the Issuer, the Registrar, the Bond Trustee, their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Bonds is no longer accurate, it shall promptly notify the Issuer, the Registrar, the Bond Trustee, and the Dealers.

Prospective purchasers or transferees are hereby notified that sellers of the Bonds may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A.

A transferor or seller who transfers or sells an interest in the Rule 144A Global Bond Certificate to a transferee or purchaser who will hold the interest in the same form is not required to provide any additional written certification.

Regulation S Bonds

Each purchaser 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:

1. In connection with the purchase of the Bonds (a) none of the Issuer, the Co- Arrangers, 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 advisor for the purchaser; (b) the purchaser is not relying (for the purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, 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 and the Prospectus and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, 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 advisors 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 judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, 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 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.

2. It is, and the person, if any, for whose account it is acquiring the 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.

3. It understands that unless the Issuer determines otherwise in compliance with applicable law, such Bonds will bear a legend to the effect set forth in the first two paragraphs of the legend set forth in paragraph 8 under "*Rule 144A Bonds*" above.

4. It 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 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.

5. It understands that the Bonds have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer and the Bond Trustee that, if it decides to resell, pledge or otherwise transfer such Bonds (or any beneficial interest or participation therein) purchased by it, unless otherwise specified in the relevant Final Terms, any offer, sale or transfer of such Bonds (or any beneficial interest therein) will be made in compliance with the Securities Act and only (i) within the United States, or to or for the account of a U.S. person (as defined in Regulation S under the Securities Act) or a U.S. resident (as determined for the purposes of the Investment Company Act), to a QP who the seller reasonably believes is a QIB purchasing for its own account or for the account of one of more QIBs each of which is also a QP as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A; or (ii) outside the United States, to a person who is neither a U.S. person nor a U.S. resident in an offshore transaction (and not to or for the account or benefit of a U.S. person or a U.S. resident) complying with Rule 903 or Rule 904 of Regulation S; and in the case of (i) and (ii) above, in accordance with all applicable securities laws including the securities laws of any state of the United States.

6. It understands that before any interest in a Global Bond Certificate 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 Certificate, 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.

7. It acknowledges that the Issuer, the Registrar, the Bond Trustee and the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, it hereby consents to such reliance, and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Regulation S Bonds is no longer accurate, it shall promptly notify the Issuer, the Registrar, the Bond Trustee and the Dealers.

ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "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 (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and section 4975 of the U.S. Internal Revenue Code of 1986, as amended (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 any Bonds are acquired by a Plan with respect to which any of the Issuer, the Dealers or 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. By its purchase of any Bonds (or any interest in a Bond), each purchaser (whether in the case of the initial purchase or in the case of a subsequent transfer) will be deemed to have represented and agreed either that (i) it is not and for so long as it holds a Bond (or any interest therein) will not be an ERISA Plan or other Plan, or an entity whose underlying assets include the assets of any such ERISA Plan or other Plan or (ii) its purchase and holding of the Bonds will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code for which an exemption is not available.

Governmental plans and certain church and other U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any Bonds.

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 any 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.

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 and the issue of Bonds thereunder have been duly authorised by resolutions of the Board of Directors of the Issuer passed at a meeting of the Board held on 9 July 2008. The Issuer 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

It is expected that each Sub-Class of Bonds 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. The listing of the Programme in respect of Bonds is expected to be granted on 12 November 2024.

Documents Available

For so long as the Programme remains in effect or any Bonds shall be outstanding, copies of the following documents will be available for inspection on the Issuers website https://www.heathrow.com/company/investor-centre:

(a) the Memorandum and Articles of Association of each of the Issuer and the Obligors;

(b) the audited financial statements of the Issuer, Heathrow and Heathrow Express for the year ended 31 December 2022 and the year ended 31 December 2023;

(c) the audited consolidated financial statements of the Group for the year ended 31 December 2022 and the year ended 31 December 2023;

(d) the unaudited financial statements of the Group for the financial half-year ended 30 June 2024;

(e) a copy of this Prospectus, including all documents incorporated by reference herein;

(f) each Final Terms relating to Bonds;

(g) each Investor Report; and

(h) the Bond Trust Deed and each supplemental Bond Trust Deed.

Clearing Systems

The Bonds have been accepted for clearance through Euroclear, Clearstream, Luxembourg and (in the case of Rule 144A Bonds) DTC as specified in the relevant Final Terms. 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 together with the CUSIP number (if applicable). If the Bonds are to clear through an additional or alternative clearing system (including Sicovam) the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Lëtzebuerg, Luxembourg; and the address of DTC is 55 Water Street, New York, NY 10041, USA. The address of any alternative clearing system will be specified in the applicable Final Terms.

Significant or Material Change

There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2023.

There has been no significant change in the financial performance of the Issuer since 31 December 2023.

There has been no significant change in the financial position or financial performance of Heathrow (SP) since 31 December 2023.

There has been no material adverse change in the prospects of Heathrow (SP) since 31 December 2023.

There has been no significant change in the financial position or financial performance of Heathrow since 31 December 2023.

There has been no material adverse change in the prospects of Heathrow since 31 December 2023.

There has been no significant change in the financial position or financial performance of Heathrow Express since 31 December 2023.

There has been no material adverse change in the prospects of Heathrow Express since 31 December 2022.

There has been no significant change in the financial position or financial performance of Heathrow (AH) since 31 December 2023.

There has been no material adverse change in the prospects of Heathrow (AH) since 31 December 2023.

There has been no significant change in the financial position or financial performance of the Group since 30 June 2024.

Yields

The yield for any particular Tranche of Bonds will be specified in the applicable Final Terms and will be calculated at the Issue Date on the basis of the Issue Price and the rate of interest applicable to the Notes (including, as the case may be, any Step-Up Margin or any Premium Payment Amount). The applicable Final Terms in respect of any Floating Rate Bonds will not include any indication of yield. The yield specified in the applicable Final Terms in respect of a Tranche of Bonds will not be an indication of future yield.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) within a 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;

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Heathrow is aware) within a 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 Heathrow or its subsidiaries;

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) within a 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 Group;

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Heathrow (AH) is aware) within a 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 Heathrow (AH);

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Heathrow Express is aware) within a 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 Heathrow Express.

Availability of Financial Statements

The audited annual financial statements of the Issuer and each Obligor will be prepared as of 31 December in each year. The Issuer and Heathrow (SP) provide semi-annual unaudited financial information to various parties under the terms of the Common Terms Agreement. The unaudited interim financial information of the Issuer and Heathrow (SP) will be prepared as of 30 June in each year. All future audited annual financial statements (and any published interim financial information) of the Issuer and Heathrow will be available free of charge in accordance with "*Documents Available*" above.

Auditors

The financial statements as at and for the years ended 31 December 2022 and 31 December 2023 incorporated by reference in this Prospectus have been audited, without qualification, by PricewaterhouseCoopers LLP ("**PwC**").

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.

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 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, but LHR Airports as Security Group Agent (on behalf of the Group) is required to produce an Investor Report semi-annually.

Material Contracts

None of Heathrow, Heathrow (SP), Heathrow (AH) or Heathrow Express has entered into contracts outside the ordinary course of its business, which could result in Heathrow, Heathrow (SP), Heathrow (AH) or Heathrow Express or any member of its group being under an obligation or entitlement that is material to the ability of Heathrow to meet its obligation to the Issuer under the Borrower Loan Agreement.

Third party information

Third party information referred to in the sections entitled "*Business*" and "*Description of Hedge Counterparties*" has been accurately reproduced and as far as the Issuer and each Obligor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PROGRAMME INFORMATION

The Issuer is a special purpose financing entity established for the purpose of issuing asset backed securities, in particular, Bonds. Under the Programme the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Bonds in bearer and/or registered form (respectively "**Bearer Bonds**" and "**Registered Bonds**"). Copies of each Final Terms (as defined below) will be available (in the case of all Bonds) from the specified office set out below of Deutsche Trustee Company Limited as bond trustee (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 (each as defined below).

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 a set of final terms (the "**Final Terms**"), or in a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**"), see "*Final Terms and Drawdown Prospectuses*" below. In the case of a Tranche of Bonds which are the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms 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. 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 (as defined below) herein, in which event a Drawdown Prospectus or further 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 (each a "**Series**") and each Series may comprise one or both of two classes (each a "**Class**"). Bonds will be designated as either "**Class A Bonds**" or "**Class B Bonds**". Under the Programme, the Issuer may issue Bonds in one or more classes which rank in point of payment and security subordinate to the Class A Bonds and the Class B Bonds (the "**Subordinated Bonds**"). Each Class may comprise one or more sub-classes (each a "**Sub-Class**") 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, U.S. dollars, Canadian dollars, Australian dollars, Hong Kong dollars, Singapore dollars, Swiss francs, Norwegian krone, Swedish krona or Japanese yen, (or in other currencies subject to compliance with applicable laws). Investors in the Bonds are notified that the Issuer has issued Bonds under this Programme and may from time to time in the future issue further Bonds under this Programme, the terms of which will be specified in the relevant Final Terms.

If any withholding or deduction for or on account of tax is applicable to the Bonds, payments of interest on, principal of and premium (if any) 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.

If issued under the relevant Final Terms, Regulation S Bonds that are Bearer Bonds may be represented initially by one or more Temporary Global Bonds, without interest coupons, which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg on or about the Issue Date of such Sub-Class. Each such Temporary Global Bond will be exchangeable for Permanent Global Bonds or definitive securities in bearer form as specified in the relevant Final Terms 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 or to the effect that the holder is a U.S. person who purchased in a transaction that did not require registration under the Securities Act and as may be required by U.S. tax laws and regulations, as described in "*Forms of the Bonds*".

Bonds in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Bearer Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

If issued under the relevant Final Terms, Regulation S Bonds that are Registered Bonds will be represented on issue by beneficial interests in one or more global certificates (each a "**Regulation S Global Bond Certificate"**), in fully registered form, without interest coupons attached, which will be deposited with, and registered in the name of, a common depositary for Euroclear and Clearstream, Luxembourg. If issued under the relevant Final Terms in addition, or as an alternative, to Regulation S Bonds that are Registered Bonds, as specified in the relevant Final Terms, Rule 144A Bonds will be represented on issue by either (1) beneficial interests in one or more global certificates (each a "**Rule 144A EC Global Bond Certificate**"), in fully registered form, without interest coupons attached, which will be deposited with, and registered in the name of, a common depositary for Euroclear and Clearstream, Luxembourg or (2) beneficial interests in one or more global certificates (each a "**Rule 144A DTC Global Bond Certificate**"), in fully registered form, without interest coupons attached, which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, The Depositary Trust Company ("**DTC**"). Ownership interests in the Regulation S Global Bond Certificates, the Rule 144A EC Global Bond Certificates and the Rule 144A DTC Global Bond Certificates (the Rule 144A EC Global Bond Certificates and the Rule 144A DTC Global Bond Certificates, collectively the "**Rule 144A Global Bond Certificates**" and, together with the Regulation S Global Bond Certificates, the "**Global Bond Certificates**") will be

shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC (as applicable), 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 "*The Bonds*" and "*Subscription and Sale*" above.

If issued under the relevant Final Terms the Rule 144A Global Bond Certificates will bear a legend to the effect that such Rule 144A Global Bond Certificates, or any interest therein, may only be transferred in compliance with the transfer restrictions set out in such legend. No beneficial interest in a Rule 144A Global Bond Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Bond Certificate unless a corresponding Regulation S Global Bond Certificate is also issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms) and, in such case, only if the transfer is to a person who is neither a U.S. person nor a U.S. resident in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with written certification thereof. No beneficial interest in a Regulation S Global Bond Certificate may be transferred to a person that takes delivery in the form of a beneficial interest in a Rule 144A Global Bond Certificate unless a corresponding Rule 144A Global Bond Certificate is also issued in respect of such Sub-Class of Bonds (as stated in the relevant Final Terms) and, in such case, only if the transfer is to a person that is a QIB that is also a QP in a transaction in reliance on Rule 144A and the transferor provides the Registrar with written certification thereof. See "*Transfer Restrictions*" and the applicable Final Terms.

If any Rule 144A Bonds are issued, purchasers of such Rule 144A Bonds are hereby notified that the Issuer may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act. Until 40 days after the commencement of the offering, an offer or sale of the Bonds in 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 compliance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

The Programme contemplates the potential issue of Bonds which have been unconditionally and irrevocably guaranteed by a relevant Financial Guarantor, and the Issuer may issue such Bonds in the future. If a relevant Financial Guarantor is appointed in relation to any Sub-Class of Bonds a Drawdown Prospectus will be produced providing such information about such relevant Financial Guarantor as may be required by the rules of the FCA or the London Stock Exchange. The Issuer does not intend to issue any Bonds with a LHR Bond Guarantee under this Prospectus.

NOTICES TO INVESTORS

This Prospectus is being distributed only to, and is directed only at, 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 Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (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 (all such persons together being referred to as "**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.

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

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 as of any time subsequent to the date indicated in the document containing the same. None of the Dealers, the Bond 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. Investors should review, among other things, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Bonds.

This Prospectus is not intended to provide the basis of any credit evaluation and should not be considered as a recommendation by the Issuer, any member of the Group, any member of the Heathrow Airport Holdings Group, any Dealer, the Bond Trustee, the Borrower Security Trustee or any of the Other Parties 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 (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant subscription agreement (the "**Stabilisation Manager**") 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 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.

The Jersey Financial Services Commission (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. It must be distinctly understood that, in giving this consent, the Commission does not take 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 professional advisor. It should be remembered that the price of securities and the income from them can go down as well as up.

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 Jersey Financial Services 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.

All references herein to "**pounds**", "**sterling**", "**GBP**" or "**£**" are to the lawful currency of the UK, to "**$**", "**U.S.$**" or "**U.S. dollars**" are to the lawful currency of the United States of America, to "**A$**" or "**Australian dollars**" are to the lawful currency of Australia, to "**C$**" or "**Canadian dollars**" are to the lawful currency of Canada, to "**CHF**" or "**Swiss francs**" are to the lawful currency of Switzerland, to "**NOK**" or "**Norwegian krone**" are to the lawful currency of Norway, to "**Japanese yen**", "**JPY**" or "**J¥**" are to the lawful currency of Japan, to "**SGD**" or "**Singapore dollars**" are to the lawful currency of Singapore, to "**HKD**", "**Hong Kong dollars**" or "**HK$**" are to the lawful currency of Hong Kong, to "**SEK**" or "**Swedish krona**" are to the lawful currency of Sweden, to "**MXN**" or to "**Mexican pesos**" are to the lawful currency of Mexico and to "**€**" or "**euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, from time to time.

MiFID Product Governance / target market - The Final Terms or any Drawdown Prospectus in respect of any Bonds may include a legend entitled "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. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the 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 of Bonds about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any relevant Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise none of the other Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms or any Drawdown Prospectus in respect of any 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. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (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 of Bonds about whether, for the purpose of the UK MiFIR Product Governance Rules, any relevant Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise none of the other Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS- If the Final Terms or any Drawdown Prospectus in respect of any Bonds includes a legend entitled "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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97/ (as amended, the "**IDD**"), 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 the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**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 PRIIPS Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms or any Drawdown Prospectus in respect of any Bonds includes a legend entitled "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; or (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 Article 2 of Regulation (EU) 2017/1129 as it forms part of UK 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.

NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE (as amended, the **SFA)** – Unless otherwise stated in the Final Terms in respect of any Bonds, all Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO U.S. INVESTORS

Each prospective purchaser of Rule 144A Bonds or beneficial interests therein, by accepting delivery of this Prospectus and the relevant Final Terms shall be deemed to have acknowledged and agreed that such Prospectus and Final Terms are personal to it and do not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire such Bonds other than pursuant to Rule 144A. Distribution of this Prospectus and the Final Terms, or disclosure of any of their contents to any person other than such offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of their contents, without the prior written consent of the Issuer, is prohibited. Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, investors (and each employee, representative or other agent of the investors) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and U.S. federal tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such U.S. federal tax treatment and U.S. federal tax structure (as such terms are defined for the purposes of sections 6011, 6111 and 6112 of the U.S. Internal Revenue Code and the Treasury Regulations promulgated thereunder).

Additionally, each purchaser of any of the Bonds will be deemed to have made the representations, warranties and acknowledgements that are described in "*Transfer Restrictions*" and those, if any, included in the relevant Final Terms. For a description of certain further restrictions on resale or transfer of the Bonds, see the applicable Final Terms.

Offers and sales of the Bonds in the United States will be made by the Dealers through their affiliates which are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or in accordance with Rule 15a-6 thereunder.

Notwithstanding any provision in this Prospectus to the contrary, each prospective investor (and each employee, representative or other agent of each such prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and U.S. federal income tax structure of any transaction contemplated in this Prospectus and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. federal income tax treatment and U.S. federal income tax structure.

AVAILABLE INFORMATION

If any Rule 144A Bonds are issued, the Issuer will agree that, for so long as any of the Bonds are "restricted securities" within the meaning of Rule 144A(a)(3) under the Securities Act, it will, during any period in which it is neither subject to and in compliance with the reporting requirements of section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act to any holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such holder or beneficial owner of such restricted securities in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such restricted securities or any interest therein, in each case at the request of such holder or beneficial owner.

By requesting copies of the documents referred to herein or by making any other requests for additional information relating to the issue of the Bonds or to the Issuer, each potential investor agrees to keep confidential the various documents and all written information which from time to time has been or will be disclosed to it, to the extent that such documents or information are not otherwise publicly available, and agrees not to disclose any portion of such information to any person except in connection with the proposed resale of the Bonds or as required by law.

FORWARD-LOOKING STATEMENTS

This Prospectus contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties, including but not limited to those set out in the section entitled "*Risk Factors*", that could cause the actual results and financial position of the Issuer 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 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 as of the date hereof. The Obligors do not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect the events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

ENFORCEABILITY OF JUDGMENTS

A judgment of a court of the United States is not directly enforceable in Jersey. While there is no recent conclusive authority in Jersey law, the Jersey courts are likely to recognise as valid a final judgment for a liquidated sum of money, which is not in respect of taxes, fines, penalties or other similar fiscal or revenue liabilities, rendered against the Issuer by any competent superior court in the United States, provided that such judgment is obtained without fraud, in accordance with the principles of natural justice, is not contrary to public policy, and that the proceedings in the court of the United States were duly served.

Where a foreign court (being a court of any country or territory outside the UK other than one for whose international relations the UK is responsible) has given a judgment for multiple damages against a qualifying defendant the amount which may be payable by such defendant may be limited by virtue of the Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order, 1983) which provides that such qualifying defendant may be able to recover such amount paid by it as represents the excess in such multiple damages over the sum assessed as compensation by the court that gave the judgment.

The Issuer is a public company incorporated with limited liability in Jersey. Most of its assets are located outside the United States. In addition, all of its officers and directors reside outside the United States and most of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons not residing in the United States with respect to matters arising under the federal or state securities laws of the United States, or to enforce against any of them judgments of the courts of the United States predicated upon the civil liability provisions of such securities laws. There is a doubt as to the enforceability in Jersey, in original actions or in actions for the enforcement of judgements of U.S. courts, of civil liabilities predicated solely upon such securities laws.

RESPONSIBILITY STATEMENTS

This Prospectus comprises a base prospectus for the purposes (i) of Article 8 of the UK Prospectus Regulation. When used in this Prospectus, **Prospectus Regulation** means Regulation (EU) 2017/1129 and **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the **EUWA**, and (ii) for the purpose of giving information with regard to the Issuer and the Obligors which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer.

The Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the Obligors or the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Each of the Issuer and the Obligors accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of each of the Issuer and the Obligors, the information contained in this Prospectus is in accordance with the facts and the 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, the Shared Services Provider, LHR Business Support Centre Limited ("**BSC**"), any member of the 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, the Shared Services Provider, BSC, any member of the Group, the Dealers, the Bond Trustee or the Borrower Security Trustee. 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 or any member of the Group since the date hereof. Unless otherwise indicated herein, all information in this Prospectus is given

as of 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 any Dealer, the Bond Trustee, the Borrower Security Trustee, the Hedge Counterparties, the Liquidity Facility Providers, the Authorised Credit Providers, the Agents, the Borrower Account Bank, the auditors of the Group, the Issuer Account Bank or the members of the Heathrow Airport Holdings Group (other than the Issuer and the Obligors) (together, the "**Other Parties**") as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information supplied in connection with the Bonds or their distribution. 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 any Dealer, the Bond 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.

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 the purposes of Section 13 of the U.S. Bank Holding Company Act of 1956, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (commonly known as the "Volcker Rule"). Any prospective investor in the Bonds, including a U.S. or foreign bank or subsidiary or other affiliate thereof, should consult its own legal advisers 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, mistake or material inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Bonds whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and 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 each Dealer and the Bond Trustee such number of copies of such supplement hereto or replacement prospectus as such Dealer and Bond Trustee may reasonably request. The Issuer will also supply to the FCA such number of copies of such supplement hereto or replacement prospectus as may be required by the FCA to carry out its review and approval process and upon receiving approval from the FCA will make copies available, free of charge, upon oral or written request, at the Specified Offices of the Paying Agents and in respect of Registered Bonds, the Registrar and the Transfer Agent (as defined herein).

Each of the Obligors and LHR Airports has undertaken to the Dealers 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.

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.

NON-IFRS FINANCIAL INFORMATION

This Prospectus contains certain financial measures that are not defined or recognised under IFRS and which constitute alternative performance measures ("APMs"). Information regarding these measures is sometimes used by investors and management to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures, and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Issuer's and its subsidiaries' performance with each other or with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure of operating performance, or as an alternative to cash generated from operations as a measure of liquidity.

ALTERNATIVE PERFORMANCE MEASURES ("APMS")

APMs in this Prospectus include Adjusted EBITDA and Regulatory Asset Base (also known as RAB). Definitions of these terms and the other APMs contained in this Prospectus along with details of the adjustments required to reconcile these non-IFRS financial measures to their closest equivalent IFRS financial measures, can be found in the "*Alternative Performance Measures (APMs) – Unaudited"* section on pages 223 to 225 of Heathrow (SP)'s audited annual consolidated financial statements for the year ended 31 December 2022, on pages 243 to 245 of Heathrow's audited annual consolidated financial statements for the year ended 31 December 2023, on pages 189 to 191 of Heathrow's audited annual consolidated financial statements for the year ended 31 December 2022, and on pages 209 to 211 of Heathrow's audited annual consolidated financial statements for the year ended 31 December 2023, all of which are incorporated by reference into this Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Bonds, the information necessary to enable investors to make 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. In relation to the different types of Bonds which may be issued under the Programme, the Issuer has endeavoured to include in this Prospectus, including the documents incorporated by reference, all of the necessary information except for information relating to the Bonds which is not known at the date of this Prospectus and which can only be determined at the time of an individual issue of a Tranche of Bonds.

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 or in a Drawdown Prospectus. For a Tranche of Bonds which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Prospectus and must be read in conjunction with this Prospectus. The Conditions as completed to the extent described in the relevant Final Terms are the terms and conditions applicable to any particular Tranche of Bonds which is the subject of Final Terms.

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.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the documents specified in the cross-reference list below, which documents shall be incorporated in, and form part of, this Prospectus; provided, however, that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any further information or documents incorporated by reference in the documents incorporated by reference below does not form part of this Prospectus. Information contained in the documents incorporated by reference into this Prospectus, which is not itself incorporated by reference herein, is not relevant for investors.

Each of the Issuer, Heathrow and Heathrow (SP) will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the registered offices of the Issuer, Heathrow and Heathrow (SP), as the case may be, as set out in the section entitled "*Description of the Group Companies*", and such documents will be available upon request for the life of the Prospectus.

Copies of the documents incorporated by reference in this Prospectus may be viewed electronically and free of charge at https://www.heathrow.com/company/investor-centre/offering_related-documents/heathrow-funding-ltd (the "**Special Purpose Website**"). The Special Purpose Website does not form part of Heathrow Airport Holdings' website, and Heathrow Airport Holdings' website does not form any part of this Prospectus. The Special Purpose Website is provided for convenience only, and its content does not form any part of this Prospectus. The information incorporated by reference into this Prospectus is an important part of this Prospectus.

The list below sets out the details of each of the documents incorporated by reference in this Prospectus.

Cross Reference List

- Unaudited semi-annual consolidated financial statements of Heathrow (SP) for the financial half-year ended 30 June 2024 (pages 10 - 36 inclusive)
- Audited annual non-consolidated financial statements of the Issuer for the financial year ended 31 December 2022 (pages 13 – 38 inclusive)
- Audited annual non-consolidated financial statements of the Issuer for the financial year ended 31 December 2023 (pages 14 - 39 inclusive)
- Audited annual non-consolidated financial statements and alternative performance measures of Heathrow for the financial year ended 31 December 2022 (pages 126 – 188 inclusive and pages 189 - 191 inclusive)
- Audited annual non-consolidated financial statements and alternative performance measures of Heathrow for the financial year ended 31 December 2023 (pages 148 - 208 inclusive and pages 209 - 211 inclusive)
- Audited annual consolidated financial statements and alternative performance measures of Heathrow (SP) for the financial year ended 31 December 2022 (pages 126 – 213 inclusive and pages 223 - 225 inclusive)
- Audited annual consolidated financial statements and alternative performance measures of Heathrow (SP) for the financial year ended 31 December 2023 (pages 148 – 233 inclusive and pages 243 – 245 inclusive)
- Audited annual non-consolidated financial statements of Heathrow Express for the financial year ended 31 December 2022 (pages 15 – 33 inclusive)
- Audited annual non-consolidated financial statements of Heathrow Express for the financial year ended 31 December 2023 (pages 15 to 34 inclusive)
- Common Terms Agreement dated 18 August 2008 as amended on 28 February 2019, 28 January 2020, 5 January 2021 and 15 December 2022 between, among others, the Obligors, the Issuer and the Borrower Security Trustee (all pages).

- Security Trust and Intercreditor Deed dated 18 August 2008 as amended and restated on 9 January 2012 between, among others, the Borrower Security Trustee, the Obligors and the Bond Trustee (all pages)
- Security Agreement dated 18 August 2008 between, among others, the Obligors and the Borrower Security Trustee (all pages)
- Obligor Floating Charge Agreement dated 18 August 2008 between the Issuer, the Borrower Security Trustee, the Bond Trustee and the Obligors (all pages)
- Bond Trust Deed dated 18 August 2008 as supplemented on 13 January 2012, 18 October 2013, 15 December 2014, 22 January 2016, 26 June 2017, 8 August 2018, 4 October 2021, 25 November 2022, 30 June 2023 and 8 November 2024 between, among others, the Issuer and the Bond Trustee (all pages)
- Master Definitions Agreement dated 18 August 2008 as amended on 13 January 2012 and 28 February 2019 between, among others, the Obligors, the Issuer, the Bond Trustee and the Borrower Security Trustee (all pages)
- The terms and conditions of the Bonds as set out in the base prospectus dated 14 July 2008 relating to the Issuer's multicurrency programme for the issuance of Bonds, as amended (pages 310 to 349 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 20 November 2009 relating to the Issuer's multicurrency programme for the issuance of Bonds, as amended (pages 82 to 120 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 18 March 2011 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 64 to 97 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 16 June 2011 relating to the Issuer's multicurrency programme for the issuance of Bonds, as amended (pages 73 to 106 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 14 June 2012 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 70 to 103 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 16 October 2013 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 69 to 107 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 16 December 2014 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 69 to 109 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 22 January 2016 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 73 to 111 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 26 June 2017 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 79 to 120 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 10 August 2018 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 81 to 125 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 19 July 2019 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 91 to 135 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 24 September 2020 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 84 to 128 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 4 October 2021 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 88 to 148 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 25 November 2022 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 91 to 154 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 30 June 2023 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 94 to 162 inclusive)

PRESENTATION OF FINANCIAL INFORMATION

The audited annual consolidated financial statements of the Group for the financial years ended 31 December 2022 and 31 December 2023 have been prepared in accordance with UK adopted International Accounting Standards.

The audited annual non-consolidated financial statements of Heathrow for the years ended 31 December 2022 and 31 December 2023 have been prepared in accordance with Financial Reporting Standard 102 ("**FRS 102**").

The audited annual financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 have been prepared in accordance FRS 102.

The audited annual financial statements of Heathrow Express for the financial years ended 31 December 2022 and 31 December 2023 have been prepared in accordance with FRS 102.

The unaudited semi-annual consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with UK adopted International Accounting Standard 34 'Interim Financial Reporting'.

REGISTERED OFFICE OF THE ISSUER

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Jersey JE1 1ST

REGISTERED OFFICE OF THE OBLIGORS

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PRINCIPAL PAYING AGENT AND AGENT BANK

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London EC2Y 9DB

REGISTRAR, TRANSFER AGENT, PAYING AGENT AND EXCHANGE AGENT

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