Bazalgette Finance plc

(a public limited company incorporated in England and Wales with registered no. 9698014)

£10,000,000,000

Multicurrency Programme for the Issuance of Bonds

Bazalgette Finance plc (the **"Issuer"**) has established a multicurrency programme for the issuance of a single class of Bonds designated as the Bonds (the **"Programme"**).

This Prospectus supersedes the base prospectus dated 20 June 2025 and any supplements thereto. Any Bonds issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein. This Prospectus does not affect any Bonds already in issue under the Programme before the date of this Prospectus.

Application has been made to the Financial Conduct Authority (the **"FCA"**) for the Bonds issued under the Programme during the period of twelve months from the date hereof to be admitted to the official list of the FCA (the **"Official List"**) and to the London Stock Exchange plc (the **"London Stock Exchange"**) for the Bonds issued under the Programme during the period of twelve months from the date hereof to be admitted to trading on the London Stock Exchange's Main Market (the **"Main Market"**). The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

The Main Market is a regulated market in the United Kingdom (**"UK"**) 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 European Union (Withdrawal) Act 2018, as amended (**"EUWA"**) (**"UK MiFIR"**). This Prospectus has been approved by the FCA in accordance with the rules in the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the **"PRM"**) made pursuant to its rule-making powers under the Public Offers and Admissions to Trading Regulations 2024 (the **"POATRs"**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the rules in the PRM. Such approval should not be considered as an endorsement of either of the Issuer, the Obligors or the quality of the Bonds that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds.

The Bonds may be issued, on a continuing basis, to one or more of the Dealers specified under the section "*Parties to the Transaction – Issuer Related Parties*" and any additional Dealer 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.

The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Obligors and the Dealers to inform themselves about and to observe such restrictions. 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, and include Bonds in bearer form that are subject to U.S. tax law requirements. The Bonds will be offered, sold and delivered only outside the United States to persons who are not "U.S. persons" as defined in Regulation S under the Securities Act (**"Regulation S"**) (each, a **"U.S. Person"**) in "offshore transactions" in reliance on Regulation S. 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 have not been approved or disapproved by the United States Securities and Exchange Commission, any federal or state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Bonds or the

accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

See "*Risk Factors*" to read about certain factors that prospective investors should consider before buying any of the Bonds.

Dealers

Canadian Imperial Bank of Commerce, London Branch

RBC Capital Markets

Lloyds Bank Corporate Markets

Base Prospectus dated 25 September 2026

Under the Programme, the Issuer may, subject to all applicable legal and regulatory requirements, from time to time issue Bonds in bearer or registered form (respectively **"Bearer Bonds"** and **"Registered Bonds"**). Copies of the final terms for each Tranche of Bonds (the **"Final Terms"**) 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.

Bonds issued under the Programme shall comprise a single class (the **"Bonds"**). Bonds will be issued in series on each Issue Date (each a **"Series"**). Each Series may comprise one or more tranches (each a **"Tranche"**) with each Tranche pertaining to, among other things, the currency, interest rate and maturity date of the relevant Tranche. Each Tranche may be fixed rate, floating rate, index-linked or instalment Bonds and may be denominated in sterling, euro or U.S. dollars (or in other currencies subject to compliance with applicable laws).

The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed £10,000,000,000 (or its equivalent in other currencies calculated as described in this Prospectus) unless increased from time to time by the Issuer.

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other conditions not contained in this Prospectus, which are applicable to each Tranche of Bonds will be set forth in a set of 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 is 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. In the case of Bonds to be admitted to the Official List, the Final Terms or Drawdown Prospectus will be delivered to the FCA on or before the relevant date of issue of the Bonds of such Tranche.

The Programme has been rated Baa1 by Moody's Investors Service Limited (**"Moody's"**) and BBB+ by Fitch Ratings Ltd (**"Fitch"** and together with Moody's, the **"Programme Rating Agencies"**). Ratings ascribed to the Programme or to any of the Bonds reflect only the views of Moody's and Fitch and any further or replacement rating agency appointed by the Issuer. Moody's and Fitch are established in the UK and are registered under Regulation (EC) No. 1060/2009 on credit rating agencies as it forms part of UK domestic law by virtue of the EUWA (the **"UK CRA Regulation"**) and, as such are included in the latest update of the list of credit rating agencies published by the FCA on its website (at https://www.fca.org.uk/firms/credit-rating-agencies), in accordance with the UK CRA Regulation. Neither Fitch nor Moody's is established in the European Union and they have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **"CRA Regulation"**). The ratings issued by Fitch and Moody's have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH respectively. Fitch Ratings Ireland Limited and Moody's Deutschland GmbH are established in the European Union and registered under the CRA Regulation. As such each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority (**"ESMA"**) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. **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 Programme Rating Agencies.** A suspension, reduction or withdrawal of the rating assigned to the Programme or to any of the Bonds may adversely affect the market price of such Bonds.

In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation, unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. Similarly, in general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under Regulation (EC) 1060/2009

EU CRA Regulation (the **"EU CRA Regulation**") unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation.

If any withholding or deduction for or on account of tax is applicable to the Bonds, payments on the Bonds will be made subject to such withholding or deduction, without the Issuer being obliged to pay any additional amounts in consequence (unless otherwise specified in the applicable Drawdown Prospectus).

The Issuer is of the view that it is not a "covered fund" under the regulations adopted to implement Section 619 of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the **"Volcker Rule"**. Although other exclusions and exemptions may be available to the Issuer, this conclusion is based on the exemption from the definition of "investment company" provided by Rule 3a-5 under the United States Investment Company Act of 1940, as amended (the **"Investment Company Act"**). However, the general effects of the Volcker Rule remain uncertain and any prospective investors, including U.S. or foreign banks or subsidiaries or other affiliates thereof, should consult their own legal advisers regarding such matters and other effects of the Volcker Rule.

In the case of Bonds which are to be offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Regulation (EU) 2017/1129, the minimum specified denomination shall be €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of such Bonds.

Bonds that are Bearer Bonds may be represented initially by one or more temporary global Bonds (each a **"Temporary Bearer Global Bond"**) (which may be held either in new global bond form or classic global bond form), without interest coupons or principal receipts, which will be deposited with a common depositary (in the case of Temporary Bearer Global Bonds in classic global bond form) or a common safekeeper (in the case of Temporary Bearer Global Bonds in new global bond form) for Euroclear Bank SA/NV (**"Euroclear"**) and Clearstream Banking, S.A. (**"Clearstream, Luxembourg"**) on or about the Issue Date of such Tranche. Each such Temporary Bearer Global Bond will be exchangeable for a permanent global Bond (each a **"Permanent Bearer Global Bond"**) or definitive Bonds in bearer form as specified in the relevant Final Terms or Drawdown Prospectus following the expiration of 40 days after the later of the commencement of the offering and the relevant Issue Date, upon certification as to non-U.S. beneficial ownership and as may be required by U.S. tax laws and regulations, as described in the section "*Forms of the Bonds*". Bearer Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bearer Bonds may not be offered, sold or delivered within the United States or to United States persons.

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"** and together with the Temporary Bearer Global Bonds and Permanent Bearer Global Bonds the **"Global Bonds"** and each a **"Global Bond"**), in fully registered form, without interest coupons or principal receipts attached, which will be deposited with, and registered in the name of, a common depositary (where not held under the New Safekeeping Structure) or a common safekeeper (where held under the New Safekeeping Structure) for Euroclear and Clearstream, Luxembourg. Ownership interests in the Regulation S Global Bonds will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. Bonds in definitive, certificated and fully registered form will be issued only in the limited circumstances described in this Prospectus. In each case, purchasers of Bonds will be deemed to have made certain representations and agreements. See "*Subscription and Sale*" below.

IMPORTANT NOTICES

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances imply that the information contained in this Prospectus concerning the Issuer or the Obligors 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 such information. None of the Lead Manager, the Dealers or any of their respective affiliates, the Bond Trustee, the Issuer Security Trustee, the Obligor Security Trustee or any of the Hedge Counterparties, the 2026 RCF Lenders, the Agents, the Liquidity Facility Providers or the Account Banks undertakes to review the financial condition or affairs of any of the Issuer and the Obligors during the life of the Programme or the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Bonds of any information coming to their attention.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any member of the Holdco Group, the Lead Manager, the Dealers or any of their respective affiliates, the Bond Trustee, the Issuer Security Trustee or the Obligor Security Trustee that any recipient of this Prospectus should purchase any of the Bonds issued under the Programme. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary.

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, the other Obligors, the Lead Manager and the Dealers or any of their respective affiliates 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. None of the Issuer, the Obligors, the Lead Manager or the Dealers or any of their respective affiliates represents that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Obligors, the Lead Manager or the Dealers or any of their respective affiliates which would permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States, the European Economic Area and the UK. See "*Subscription and Sale*" in this Prospectus.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction and so agrees, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

Certain Tranches of Bonds issued in NGB form or under the NSS (each as defined in "*Form of the Bonds*" below) may be held in a manner which will allow Eurosystem eligibility. This simply means that the Bonds are intended upon issue to be delivered to one of Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Bonds and the other financing arrangements described in this Prospectus to be entered into by the Issuer will be obligations solely of the Issuer.

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

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

Any individual intending to purchase any of the Bonds, including any Bonds designated as "Green Bonds" or "Blue Bonds" in the applicable Final Terms, (such categories of Bonds being referred to together as **"Green Bonds"**), 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.

Each potential investor in the Bonds, including any Green Bonds must make its own assessment as to the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent Bonds (including any Green Bonds) are legal investments for it, Bonds (including any Green Bonds) can be used as security for indebtedness and other restrictions apply to its purchase or pledge of any Bonds (including any Green Bonds). Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules. Each potential investor should consult its legal advisers before making an investment in any Green Bonds and must determine for itself the relevance of information regarding the Green Bonds in this Prospectus for the purpose of any such investment together with any other information such investor deems necessary. Without limiting the foregoing, each potential investor must determine for itself the relevance of any opinion, report or certification regarding the Green Bonds and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in Green Bonds. In particular, no assurance is given by the Issuer, the Dealers or any of their respective affiliates or any other person that the use of the proceeds of issue of any Green Bonds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, 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 meeting or continuing to meet on an ongoing basis any or all investor expectations regarding investment in a "green bond", "blue bond" or equivalently-labelled investment. The Dealers or any of their respective affiliates shall not be responsible for the ongoing monitoring of the use of proceeds in respect of any Green Bonds.

All references in this Prospectus to (i) a law or a provision of law is a reference to that law or provision as extended, applied, amended or re-enacted and includes any subordinate legislation and (ii) a document or agreement is a reference to that document or agreement as amended, where an amendment includes a supplement, novation, restatement or re-enactment, and amendment will be construed accordingly.

All references in this Prospectus to **"pounds"**, **"sterling"**, **"£"** or **"GBP"** are to the lawful currency of the UK, all references to **"$"**, **"U.S.$"**, **"U.S. dollars"**, **"dollars"** and **"USD"** are to the lawful currency of the United States of America, references to **"C$"** and **"Canadian dollars"** are to the lawful currency of Canada, and references to **"€"**, **"euro"** or **"EUR"** 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.

Forward-Looking Statements

This Prospectus contains various forward-looking statements regarding events and trends that speak only as of the date hereof and are subject to risks and uncertainties that could cause the actual results and financial position of the Issuer to differ materially from the information presented in this Prospectus. When used in this Prospectus, the words **"estimate"**, **"project"**, **"intend"**, **"anticipate"**, **"believe"**, **"expect"**, **"should"** and similar expressions, as they relate to the Issuer and its management and the Obligors and their management, are intended to identify such forward-looking statements. The Issuer and the Obligors do not undertake any obligation 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 unless, as a result of such event or circumstance, the Issuer is required under applicable law to publish a supplementary prospectus after the date hereof.

Responsibility Statements

This Prospectus comprises a base prospectus for the purposes of PRM 2.3 and for the purpose of giving information with regard to the Issuer and the Obligors which, according to the particular nature of the Issuer, the Obligors 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 and the rights attaching to the Bonds.

The Issuer accepts responsibility for the information contained in this Prospectus and in any Final Terms or Drawdown Prospectus which complete this Prospectus for each Tranche of Bonds issued hereunder. The Issuer declares that, to the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

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

Each of the Obligors accepts responsibility for the information set out in the sections entitled "*Risk Factors*", "*Business Description*", "*Regulatory Framework*", "*Description of the Company*", "*Description of Holdco*", "*Description of the Shareholders*", "*Summary of the Government Support Package*", "*Summary of the Common Documents*", "*Summary of the Finance and Hedging Documents*" and "*Summary of the Issuer Transaction Documents*" (the **"Obligor Information"**). The Obligors declare that, to the best of the knowledge of the Obligors, the Obligor Information is in accordance with the facts and the Obligor Information contains no omission likely to affect its import.

The information contained in this Prospectus under the caption "*Description of the Company Hedge Counterparties"* has been provided to the Issuer by the relevant Company Hedge Counterparty as set out under that caption. The information contained in this Prospectus under the caption "*The Bond Trustee, Issuer Security Trustee and Obligor Security Trustee*" has been provided to the Issuer by Deutsche Trustee Company Limited. The information contained in this Prospectus under the caption "*The Principal Paying Agent and Agent Bank*" has been provided to the Issuer by Deutsche Bank AG, London Branch. The information contained in this Prospectus under the caption "*The Registrar and Transfer Agent*" has been provided to the Issuer by Deutsche Bank Luxembourg S.A. The information referred to in this paragraph has been accurately reproduced and to the best of the knowledge of the Issuer, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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 issue of the Bonds, any member of the Holdco 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 or on behalf of the Issuer, the Holdco Group, the Bond Trustee, the Obligor Security Trustee, the Issuer Security Trustee, the directors of the Issuer, the Lead Manager, the Dealers, any of the Hedge Counterparties, the 2026 RCF Finance Parties, the Agents, the Liquidity Facility Providers or the Account Banks.

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 Holdco Group since the date hereof. Unless otherwise indicated herein, all information in this Prospectus is given as of the date of this Prospectus. This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Obligors, the Lead Manager or any Dealer to subscribe for, or purchase, any of the Bonds.

Save for the Issuer and the Obligors (who have only verified the Obligor Information for which they specifically accept responsibility as described in the preceding paragraphs), no other party has separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Lead Manager, the Dealers, the Bond Trustee, the Issuer Security Trustee, the Obligor Security Trustee, any of the Hedge Counterparties, the 2026 RCF Finance Parties, the Agents, the Liquidity Facility Providers or the Account Banks as to the accuracy or

completeness of the information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer. Each person receiving this Prospectus acknowledges that such person has not relied on the Lead Manager, the Dealers, the Bond Trustee, the Obligor Security Trustee, the Issuer Security Trustee, any of the Hedge Counterparties, the 2026 RCF Finance Parties, the Agents, the Liquidity Facility Providers or the Account Banks to review the financial condition or affairs of any of the Issuer or the Obligors, nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the Obligors, the Lead Manager, the Dealers, the Bond Trustee, the Issuer Security Trustee, the Obligor Security Trustee, any of the Hedge Counterparties, the 2026 RCF Finance Parties, the Agents, the Liquidity Facility Providers or the Account Banks accepts responsibility to investors for the regulatory treatment of their investment in the Bonds (including (but not limited to) whether any transaction or transactions pursuant to which Bonds are issued from time to time is or will be regarded as constituting a "securitisation" for the purposes of the UK Securitisation Regulations 2024 (SI 2024/102) (**"SR 2024"**) and any delegated regulations in any jurisdiction or by any regulatory authority). If the regulatory treatment of an investment in the Bonds is relevant to an investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the "*Risk Factors*" section of this Prospectus for further information.

Supplementary Prospectus

The Issuer has undertaken, in connection with the admission of the Bonds to the Official List and to trading on the Main Market of any issue of Bonds, that, if there shall occur between the time when this Prospectus is approved and the final closing of any offer of Bonds to the public, or as the case may be, the time when trading on the Main Market begins, any significant new factor, material mistake or inaccuracy relating to information included 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, the Obligors 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 and 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.

Each of the Issuer and the Obligors has undertaken to the Dealers in the Dealership Agreement (as defined in "*Subscription and Sale*") to comply with PRM 10.1.

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, in any material respect, 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, provided that, if any amendment is made to the Conditions, the Issuer shall prepare either a Drawdown Prospectus or a new replacement Prospectus, rather than a supplement to this Prospectus.

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to PRM 10.1, the Issuer shall prepare and make available an appropriate supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Bonds to be listed on the Official List and admitted to trading on the Main Market, shall constitute a supplementary prospectus as required by the FCA and PRM 10.1.

Final Terms and Drawdown Prospectuses

In this section the expression **"necessary information"** means, in relation to any Tranche of Bonds, the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Obligors and of the rights attaching to the Bonds and the reasons for the issuance and its impact on the Issuer. In relation to the different types of Bonds which may be issued under the Programme, the Issuer and the Obligors, as applicable, have included in this Prospectus 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 terms and conditions of the Bonds as set out herein (the **"Conditions"**) as completed by Part A of 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 completed by 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 Obligors and the relevant Tranche(s) of Bonds.

EU MiFID II Product Governance/Target Market

The Final Terms in respect of any Bonds (or Drawdown Prospectus) will include a legend entitled "*EU MiFID II Product Governance*" which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. 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 (**"EU MiFID II"**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

UK MiFIR Product Governance/Target Market

The Final Terms in respect of any Bonds (or Drawdown Prospectus) will include a legend entitled "*UK MiFIR Product Governance/Target Market*" which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any 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 about whether, for the purpose of the UK MiFIR Product Governance Rules, any Lead Manager and/or Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Lead Manager, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPs – 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 EU MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the **"Insurance Distribution Directive"**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. 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.

CCI Product Summary – Prohibition of Sales to UK Retail Investors

The Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (**"DISC"**) for offering, selling or distributing the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

Benchmarks Regulation

Amounts payable on Floating Rate Bonds issued under the Programme may be calculated by reference to the Euro Interbank Offered Rate (**"EURIBOR"**), the Sterling Overnight Index Average (**"SONIA"**), the Secured Overnight Financing Rate (**"SOFR"**), or the Euro short-term rate (**"€STR"**) or any related index as specified in the applicable Final Terms or Drawdown Prospectus.

As at the date of this Prospectus, European Money Markets Institute (as administrator of EURIBOR) is included on the register of administrators established and maintained by the FCA pursuant to Article 36 of the Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (as amended, the **"UK Benchmarks Regulation"**) and the register of administrators established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (as amended, the **"EU Benchmarks Regulation"**).

As far as the Issuer is aware, the Bank of England (as administrator of SONIA) is not required to be registered by virtue of Article 2 of the UK Benchmarks Regulation and Article 2 of the EU Benchmarks Regulation, however the Bank of England has issued a statement of compliance with the principles for financial benchmark issued in 2017 by the International Organisation of Securities Benchmarks. As far as the Issuer is aware, the Federal Reserve Bank of New York (as administrator of SOFR) is not required to be registered by virtue of Article 2 of the UK Benchmarks Regulation and Article 2 of the EU Benchmarks Regulation. As far as the Issuer is aware, the European Central Bank (as administrator of €STR) is not required to be registered by virtue of Article 2 of the UK Benchmarks Regulation and Article 2 of the EU Benchmarks Regulation.

The registration status of any administrator under the UK Benchmarks Regulation or the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

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OVERVIEW OF THE PROGRAMME

The following is a brief summary of certain terms of this Prospectus. It is not intended to be complete and may not contain all the information that is important to investors. For additional information regarding the Bonds, see "Terms and Conditions of the Bonds". It is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

Capitalised terms used in this section, unless otherwise indicated, have the meanings set out in this Prospectus. An index of defined terms used herein appears at the back of this Prospectus.

*References to (a) the **"Closing Date"** means the date on which all conditions precedent to the Common Terms Agreement were satisfied or waived (as the case may be), which occurred on 24 August 2015, (b) the **"Establishment Date"** means the date on which all conditions precedent to the establishment of the Programme as set forth in the Dealership Agreement were satisfied or waived (as the case may be), which occurred on 10 June 2016, and (c) the **"Initial Issue Date"** means the date upon which the first Series of Bonds was issued by the Issuer, which occurred on 15 June 2016.*

Parties to the Transaction

The Issuer and Issuer Related Parties

Issuer	Bazalgette Finance plc, a public company incorporated in England and Wales with limited liability (registration number 9698014 and having its registered office at Part Level 7, Riverside House, 2a Southwark Bridge Road, London, United Kingdom, SE1 9HA) and a wholly owned subsidiary of Holdco. The Issuer will be the issuer of the Bonds, a borrower under any Liquidity Facility Agreement entered into by the Issuer and party to any Issuer Hedging Agreements. The Issuer will have recourse to the Company under the IBLAs for all amounts borrowed by the Company pursuant to the IBLAs. The Issuer is tax resident in the UK. The Issuer has been incorporated as a special purpose company for the purpose of issuing asset backed securities under the Programme described in this Prospectus. For further details of the Issuer, see the section entitled "*Description of the Issuer*".
Legal Issuer Entity Identifier (LEI)	213800ZGSE4AQTG77U19.
Deferred Bond Purchaser(s)	Any entity which has entered into a Deferred Bond Purchase Agreement (as defined below) with the Issuer (each a **"Deferred Bond Purchaser"** and together the **"Deferred Bond Purchasers"**).
Deferred Settlement Purchaser(s)	Any entity which has entered into a Deferred Settlement Agreement (as defined below) with the Issuer (each a **"Deferred Settlement Purchaser"** and together the **"Deferred Settlement Purchasers"**).
Bondholders	Holders of the Bonds issued by the Issuer from time to time (each a **"Bondholder"** and together the **"Bondholders"**).
Bond Trustee	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to the Bond Trust Deed (as defined below)) will act as Bond Trustee for and on behalf of the Bondholders.
Issuer Secured Creditors	The secured creditors of the Issuer (the **"Issuer Secured Creditors"**) will comprise the Bondholders, any Deferred Purchaser(s), the Bond Trustee (for itself and on behalf of the Bondholders), the Issuer

	Security Trustee (for itself and on behalf of the other Issuer Secured Creditors), each Issuer Hedge Counterparty, the Issuer Account Bank, any Principal Paying Agent, Agent Bank, the Transfer Agent, Registrar, any Calculation Agent, the Issuer Cash Manager, the Bond Custodian, any Liquidity Facility Provider and any other person which accedes to the Issuer Deed of Charge as an Issuer Secured Creditor after the Closing Date.
Issuer Security Trustee	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to the Issuer Deed of Charge (as defined below)) will act as security trustee (the **"Issuer Security Trustee"**) for itself and on behalf of the Issuer Secured Creditors and will hold, and will be entitled to enforce, the Issuer Security subject to the terms of the Issuer Deed of Charge.
Issuer Account Bank	Lloyds Bank plc (or any successor account bank appointed pursuant to the Issuer Account Bank Agreement) (the **"Issuer Account Bank"**).
Issuer Cash Manager	The Company or, following the delivery of an Issuer Security Enforcement Notice, the Issuer Security Trustee or a professional cash manager appointed by the Obligor Security Trustee (including any substitute appointed by the Obligor Security Trustee) in accordance with the provisions of the Issuer Cash Management Agreement.
Liquidity Facility Provider(s)	The lenders under any Liquidity Facility Agreement from time to time, including Lloyds Bank plc as Initial Liquidity Facility Provider under the Initial Liquidity Facilities Agreement.
Liquidity Facility Agent (under the Initial Liquidity Facilities Agreement)	Lloyds Bank plc.
Registrar	Deutsche Bank Luxembourg S.A. (or any successor registrar appointed pursuant to the Issuer Transaction Documents) will act as registrar and will provide certain registrar services to the Issuer in respect of any Bonds issued in registered form.
Transfer Agent	Deutsche Bank Luxembourg S.A. (or any successor transfer agent appointed pursuant to the Issuer Transaction Documents) will act as transfer agent and will provide certain transfer agency services to the Issuer in respect of any Bonds issued in registered form.
Principal Paying Agents	Deutsche Bank AG, London Branch (or any successor principal paying agent appointed pursuant to the Agency Agreement) act as principal paying agent (the **"Principal Paying Agent"**) and, together with any other paying agent appointed by the Issuer from time to time (each a **"Paying Agent"**), will provide certain issue and paying agency services to the Issuer in respect of the Bonds.
Agent Bank	Deutsche Bank AG, London Branch (or any successor agent bank appointed pursuant to the Agency Agreement) will act as agent bank (the **"Agent Bank"**) in respect of the Bonds.
Calculation Agent	Deutsche Bank AG, London Branch (or any successor calculation agent appointed pursuant to the Issuer Transaction Documents) or any other person appointed as calculation agent (pursuant to the provisions of a Calculation Agency Agreement) and specified in the Final Terms

	or Drawdown Prospectus, will act as calculation agent (the **"Calculation Agent"**) in respect of the Bonds.
Issuer Hedge Counterparties	Any counterparty to any Issuer Hedging Agreement (each an **"Issuer Hedge Counterparty"** and together the **"Issuer Hedge Counterparties"**) from time to time.
Bond Custodian	Deutsche Bank AG, London Branch, as bond custodian under the Bond Custody Agreement or any successor bond custodian appointed pursuant to the Bond Custody Agreement (the **"Bond Custodian"**).
Dealers	Canadian Imperial Bank of Commerce, London Branch, Lloyds Bank Corporate Markets plc and RBC Europe Limited.
Programme Rating Agencies	Moody's and Fitch.

Obligors and Obligor Related Parties

Company	Bazalgette Tunnel Limited, a private company incorporated in England and Wales with limited liability (registration number 9553573), having its registered office at Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA. The shares of the Company are 100 per cent. legally and beneficially owned by Holdco. The Company is tax resident in the UK (the **"Company"**).
Holdco	Bazalgette Holdings Limited, a private company incorporated in England and Wales with limited liability (registration number 9553510) having its registered office at Part Level 7, Riverside House, 2a Southwark Bridge Road, London, United Kingdom, SE1 9HA. The shares of Holdco are 100 per cent. legally and beneficially owned by JVCo. Holdco is tax resident in the UK (**"Holdco"**).
JVCo	Bazalgette Ventures Limited, a private company incorporated in England and Wales with limited liability (registration number 9553461) having its registered office at Part Level 7, Riverside House, 2a Southwark Bridge Road, London, United Kingdom, SE1 9HA. JVCo is tax resident in the UK (**"JVCo"**).
Holdco Group	Holdco and each Subsidiary of Holdco.
Holdco Group Agent	The Company (the **"Holdco Group Agent"**).
Guarantor	Holdco guarantees the obligations of the Company in respect of the Obligor Secured Liabilities in favour of the Obligor Security Trustee (for and on behalf of the Obligor Secured Creditors). The Guarantor does not guarantee the obligations of the Issuer under the Bonds.
Security Providers / Chargors	The Obligors have (to the extent not excluded as contemplated in "*Summary of the Common Documents – Obligor Security Documents – Obligor Security Agreements-Exceptions to the Security*") granted in favour of the Obligor Security Trustee (for and on behalf of the Obligor Secured Creditors) first ranking fixed security over, as applicable, their rights and interests in certain bank accounts, the shares in their subsidiaries, any relevant structural intra-group loans, certain contracts and Intellectual Property and a qualifying floating charge over all or substantially all of their assets (save to the extent prohibited from doing so) to support the Obligors' obligations under the Obligor Secured

	Liabilities and indirectly for the benefit of the Issuer Secured Creditors including the Bondholders. The Company is a "Restricted Chargor" and, accordingly, the security it has provided is limited by virtue of the restrictions contained in the provisions of the WIA and the Licence. Holdco is an "Unrestricted Chargor" and, accordingly, the security it has provided is not subject to the WIA or the Licence. See "*Summary of the Common Documents – Obligor Security Documents – Obligor Security Agreements.*" The Issuer has granted security in favour of the Issuer Security Trustee (for and on behalf of the Issuer Secured Creditors) over all of its assets. See "*Summary of the Issuer Transaction Documents – Issuer Deed of Charge.*" JVCo has granted security in favour of the Obligor Security Trustee (for and on behalf of the Obligor Secured Creditors) over all of its legal and beneficial holding in the issued share capital of Holdco.
Obligors	The Company and Holdco and any other person who accedes to, *inter alia*, the Common Terms Agreement and the STID as an Obligor in accordance with the terms of the Transaction Documents (each an **"Obligor"** and together the **"Obligors"**).
Obligor Secured Creditors	The secured creditors of the Obligors (the **"Obligor Secured Creditors"**) will comprise the Obligor Security Trustee (in its own capacity and on behalf of the other Obligor Secured Creditors), the Issuer, the 2026 RCF Finance Parties, each Company Hedge Counterparty, any Liquidity Facility Provider, any Liquidity Facility Agent, the Company Account Bank, any replacement Cash Manager who is not a member of the Holdco Group or an Affiliate thereof, the MDF Provider, the Discontinuation Creditor, each other Authorised Credit Provider, any Additional Obligor Secured Creditors and any Receiver or delegate of a Receiver or Obligor Secured Creditor, and **"Obligor Secured Creditor"** means any one of them.
Obligor Security Trustee	Deutsche Trustee Company Limited (or any successor trustee appointed pursuant to terms of the Obligor Security Agreements, the STID and any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to an Obligor Secured Creditor in respect of the Obligor Secured Liabilities (the **"Obligor Security Documents"**)) will act as security trustee for itself and on behalf of the Obligor Secured Creditors and will hold, and will be entitled to enforce, the security provided by the Obligors subject to the terms of the Obligor Security Documents (the **"Obligor Security Trustee"**).
Company Account Bank	Lloyds Bank plc (or any successor account bank appointed pursuant to the Company Account Bank Agreement) (the **"Company Account Bank"**).
Cash Manager	The Company or, following an Event of Default which is continuing, the Obligor Security Trustee or a professional cash manager appointed by the Obligor Security Trustee (including any substitute appointed by the Obligor Security Trustee) (the **"Cash Manager"**).
Initial RCF Finance Parties	The Initial RCF Lenders, the Initial RCF Agent and the Initial RCF Arrangers.

Initial RCF Lenders	The lenders under the Initial Revolving Credit Facility Agreement.
Initial RCF Arrangers	The arrangers under the Initial Revolving Credit Facility Agreement (the **"Initial RCF Arrangers"**).
Initial RCF Agent	Lloyds Bank plc, as facility agent under the Initial Revolving Credit Facility Agreement (the **"Initial RCF Agent"**).
2026 RCF Finance Parties	The 2026 RCF Lenders, the 2026 RCF Agent and the 2026 RCF Arrangers (the **"2026 RCF Finance Parties"**).
2026 RCF Lenders	The lenders under the 2026 Revolving Credit Facility Agreement (the **"2026 RCF Lenders"**).
2026 RCF Arrangers	The arrangers under the 2026 Revolving Credit Facility Agreement (the **"2026 RCF Arrangers"**).
2026 RCF Agent	Lloyds Bank plc, as facility agent under the 2026 Revolving Credit Facility Agreement (the **"2026 RCF Agent"**).
Hedge Counterparties	Each Issuer Hedge Counterparty or, as the context may require, each Company Hedge Counterparty (each a **"Hedge Counterparty"**, and together the **"Hedge Counterparties"**).
Company Hedge Counterparties	Any counterparty to any Company Hedging Agreement (each a **"Company Hedge Counterparty"** and together the **"Company Hedge Counterparties"**) from time to time.
Secretary of State / MDF Provider / Discontinuation Creditor	The Secretary of State for Environment, Food and Rural Affairs whose office is at Seacole Building, 2 Marsham Street, London SW1P 4DF.
EIB	European Investment Bank, acting through its office at 100 boulevard Konrad Adenauer, L-2950 Luxembourg.
Authorised Credit Providers	The **"Authorised Credit Providers"** will comprise lenders or other providers of credit or financial accommodation under any Authorised Credit Facility (and include, among others, as at the date of this Prospectus, the Issuer, the MDF Provider, the 2026 RCF Finance Parties, the EIB and the Hedge Counterparties).

The Principal Transaction Documents

The Programme	The Issuer has established the Programme to raise finance in the capital markets (i) to finance loans to be made to the Company pursuant to one or more IBLAs, to finance capital expenditure, working capital or to refinance any existing indebtedness or to raise new indebtedness for any purpose and (ii) towards fees, commissions, costs, expenses, stamp, registration and other taxes incurred in connection with the above.
The IBLAs and Use of Proceeds	On each Issue Date, the Company and the Issuer will enter into an issuer/borrower loan agreement (each, an **"IBLA"**) pursuant to which the Issuer will on-lend the net proceeds of the Bonds issued on the relevant Issue Date (or as and when such proceeds are received, as described below) to the Company by way of an advance.

The net proceeds from each issue of Bonds under the Programme (or, in the case of Deferred Purchase Bonds, the net proceeds of the sale of the Bonds to third parties) will be on-lent to the Company under the terms of the IBLAs by way of Advances. The Company will apply the proceeds of the Advances under the relevant IBLA (a) to finance the design, construction, management, maintenance and other expenditure (including fees and incidental costs and expenses) in relation to the TTT; (b) to refinance any existing or future indebtedness relating to the TTT; (c) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the above; and (d) for general corporate purposes of the Holdco Group. In the case of any Bonds issued under the Programme that are designated as "Green Bonds" or "Blue Bonds" in the applicable Final Terms, (each such Bonds being **"Green Bonds"**), the Company will use the proceeds of the Advances made under the relevant IBLA to finance or refinance Allowable Project Spend. Allowable Project Spend is the cumulative expenditure incurred in connection with the TTT and is used to calculate the RCV. Allowable Project Spend is certified by the Independent Technical Assessor and reported by the Company on at least an annual basis. Pending the use of the net proceeds to finance or refinance Allowable Project Spend, the Company shall maintain net proceeds in cash or Cash Equivalent Investments (as permitted under the CTA). The Issuer is expected to issue reports on the application of the proceeds of the Green Bonds to finance or refinance Allowable Project Spend and the continued environmental performance of the TTT as part of its on-going reporting.

In relation to any Deferred Purchase Bonds, the IBLA relating to such Deferred Purchase Bonds will be entered into on the date that the Deferred Bond Purchase Agreement is entered into, but the net proceeds in respect of any Deferred Purchase Bonds will only be on-lent by the Issuer to the Company as and when such proceeds are received by the Issuer from the Deferred Bond Purchaser(s) on the relevant Investor Settlement Date(s).

Prior to the proceeds being on-lent by the Issuer pursuant to the IBLA the Deferred Purchase Bonds will be held in custody by the Bond Custodian (for and on behalf of the Issuer).

In relation to any Deferred Settlement Bonds, the IBLA relating to such Deferred Settlement Bonds will be entered into on the date that the Deferred Settlement Agreement is entered into, but the proceeds in respect of any Deferred Settlement Bonds will only be on-lent by the Issuer to the Company as and when such proceeds are received by the Issuer from the Deferred Settlement Purchaser(s) on the relevant Investor Settlement Date(s).

The maturity date, redemption premium, interest rates and payment dates with respect to each advance made by the Issuer to the Company under an IBLA (an **"Advance"**) will correspond to the terms of the corresponding Tranche of Bonds and any related Issuer Hedging Agreement and/ or Treasury Transactions entered into by the Issuer.

The Issuer's obligations to repay principal of and pay interest on the Bonds are intended to be met primarily from the payments of principal and interest received from the Company under each IBLA and payments received under any related Issuer Hedging Agreement

and/or Treasury Transactions entered into by the Issuer. The Obligors' assets which secure the Company's obligations to pay under the IBLAs, have characteristics that demonstrate capacity to produce funds to service any payments due and payable under the IBLAs and consequently, on the Bonds.

Failure by the Company to repay an Advance on its maturity date in respect of an IBLA will be a Loan Event of Default, although it will not, of itself, constitute a Bond Event of Default (as defined below).

For further details of the IBLAs, see the section entitled "*Summary of the Finance and Hedging Documents – IBLAs*".

The 2026 Revolving Credit Facility Agreement

The Company entered into a revolving credit facility on 31 March 2026 with, amongst others, the 2026 RCF Arrangers and the 2026 RCF Lenders. The facility provided under the 2026 Revolving Credit Facility Agreement is a revolving credit facility of up to £120,000,000 (which may be increased at the discretion of the lenders by a further £80,000,000 in the circumstances set out therein) (the **"2026 RC Facility"** or **"2026 RCF"**).

The 2026 Revolving Credit Facility Agreement replaced the Initial Revolving Credit Facility Agreement (originally dated 24 August 2015 and most recently amended and restated on 28 January 2022), the facility and total commitments under which were voluntarily and irrevocably cancelled by the Company in accordance with its terms on and from 10 April 2026.

Sums advanced under the 2026 RC Facility may be used by the Company towards its general corporate and working capital purposes, provided that all amounts borrowed under any “Blue Loan” (as defined in the 2026 Revolving Credit Facility Agreement) are applied towards Eligible Blue Activities (as defined in the section entitled "*Summary of the Finance and Hedging Documents – 2026 Revolving Credit Facility Agreement*").

For further details of the 2026 Revolving Credit Facility Agreement, see the section entitled "*Summary of the Finance and Hedging Documents – 2026 Revolving Credit Facility Agreement*".

EIB Finance Contract

The Company entered into a finance contract with the European Investment Bank on 12 May 2016 as amended from time to time (the **"2016 EIB Finance Contract"**). The facility provided under the 2016 EIB Finance Contract is a term loan facility of up to £700,000,000.

The Company has used all amounts borrowed under the 2016 EIB Finance Contract for the execution of the project and exclusively for the financing of all construction costs, management costs and financing costs, but excluding any operating costs, real estate costs, funding of reserve accounts, taxes and insurance premiums.

For further details of the 2016 EIB Finance Contract, see the section entitled "*Summary of the Finance and Hedging Documents – EIB Finance Contract*".

Common Terms Agreement

Each of the Obligors and the Obligor Secured Creditors entered into a common terms agreement on the Closing Date (the **"Common Terms Agreement"**). The Common Terms Agreement sets out the

representations, covenants (positive, negative and financial), Trigger Events and Loan Events of Default which will apply to each Authorised Credit Facility, including any IBLA entered into between the Company and the Issuer (other than each Liquidity Facility Agreement and each Company Hedging Agreement).

For further details of the Common Terms Agreement, see the section entitled "*Summary of the Common Documents – Common Terms Agreement*".

Security Trust and Intercreditor Deed

Each of the Obligors and the Obligor Secured Creditors entered into a security trust and intercreditor deed on the Closing Date (the **"STID"**). The STID sets out the intercreditor arrangements in respect of the Holdco Group and the Obligor Secured Creditors (the **"Intercreditor Arrangements"**). The Intercreditor Arrangements will bind each of the Obligor Secured Creditors and each of the Obligors.

The purpose of the Intercreditor Arrangements is to regulate, among other things (a) the claims of the Obligor Secured Creditors against the Obligors and the rights of priority and of enforcement in respect of the Obligor Secured Creditors' rights under the Common Documents, (b) the rights and claims of each Subordinated Intragroup Creditor and each Subordinated Investor against the Obligors and to subordinate and postpone any claims in respect of any indebtedness that the Subordinated Intragroup Creditors and the Subordinated Investors may (now or at any time in the future) have owing to them by any member of the Holdco Group to the claims of the Obligor Secured Creditors, (c) the exercise, acceleration and enforcement of rights by the Obligor Secured Creditors under the Common Documents, (d) the rights of the Obligor Secured Creditors under the Common Documents during a Standstill Period, (e) the procedures for instructing the Obligor Security Trustee to take certain actions under or pursuant to the Common Documents, (f) the Entrenched Rights and the Reserved Matters of the Obligor Secured Creditors, and (g) the giving of consents and waivers and the making of modifications to the Finance Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Obligor Secured Creditors (a) before the occurrence of a Loan Event of Default which is continuing, (b) following the occurrence of a Loan Event of Default which is continuing and if no Discontinuation has occurred, and (c) following a Discontinuation, and for the subordination of all claims of Subordinated Intragroup Creditors and Subordinated Investors.

For further details of the STID, see the section entitled "*Summary of the Common Documents – Security Trust and Intercreditor Deed*".

Obligor Security Agreements

The Obligor Secured Liabilities are secured principally pursuant to (i) a security agreement entered into between, among others, the Obligors and the Obligor Security Trustee on the Closing Date (the **"Security Agreement"**) and (ii) a share charge entered into between JVCo and the Obligor Security Trustee on the Closing Date (the **"JVCo Share Charge"**).

For further details of the security for the obligations of the Obligors under the Transaction Documents, see the section entitled "*Summary*

of the Common Documents – Obligor Security Documents – Obligor Security Agreements".

GSP Documents

The Company and the Secretary of State entered into the following agreements on the Closing Date (the **"GSP Documents"**), pursuant to which the Secretary of State provides contingent financial support to the TTT:

(a) Supplemental Compensation Agreement;
(b) Market Disruption Facility Agreement;
(c) Contingent Equity Support Agreement;
(d) Shareholders Direct Agreement;
(e) Discontinuation Agreement; and
(f) Special Administration Offer Agreement.

For further details of the GSP Documents, see the section entitled "*Summary of the Government Support Package*".

Hedging

Pursuant to the Common Terms Agreement, the Holdco Group and the Issuer are subject to a hedging policy (the **"Hedging Policy"**). The Hedging Policy (i) sets out the terms by which the exposure of the Issuer and the Company to fluctuations in inflation rates, interest rates and currencies shall be limited and (ii) regulates the terms on which the Issuer and the Company may enter into Hedging Agreements. The Hedging Policy states that members of the Holdco Group (including the Issuer) may enter into Hedging Agreements on a prudent basis and which shall include any pre-hedging (if thought appropriate) but no member of the Holdco Group may enter into Hedging Agreements for the purpose of speculation. If the Issuer enters into Hedging Agreements, the economic effect of those Hedging Agreements shall be passed on to the Company either through the IBLAs or by way of back-to-back hedge agreements between the Company and the Issuer. The Hedging Agreements are subject to the terms of the Common Terms Agreement and the STID.

The Hedging Policy requires that (a) with respect to interest rate risk, a minimum of 70 per cent. of the total outstanding Relevant Debt is (i) fixed rate, (ii) index-linked and/or (iii) effectively bears either a fixed rate or an index-linked rate of interest for a period of seven years pursuant to any Hedging Agreements, and, at all times, the aggregate notional amount of Hedging Agreements which hedge interest rate risk (excluding hedging in relation to any RCF and any Pre-Hedging and any cap or similar instruments, and after taking into account any offsetting transactions) does not exceed 110 per cent. of the total outstanding Relevant Debt and (b) with respect to currency risk, all currency risk in respect of Relevant Non-GBP Debt which exceeds £5,000,000 (or its equivalent in the relevant currency) is hedged pursuant to Hedging Agreements and, at all times the currency amount of Hedging Agreements which hedge currency risk does not exceed 100 per cent. of the applicable Relevant Non-GBP Debt.

The Company or the Issuer (as applicable) are required to certify upon entry into each Hedging Transaction that the transaction complies with the Hedging Policy and the hedging policy set out in schedule 4 (*Secretary of State Approved Hedging Policy*) to the Discontinuation Agreement (the **"Approved Hedging Policy"**). Hedging Agreements which meet the criteria set forth in the Approved Hedging Policy will,

subject to the terms of the Approved Hedging Policy and the Discontinuation Agreement, qualify for financial support from the Secretary of State under the Discontinuation Agreement, but not otherwise.

For the purposes of the above, **"Relevant Debt"** means the principal amount outstanding under any Authorised Credit Facilities or any debt under any equivalent Authorised Credit Facility (other than the 2026 Revolving Credit Facility Agreement, any subsequent RC Facility, the MDF, any Liquidity Facility and any Company Hedging Agreements) from time to time.

For the purposes of the above, **"Relevant Non-GBP Debt"** means any Relevant Debt denominated in a currency other than pounds sterling.

The Company and the Issuer will be entitled to enter into Hedging Agreements with Hedge Counterparties that rank senior in priority to the Secured Debt and the Qualifying Issuer Debt, provided that such Hedging Agreements are RPI-linked and the Company or the Issuer (as applicable) and the relevant Hedge Counterparty have designated the relevant Hedging Agreement as a Super Senior Hedging Agreement.

The Hedging Policy further requires that Hedging Agreements may only be entered into with counterparties with a rating which is no less than the Minimum Short Term Rating or the Minimum Long Term Rating or where a guarantee is provided by an institution which meets the same criteria. These ratings requirements only apply on the entry into of the relevant Hedging Agreement.

The Hedging Policy imposes limits on when the Hedge Counterparties may exercise termination rights in respect of the Hedging Agreements (including without limitation following certain non-payment and insolvency events or following acceleration of Secured Debt and/or acceleration of any Bonds). The Hedging Policy further states that the occurrence of Discontinuation will not trigger any termination right with respect to any Hedging Agreement and, if Discontinuation occurs, the Secretary of State may require the termination of the Hedging Transactions in accordance with the Discontinuation Agreement and the Secretary of State may appoint a swap manager to manage the winding up of hedging.

The Hedging Agreements state that each Hedge Counterparty will be obliged to make payments under the relevant Hedging Agreement without any withholding or deduction of taxes and, if any such withholding or deduction is required, the Hedge Counterparty will (subject to certain customary exceptions) pay the relevant gross amount to the Issuer or the Company (as applicable). The Issuer will make payments under the Hedging Agreements subject to any withholding or deduction of taxes and will not be required to pay any additional amount to any Hedge Counterparty in respect thereof.

The Hedging Policy does not apply to any Treasury Transaction entered into by members of the Holdco Group in the ordinary course of business and for non-speculative purposes where the counterparty does not accede to the STID, provided that the aggregate notional amount of such Treasury Transactions is no greater than £5,000,000

and that no collateral is posted by the relevant member of the Holdco Group.

For further details of the Hedging Policy, Approved Hedging Policy and Treasury Transactions to be entered into by the Issuer, see the section entitled "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" and "*Summary of the Government Support Package – Discontinuation Agreement – Approved Hedging Policy*".

Liquidity Facility and the Debt Service Reserve Account

The Company and the Issuer have the benefit of liquidity facilities provided pursuant to a liquidity facilities agreement (the **"Initial Liquidity Facilities Agreement"** as originally entered into on 27 September 2024 and amended and restated on 26 September 2025) with Lloyds Bank plc and Royal Bank of Canada (the **"Initial Liquidity Facility Providers"**). As an alternative to, or in addition to the Initial Liquidity Facilities Agreement and any other Liquidity Facility Agreement the Company and Issuer may enter into, the Issuer and the Company may satisfy the requirements to have the Liquidity Required Amount by maintaining a debt service reserve account (the **"Debt Service Reserve Account"**) which is financed in an amount which is, when taken together with any other liquidity facility arrangement available to them, equal to the Liquidity Required Amount.

The facilities provided pursuant to a Liquidity Facility Agreement (including the Initial Liquidity Facilities Agreement) and/or the amounts standing to the credit of the Debt Service Reserve Account are required to be in aggregate in any amount which is sufficient to provide liquidity support to the Issuer and the Company, for a period of 12 months, in respect of scheduled payments of amortisation, interest and fee amounts payable in respect of (a) the Initial RCF (and any other Obligor Secured Liabilities which rank from time to time *pari passu* with the Initial RCF (including the 2026 RCF) or any other Authorised Credit Facility (excluding, in each case, principal payments under any RCF (including the 2026 RCF) and any payments under any IBLA)), (b) the Bonds, and (c) scheduled payments under any Hedging Agreements to which the Company or, as the case may be, the Issuer is a party (excluding any termination payments, accretion payments under index linked Hedging Agreements and all other unscheduled amounts payable to any Issuer Hedge Counterparty or Company Hedge Counterparty).

For further details of the Initial Liquidity Facilities Agreement, see the section entitled "*Summary of the Finance and Hedging Documents – Initial Liquidity Facilities Agreement*".

Deferred Purchase Arrangements

Pursuant to the Issuer Transaction Documents, the Issuer is entitled to issue Deferred Purchase Bonds and Deferred Settlement Bonds.

In respect of Deferred Purchase Bonds, the Issuer will enter into an agreement with the relevant Deferred Bond Purchaser (each a **"Deferred Bond Purchase Agreement"**) pursuant to which Deferred Bond Purchaser(s) will agree to purchase Deferred Purchase Bonds from the Issuer, on the Investor Settlement Date(s) as specified in the relevant Deferred Bond Purchase Agreement at the relevant bond purchase price specified therein.

In connection therewith, the Issuer may enter in an agreement with the Bond Custodian (the **"Bond Custody Agreement"**) pursuant to which the Bond Custodian will hold the Deferred Purchase Bonds on the Issuer's behalf pending sale of the Deferred Purchase Bonds to the Deferred Bond Purchaser(s).

Pursuant to any Bond Custody Agreement, the Issuer will unconditionally and irrevocably waive its rights to receive payment of all amounts of interest, principal or amounts otherwise due in respect of the Deferred Purchase Bonds held to its order by the Bond Custodian in accordance with the provisions of the Bond Custody Agreement. Such waiver by the Issuer of such rights will continue to be effective following the occurrence of a Bond Event of Default or a Potential Bond Event of Default.

In respect of Deferred Settlement Bonds, the Issuer will enter into an agreement with the relevant Deferred Settlement Purchasers (each a **"Deferred Settlement Agreement"**) pursuant to which Deferred Settlement Purchaser(s) agree to subscribe for Deferred Settlement Bonds, on the Investor Settlement Date(s) as specified in the Deferred Settlement Agreement at the relevant bond purchase price specified therein.

Each Deferred Purchaser shall (subject to certain conditions) have one vote in respect of each £1 (or its equivalent expressed in Sterling on the basis of the Exchange Rate) of Bonds committed to be purchased by it.

Governing law The Finance Documents and the Issuer Transaction Documents will be governed by English law.

Key Characteristics of the Programme

Programme Size Up to £10,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Bonds outstanding at any time as increased from time to time by the Issuer.

Purpose

(a) To finance loans to be made to the Company pursuant to one or more IBLAs, to finance capital expenditure, working capital or to refinance any existing indebtedness or to raise new indebtedness for any purpose.

(b) Towards fees, commissions, costs, expenses, stamp, registration and other taxes incurred in connection with the matters described in paragraph (a) above.

Green Bonds and Blue Bonds In the case of any Bonds issued under the Programme that are designated as "Green Bonds" or "Blue Bonds" in the applicable Final Terms, (each such Bonds being **"Green Bonds"**), the net proceeds of the Green Bonds on-lent to the Company under the relevant IBLA will be used to finance or refinance Allowable Project Spend. Allowable Project Spend is the cumulative expenditure incurred in connection with the TTT and is used to calculate the RCV. Allowable Project Spend is certified by the Independent Technical Assessor and reported by the Company on at least an annual basis. Pending the use of the net proceeds to finance or refinance Allowable Project Spend, the Company shall maintain net proceeds in cash or Cash Equivalent Investments (as permitted under the CTA). The Issuer is expected to

	issue reports on the application of the proceeds of the Green Bonds to finance or refinance Allowable Project Spend and the continued environmental performance of the TTT as part of its on-going reporting.
Issuance in Series and Tranches	Bonds issued under the Programme will form a single class and be issued in Series on each Issue Date. Each Series may comprise one or more Tranches issued on different issue dates. Bonds issued under the Programme may be fungible with Bonds previously issued or may be issued on different terms in accordance with the Bond Trust Deed. On each Issue Date, the Issuer will issue the Tranches of Bonds set out in the Final Terms or Drawdown Prospectus 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*". Bonds having a maturity of less than one year will, if the proceeds of the issue are accepted in the UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, See "*Subscription and Sale*".
Distribution	Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Sterling, euro, U.S. dollars and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer(s) and/or Deferred Purchaser(s).
Final Terms or Drawdown Prospectus	Bonds issued under the Programme may be issued either (a) pursuant to this Prospectus and associated Final Terms, or (b) pursuant to a standalone Drawdown Prospectus.
Denomination of Bonds	Bonds will be issued in such denominations as may be specified in the relevant Final Terms or Drawdown Prospectus, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the currency of the relevant Tranche of Bonds. Bonds which are to be offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129, have a minimum specified denomination of €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of such Bonds.
Maturities	Subject to any applicable law or regulation applicable to the Issuer or the relevant specified currency, the Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer.

Issue Price	Bonds may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as set out in the relevant Final Terms or Drawdown Prospectus.
Interest	Bonds will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be interest-bearing and interest will be calculated (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) on the Principal Amount Outstanding (as defined in the Conditions) of such Bonds. Interest will accrue at a fixed or floating rate (plus, in the case of Index-linked Bonds, amounts in respect of indexation) and will be payable in arrear, as specified in the relevant Final Terms or Drawdown Prospectus, 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 or Drawdown Prospectus.
Form and Status of Bonds	The Bonds will constitute unconditional obligations of the Issuer. Bonds will rank *pari passu* without preference or priority in point of security amongst themselves and will be issued in bearer or registered form. Bonds issued in registered form shall not be exchangeable for Bonds issued in bearer form. The Bonds represent the right of the holders of such Bonds to receive interest (where applicable) and principal payments from the Issuer in accordance with the terms and conditions of the Bonds and the Bond Trust Deed entered into by the Issuer and the Bond Trustee in connection with the Programme (the **"Bond Trust Deed"**).
Fixed Rate Bonds	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and/or Deferred Purchaser(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer or Deferred Purchaser.
Floating Rate Bonds	Floating Rate Bonds will bear interest at a rate determined on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service plus the applicable margin (if any). The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) and/or Deferred Purchaser(s) for each Tranche of Floating Rate Bonds.
Index-linked Bonds	Payments of principal or interest in respect of Index-linked Bonds will be calculated by reference to either the UK Retail Price Index or the UK Consumer Price Index (as specified in the relevant Final Terms or Drawdown Prospectus).
Other provisions in relation to Floating Rate Bonds and Index-linked Interest Bonds	The Floating Rate Bonds and Index-linked Bonds may also have a maximum interest rate or a minimum interest rate, or a Maximum Indexation Factor or a Minimum Indexation Factor (as applicable) (as specified in the relevant Final Terms or Drawdown Prospectus).
Interest Periods and Payment Dates	Such interest periods and interest payment dates as the Issuer and the relevant Dealer(s) and/or Deferred Purchaser(s) may agree in relation to a particular Tranche of Bonds.

Final Redemption

As more particularly set out in Condition 8.1 (*Final Redemption*), if a Tranche of Bonds has not previously been redeemed in full, such Tranche shall be finally redeemed at its Principal Amount Outstanding plus accrued interest on the Final Maturity Date as specified in the applicable Final Terms or Drawdown Prospectus (in the case of Index-linked Bonds as adjusted in accordance with Condition 7.3 (*Application of the Index Ratio*)).

Optional Redemption

As set out in Condition 8.2 (*Optional Redemption*), the Issuer may (prior to the Final Maturity Date (as defined in the Conditions)) redeem the Bonds in whole or in part (but on a *pro rata* basis only) upon giving not more than 60 nor fewer than 5 days' prior written notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders on any date at their Redemption Amount (as defined in the Conditions).

Redemption for Taxation Reasons

As more particularly set out in Condition 8.3 (*Redemption for Taxation or Illegality*), if the Issuer satisfies the Bond Trustee:

(a) that the Issuer would become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds, any amount for or on account of Taxes by the laws or regulations of the UK or any political subdivision thereof, or any other authority thereof by reason of any change in or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction);

(b) that, 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, the Issuer is no longer a "securitisation company" (as defined in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)), (the **"Regulations"**) or is otherwise no longer able to qualify for the modified corporation Tax treatment prescribed under the Regulation and is unable to claim a tax treatment in the UK that would prevent a material increase in the tax liabilities of the Issuer compared to the treatment previously provided to the Issuer under such Regulations;

(c) 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 the Company 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 an IBLA; 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 results in the Issuer or the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement,

the Issuer may, upon giving not more than 60 nor fewer than 15 days' prior written notice (or, in the case of an event described in paragraph (d) above, such shorter period expiring on or before the latest date permitted by relevant law) 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 affected Tranche of Bonds on any date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index-linked Bonds, in accordance with Condition 7.3 (*Application of the Index Ratio*)).

Redemption for Illegality Reasons

As more particularly set out in Condition 8.3 (*Redemption for Taxation or Illegality*), 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 has or will have the result that it will become unlawful for the Issuer to perform any of its obligations under any IBLA or to finance or to maintain its participation in the IBLAs, the Issuer may, upon giving not more than 60 nor fewer than 15 days' prior written 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 affected Tranche of Bonds on any date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index-linked Bonds, in accordance with Condition 7.3 (*Application of the Index Ratio*)).

Redemption for Index Events

As more particularly set out in Condition 8.4 (*Redemption for Index Events*), upon the occurrence of any Index Event, the Issuer may, upon giving not more than 15 nor fewer than 5 Business Days' prior written notice to the Bond Trustee, the Issuer Secured Creditors and the holders of the Index-linked Bonds, redeem all (but not some only) of the Index-linked Bonds of all Tranches of Bonds on any date at the Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index-linked Bonds, in accordance with Condition 7.3 (*Application of the Index Ratio*)).

Early Redemption on Prepayment of IBLAs

As set out in Condition 8.5 (*Early Redemption on Prepayment of an IBLA*), if:

(a) the Company gives notice to the Issuer under an IBLA that it intends to voluntarily prepay all or part of any advance made under such IBLA or the Company is required to prepay all or part of any advance made under such IBLA; and

(b) in each case, such advance was financed by the Issuer from the proceeds of a Tranche of Bonds,

the Issuer shall, upon giving not more than 10 days' nor fewer than 3 Business Days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders, (where such advance is being prepaid in whole) redeem all of the relevant Tranche of Bonds or (where part only of such advance is being prepaid) the proportion of the relevant Tranche of Bonds which the proposed prepayment amount bears to the amount of the relevant advance at the applicable amount to be applied on a *pro rata* basis (as set out in Condition 8.5 (*Early Redemption on Prepayment of an IBLA*)).

Early redemption following Loan Enforcement Notice

As set out in Condition 8.6 (*Early redemption following Loan Enforcement Notice*) if the Issuer receives (or is to receive) any moneys from the Company following the service of a Loan Enforcement Notice in repayment of all or any part of an IBLA Advance, the Issuer shall, upon giving not more than 60 nor fewer than 5 Business Days' notice to the Bond Trustee, the Issuer Secured Creditors and the Bondholders apply such moneys to redeem the then

outstanding Bonds (corresponding to the Advance under an IBLA which is prepaid) at their Principal Amount Outstanding plus accrued but unpaid interest on the next Interest Payment Date (or, if sooner, Final Maturity Date) (each adjusted, in the case of Index-linked Bonds, in accordance with Condition 7.3 (*Application of the Index Ratio*)) in accordance with the Issuer Payment Priorities. In the event that there are insufficient moneys to redeem all of the particular outstanding Tranches of Bonds, the Tranche of Bonds shall be redeemed in part on a *pro rata* basis in proportion to the Principal Amount Outstanding of a particular Tranche of Bonds relative to the aggregate Principal Amount Outstanding of all such Tranches.

Taxation

All payments in respect of Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied, unless and save to the extent that the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will not be obliged to pay additional amounts in respect of any such withholding or deduction.

Issuer Security

The obligations of the Issuer are secured pursuant to the Issuer Deed of Charge. The Issuer will grant first ranking security over, among other things, all of its rights, title and interest in the Issuer Charged Documents, the Issuer Accounts (other than the Issuer Refinancing Escrow Accounts and any custody account in which the Deferred Purchase Bonds are held on behalf of the Issuer) and its Cash Equivalent Investments together with first ranking security over all of its property, undertaking and assets which are not subject to such fixed security, in each case, in favour of the Issuer Security Trustee to be held on trust for the benefit of the Issuer Secured Creditors.

Covenants

The representations, warranties, covenants and events of default which will apply to the Bonds are set out in the Bond Trust Deed (see "*Summary of the Issuer Transaction Documents – Bond Trust Deed*").

Bond Purchases

As set out in Condition 8.7 (*Purchase of Bonds*), each of the Issuer, the Company or any other member of the Holdco Group may, provided that no Bond Event of Default has occurred and is continuing, purchase Bonds (together with all unmatured Receipts and Coupons) in the open market or otherwise (but not, for the avoidance of doubt in any initial distribution of Bonds) at any price (without any obligation to surrender such Bonds for cancellation other than as set out in Condition 8.9 (*Cancellation*)) and, to the extent that such Bonds have not been cancelled, may resell them in the open market or otherwise at any price.

Any Bond purchased by the Shareholders, Investor and/or Affiliate, the Issuer, any Subsidiary of the Issuer, any Obligor or any other Subsidiary of such Obligor shall, for so long as it is held by it (or on its behalf), cease to have voting rights and be excluded from any quorum or voting calculations set out in the Conditions, save as provided in Condition 8.7 (*Purchase of Bonds*).

Bond Events of Default

Each of the following events of default constitutes a **"Bond Event of Default"**:

(a) Non payment: default is made by the Issuer for a period of 5 Business Days in the payment of interest or principal on any

Tranche of the Bonds when due in accordance with the Conditions;

(b) 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 Condition 11.1(a) (*Non payment*)) and, except where in the opinion of the Bond Trustee such default is not capable of remedy, such default continues for a period of 30 Business Days, and, in either case, provided that the Bond Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Bondholders;

(c) Issuer Insolvency Event: an Issuer Insolvency Event occurs in relation to the Issuer;

(d) Illegality: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Issuer Transaction Documents; or

(e) Security: the Issuer Security ceases to be in full force and effect, or ceases to be first ranking Security or becomes unenforceable; unless replacement security is provided.

Listing It is expected that the Bonds issued under the Programme will be admitted to the Official List and admitted to trading on the Main Market.

Ratings The ratings assigned to the Bonds by the Programme Rating Agencies reflect only the views of the Programme Rating Agencies. The ratings of a particular Tranche of Bonds will be specified in the relevant Final Terms or Drawdown Prospectus.

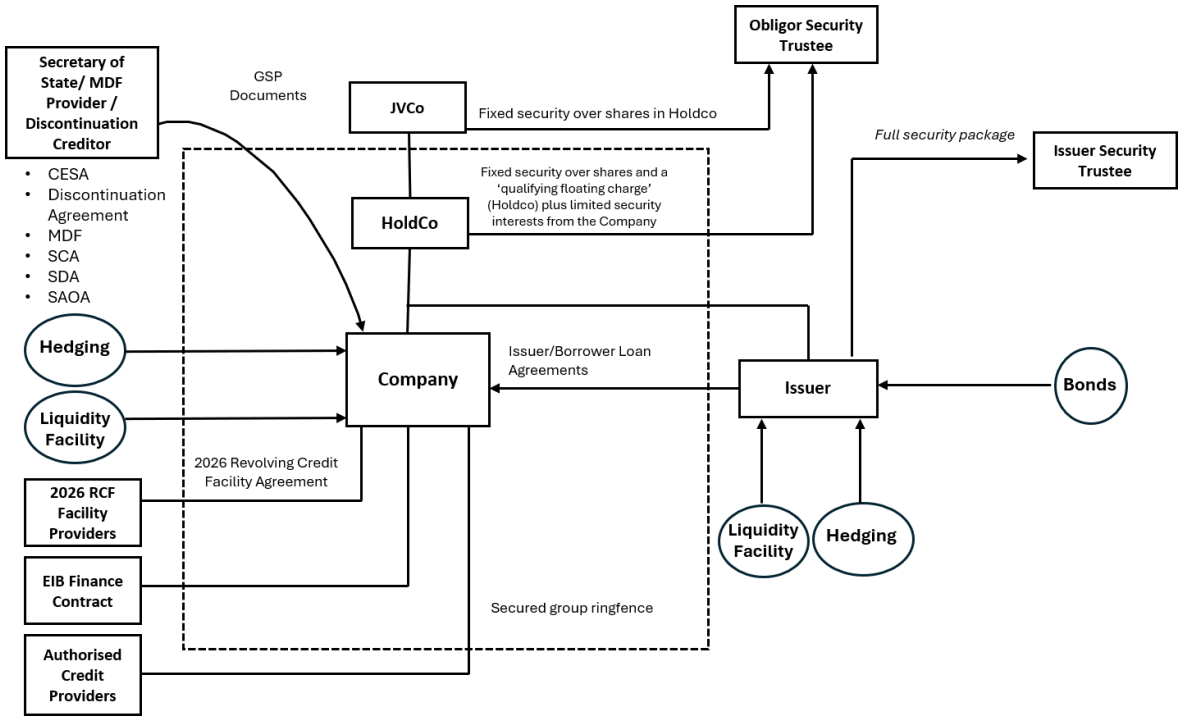
Moody's and Fitch are established in the UK and are registered under the UK CRA Regulation and, as such, are included in the list of credit rating agencies published by the FCA on its website, in accordance with the UK CRA Regulation.

Selling Restrictions There are restrictions on the offer, sale and transfer of the Bonds in the United States, the UK and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Bonds. See "*Subscription and Sale*" below.

Investor Information The Company, as Holdco Group Agent, is required to produce an Investor Report at the same time as a Compliance Certificate is provided with each set of financial statements (but at least semi-annually) which will be published on the Designated Website. The Company is also required to publish its Financial Statements.

CORPORATE AND TRANSACTION STRUCTURE DIAGRAM

The following diagram shows a summary of the JVCo, Issuer and Holdco Group's principal corporate structure and financing structure on a *pro forma* basis. For further details of the JVCo, Issuer and Holdco Group's financing structure, see "*Summary of the Common Documents*", "*Summary of the Finance and Hedging Documents*", "*Summary of the Issuer Transaction Documents*", "*Summary of the "Government Support Package*" and "*Terms and Conditions*



- The Issuer will from time to time issue Bonds under the Programme. The Issuer will on lend the proceeds of any Bond issuance to the Company pursuant to an IBLA. The Issuer may also enter into hedging arrangements with respect to the debt incurred under any Bond issuance to the extent required.

- The Issuer also has the right to issue Deferred Purchase Bonds and/or Deferred Settlement Bonds, pursuant to a Deferred Bond Purchase Agreement and/or a Deferred Settlement Agreement (as applicable), whereby the Issuer will only on-lend the proceeds of the issuance of such Bonds to the Company pursuant to an IBLA, as and when it receives the relevant proceeds from the Deferred Bond Purchaser(s) and/or the Deferred Settlement Purchaser(s) (as applicable) on the relevant Investor Settlement Date(s).

- On the Closing Date, the Company entered into (a) the GSP Documents and (b) the Common Documents. The Common Documents relate to the Secured Debt which may be raised by the Company from Authorised Credit Providers from time to time, including (but not limited to) any debt under the IBLAs, the 2026 Revolving Credit Facility Agreement and the EIB Finance Contract. The Company will apply the proceeds of Authorised Credit Facilities (including the IBLAs), to (a) refinance any existing or future indebtedness relating to the TTT, (b) to finance the design, construction, management, maintenance and other expenditure (including fees and incidental costs and expenses) in relation to the TTT, (c) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the foregoing and (d) for the general corporate purposes of the Holdco Group, in each case as applicable. In the case of the 2026 Revolving Credit Facility Agreement, the Company will

apply the proceeds of any "blue loan" thereunder towards Eligible Blue Activities. In the case of Green Bonds (including where Bonds are labelled as "Blue Bonds"), the Company will apply the proceeds of the Advances under the relevant IBLA to finance or refinance Allowable Project Spend. See "*Use of Proceeds*" below. The Company will also enter into hedging arrangements with respect to, *inter alia*, the debt incurred under such Authorised Credit Facilities to the extent required from time to time.

- The indebtedness of the Company is guaranteed by Holdco (the Company's immediate parent). Holdco has granted guarantees in favour of the Obligor Security Trustee in respect of the Company's indebtedness under the Obligor Secured Liabilities and security in respect of its obligations under such guarantees; the benefit of such guarantees and security being held on trust by the Obligor Security Trustee (for and on behalf of the Obligor Secured Creditors). JVCo (Holdco's immediate parent), has granted third party security over the shares it owns in Holdco the benefit of which is being held on trust by the Obligor Security Trustee (for and on behalf of the Obligor Secured Creditors).
- The Issuer and the Company have the benefit of liquidity facilities in respect of the Liquidity Required Amount, but as an alternative (or in addition) the Issuer and the Company may satisfy the requirements to have the Liquidity Required Amount by maintaining a debt service reserve account which is financed in an amount which is, when taken together with any other liquidity facility arrangement available to them, equal to the Liquidity Required Amount.
- In addition, until the System Acceptance Date, the Company has the benefit of the Market Disruption Facility provided by the Secretary of State (as part of the GSP), to cover the risk of there being a market disruption at the time when the Company or the Issuer needs to effect a refinancing during the construction period of the TTT in order to finance the then current capital expenditure requirements.
- Each of the Obligor Secured Creditors has entered into the STID and the Common Terms Agreement with the Obligors and the Issuer on the Closing Date (or, if later, on the date of its accession as an Obligor Secured Creditor). The STID and the Common Terms Agreement provide for, *inter alia*, the order of application of funds in respect of the repayment of the Obligor Secured Liabilities following an event of default, common provisions such as representations, covenants and defaults and provisions with respect to enforcement and acceleration, across the Finance Documents to which the Obligors are party.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Prospectus have the same meanings in this section.

Risks relating to Construction and delays

The Company's business is currently focussed upon the optimisation of the system and climatic testing required to reach System Acceptance. This also includes completion of all remaining construction work. Key risks for the Company during this phase are primarily the residual construction-related risks and risks that could lead to delays to System Acceptance.

Cost risk

Any increase to the construction costs under the Main Works Contracts (each a target price contract, save as discussed below) will not result in a corresponding increase in the Regulatory Baseline unless Ofwat agrees to an increase (see Regulatory Framework – Economic regulation, Allowed Revenue during the initial operational period, Cost adjustment). Save as discussed below, the incentive regime under the Main Works Contracts includes a 50/50 pain/gain sharing mechanism against the target price. Increases in construction costs as a result of risks held by the Main Works Contractors (such as cost of materials) do not result in a change to the target cost of the contract, and, under the pain/gain mechanism, cost overruns above the target cost are shared with the Main Works Contractors, subject to various caps and exclusions. On the other hand, increases in construction costs as a result of Company owned risks or changes in scope instructed by the Company result in an increase in the target cost of the contract, which is the basis on which pain/gain mechanism is assessed. Increases in costs which increase the target cost itself are entirely borne by the Company.

The System Integrator Contract and the Project Management Contract are cost reimbursable not target cost contracts, however the Project Management Contract has in-built cost and time incentives and the System Integrator Contract has in-built time incentives. The Company bears the financial impact of cost overruns which cannot be shared with these Contractors and certain factors which could lead to cost overruns, such as environmental fines.

The termination of any of the Main Works Contracts, System Integrator Contract or Project Management Contract, for example, in the event of the insolvency of any of the key contractors, could result in delay and additional costs being incurred in achieving completion of the works under the Main Works Contracts. As at August 2026, the costs remaining to completion are estimated at £0.2 billion which is based on various assumptions (see "*Regulatory treatment of cost overruns*" below).

Regulatory treatment of cost overruns

Under the cost adjustment incentive mechanism in the Company's Licence (described in "*Regulatory Framework – Economic Regulation – Calculation of Allowed Revenue during the initial operational period – Cost Adjustment*"), the Company bears 40 per cent. of expenditure above the Regulatory Baseline in the form of a reduction in regulatory capital value applied at the Post Construction Review. The Regulatory Baseline of £3.1 billion (in 2014/15 prices) is subject to defined inflationary adjustments as set out in the Licence.

In March 2022, Ofwat modified the cost adjustment incentive mechanism with respect to overspend incurred by the Company as a result of Covid-19, approved as such by Ofwat (**"Covid-19 expenditure"**), so that rather than incurring a decrease in regulatory capital value equal to 40 per cent. of such Covid-19 expenditure, the Company will instead incur a decrease equal to 15 per cent. of Covid-19 expenditure incurred up to 24 July 2020, and 20 per cent. of Covid-19 expenditure incurred between 25 July 2020 and 30 June 2021.

From a cashflow perspective, cost overruns above the Regulatory Baseline but below the Threshold Outturn attract the specified regulatory return on capital (being the BWACC) on all Allowable Project Spend up to the earlier of 31 March following the Post Construction Review to be undertaken by Ofwat following System Acceptance and 31 March 2030, but thereafter the RCV used to calculate the Company's Allowed Revenue will be subject to a backward looking adjustment to reflect the application of the incentives regime in the Licence, which will take effect following the Post Construction Review. The impact on the RCV is specified in the Licence and may have an adverse effect on the Company's financial performance.

The current cost estimate to System Acceptance as at August 2026 is £4.7 billion which is £3.9 billion in 2014/15 prices when deflated by RPI, and £4.0 billion in 2014/15 prices when deflated by the "Applicable Change in Cost Indices", a basket of cost inflation indices reflecting both construction cost inflation and RPI that the Licence specifies is to be used for calculating any Predicted Overrun above the Threshold Outturn. The cost to completion as at August 2026 are estimated at £0.2 billion. There is £0.1 billion headroom between the current cost estimate and the Threshold Outturn in 2014/2015 prices.

If costs are anticipated to go beyond the Threshold Outturn the Company must apply to Ofwat for an "Increase in Allowed Revenue" (**"IAR"**) the arrangements for which are regulated by the terms of the Licence and allow Ofwat to set the basis for that additional expenditure, including determining the approved overrun (if any) and the appropriate regulatory return on capital in accordance with the procedure in the Licence. There is a risk that Ofwat disallows the additional expenditure and/or applies an incentive regime to the additional expenditure and/or sets the regulatory return on capital at an unsatisfactory level, all of which may have an impact on the Company's and Issuer's ability to meet its obligations under the Bonds. Ofwat may not allow the full amount of any expenditure which exceeds the Threshold Outturn to be added to the Company's regulatory capital value. In making any determination as to whether such expenditure could be added to the Company's regulatory capital value, Ofwat will follow the procedure in the Licence, including (among other things) considering what additional expenditure is appropriate and reasonable for the Company to make in all the circumstances, having regard to its policies and guidelines in place at the time, and whether any of the additional expenditure could be or could have been avoided by "prudent management action" (which Ofwat will assess with reference to what the Company knew or ought reasonably to have known at the time of the application). Ofwat may determine that, in its judgment, it is not appropriate and reasonable for the Company to incur the full amount of the estimated expenditure above the Threshold Outturn in the relevant circumstances, or that part or all of the Predicted Overrun could be or could have been avoided by prudent management action. See "*Regulatory Framework*".

If Ofwat allows additional expenditure to be added to the regulatory capital value, it will determine the WACC to be applied to that additional expenditure (see "*Risk Factors – Risks relating to the regulation of the Company's business - Review under the Licence*"). It may apply an incentive regime to the additional expenditure (the nature of which is at the discretion of Ofwat). In doing so, Ofwat has stated in its Economic Guidance that it would take into account the behaviour of the Company in managing cost escalation and the behaviour that might be expected of an effectively managed and efficiently operated infrastructure provider.

The Shareholders are not obliged to provide any further equity or other funding to finance the Company, whether or not costs exceed the Threshold Outturn. If expenditure were to exceed the Threshold Outturn, it is not certain that the Company would be able to secure additional financing from the Shareholders or other funders, or from the Secretary of State under the CESA. Whilst the Secretary of State has committed to consider the provision of additional equity support in exceptional circumstances during the construction phase (such as where the Threshold Outturn is exceeded and certain conditions precedent are satisfied), it is not certain that either the Secretary of State, or the Shareholders (or other funders), would provide additional financing and, even if the Secretary of State or the Shareholders (or other funders) determined to do so, the time it would take to secure

such additional financing could result in delays to the timetable for System Acceptance. If the Secretary of State does not provide additional financing in the circumstances specified in the CESA, it will be obliged to elect for Discontinuation under the Discontinuation Agreement and to pay compensation to debt holders and equity investors as a consequence.

All of these events are contingencies, which may or may not occur, but which could have a materially prejudicial effect on the Company's financial position and therefore affect the Issuer's ability to meet its obligations under the Bonds.

Delay risk

Handover was achieved in August 2026. System Acceptance is expected to occur between February 2028 and August 2028.

The Licence currently specifies a Planned System Acceptance Date of 31 August 2027 and a Longstop Date of 28 February 2029. The Company is engaged in discussions with Ofwat and other stakeholders regarding a potential amendment to the Planned System Acceptance Date (which would also result in an extension to the Longstop Date) and the regulatory treatment of the period between the current Planned System Acceptance Date and System Acceptance. There can be no assurance that these discussions will result in favourable outcomes for the Company or within the timeframe expected by the Company.

If satisfactory arrangements are not agreed, the Company could be exposed to increased regulatory, operational or financial risk, including a potential breach of the Licence if System Acceptance is not achieved by the Longstop Date. In particular, the Company may incur additional expenditure associated with supporting Thames Water during the System Acceptance Period for longer than currently anticipated. Such expenditure may exceed current forecasts.

Although Ofwat confirmed that it does not intend to impose financial penalties in respect of weather-related delay, there can be no assurance that future regulatory decisions, licence modifications or other determinations will be made in a manner consistent with the Company's expectations.

The Company currently forecasts that project expenditure to System Acceptance, will remain below the Threshold Outturn. However, actual costs may differ from forecast costs as a result of a range of factors including further delay, unforeseen operational requirements, additional optimisation works, claims, disputes, inflationary impacts or other matters. If project expenditure were to exceed the Threshold Outturn, this could have adverse financial and regulatory consequences for the Company and could give rise to rights or obligations under the Government Support Package.

Under the current Licence provisions, if System Acceptance is delayed beyond the Planned System Acceptance Date (being 31 August 2027) then there is a specified reduction on the BWACC in respect of any delay up to 28 February 2029 (being the Longstop Date). The impact of this reduction on the regulatory return on capital only takes effect following the Post Construction Review and is unlikely to have a material impact on the Company's and Issuer's ability to meet its obligations under the Bonds. However, to the extent that the delay extends beyond 28 February 2029 there is no specified impact on the BWACC and instead Ofwat will determine the appropriate real WACC, which will apply up to the earlier of the date of System Acceptance and 31 March 2030 (and again will take effect following the Post Construction Review). In the event of any delay to System Acceptance beyond 30 April 2029, Ofwat will determine an appropriate real WACC which will take effect from 1 April 2030 until 31 March following the First Periodic Review (and which Ofwat may vary during that period). Notwithstanding Ofwat's statutory duty to secure that an efficient infrastructure provider is able to finance the proper carrying out of the functions, there is a risk that Ofwat sets the WACC at such a level that there may be an impact on the financial condition of the Company.

Failure to meet the relevant acceptance criteria in the System Acceptance Period (including any failure that may be caused by lack of appropriate weather conditions) may delay the certification of System Acceptance by Thames Water. The Company is to an extent dependent on Thames Water complying with its obligations under the Interface Agreement in respect of the System Acceptance Period and the acceptance processes. The Company's remedies for Thames Water non-compliance are limited, and a delay to the issue of the System Acceptance certification by Thames Water could only be resolved under the contractual dispute mechanisms (see "*Risk Factors – Risks relating to Construction and delays – Interface risks*"). Any delay to the certification of System Acceptance gives rise to the risk that the Company fails to comply with its principal duty under the Licence to

achieve System Acceptance by the Longstop Date, which could result in enforcement and other adverse action being taken against the Company (see "*Breach of Licence condition*" below).

PLA Consent Risk

There remain outstanding consents from the Port of London Authority (the **"PLA"**). Delays to receipt of these could result in a delay to System Acceptance as well as further increase the outturn costs for construction.

Design risk and latent defects

Under the Licence, the Company is responsible for designing the Regulated Assets in accordance with, among other things, the Project Specification Notice, such that the London Tideway Tunnels, when completed, are capable of being operated in compliance with the Operating Techniques and certain environmental permits issued to Thames Water.

Under the Interface Agreement, the Company takes full responsibility for the TTT design, including designs prepared by Thames Water for the Company Works, and for the integration of the Thames Water Works, the Company Works and the Sewer Network, and ensuring that the Company Works are fit for purpose. A key element of the overall design is the Operating Techniques developed by Thames Water, agreed by the Environment Agency, and mandated in the Project Fixed Requirements and the Licence. Under the Interface Agreement, the Operating Techniques are agreed between Thames Water and the Environment Agency, with an obligation on Thames Water to consult the Company regarding any changes that have an impact on Company Owned Structures and/or Company Works.

The Company has transferred some of the design risk to the Main Works Contractors under the Main Works Contracts subject to liability caps and the pain/gain share mechanism. Similarly, some design risk has been transferred to the System Integrator Contractor under the System Integrator Contract subject to liability caps and incentive scheme. The Main Works Contracts and the System Integrator Contract include a fit for purpose responsibility although this commitment will be qualified by any design which is the Company's responsibility. Under the Project Management Contract, CH2M Hill UK has oversight of the design as part of its management of the design, engineering and delivery of the TTT. The Company also has recourse (subject to a liability cap) against CH2M Hill UK which prepared a design suitability report on the design work done prior to Licence Award.

For some of the design risks, the Company will have limited recourse against the design consultants who prepared the design under collateral warranties given by such consultants to the Company subject to liability caps. Where design risk is retained by the Company and there are errors or defects in such design, this may lead to cost overruns and delays.

The Company is responsible for latent defects in the Company Works. This responsibility is passed down directly to the Main Works Contractors and System Integrator Contractor, except that under those contracts the Main Works Contractors' and System Integrator Contractor's duty to make good defects is for the period of three years from completion of the works under the Main Works Contracts. The Company retains its common law rights to sue the Main Works Contractors and System Integrator Contractor for breach of contract in respect of latent defects to the extent that the defects are in relation to the works designed or executed by the Main Works Contractors and System Integrator Contractor, as appropriate. The Company retains the responsibility for latent defect risk in overall system design and is unable to pass this on to any other party.

The Company has identified certain defects in the construction of the TTT the most notable of which are those leading to infiltration of ground water into some of the TTT tunnels. Independent assessments have confirmed that the levels of infiltration and associated potential exfiltration expected in service are unlikely to have any adverse environmental, structural or durability impact. The Company does not, therefore, expect the infiltration defect (or any other defects currently identified) as likely to be material. However, monitoring is being carried out to demonstrate satisfactory operational performance.

Although defects in construction are the responsibility of the Main Works Contractors, recovery is subject to liability caps and may take time to obtain. A serious defect could compromise the operation or availability of the tunnel, which may impact the Company's reputation, and a resolution may take time to implement. Ultimately, if the TTT is rendered unavailable, this may amount to a breach by the

Company of its principal duties under the Licence and result in a failure to comply with environmental permits issued by the Environment Agency to Thames Water. Either of these circumstances could expose the Company to the risk of enforcement action by Ofwat or the Environment Agency (as appropriate).

Claims and stakeholder risk associated with the conclusion of the construction phase

As the project approaches completion and transition into long-term operations, there may for a period be an increase in claims, disputes, challenges or other assertions of entitlement by contractors, suppliers, utilities, landowners, statutory undertakers, public authorities, neighbouring property owners or other stakeholders, associated with the conclusion of the construction phase. While the quantum of such matters is not expected to be material in the context of the Bonds, the outcome of any such matter is inherently uncertain and could result in the Company incurring additional costs, management time and professional fees, as well as delaying the resolution of outstanding project matters.

Such matters may arise in connection with construction activities, defects, delay, asset protection, property rights, access arrangements, environmental matters, regulatory compliance, contractual entitlements, compensation events or other aspects of the project and its delivery.

The Company may not be able to recover all amounts sought from counterparties and contractual or legal remedies may be subject to procedural requirements, limitations of liability, questions of interpretation, factual disputes or counterclaims.

Any material increase in costs, delay in resolution of project matters or adverse outcome could adversely affect the financial condition and prospects of the Company and may affect the Issuer's ability to fulfil its obligations under the Bonds.

Weather

In order to achieve System Acceptance, the TTT is required to be tested in a range of climatic scenarios. If appropriate weather conditions are not experienced to enable this testing in the System Acceptance Period this could delay the certification of System Acceptance by Thames Water.

Changes in Timing and Scope under the MWC

Since physical works under the Main Works Contracts (the **"MWC"**) were not fully completed before Handover there remains a risk that they may not be completed on time, or at all which could result in a delay to System Acceptance. Where certain works have been or will be transferred from the Main Works Contracts to alternative contractors, there remains a risk that they may not be completed or completed to the required standard. In these circumstances the Company may not have sufficient financial recourse against the alternative contractor to recover the costs of delivering these obligations.

Asset protection liability

Under the Main Works Contracts, the Main Works Contractors are responsible for damage caused to third party assets and infrastructure. This liability may be unlimited depending upon the application of common law (if there is no asset protection agreement in place) or may be unlimited as a matter of contract under the terms of the particular asset protection agreement, subject to the counterparties' common law duty to mitigate. With construction almost fully complete, this risk is reduced compared with the early years of the Company's operations. Nevertheless, the risk remains that to the extent the Company's insurances and, where applicable, the Supplemental Compensation Agreement do not cover the loss and/or Company is not able to recover the loss from the Main Works Contractors as a result of liability caps, then the Company will have to meet the residual cost from its own resources. See "*Business Description – Commercial Strategy – Insurance"* and "*Government Support Package – Supplemental Compensation Agreement*".

Under the System Acceptance Contracts, the Contractors are responsible for damage caused to third party assets and infrastructure up to a cap. However, given the scope of the System Acceptance Contracts, the Company does not see this as a material risk. To the extent the Company's insurances and, where applicable, the Supplemental Compensation Agreement, do not cover the loss and/or Company is not able to recover the loss from the Contractors as a result of liability caps, then the Company will have to meet the residual cost from its own resources. See "*Business Description –*

Commercial Strategy – Insurance" and "*Government Support Package – Supplemental Compensation Agreement*".

Health and Safety

If there is a significant health and safety event (whether caused by a serious breach of health and safety policies or obligations or otherwise), it could disrupt and delay System Acceptance, have a negative impact on the Company's reputation and lead to financial and regulatory damages. The Company continues its transformational approach to health, safety and wellbeing and the Main Works Contractors have robust and specific health and safety procedures in place. The intention is that the System Acceptance Contractors will adopt similar robust processes. There is also a risk of criminal liability for health and safety breaches, and in the event of a workplace fatality, the authorities can in certain circumstances prosecute under the Corporate Manslaughter and Corporate Homicide Act 2007. In respect of more minor health and safety breaches, enforcing authorities have wide powers to enforce health and safety legislation which could lead to a requirement to suspend or discontinue certain activities and/or prosecution by the Health and Safety Executive.

Marine logistics bring their own health and safety risks including risks of collision, damage to property, spillages of hazardous substances and personal injury and death. A marine incident could result in the Port of London Authority suspending the Company's marine operations, which could have adverse cost and delay consequences. See "*Business Description – The Company – Construction Period*" for further details on the Company's marine logistics. The only marine works which remain outstanding relate to ecological enhancements at the Company's Greenwich Pumping Station site. All other marine works have been completed.

The occurrence of any such health and safety events could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Environmental matters

If there is a breach of environmental law then the Environment Agency (or any other environmental authority as appropriate to the nature of the breach) could bring proceedings against the Company and the Company could incur unlimited criminal fines, or be subject to other sanctions, if deemed responsible. There may also be an associated financial liability to remediate the effects of any breach.

The likelihood of prosecution or other enforcement actions being pursued against the Company will depend on the particular circumstances, including the nature and consequences of any breach and the degree of involvement of the Company. Contractual protections in the Main Works Contract and System Acceptance Contracts may not be effective against any resulting criminal liabilities.

Liability for any non-compliance with permits and operating techniques for the operation of the TTT rests with Thames Water. However, under Regulation 38(6) of the Environmental Permitting (England and Wales) Regulations 2016, where a permitting offence under those regulations is committed by Thames Water but arises due to the act or default of the Company, the Company could also be guilty of committing that offence. The Environment Agency can take enforcement action against the Company whether or not any enforcement action is also taken against Thames Water.

There is a risk that any non-compliances that may occur between Handover and System Acceptance are deemed the responsibility of the Company.

There is a risk that non-compliances by Thames Water during the operation of the TTT could still result in reputational damage to the Company with the potential to adversely affect the prospects of the Company and which in turn may affect the ability of the Issuer to fulfil its obligations under the Bonds. Where the Company does not comply with its environmental obligations (under the DCO and otherwise at law) it may also be liable for any resulting costs incurred by the Environment Agency, including under indemnities given to the Environment Agency in the DCO.

Under the statutory UK contaminated land regime (at Part 2A Environmental Protection Act 1990), civil liability for remediation may be imposed (subject to certain exclusions) on persons who cause or knowingly permit contamination. The Company could become liable for the clean-up of any contamination risks caused or exacerbated by construction in the event that the triggers under the regime are reached. Much of this risk has been transferred to the Main Works Contractors (who are generally responsible for any pollution that they cause) but this is subject to liability caps. The Main

Works Contractors can also in certain circumstances claim "compensation events" where ground conditions are outside the scope identified in geotechnical baseline reports. As at August 2026, construction of the TTT is almost fully complete.

To the extent that any action is brought against Thames Water for an environmental liability relating to construction or operation of the TTT, it may seek reimbursement from the Company. Under the Interface Agreement and the Operation and Maintenance Agreement, the Company indemnifies Thames Water for matters including in relation to the presence of hazardous substances, environmental third party claims, and regulatory fines or penalties imposed on Thames Water, in each case where related to the Company Works, Company Services (as appropriate) or the default, negligence, or breach of duty (whether statutory or otherwise) of the Company or its contractors. Note that where criminal liability is incurred (for example a fine for a breach of law) then, as a matter of public policy, an indemnity is not typically capable of being enforced although this will depend on the extent to which the Company is deemed to have contributed to any environmental offence.

Under general tort law, persons (such as local residents and nearby business owners) adversely impacted by the construction activities may in some circumstances bring actions against the Company in torts of negligence, private nuisance or trespass. The Main Works Contractors specifically indemnify the Company against matters such as noise or other disturbances and unlawful nuisances or pollution created by the construction works, but this is subject to liability caps.

To the extent that the Company's environmental insurances do not cover the loss and/or the Company is not able to recover the loss from the Main Works Contractors or System Acceptance Contractors as a result of liability caps then the Company will be liable for the residual cost. See "*Business Description – Commercial Strategy – Insurance*". Any such residual risk for the Company relating to the liability to pay fines, reimburse or indemnify Thames Water could amount to Excluded Project Spend and therefore could not be added to the Company's regulatory capital value. In addition, it is unlikely that the cost of remediation works for which the Company may be liable could be added to the regulatory capital value. This could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Interface risks

Under the Interface Agreement, the key remaining Thames Water responsibilities are:

- carrying out the system acceptance activities and cooperating with the Company in respect of its system acceptance activities; and
- determining System Acceptance, although contractually Thames Water must follow the procedure and timeframes in the Interface Agreement and may risk enforcement action if it fails to do so.

The current financial uncertainties facing Thames Water may result in a reduced focus on the TTT and/or reduced availability of Thames Water resource to discharge its remaining obligations under the Interface Agreement and/or in respect of the TTT generally which may delay reaching System Acceptance. See *Risks relating to Operation – Thames Water* in connection with Thames Water's current financial position.

Failure to allow access to the Sewer Network or non-compliance by Thames Water with its obligations in the Interface Agreement may delay reaching System Acceptance. Similarly, in the operational phase, failure to allow access to the Sewer Network or non-compliance by Thames Water with its obligations under the Operation & Maintenance Agreement could increase costs for the Company.

The Company's remedies for Thames Water's non-compliance with the Interface Agreement are limited and in particular the Company cannot sue Thames Water for damages. The Interface Agreement permits the Company to step-in to remedy a Thames Water default (this is reciprocal) but there are limitations (for example around access) on when these remedies can be used. The Company is primarily relying upon the financial incentive regime in the Alliance Agreement, the authority of the Liaison Committee, the threat of enforcement action by Ofwat and the incentives and penalties under Thames Water's final determination regarding achievement of System Acceptance

(see "*Business Description – Commercial Strategy – Alignment of all parties through the Alliance framework*").

The Interface Agreement categorises changes to design as Reviewable Matters and Variations. In broad terms, the distinction relates to the nature of the change and the cost or time impact of the change. The review procedures for Reviewable Matters and Variations do not fully align with the procedures in the Main Works Contracts and the System Integrator Contract (grounds of objection and time to reply). There is therefore risk of a compensation event arising under the Main Works Contracts and the System Integrator Contract for the Company withholding acceptance on grounds which are not listed in the Main Works Contracts or System Integrator Contract or for failing to reply within the periods stated in the contracts.

If any of these recourse mechanisms do not enable the Company to recover all additional costs resulting from such design risk or latent defects, or the compensation events result in unforeseen increased costs for the Company, this could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Compliance with the DCO

Breach of the DCO, whether by the Company or by its contractors, could lead to criminal liability for the Company. This is likely to result in fines which would be treated as Excluded Project Spend and therefore not recoverable on the Company's regulatory capital value, affecting the Company's financial condition. Breach of the DCO could also lead to enforcement action being taken by the local planning authority, which may include seeking an injunction to avoid a breach, or works to remedy a breach. This could lead to additional cost and/or delay. With construction almost fully complete, this risk is reduced compared with the early years of the Company's operations.

Risks relating to the Government Support Package

The Government Support Package provides for the payment of compensation to the Company by the Secretary of State if the Secretary of State serves a Discontinuation Notice or is deemed to elect to do so.

Senior Debt Compensation is the lower of Senior Debt Liabilities and the Total Compensation Amount. There is a risk that the amount of Senior Debt Compensation payable is less than the amount of Senior Debt Liabilities, for example, as a result of Hedging Transactions not being DA Approved Hedging or as a result of adjustments to the amount of Senior Debt Liabilities or the Total Compensation Amount in accordance with the Discontinuation Agreement (see "*Summary of the Government Support Package – Consequences of Discontinuation*"). In such circumstances, the ability of the Issuer to fulfil its obligations under the Bonds may be adversely affected.

Risks relating to Operation

Catastrophic events

Catastrophic events such as fires, earthquakes, floods, terrorist attacks, diseases, plant failure, tunnel collapse, traffic or marine incident or other similar events could result in personal injury, loss of life, pollution or environmental damage, severe damage or destruction of the TTT or any of the ancillary works required to connect the TTT to the sewer network or third party assets. Any resulting damage of the TTT or liability of the Company, to the extent not covered by insurance and/or, where applicable, the Supplemental Compensation Agreement, could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to meet its obligations under the Bonds.

In addition to the catastrophic events described above, the cumulative effect of ordinary use, exposure to natural hazards, sustained pressure and loading to which the asset is subject to over its operational life all contribute to the long-term deterioration of the TTT. Development by third parties on land above or adjacent to the TTT could result in damage or destruction to the TTT. Acts of terrorism or other criminal activity could also result in the unavailability of the TTT, pollution or other damage to the Company's assets and, in exceptional circumstances, could give rise to consequences ranging from environmental damage and economic disruption to loss of life. There is no certainty that the Company would be able to successfully recover from third parties in relation to any loss and/or damage to, or deterioration of, the TTT.

Although the Company is required under the CTA to maintain insurance to protect against certain of these risks and has the benefit of the Supplemental Compensation Agreement until System Acceptance, the amounts available from such insurance and, if applicable, the Supplemental Compensation Agreement may not be adequate to cover increased expenses or other losses or liabilities arising from the occurrence of any of the events described above. Moreover, there can be no assurance that such insurance coverage will be available for some or all of these risks in the future during the operational phase at commercially reasonable rates or at all or that coverage under the Supplemental Compensation Agreement will be available or adequate in respect of the unavailability of insurance. See "*Business Description – Insurance*" and "*Summary of the Government Support Package – Supplemental Compensation Agreement*".

Use of Tunnel

The TTT is an asset built to achieve 120 years design life and is expected to require minimal maintenance of deep level assets which contributes to its low carbon footprint during the long operational stage. The TTT has been designed and constructed based on assumptions around the circumstances in which it will be used, and the frequency with which these will arise. Changes to the way that the tunnel is used over its 120-year design life could result in increased costs relating to maintenance, or a decrease in operating life.

The TTT is designed to be resilient to climate change and population growth in London until at least the 2080s. At the time of the original route selection and design decisions, the modelling undertaken (using the UKCP09 projections) concluded that climate change and population growth will mean that by the 2080s the number of CSO discharge events into the River Thames would increase from the four that were predicted for 2013 conditions to five for the median projection, with a range from four (10 percentile) to eight (90 percentile) events for the medium emissions scenario[1]. Extreme weather (including hotter and drier summers, wetter winters and more storms) associated with climate change, beyond the modelling undertaken, could have an impact upon how Thames Water operates and uses the TTT. There is a risk that the TTT is used more frequently than has been anticipated, resulting in an increase in expenditure required for maintenance, and the potential for more discharges by Thames Water to the River Thames.

Risks associated with the Revenue Agreement and customer bad debt

Allowed Revenue for each Charging Year is collected by Thames Water by adding an amount in respect of those revenues to the wastewater charges Thames Water levies on its customers and relevant sewerage licensees (as defined below). To the extent those revenues have been recovered by Thames Water, the Revenue Agreement provides that Thames Water will pass them through to the Company. Thames Water's own Appointment requires it to pay sums owing to the Company in accordance with the Revenue Agreement.

Due to this "pass through" revenue collection model the Company is exposed to bad debt risk as regards the proportion of Company revenue which will be recovered from customers in the relevant charging year.

The Licence makes provision regarding the recovery of bad debt. Where there is under-recovery in any particular Charging Year, the Company will receive an increase in its Allowed Revenue in a future year to compensate for this. However, no such provision has been made for any period after the First Periodic Review takes effect. Ofwat will decide at each price control review whether and to what extent the Allowed Revenue should be varied to compensate for lost revenue due to bad debts (including bad debts incurred in the two Charging Years prior to 1 April following the First Periodic Review), but there can be no certainty as to Ofwat's approach.

In addition, the Company is reliant on Thames Water to collect and pay the Allowed Revenue to it. Any amounts paid by customers in respect of the Allowed Revenue are in Thames Water's possession before being passed to the Company. The Company is therefore taking risk on Thames Water's performance of its responsibilities under the Revenue Agreement (and its own Appointment) and the payment by Thames Water to the Company of any moneys collected. The Company is therefore exposed to Thames Water's credit risk in the event that Thames Water is unable to pay its

[1] See Resilience to Change document from the Application for Development Consent, January 2013.

debts. See Risk *Factors - Risks relating to Operation – Thames Water* in connection with Thames Water's current financial position.

A failure by Thames Water to pay Allowed Revenue to the Company once collected from its customers would constitute a breach of a condition of Thames Water's Appointment. Ofwat has a duty, subject to certain exceptions, to make an Enforcement Order in respect of such a breach for the purpose of securing compliance with the relevant condition. Such Enforcement Orders are enforceable through the courts by means of injunction.

If, notwithstanding the above, Thames Water is or is likely to be unable to pay its debts, in order to secure the continuity of water supply and sewerage services in the Thames Water region, the Secretary of State or Ofwat (with the Secretary of State's consent) would be likely to apply to the High Court for a special administration order to be made in respect of Thames Water. To do otherwise may be inconsistent with the statutory duty of Ofwat and the Secretary of State with regard to protecting the interests of consumers and securing that the functions of a Statutory Undertaker (such as Thames Water) are properly carried out. In the event of an application being made for the winding up of Thames Water, the court must not make a winding up order but would instead consider making a special administration order.

Where a special administration order is made on the grounds that Thames Water is or is likely to be unable to pay its debts, the purposes of a special administration order would be to rescue Thames Water as a going concern (the **"Rescue Purpose"**) and the carrying out of the functions vested in Thames Water by virtue of its Appointment in the meantime. However, if the special administrator thought that either (a) it is not likely to be possible to rescue Thames Water as a going concern or (b) transfer is likely to secure more effective performance of those functions, then the purpose of the special administration would be the transfer of all or part of Thames Water's business as a going concern so as to ensure that the functions vested in Thames Water by virtue of its Appointment may be properly carried out (the **"Transfer Purpose"**) and the carrying out of those functions in the meantime. Ongoing compliance with Thames Water's obligations under its Appointment, including its obligation to make payments to the Company in accordance with the Revenue Agreement, would be an important consideration for the special administrator in the context of the achievement of those purposes. In addition, as noted above, failure to make such payments to the Company would give rise to a duty on the part of Ofwat (in addition to its duty to secure that licensed infrastructure providers, such as the Company, are able to finance the proper carrying out of their functions) to make an Enforcement Order for the purpose of securing compliance with that requirement. The making of an Enforcement Order and any subsequent application for an injunction or other relief to enforce such an order would require the leave of the court. In addition, failure by Thames Water to comply with a licence condition may result in the imposition of financial penalties by Ofwat of up to 10 per cent. of Thames Water's regulated turnover.

A special administrator would have several tools available to it by which the debt, and potentially other obligations, of Thames Water could be compromised or restructured (such as a scheme of arrangement, restructuring plan, and company voluntary arrangement). Certain of these tools may (subject to certain conditions) enable the special administrator to seek to compromise or change arrangements with creditors, including the Company, even where certain of those creditors vote against the proposals put to them including seeking to amend the terms of the Revenue Agreement in respect of the Allowed Revenue. However:

- the obligation to pay the Allowed Revenue to the Company is a condition of Thames Water's Appointment and therefore a failure to do so would constitute a breach of Thames Water's Appointment. The Company has received confirmation from Ofwat that existing statutory and regulatory protections would continue to apply to Thames Water including that the TTT is seen as essential for enabling Thames Water to comply with its sewerage duties under the Water Industry Act 1991 and that it has a licence obligation to pass revenues to the Company under the Revenue Agreement. A licence breach by Thames Water is enforceable by Ofwat. There has been no impact on the Company's revenue to date; and
- Ofwat's consent is required for any amendment to the Revenue Agreement and typically contracts that are critical to the business of the water company would remain unaffected by any restructuring process.

If a special administration were to result in the business of Thames Water being transferred to a successor company in accordance with the Transfer Purpose, such a transfer is likely to be effected through a transfer scheme made under Schedule 2 to the WIA, which would require the approval of Ofwat or the Secretary of State. If the business of Thames Water was transferred in this way, the transfer may include the existing Thames Water Appointment or Ofwat could grant a new Appointment to the successor company. In either case, any obligation on the successor company to collect and pay to the Company amounts in respect of the Allowed Revenue would be dependent on the successor company's Appointment containing an obligation to this effect and on the Revenue Agreement being transferred to the successor company.

In the event that Thames Water fails to pay sums under the Revenue Agreement, the Company is entitled to default interest in respect of the period from when such amount was due and payable to the Company but remains unpaid.

Any failure by Thames Water to pass on sums due under the Revenue Agreement to the Company could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

If the Revenue Agreement is terminated by the Company after the end of the construction period, the Company is entitled to directly charge, subject to Ofwat's approval of the Company's charges scheme, the occupier of any premises which: (i) are drained by a sewer or drain connecting, either directly or indirectly, with the Company's assets; or (ii) have the benefit of facilities which drain to a sewer or drain connecting, either directly or indirectly, with the Company's assets. This will be a more limited pool of customers than Thames Water's wider customer base. The Company would also need to dedicate resources for billing and collection processes and develop a billing system.

If it intends to commence direct charging, the Company must notify Ofwat of its intention and the fact that it has given an irrevocable notice to terminate the Revenue Agreement. Ofwat must then give the Company at least 30 days' notice that the direct charging conditions in the Licence will come into effect. The direct charging period commences from 1 April of the Charging Year after those conditions come into effect, and therefore in the event that the Company directly charges, it risks being unable to collect amounts that had already been billed but had not yet been passed to the Company which could have an adverse effect on the financial condition and prospects of the Company and which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Measures introduced under the Water Act 2014 to promote retail competition mean that non-domestic customers are now able to source their sewerage services from a third-party licensee (a **"sewerage licensee"**) rather than the incumbent sewerage undertaker (such as Thames Water) and it is open to an incumbent undertaker to exit the non-domestic retail market. Pursuant to these measures, Thames Water transferred its non-domestic retail business to a third-party sewerage licensee, Castle Water Limited, with effect from 1 April 2017. The customers transferred to the sewerage licensee do not cease to be connected to Thames Water's network as a result of the transfer. To the extent that any such customer continues to make use of the Thames Water network, the relevant sewerage licensee (whether Castle Water Limited or another sewerage licensee to whom the customer has switched) is required to pay 100 per cent. of the wholesale charges levied by Thames Water in respect of that customer, including any element of the charges levied in respect of the Allowed Revenue. As such, the Company is exposed to the credit risk of the sewerage licensee rather than that of the end customer. In any event, the Company continues to be dependent on Thames Water to collect and pay the Allowed Revenue to it.

Thames Water

There has been significant scrutiny of Thames Water's financial position since its shareholders declined to provide the first tranche of previously committed equity funding, citing concerns that Thames Water's business plan for the 2024 Price Review was not investable, and following the default notices issued in April 2024 by its indirect parent company, Kemble Water Finance Limited (**"Kemble"**), to its financial creditors. Fitch subsequently withdrew Kemble's credit rating.

The ongoing financial issues with Thames Water and the possibility that Thames Water may be subject to a special administration order, could lead to a temporary and/or permanent decrease in investor confidence and demand for the UK water sector, and/or result in increased market pricing for the sector. These factors could result in a reduced ability for the Company or the Issuer to raise

new capital in the market to refinance their existing indebtedness and could also result in a higher cost of funding for the water industry generally which may affect any capital raised by the Company or the Issuer. Either circumstance could negatively impact the Company's business, overall financial condition, its ability to meet financial ratio and covenant requirements under the Common Terms Agreement and to raise finance and comply with its obligations under the Licence and legislation. These circumstances could also affect the Issuer's and the Company's ability to make timely payment of principal and interest under the Bonds. For more information on financial ratios and covenant requirements please see "*Summary of the Common Documents – Common Terms Agreement – Covenants*".

Any material change in Thames Water's ownership, financial position, governance, regulatory status or operational arrangements could result in uncertainty, delays, disputes, changes to counterparties, amendments to existing arrangements or other impacts on the Company's relationship with Thames Water which could have an adverse impact on the Issuer's ability to fulfil its obligations under the Bonds.

Changes in the rate of inflation

The Company's revenue and RCV are linked to the underlying rate of inflation (measured by RPI) and as such are subject to fluctuations in line with changes in the rate of inflation. In addition, changes in the rate of inflation are likely to impact on the operating and financing costs and capital expenditure of the Company. Growth in RCV is explicitly linked to RPI, therefore a prolonged period of low inflation and/or deflation would increase the risk that the Company may breach its financial covenant in relation to Senior RAR. The exposure to fluctuations in inflation creates an element of unpredictability which means that the Company is exposed to such risks which it cannot accurately predict and provide for in its operations, and thus could adversely affect the Company's financial performance, and thus impact on the Issuer's ability to meet its obligations under the Bonds. The Company and the Issuer have sought to mitigate these risks by linking a significant amount of its financing to the rate of inflation though inflation-linked debt and swaps.

Resource constraints

Following System Acceptance, the Company will require a significantly reduced headcount. The Company may be unable to attract or retain sufficiently qualified staff to allow it to discharge its obligations under the Licence and the TTT Documents. A reduced headcount may also result in reduced resilience in respect of critical operations, which may compromise delivery of the Company's Licence obligations and/or legal obligations under the TTT Documents.

Insurance cover

The Company benefits from an insurance programme provided by commercial insurers to protect against key insurable risks, including construction all risks and public liability (see "*Business Description – Insurance*"). In certain circumstances the Government Support Package will be available to meet any shortfall of insurance proceeds (see "*Summary of the Government Support Package – Supplemental Compensation Agreement*"). However, the Company 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 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. In this event it is unlikely that the Supplemental Compensation Agreement would respond. The Government Support Package falls away at System Acceptance. The construction all risks and third party liability policies have been placed until December 2026 (the Company is in discussions to extend these to mirror expected completion dates under the Main Works Contracts), and other policies (including terrorism and marine liability cover) are placed annually. In certain circumstances the Supplemental Compensation Agreement will respond if this insurance cover ceases to be available, however the Company is exposed to the cost of this insurance until the conditions in the Supplemental Compensation Agreement are met. The Company is discussing with their insurance brokers, the necessary insurances that will be required post completion of the works under the Main Works Contracts. Prior to obtaining any such insurances, the insurance maintenance requirements to which the Company is subject (see "*Summary of the Common Documents – Common Terms Agreement – Covenants – Insurance*") would need to be updated to reflect requirements which are relevant to the period following completion of the works under the Main

Works Contracts. Such updates would be required to be effected by way of amendments to certain Transaction Documents. Such amendments would be subject to certain creditor consents pursuant to the STID, and there can be no assurance that such creditor consents would be obtained in a timely manner or at all. In addition, such insurances may not be available at commercially attractive rates, or at all, which could have a material adverse effect on the Company's operations. The commercial insurers may become insolvent or lose their licences or authorisations. Any failure to obtain the relevant creditor consents referred to above, or to obtain or collect under relevant insurance policies could have a material adverse effect on the Company's business, financial condition and results of operations. In this event it is unlikely that the Supplemental Compensation Agreement would respond, and in any event it would not respond beyond the System Acceptance date.

Termination of the Delivery Documents

The Company's agreements incorporate certain termination rights for the counterparties to such agreements. The termination of any of these agreements may adversely affect Company's ability to complete the System Acceptance of the Company Works and to carry out its obligation to operate its assets and maintain the TTT, which could have an adverse effect on the financial condition or prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Residual risks

The risks that are not specifically borne by the counterparties to the Delivery Documents or otherwise expressly excluded under the Delivery Documents are borne by the Company and, as far as possible, passed on to insurers, contractors or other stakeholders (subject to exceptions and various limits on, and exclusions from, liability), with any residual risk being retained by the Company. Any increased or unexpected costs relating to residual risk for the Company could have an adverse effect on the financial condition or prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Cyber risks and personal data

The inability to protect people, information systems, infrastructure and non-infrastructure assets from malicious, accidental or unauthorised activity, including cyber-attacks, theft, fraud, ransomware and malware could have an impact on the security of people, information and assets. The Company's resources, assets and infrastructure are exposed to various threats (malicious, accidental and natural, including climate change-related) which could impact the provision of the TTT and/or harm people or third-party property.

Current key risks and issues include the risk of the Company's financial, engineering, operational or strategic information, including information relating to the TTT, being accessed, disclosed, corrupted, rendered unavailable or interfered with by unauthorised parties through technological, chemical or biological means. This could originate from rogue independent actors, nation states, organised crime, disgruntled employees, or as a result of commercial espionage.

Data and technology assets could be significantly compromised due to malicious or accidental activity leading to a major impact to key business processes and operations. Potential consequences include penalties, enforcement action, additional costs, compensation, contractual claims and reputational damage, as well as interruption to business services, regulatory compliance, financial and operational performance through the loss or compromise of commercially sensitive data and the disruption of systems or assets. In the context of ongoing global conflicts, the likelihood of cyber-attacks may continue to increase.

Personal data processed by or on behalf of the Company, including employee, contractor, supplier, visitor and other stakeholder personal data, could be lost, disclosed, corrupted, rendered unavailable or otherwise processed in breach of applicable data protection legislation. The Company is subject to applicable data protection and privacy legislation, including the UK General Data Protection Regulation, the Data Protection Act 2018, the Data (Use and Access) Act 2025 and, where applicable, the Privacy and Electronic Communications (EC Directive) Regulations 2003, breaches of which could lead to enforcement action, claims and substantial administrative fines, including, in the most serious cases, fines of up to the higher of £17.5 million and 4 per cent. of total worldwide annual turnover.

The increasing use of artificial intelligence and machine learning technologies in the management, monitoring and operation of critical infrastructure such as the TTT gives rise to specific risks. The Company may utilise AI-enabled systems in connection with the monitoring of tunnel performance, asset management, predictive maintenance and the provision of analytical support and recommendations to personnel responsible for operational decision-making. The Company does not currently have any concerns about the impact of AI on the business and operations of the TTT and notes that such systems are intended to support, and not replace, human judgement and accountability in the management and operation of the TTT. Nevertheless, the Company acknowledges that it is aware of the general risk that artificial intelligence and machine learning technologies may be susceptible to adversarial manipulation, algorithmic error, model drift or data corruption, any of which could result in inaccurate outputs, recommendations or insights with potentially significant operational, safety or financial consequences if relied upon. The legal and regulatory environment relevant to the deployment of AI-enabled technologies continues to evolve, including in areas such as data protection, cyber security, operational resilience and future AI-specific regulation or guidance. Any failure, compromise or misuse of AI systems deployed in connection with the TTT could disrupt operations, give rise to regulatory scrutiny or enforcement action, or result in reputational or financial damage to the Company, which may in turn affect the ability of the Issuer to fulfil its obligations under the Bonds.

Increased cost of operation and maintenance

Under the Operation and Maintenance Agreement, the Company is responsible for the provision and maintenance of the Company Owned Structures, which principally includes the inspection of the TTT (and any necessary remediation). The Company expects to outsource the maintenance of the TTT in due course. During the System Acceptance Period the Company is also responsible for the maintenance of the above and near ground assets, structures and equipment of the TTT, as well as the maintenance of the SCADA system so that all such assets, structures, equipment and systems remain available for use and are able to be operated in accordance with the Environmental Permits and the Operating Techniques. The Company has outsourced these obligations under the System Acceptance Contracts.

Thames Water is responsible for the operation of the system and compliance with the Operating Techniques and environmental permits and the operation and maintenance of the Sewer Network. No payments under the agreement are made by one party to the other for the services they are required to carry out under the agreement. There is a risk that the provision and management of the TTT incurs significant costs, whether due to latent defects or poor design. See "*Design risk and latent defects*" above.

The Company is to an extent dependent on Thames Water complying with its obligations under the Operation and Maintenance Agreement, including the impact of any physical failure by Thames Water to maintain its own assets and the provision to the Company of access to Thames Water sites. Any failure by Thames Water to comply with these obligations may affect the ability of the Company to meet its own obligations under the Operation and Maintenance Agreement. The Company's remedies for Thames Water's non-compliance with the Operation and Maintenance Agreement are limited, with the Company relying on the threat of enforcement action by Ofwat against Thames Water.

Risks relating to the regulation of the Company's business

The water and sewerage industry is subject to extensive legal and regulatory controls with which the Company must comply. The application of the laws, regulations and standards and the policies published by Ofwat, Secretary of State, Natural England, the Environment Agency and other regulators, specifically or generally, could have an adverse effect on the business, operational performance, profitability or financial condition of the Company.

The legal and regulatory landscape of the industry is complex and subject to on-going change. Potential changes in the regulatory environment, frameworks and associated strategies imposed or overseen by any of the Company's economic or environmental regulators such as Ofwat, the Environment Agency and the Department for Environment, Food and Rural Affairs (**"Defra"**) (amongst others) could result in increased costs, reduced income, reduced Regulatory Capital Value (**"RCV"**), lower margins and greater uncertainty of returns and/or reduced investor confidence

leading to funding pressures in the context of raising finance and refinancing debt on an ongoing basis.

On 23 July 2025 Ofwat published its decision to modify Thames Water's Appointment. The modifications included reinstating provisions obliging Thames Water to levy charges so as to collect the **"IP Charge"** (being amounts which, once collected by Thames Water, are payable to the Company in respect of its Allowed Revenue) (the **"Relevant Provisions"**). Ofwat stated that the equivalent provision had been erroneously removed from Thames Water's Appointment in June 2024 as part of cross-company modifications to Appointment conditions on charging. Those modifications took effect on 18 July 2025 following the statutory consultation in May 2025. Other provisions of Thames Water's Appointment imposing obligations with respect to the IP Charge were not affected by the June 2024 modifications and remained in place.

The Relevant Provisions are not the primary enabling provision for Thames Water to collect the IP Charge from customers. Instead, Thames Water's right to charge customers is statutory and set out in its annual charges schemes pursuant to section 143 of the WIA. Consistent with that position, Thames Water's published charging documentation for 2025-26 indicated that it continued to levy charges in respect of the IP Charge notwithstanding the inadvertent deletion of the Relevant Provisions in 2024.

Changes to regulation and the regulatory regime (either through political or regulatory events) may increase operating costs, reduce income and margin and lead to greater variability of returns. Future intervention by the UK Government in the water sector, or changes in governmental policy, including any decisions by the UK Government in relation to renationalisation of water companies, may affect the Issuer's ability to meet its obligations under the Bonds. In addition, macro events such as the continued effects of Brexit and ongoing global conflicts have the potential to alter the stability and certainty of regulation.

Revenue under the Licence

The turnover, profitability and cashflow of the Company are substantially influenced by the revenue and price control arrangements established under the Licence. These arrangements are described in "*Regulatory Framework – Economic Regulation*". Any decisions regarding revenue and price control arrangements that are detrimental to, or lead to a reduction in the revenues of, the Company may affect the ability of the Issuer to fulfil its obligations under the Bonds.

In the period prior to the First Periodic Review taking effect, the Company's return on its regulatory capital value is determined by reference to the BWACC (which is specified in the Licence to be 2.497 per cent.) except in the limited circumstances set out below, in which the Company's return on its regulatory capital value is determined by Ofwat. Ofwat has a broad discretion in relation to setting the WACC in the following circumstances, which may have a significant impact on the return earned by the Company on its regulatory capital value:

- in the period from 1 April 2030 to 31 March following the First Periodic Review, where the First Periodic Review takes effect after 1 April 2030 due to delay to System Acceptance beyond 1 January 2029;
- in relation to any Additional Allowable Project Spend (i.e. any expenditure above the Threshold Outturn that Ofwat has allowed following an application by the Company); and
- for the purpose of determining an adjustment to regulatory capital value to take effect at Post Construction Review if System Acceptance takes place more than 18 months after the Planned System Acceptance Date. Such an adjustment will not affect revenues until after the Post Construction Review.

Ofwat also has a broad discretion in relation to setting the WACC for the purposes of the first and subsequent Periodic Reviews, in the same way as it does for Statutory Undertakers.

Ofwat provides some guidance on the way in which it will approach the determination of WACC in these situations in its Economic Guidance. However, while Ofwat has a statutory duty to secure that an efficient infrastructure provider is able to finance the proper carrying out of its functions, in particular by securing reasonable returns on its capital, the Economic Guidance affords Ofwat a wide discretion as to how to set WACC.

To the extent any change in the WACC has a negative impact on the Company's return on its regulatory capital value, this could have an adverse effect on the financial condition and prospects of the Company and may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Ofwat's discretion in setting the price controls for the Company at the first and subsequent Periodic Reviews extends beyond determining the applicable WACC and includes its determination of other elements of the price control and the methodology adopted for that purpose (in the same way as it does for Statutory Undertakers). Again, Ofwat's Economic Guidance provides some guidance as to how Ofwat will determine the non-WACC elements, and indicates that it expects to follow a building block approach to determining a revenue forecast for each year for which price controls are set, at least for so long as that reflects the general approach to economic regulation in the water sector. To the extent that Ofwat's assessment of any component of the price control is too low (e.g. if it were to undervalue the Company's expected operational costs), this could have an adverse effect on the financial condition and prospects of the Company and may affect the ability of the Issuer to fulfil its obligations under the Bonds.

The Licence also sets out certain categories of expenditure which will be excluded from the Company's regulatory capital value. These include, for example, fines payable under law or regulation and financial remedies payable under contract in respect of such fines, expenditure incurred due to fraud, wilful misconduct or gross negligence of the Company and costs which are not justified by the Company's accounts and records. While the inability to add such categories of expenditure to regulatory capital value may have an adverse effect on the financial condition and prospects of the Company, it is unlikely to have a material impact on the Issuer's ability to meet its obligations under the Bonds.

Licence modifications

The Company is required to operate its business in accordance with the conditions of its Licence. Under the Modified WIA, the conditions of the Licence may be modified with the Company's consent or, in the circumstances described below, without the Company's consent.

If Ofwat wishes to effect a modification to the Licence to which the Company does not consent, Ofwat may make a reference to the CMA on public interest grounds. The CMA would carry out an independent review, identify any adverse public interest effects arising from the unmodified Licence and make its own recommendations for licence modifications. Ofwat is then obliged to make licence modifications which remedy or prevent the adverse public interest effects identified by the CMA, and in doing so must have regard to the CMA's recommendations.

On 24 August 2015, Ofwat wrote a letter to the Company explaining that Ofwat considers it unlikely to be in the public interest to seek a modification to that part of the Licence which sets out the Company's revenue arrangements during the construction period (and up until the commencement of the First Periodic Review on 1 April 2030 or later) in circumstances whereby the Company does not agree to the modification.

Section 55 of the Water Act 2014 provides for modification of a licence or Appointment where necessary and expedient as a consequence of amendments made under the Water Act 2014. Modifications could also result from a decision on a merger or market investigation reference by the CMA.

The Environment Act 2021 introduced a new right for Ofwat to modify an Appointment held by a Statutory Undertaker following consultation without the consent of the Statutory Undertaker concerned, subject to a right of appeal to the CMA on specified grounds. This revised licence modification regime does not apply to modifications to the Company's Licence.

As described in "*Regulatory Framework – The Licence – Proposed changes to the process for challenging Licence modifications*", the Government is consulting on proposed changes to the appeals regime applicable to Ofwat's decisions concerning modifications to the Company's Licence and future price control determinations. The changes proposed in respect of regulatory appeals are such that, if implemented, Ofwat would be able to modify the Licence without the consent of the Company, subject to a right of appeal to the CAT on specified grounds.

To the extent a modification to the Licence has an adverse effect on the revenues of the Company, this could have an adverse effect on the financial condition and prospects of the Company and may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Enforcement and Special Administration Regime

As described in "*Regulatory Framework – Economic Regulation*", a failure by the Company to comply with the conditions of the Licence or certain statutory duties may result in an Enforcement Order or the imposition of financial penalties of up to 10 per cent. of the Company's regulated turnover, which could have a material adverse impact on the financial condition and prospects of the Company and, consequently, on the Issuer's ability to meet its obligations (including the payment of principal and interest under the Bonds). An Enforcement Order and financial penalties may also be imposed by Ofwat or the Secretary of State where the Company causes or contributes to a contravention by a person holding a licence or Appointment under the WIA of the conditions of that licence or Appointment, or of certain of that person's statutory duties. Failure to comply with an Enforcement Order can lead to court action by Ofwat or the Secretary of State for an injunction and claims for compensation by any person who suffers loss or damage as a result of the breach.

Where actual or likely contravention of an Enforcement Order, a Licence condition or a statutory requirement imposed in consequence of the Licence is so serious as to make it inappropriate for the Company to continue to hold its Licence, the Secretary of State or, with his or her consent, Ofwat, may apply to the High Court for the appointment of a special administrator. A special administrator may also be appointed in other circumstances such as where the Company is, or is likely to be, unable to pay its debts.

A special administrator would have extensive powers similar to those of an administrator under the Insolvency Act 1986 (as set out in the Insolvency Act 1986, Sch B1 para 59-72) and as modified by the Water Industry (Special Administration) Regulations 2024. Certain amendments to the special administration regime were made by the Flood and Water Management Act 2010, which came into force in early 2024. Since that time, the purpose of a Special Administration Order made in relation to the Company depends on the grounds on which the Special Administration Order is made. If a Special Administration Order is made on any grounds other than that the Company is or is likely to be unable to pay its debts, the special administrator would be appointed only for the purposes of transferring to another company or companies, as a going concern, as much of the Company's business as is necessary in order to ensure that the Company's functions may be properly carried out (the **"Transfer Purpose"**) and pending the transfer, of carrying out those functions. If the Company is placed in special administration on the grounds that it is, or is likely to be, unable to pay its debts, the special administrator would be required to seek to rescue the Company as a going concern (the **"Rescue Purpose"**) rather than to transfer its business in accordance with the transfer purpose. However, subject to the consideration described below, the special administrator must pursue the transfer purpose instead of the rescue purpose where he thinks that a rescue is unlikely to be possible or if transfer is likely to secure a more effective performance of the Company's functions.

There is an error in the legislation governing the purpose of a special administration if the Company is placed in special administration on the grounds that it is, or is likely to be, unable to pay its debts. Whereas the provisions introducing the Rescue Purpose are clearly applicable to the Company, the provisions (i) allowing for the special administrator to revert to the Transfer Purpose and (ii) which provide that the purpose of the special administration includes the carrying out of the Company's functions pending rescue or transfer, appear not to be applicable to the Company. It follows that in the event of a special administration of the Company on the grounds that it is, or is likely to be, unable to pay its debts it is not clear that the special administration regime would operate as intended. The Government has confirmed its intention to correct this error. For the avoidance of doubt, this error in the legislation stems from early 2024 and relates only to the special administration regime as it applies to the Company and not to the special administration regime that is applicable to Thames Water.

If a Special Administration Order were made in respect of the Company, it would be for the special administrator to determine how to achieve the purposes of the special administration. In the context of achieving the Rescue Purpose, the special administrator may in particular propose one or more procedures by which the liabilities and obligations of the Company may be compromised or modified,

including a scheme of arrangement, restructuring plan or company voluntary arrangement. In certain circumstances and subject to certain conditions, the special administrator may be able to use such procedures to impose on individual or groups of creditors a compromise or other arrangement to which those creditors are opposed (see "*Regulatory Framework – The Licence – Special Administration Regime*").

If a Special Administration Order were made in respect of the Company and the Transfer Purpose is pursued, it would be for the special administrator to agree the terms of the transfer of all or any of the business of the Company on behalf of the Company, subject to the provisions of the Modified WIA. Until the Company's Licence is terminated, it may not be wound up, nor may an administrator under the Insolvency Act 1986 be appointed in respect of it.

During the period of a Special Administration Order, the Company is managed in such a way as to achieve the purposes of such order and in a manner that seeks to protect the respective interests of members and creditors of the Company. However, the effect of the Modified WIA is ultimately to subordinate members' and creditors' rights in favour of the purposes of the Special Administration Order (i.e. the Rescue Purpose or the Transfer Purpose).

A failed special administration is one of the circumstances in which Ofwat may revoke the Licence and require the Company to transfer the assets to a third party at nil value. During the construction of the TTT, the Special Administration Offer Agreement provides that either the Secretary of State may make an offer to acquire the Company or that the Secretary of State or the Company may trigger a Discontinuation. However, the offer made by the Secretary of State under the Special Administration Offer Agreement could be nominal.

There can be no assurance that any transfer scheme in the context of a special administration regime could be achieved on terms that would enable creditors (including Bondholders) to recover amounts due to them in full.

Termination of the Licence

The Licence permits Ofwat (or, in one case, the Secretary of State) to revoke the Licence in the following circumstances:

- on 25 years' notice given by the Secretary of State after the Post Construction Review;
- following full depreciation of the Company's assets;
- following a failed special administration;
- following a grant of a Licence to a replacement infrastructure provider;
- with the Company's consent; or
- following Discontinuation.

In the first, second, third and sixth scenarios listed above, Ofwat has the power (and in certain cases a duty) to direct the Company to transfer its business to a third party at a value determined by Ofwat. Ofwat may specify nil value for this purpose.

The termination of the Licence and/or the transfer of the Company's business could have a material adverse impact on the financial condition and prospects of the Company and, consequently, on the Issuer's ability to meet its obligations (including the payment of principal and interest) under the Bonds.

With regard to the first, second and third scenarios only, Ofwat has stated in its Economic Guidance that it will ensure, so far as may be consistent with its duties under the Modified WIA (including its duty in relation to protecting the interests of consumers), that the interests of the members and creditors of the Company are not unfairly prejudiced as respects the terms on which any new company or companies could accept a transfer of property, rights and liabilities from the Company.

With regard to the third scenario, during the construction of the TTT, the Special Administration Offer Agreement provides that either the Secretary of State may make an offer to acquire the Company or that the Secretary of State or the Company may trigger a Discontinuation. However, the offer made by the Secretary of State under the Special Administration Offer Agreement could be nominal. The Special Administration Offer Agreement does not therefore preclude a failed special administration.

With regard to the fourth scenario, Ofwat has no power (or duty) to direct the transfer of the Company's assets to the replacement infrastructure provider. The transfer of the Company's assets will therefore be subject to commercial negotiations between the Company and the replacement infrastructure provider. Moreover, there are obstacles to Ofwat granting a Licence to a replacement infrastructure provider. In particular, the replacement infrastructure provider would need to be designated under the SIP Regulations. That would require Ofwat (or the Secretary of State) to conclude that the new company "*appears … to be wholly or partly responsible for*" the TTT. Given that the Company's principal duties under its Licence include the construction, operation and maintenance of the Regulated Assets and making them available for use, it is difficult to envisage circumstances in which Ofwat or the Secretary of State might reasonably conclude that a third party "*appears … to be wholly or partly responsible for*" the TTT without first modifying the Company's Licence. Any modification of the Licence requires either the consent of the Company or a reference to the CMA on public interest grounds. See "*Regulatory Framework – The Licence – Certain other provisions – Modifications to the Licence*".

Risks associated with changes of law and circumstances

As with any investment, changes in law or circumstances may give rise to increased costs. Changes to the scope or nature of the Company's responsibilities (for example, arising from amendments to the Project Specification Notice or the Project Fixed Requirements) may also give rise to increased costs. In the case of the construction and delivery of the TTT, increased costs will generally be added to the Company's regulatory capital value (and therefore earn a return and, post First Periodic Review, depreciation). Increased costs arising from changes in law or circumstances, or change of scope, may however reduce the Company's ability to benefit from cost-based financial incentives, or increase the level of any penalty, both of which could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds. The Licence makes some provision for this risk, but only specified categories of changes in law, in circumstances or scope are covered, materiality thresholds may prevent recovery, and Ofwat will in any case retain discretion as to the level of any adjustment to the incentive baseline to reflect changes in law or circumstances.

During the long-term operational period, the Company's Allowed Revenue for each Charging Year following the First Periodic Review will be determined at the First Periodic Review and each subsequent Periodic Review and be calculated by Ofwat in accordance with Condition B (*Allowed Revenue*) of the Licence. Provision for changes of law and circumstances during this period will therefore be dependent on Ofwat's decision-making in each Periodic Review. Changes of law or circumstances that occur between Periodic Reviews that give rise to increased costs may be addressable under the interim determination provisions. The interim determination provisions may not be applicable to all categories of change, however, and are subject to a materiality threshold.

In addition, the circumstances for which the Company may, in principle, be able to recover additional costs relating to changes in law, circumstances or scope pursuant to the Licence do not cover all the circumstances for which the Company is responsible for additional costs resulting from changes in law or circumstances under the Main Works Contracts, the System Integrator Contract or the System Acceptance Contracts. The Main Works Contracts provide that the Main Works Contractors take change in law risk for the first two years after Licence Award and for any change in law risk that was foreseeable at Licence Award, otherwise a change in law is the Company's risk. The System Acceptance Contractors will generally only take change in law risk for risks that are reasonably foreseeable as at the date of the contract.

Any inability to recover additional costs or responsibility by the Company for change in law risk could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Breach of Licence condition

A failure by the Company to comply with the conditions of its Licence, including a failure to achieve System Acceptance by the Longstop Date or to comply with its other principal duties in respect of the TTT (see "*Regulatory Framework – The Licence*"), would constitute a breach of the Licence and could result in Ofwat making an Enforcement Order and/or imposing financial penalties of up to 10 per cent. of the Company's regulated turnover, which could have an adverse effect on the financial

condition and prospects of the Company and may affect the ability of the Issuer to fulfil its obligations under the Bonds. Ofwat has issued bespoke enforcement guidance in respect of the Licence.

Contravention of certain statutory or other requirements is also enforceable by the making of an Enforcement Order and/or the imposition of financial penalties (see "*Regulatory Framework – The Licence – Enforcement*").

Where there has been, or is likely to be, a breach by the Company of an Enforcement Order, a Licence condition or a statutory requirement imposed in consequence of the Licence and, in each case, the breach is serious enough to make it inappropriate for the Company to continue to hold the Licence, it could lead to the making of a Special Administration Order.

Ofwat's duty to make an Enforcement Order is subject to certain exemptions, including where Ofwat is satisfied that its statutory duties preclude that enforcement. Ofwat is required by the Modified WIA to perform its duties in the manner best calculated to secure that the functions of a licensed infrastructure provider are properly carried out. The effect of this exemption is that, even where it is satisfied that the Company's actions have caused a breach of the Licence, Ofwat is not required to enforce against the Company if Ofwat considers that to do so would not be acting in the manner best calculated to secure the carrying out of the Company's functions. The making of a Special Administration Order or an Enforcement Order or imposition of financial penalties on the Company by Ofwat could have a material adverse impact on the financial condition and prospects of the Company and, consequently, on the Issuer's ability to pay principal and interest on the Bonds.

Cost of debt

The cost of debt will be assessed at future price reviews and there is no guarantee that future allowances will fully reflect the cost of the Company's existing debt portfolio. In the August 2015 "*Ofwat guidance on approach to the economic regulation of the Infrastructure Provider for the Thames Tideway Tunnel*" Ofwat indicated that, absent a "*fundamental change in policy or methodology by which the industry is economically regulated*" Ofwat expects to set a "*real weighted average cost of capital which ensures that an efficient infrastructure provider is able to finance the proper carrying out of its functions*". Ofwat further indicated that it could not confirm the methodology it would use for this assessment, but that it expected that "*the IP will propose in its future business plans a real weighted cost of capital that balances both the requirement for the IP to be financeable and for bills to be affordable to customers*".

In addition, Ofwat indicated that it expected "*to follow a similar methodology to that which we adopt for determining the weighted average cost of capital for wholesale wastewater activities at the time*". Ofwat's recent practice in that regard has been to assess the cost of capital, including cost of debt, on the basis of a hypothetical efficiently financed 'notional' company. According to Ofwat, such a company would retain the flexibility to respond to changing market conditions and hold a balanced portfolio of debt. There is no guarantee, therefore, that allowance would be made for the costs of then existing fixed-rate debt, if Ofwat took the view that such debt had not been prudently incurred.

Risk of de-specification or de-designation

There is a risk that the Secretary of State or Ofwat may revoke or vary the Project Specification Notice or the Designation Notice, which is permitted in certain circumstances under the SIP Regulations. See "*Regulatory Framework – The SIP Regulations*". Revocation of either document during the construction phase would trigger a deemed Discontinuation under the Government Support Package (with compensation payable to debt holders and equity investors as a result). Variation of the Project Specification Notice may affect the cost of construction or operation of the infrastructure for which the Company is responsible and may also lead to a change to the Regulatory Baseline under certain circumstances.

Ofwat has issued guidance in relation to its approach to the variation or revocation of the Project Specification Notice and the Designation Notice ("*Criteria for selecting specified infrastructure projects – Ofwat guidance*", updated May 2025). Whilst the Secretary of State is not bound by this guidance, Ofwat has indicated that it expects that the Secretary of State will have regard to it when making any decision in relation to such variation or revocation.

It appears from Ofwat's guidance that Ofwat would not revoke the Project Specification Notice unless the Licence were first terminated in accordance with its terms. There is however nothing to prevent

Ofwat from making significant variations to the Project Specification Notice while the Licence is in force. It also appears from Ofwat's guidance that Ofwat would not revoke the Designation Notice unless the Licence were first terminated in accordance with its terms. The guidance states that there are a limited set of circumstances in which it would be appropriate to vary a Designation Notice.

If there is a revocation or variation of the Project Specification Notice or Designation Notice resulting in increased costs of construction or operation, this could have an adverse effect on the financial condition and prospects of the Company and may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Risks relating to the Financing Structure, including Security, Enforcement and Insolvency

Market and financing risks

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

(a) fund future expenditure; and

(b) enable it to refinance any debt under any Authorised Credit Facility, including any IBLAs and any debt under the 2026 Revolving Credit Facility Agreement on or before its Final Maturity Date.

Therefore, the Company is exposed to market risks resulting from mismatches between the Company's financing requirements and its access to financing in the future. The Company's cost of financing may be influenced by, among other things, its own operating performance and general economic conditions.

Investors should also note that any additional financing may not be obtained on acceptable terms, if at all. Whilst the Common Terms Agreement and the STID contemplate the terms and conditions on, and circumstances under, which such additional indebtedness can be raised by the Company and will regulate the ability of members of the Holdco Group to dispose of assets and use the proceeds from any such disposition, there can be no assurance that the Holdco Group will be able to raise sufficient finance or generate sufficient cash flows to satisfy its debt obligations, or to refinance any indebtedness on commercially reasonable terms at the relevant time such that the purposes for which such financing is being raised are fulfilled, and in particular such that all amounts then due and payable on the Bonds or any other maturing indebtedness will be capable of being so paid when due.

The Company's ability to meet its obligations in respect of the Obligor Secured Liabilities will depend primarily on the performance of its business

The Company's ability to meet its scheduled payment obligations under the Obligor Secured Liabilities (including the IBLAs, the cashflows from which will be the primary source of financing by which the Issuer will service its obligations under the Bonds) will depend over time upon the Company's financial condition and performance, which may be affected by financial, regulatory and other factors beyond its control. The obligations of the Company to make payments under the Obligor Secured Liabilities are full-recourse obligations and are not limited.

Unless previously repaid in full, the Company will be required to repay all amounts outstanding in respect of each Authorised Credit Facility (including each IBLA) on its Final Maturity Date. Subject to applicable grace periods, a failure to repay any Authorised Credit Facility (including any IBLA Advance) on its Final Maturity Date or make any payments thereunder as they fall due will constitute a Loan Event of Default and a failure to repay any Bond on its Final Maturity Date or make any payments thereunder as they fall due will constitute a Bond Event of Default. Any Bond Event of Default is also a Loan Event of Default.

For the consequences of a Loan Event of Default see "*Standstill*" below, "*Summary of the Common Documents – Common Terms Agreement – Loan Events of Default (Obligor other than the Company) – Consequences of a Loan Event of Default and delivery of a Loan Enforcement Notice*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Enforcement*".

If the Company is unable to generate sufficient cash flow to satisfy its debt obligations and does not otherwise have sufficient cash available to it, it may have to undertake alternative financing plans,

such as refinancing or restructuring the Company's debt or seeking to raise additional capital to enable repayment of the IBLA Advances and/or the other Obligor Secured Liabilities.

Capital structure considerations

The Company's strategy for financing the Company Works has been to utilise its committed equity first and subsequently to fund its activities from the debt proceeds. This meant that leverage only began to rise as construction progressed, and with the Company Works almost fully completed, the Company is now at target leverage level. The Company is entitled under the Finance Documents to increase its leverage, subject to certain restrictions, and it is only when the Senior RAR exceeds (i) 70 per cent. that certain payments by the Company, such as dividends or distributions, are restricted, and (ii) 80 per cent. that a Loan Event of Default occurs. The Company will be exposed to economic, financial, regulatory and other factors, including fluctuations in interest rates and general economic conditions in the UK, beyond its control and given the nature of the Company's business there may be limited scope to improve its operating performance and financial results. It is possible, therefore, that the Company could in the future increase its leverage to a level which would have a material adverse impact on its ability to pay amounts under the IBLAs and its other Authorised Credit Facilities, which in turn may result in the Issuer not being able to pay all amounts due and owing in respect of the Bonds.

Hedging risks

In order to address interest rate risks, inflation rate risks and/or currency risks, the Company and the Issuer operate a hedging programme in accordance with the Hedging Policy and the Approved Hedging Policy which includes, amongst other things, restrictions on overhedging by the Company and the Issuer and requirements as to the amount of the Company and the Issuer's debt which bears (or effectively bears) a fixed or index-linked rate of interest. However, there can be no assurance that the Hedging Agreements will adequately address the hedging risks that the Company and/or the Issuer will face from time to time. In addition, the Company could find itself over-/under-hedged which could lead to financial stress. The Company and the Issuer are subject to the creditworthiness of, and in certain circumstances early termination of any Hedging Agreements by, Hedge Counterparties or the counterparties to any Treasury Transaction.

Counterparty risk

The integrity of the structure and the ability of the Company to pay amounts due under each IBLA and the ability of the Issuer to pay amounts due under the Bonds depends upon a number of third-parties such as the Account Banks, any Liquidity Facility Providers and any Hedge Counterparties. Liquidity Facilities, bank account agreements with the Account Banks and Hedging Agreements involve the Company and/or the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments to the Company and/or the Issuer (as the case may be) under certain circumstances as described therein. The Company and/or the Issuer (as the case may be) will be exposed to the credit risk of the counterparty in respect of any such payments. Each Hedge Counterparty, each Account Bank and each Liquidity Facility Provider is expected to have a rating at least equal to the Minimum Short Term Rating (or Minimum Long Term Rating in respect of each Liquidity Facility Provider) applicable to each Programme Rating Agency at the time when the relevant arrangement is put in place, but are not under any obligation to maintain such rating or, in the case of the Hedge Counterparties, to place any collateral with the Issuer or the Company if there is a ratings downgrade of such Hedge Counterparties. However, in the case of a downgrade of the Account Bank, the Obligors are obliged to appoint a substitute account bank which has a rating at least equal to the Minimum Short Term Rating applicable to each Programme Rating Agency at the time and in the case of a downgrade of a Liquidity Facility Provider, the Issuer and the Company shall use commercially reasonable efforts to replace the downgraded Liquidity Facility Provider with a substitute liquidity facility provider which has a rating at least equal to the Minimum Long Term Rating applicable to each Programme Rating Agency within 60 days of the date of the downgrade, failing which the Issuer and the Company must request a Standby Drawing from that Liquidity Facility Provider alone in an amount equal to its available commitment. In the event that one or more of those parties is downgraded by one or more of the Programme Rating Agencies or if one or more of such third parties defaults on its obligations to make payments to the Issuer or the Company, this may have an adverse effect on the rating of the Bonds and/or the ability of the Issuer or the Company to satisfy its payment obligations in full.

If a Hedging Agreement is terminated, the Issuer or the Company may be exposed to fluctuations in interest rates and/or currencies that were previously hedged. Upon any such termination, the Issuer or the Company, as applicable may be obliged to make a termination payment to the relevant Hedge Counterparty. There can be no assurance that the Issuer or the Company, as applicable will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any assurance that the Issuer or the Company will be able to enter into a replacement hedging agreement, or if one is entered into, that the credit rating of the replacement hedge counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Bonds by the Programme Rating Agencies.

In the event that one or more of those parties is downgraded by one or more of the Programme Rating Agencies or if one or more of such third parties defaults on its obligations to make payments to the Issuer or the Company, this may have an adverse effect on the rating of the Bonds and/or the ability of the Issuer or the Company to satisfy its payment obligations in full.

The Company and the Issuer may in future enter into a number of financing agreements with various counterparties, including Deferred Bond Purchasers, under which there are long availability periods or long deferral periods for the purchase dates. The Company and the Issuer are therefore exposed to the credit risk of such counterparties on whom they would rely to provide funds during the availability period or on the pre-agreed dates. The Company and the Issuer evaluate counterparty risk prior to entering into such transactions and manage concentration risk in respect of deferred funding commitments. As part of its risk management, the Issuer agrees information requirements and covenants with some of the Deferred Bond Purchasers, and the Company and the Issuer would monitor on an ongoing basis the Deferred Bond Purchasers' ability to honour their obligations, allowing them to assess any potential liquidity exposure in advance of settlement dates, and to make alternative funding arrangements as necessary. However, there can be no assurance that if any such counterparty defaulted in its obligation to provide funds, alternative funding arrangements would be available or that the 2026 RCF would be sufficient to cover any shortfall in committed funding. Any such unavailability of committed funding could have an adverse effect on the financial condition and prospects of the Company which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Although the Company or the Issuer may have funds available to it under the Liquidity Facility it may not be sufficient and the Liquidity Facility may not be available

The Issuer and the Company must have the benefit of one or more Liquidity Facilities or amounts standing to the credit of a Debt Service Reserve Account which, in aggregate, must at all times be equal to the Liquidity Required Amount. However, there can be no assurance that funds available under the Liquidity Facility will be sufficient to cover any shortfall. This may lead to an early termination of one or more the Issuer Hedging Agreements, a default under the Bonds, or a default under any other facilities supported by the Liquidity Facility and, subsequently, a default under the Common Terms Agreement. Any such default could adversely affect the ability of the Obligors and the Issuer to make payments due to the Obligor Secured Creditors and the Issuer Secured Creditors respectively.

Changes in the specified inflation index

In March 2020, a public consultation was launched on proposals issued by the UK Statistics Authority (**"UKSA"**) to change the methodology used for calculating RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the UK government confirmed that the UK CPIH methodology and data sources would be introduced into RPI from February 2030. The reform remains scheduled to take effect in February 2030, with RPI expected thereafter to track UK CPIH.

With respect to the indexation of price controls for Statutory Undertakers, in its Final Methodology for PR24 published in December 2022, Ofwat confirmed its decision to transition to full CPIH indexation for price control periods commencing 1 April 2025, and this position is reflected in its Final Determinations for PR24.

The Licence provides that RPI will apply to the determination of the Allowed Revenue. On 24 August 2015, Ofwat wrote a letter to the Company explaining that Ofwat considers it unlikely to be in the public interest to seek a modification to that part of the Licence which sets out the Company's revenue arrangements for the period until 31 March following the First Periodic Review in circumstances

where the Company does not agree to the modification – see "*Risk Factors – Risks relating to the regulation of the Company's business – Licence modifications*". In addition, in its Water 2020 Paper published in May 2016 (which first set out Ofwat's intention to move away from RPI indexation), Ofwat stated that it does not propose to transition the Company's Licence to CPIH before 2030 because RPI was embedded within the indexation mechanism in the Licence and underpins the assumptions on which the bid cost of capital was based. Ofwat also stated in the Water 2020 Paper that the Company will, as previously stated, be regulated in accordance with the prevailing regulatory regime for wholesale activities in the operational phase and proposes to consider transitioning the Company to CPIH in accordance with the approach adopted for wholesale activities beyond 2030.

In the transition from RPI to CPIH the Company will bear the risk that its revenues change at a different rate to any of its debt costs which are linked to RPI or CPI. If the methodology for calculating RPI is aligned with the methodology for calculating CPIH in 2030, as currently anticipated, the Company expects that there would not be a material mismatch regarding the rate of inflation used for the purposes of its revenue indexation and the rate of inflation used for the purposes of payments under its Index-linked Bonds. If that is not the case, and the changes to RPI are not implemented as currently anticipated, the potential mismatch could adversely affect the ability of the Company to repay its debt, including under the IBLA, and consequently the ability of the Issuer to repay the Bonds.

Defaults may occur without the knowledge of the Obligor Security Trustee if the Company fails to notify the Obligor Security Trustee of such event

The STID provides that the Obligor Security Trustee will be entitled to assume, unless the Obligor Security Trustee is expressly informed otherwise, that no Loan Event of Default has occurred and is continuing. The Obligor Security Trustee will not itself monitor whether any such event has occurred. It will fall to the Company to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective. The Obligor Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively rely on any investor report or compliance certificate provided to it without being obliged to enquire as to the accuracy or validity of any such investor report or compliance certificate.

If the Company or any Obligor fails to notify the Obligor Security Trustee of the occurrence of a Loan Event of Default, it is likely that neither the Obligor Security Trustee, any Obligor Secured Creditor nor any Issuer Secured Creditor would know that a Loan Event of Default has occurred, the occurrence of which may indicate that an individual Obligor or the Holdco Group as a whole are experiencing financial or other difficulties. The absence of such notice may result in the Obligor Security Trustee, any Obligor Secured Creditor and any Issuer Secured Creditor being unable to enforce their rights under the Transaction Documents in a timely manner potentially resulting in greater losses on their investment than would have been the case had such notice of default been given by the Company when such notice might have first been delivered.

Modifications, waivers and consents in respect of the Common Documents, the Finance Documents and the Issuer Transaction Documents

The Holdco Group Agent may request the Obligor Security Trustee to agree to any modification to, or to give its consent to any event, matter or thing relating to, or grant any waiver in respect of, the Common Documents without any requirement to seek the approval of the Obligor Secured Creditors or any of their Secured Creditor Representatives, in respect of a Discretion Matter.

Likewise, the Bond Trustee may without the consent or sanction of Bondholders and/or Deferred Purchasers or other Issuer Secured Creditors concur with the Issuer in making certain modifications to any Issuer Transaction Document or waive or authorise a breach of any Issuer Transaction Document.

The circumstances in which the Obligor Security Trustee may approve a Discretion Matter or the Bond Trustee concurs with the Issuer without seeking the consent or sanction of Bondholders and/or other Issuer Secured Creditors includes (a) where any such matter is not, in the opinion of the Obligor Security Trustee or the Bond Trustee (as applicable) materially prejudicial to the Obligor Secured Creditors or the Bondholders, as the case may be (where "materially prejudicial" is defined to mean any modification, consent, waiver or authorisation which would have a material adverse effect on the ability of the Obligors or the Issuer (as the case may be) to pay any amounts in respect of the Obligor Secured Liabilities or the Issuer Secured Liabilities (as appropriate) on the relevant due date for

payment therefor) or (b) where any such matter is, in the opinion of the Obligor Security Trustee or the Bond Trustee (as applicable), of a formal, minor, administrative or technical nature, to correct a manifest error or is required to comply with mandatory provisions of law.

Pursuant to the Issuer Deed of Charge, the Issuer Security Trustee is authorised to execute and deliver on behalf of each Issuer Secured Creditor all documentation required to implement such modification and such execution, and delivery by the Issuer Security Trustee will bind each of the Issuer Secured Creditors as if such documentation had been duly executed by it.

The STID contains detailed provisions setting out (1) the voting and instruction arrangements in respect of (a) Ordinary Voting Matters; (b) Extraordinary Voting Matters; (c) Entrenched Rights; and (d) Reserved Matters (as further described under "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Types of Voting Categories – Voting Thresholds, Quorum Requirements and Decision Periods*") and (2) the procedures for requesting any consent, modification or waiver under any Common Documents.

Generally, Qualifying Obligor Secured Creditors are entitled to vote based on the Outstanding Principal Amount of the Qualifying Obligor Secured Liabilities owed to them. The Issuer is a Qualifying Obligor Secured Creditor in respect of (among other things) each IBLA under which it advances the proceeds of the Bonds issued in respect of such IBLA. The Issuer will vote in respect of each IBLA based on votes given by Bondholders and/or Deferred Purchasers (as the case may be) in accordance with the Conditions in respect of the Bonds relating to such IBLA, subject to the provisions of the STID, as further described under "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Types of Voting Category – Voting Thresholds, Quorum Requirements and Decision Periods*".

As at the date of this Prospectus, Qualifying Obligor Secured Creditors include the 2026 RCF Lenders, the EIB, the holders of the US PP Notes, other lenders and the Hedge Counterparties in addition to the Issuer. Accordingly, the Bondholders and/or the Deferred Purchasers may be outvoted by Qualifying Obligor Secured Creditors other than Finco in relation to any voting matters under the STID (subject to the provisions in the STID in respect of Entrenched Rights and Reserved Matters).

There can be no assurance that any modification, consent or waiver in respect of the Common Documents or the Issuer Transaction Documents will be favourable to all Bondholders. Such changes may be detrimental to the interests of some or all Bondholders, despite the ratings of such Bonds being affirmed.

In addition, the Issuer may, subject to Condition 6.3.4 (*Benchmark Discontinuation*) and Condition 6.3.6 (*SOFR*), vary or amend the Conditions, the Bond Trust Deed and the Agency Agreement to give effect to any Benchmark Amendments as described in Condition 6.3.4 (*Benchmark Discontinuation*) and any Benchmark Replacement Conforming Changes as described in Condition 6.3.6 (*SOFR*), without any requirement for the consent or approval of Bondholders or Couponholders, and the Bond Trustee and the Agents shall concur with the Issuer in effecting any such Benchmark Amendments and Benchmark Replacement Conforming Changes, as the case may be, on the basis set out in Condition 6.3.4 (*Benchmark Discontinuation*) and Condition 6.3.6 (*SOFR*).

Voting by the Bondholders and Deferred Purchasers in respect of a STID Proposal

The Bondholders exercise their right to vote by "*blocking*" their Bonds in the clearing system and delivering irrevocable instructions to the Paying Agent that the votes in respect of their Bonds are to be cast in a particular way. In respect of a STID Proposal, which involve modifications, consents and waivers to the Common Documents, the Bond Trustee (as the Secured Creditor Representative on behalf of the Bondholders) is required to notify the Obligor Security Trustee of each vote received by the Paying Agent no later than the Business Day on which any vote is received. The STID provides that as soon as the Obligor Security Trustee has received sufficient votes from the Obligor Secured Creditors (including the Bond Trustee as the Secured Creditor Representative of the Issuer (and indirectly on behalf of Bondholders)) in favour of a consent, modification or waiver of a Common Document, the Decision Period will be closed and no further votes will be taken into account by the Obligor Security Trustee. There is no physical meeting of the Bondholders, unless the Bond Trustee is of the opinion that there should be a physical meeting. Provisions having similar effect also apply with respect to the voting by Deferred Purchasers.

Accordingly, unless a Bondholder/Deferred Purchaser exercises its right to vote at the beginning of a Decision Period, it is possible that a consent, modification or waiver of a Common Document may be approved by the Obligor Secured Creditors before such Bondholder/Deferred Purchaser has participated in any vote and any consent, modification or waiver of a Common Document, duly approved by the Obligor Secured Creditors shall be binding on all of the relevant Bondholders/Deferred Purchasers.

Deferred Settlement Purchasers (if any) will be required to enter or accede to the Bond Trust Deed for the purposes of enabling them to vote their respective commitments under the relevant Deferred Settlement Agreement in respect of Voting Matters only and will not have any other rights under the Bond Trust Deed and the Bond Trustee will not owe any fiduciary duties to Deferred Settlement Purchasers. Furthermore, any such Deferred Settlement Purchaser will cease to be a party to the Bond Trust Deed following a termination of its rights and commitments under the related Deferred Settlement Agreement or issuance in full of the relevant Deferred Settlement Bonds to such Deferred Settlement Purchaser.

Each Deferred Purchaser shall (subject to certain conditions) have one vote in respect of each £1 (or its equivalent expressed in Sterling on the basis of the Exchange Rate) of Bonds committed to be purchased by it. For the avoidance of doubt, (a) the Deferred Purchasers are not entitled to vote if certain conditions precedent (other than the listing of the Deferred Settlement Bonds) are not satisfied at the time of such vote, (b) the Deferred Purchasers are not entitled to vote or give any direction to the Bond Trustee or the Issuer Security Trustee in relation to the delivery of a Loan Acceleration Notice, a Loan Enforcement Notice, a Bond Acceleration Notice, an Issuer Security Enforcement Notice and/or certain related matters, and (c) where Deferred Purchasers have defaulted on their purchase commitments (**"Defaulting Purchasers"**) (as further specified in the relevant Deferred Purchase Agreement and/or Deferred Settlement Agreement), such Defaulting Purchaser will not be entitled to vote and will not be counted towards the calculation of the requirements in relation to quorum or any voting thresholds.

The Authorised Credit Facilities and the Bonds will rank behind certain third parties in respect of certain obligations of the Issuer and the Company

Although the Obligor Security Trustee will hold the benefit of the Obligor Security on trust for, among others, the Authorised Credit Providers and the Issuer Security Trustee will hold the benefit of the Issuer Security on trust for, among others, the Bondholders and the Deferred Purchasers, such Security Interests will also be held on trust for certain third parties. Certain obligations of the Obligors to third parties and those of the Issuer to other third parties rank ahead of the Authorised Credit Facilities and Bondholders respectively. Such persons include, among others, the Obligor Security Trustee, the Bond Trustee, the Issuer Security Trustee, any Liquidity Facility Providers, the Paying Agents, the Company Account Bank, the Issuer Account Bank and Hedge Counterparties (in some circumstances) in respect of certain amounts owed to them. For example, the Authorised Credit Facilities and the Bonds are subordinated to, among other things, payment of interest and the repayment of principal under any Liquidity Facility Agreements and payments under any Super Senior Hedging Agreement. To the extent that significant amounts are owing to any such persons, the amounts available to Authorised Credit Providers and Bondholders will be reduced.

See Condition 3 (*Status of the Bonds*) and, for a more detailed description of the priorities of payments by the Issuer and by the Obligors both prior and subsequent to the enforcement of the security and the occurrence of a Discontinuation event see, "*Summary of the Issuer Transaction Documents – Issuer Cash Management Agreement – Issuer Pre-Default Priority of Payments*", "*Summary of the Issuer Transaction Documents – Issuer Deed of Charge – Issuer Priority of Payments upon acceleration*", "*Summary of the Issuer Transaction Documents – Issuer Deed of Charge – Issuer Priority of Payments upon Discontinuation*", "*Summary of the Common Documents – Security Trust and Intercreditor Deed-Obligor Priorities of Payment – Obligor Pre-Default Priority of Payments*", "*Summary of the Common Documents – Security Trust and Intercreditor Deed-Obligor Priorities of Payment – Obligor Post-Default Priority of Payments*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed-Obligor Priorities of Payment – Obligor Post-Discontinuation Priority of Payments*".

In addition, unsecured creditors of the Obligors, such as trade creditors and suppliers, while subordinate to the Obligor Secured Creditors, are not bound into the financing structure or the

intercreditor arrangements and, although ranking behind the Obligor Secured Creditors in an administration, administrative receivership, Special Administration or other enforcement (other than in respect of certain prescribed amounts), will have unfettered independent rights of action in respect of any amounts owed to them.

Standstill

The STID provides for an automatic standstill of the claims of the Obligor Secured Creditors against the Obligors immediately following notification to the Obligor Security Trustee of the occurrence of a Loan Event of Default (other than, for the avoidance of doubt, an Event of Default as defined in any Hedging Agreement with respect to a Hedge Counterparty).

Accordingly, notwithstanding the occurrence of a Loan Event of Default, there is a risk that Bondholders may not be able to instruct the Issuer/the Bond Trustee to direct the Obligor Security Trustee to take Enforcement Action against the Holdco Group given the standstill and the required quorum and voting thresholds which need to be met in order to give any such direction. Given the fact that there will be other Qualifying Obligor Secured Creditors which are entitled to participate in any vote, it may also be the case that Bondholders are out-voted by such other Qualifying Obligor Secured Creditors which result in the Obligor Security Trustee being given directions with which Bondholders do not agree.

For more information, see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Standstill*."

Security

A Regulated Company's ability to grant security over its assets and the enforcement of such security are restricted by the provisions of the WIA and its Licence. For example, the Licence restricts the Company's ability to dispose of interests in (or create a charge or mortgage over) Protected Land (see "*Regulatory Framework – The Licence – Protected Land and other restrictions on security*"). This means that certain assets held by the Company cannot therefore be effectively secured which affects the ability of the Company to create a floating charge over the whole or substantially the whole of its business. Furthermore, in any event, there is no right of a floating charge holder under the WIA to block the appointment of a Special Administrator.

The Secretary of State and Ofwat have rights under the WIA to appoint a Special Administrator in certain circumstances in respect of the Company and its business. The appointment of a Special Administrator effectively places a moratorium upon any holder of security from enforcing that security (see the section "*Enforcement and Special Administration Regime*" above).

There are also certain legal restrictions which arise under the WIA and the Licence affecting the enforcement of the security created under the Security Agreement. For example, such enforcement is prohibited unless the person enforcing the security has first given 14 days' notice to Ofwat or the Secretary of State, giving them time to petition for the appointment of a Special Administrator (see "*Regulatory Framework – The Licence – Protected Land and other restrictions on security*").

Accordingly, the security provided over the assets of the Company in favour of the Obligor Security Trustee in respect of the Obligor Secured Liabilities, including amounts owed to the Issuer under the IBLA Advances affords significantly less protection to the Issuer Security Trustee (and, therefore, the Bondholders) than would be the case if the Company was not a Regulated Company subject to the provisions of the WIA and the Licence.

The considerations described above do not apply to the fixed and floating charges created under the Obligor Security Agreements and the Issuer Deed of Charge by Holdco, JVCo and the Issuer (as applicable). The enforcement of the security granted under the Obligor Security Agreements over the shares in any company in the Holdco Group (other than the Issuer), including any holding company of the Company and the enforcement of the security granted by the Issuer under the Issuer Deed of Charge, would not be subject to the moratorium set out in the WIA nor would it be an event which would itself result in the making of the Special Administration Order. Notwithstanding this, given Ofwat's general duties under the WIA to exercise its powers to ensure that the functions of a Regulated Company are properly carried out, the Issuer anticipates that any intended enforcement either directly or indirectly of the Security granted by Holdco over, and subsequently any planned disposal to a third party purchaser of, the shares in the Company would involve consultation with

Ofwat. In addition, it is anticipated that any intended enforcement directly or indirectly of the security created by Holdco under the Obligor Security Agreements, to the extent that such enforcement would amount to a relevant merger situation for the purposes of the Enterprise Act, would require consultation with Ofwat and would be reviewable by the CMA.

Appointment of an administrative receiver

The Insolvency Act 1986 allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charges created by the Holdco and the Issuer and assigned by way of security to the Bond Trustee. However, as this issue is partly a question of fact there is no assurance that this is the case. Were it not to be possible to appoint an administrative receiver in respect of Holdco or the Issuer, they would be subject to administration if they were to become insolvent.

Since the Company is a regulated entity and cannot grant security over certain of its assets, it is unlikely that it will be possible to appoint an administrative receiver in respect of it (so as to prevent the appointment of an administrator or Special Administrator) using the capital market provisions referred to above. Accordingly, in the event that it were to become insolvent and it was not possible to appoint an administrative receiver, the Company could be placed into administration or more likely Special Administration as described in "*Enforcement and Special Administration Regime*" and "*Security*" above.

The Security Interests may not provide significant benefit to the Obligor Secured Creditors (including to the Issuer under the IBLAs) and, in the event of any enforcement of security, the Bondholders may ultimately recover an amount that is less than their original investment

The value of Security Interests and the amount to be received upon any enforcement of such Security Interests will depend upon many factors, including the ability to sell any asset which is subject to such Security Interests in an orderly sale, economic and market conditions and the availability of buyers. The book value of the Security Interests should not be relied on as a measure of realisable value for such assets. All or a portion of the Security Interests may be illiquid and may have no readily ascertainable market value. Likewise, there is no certainty that there will be a market for the sale of the assets subject to such Security Interests, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. Accordingly, there is no certainty that the proceeds realised as a result of an enforcement of any Security Interests will be sufficient to discharge in full the amounts due to the Issuer and consequently the Bondholders.

In addition, the Security Interests securing the Obligor Secured Liabilities and the Issuer Secured Liabilities will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Common Documents and the Issuer Transaction Documents. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Security Interests securing the IBLAs and the Bonds, as well as the ability of the Obligor Security Trustee and/or the Issuer Security Trustee to realise or enforce against such Security Interests.

Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterisation of the security interest.

The Security Interests of the Obligor Security Trustee will be subject to practical problems generally associated with the realisation of security interests. For example, the Obligor Security Trustee may need to obtain the consent of a third party to enforce a Security Interest. There is no certainty that the Obligor Security Trustee will be able to obtain any such consents in a timely manner, or at all, when required to facilitate a foreclosure on such assets. Accordingly, the Obligor Security Trustee may not have the ability to enforce against those assets and the value of the Security Interests may significantly decrease.

Additionally, the business of the Holdco Group requires a variety of permits and licences. The continued operation of the business and properties that comprise part of the Security Interests and which depend on the maintenance of such permits and licences may be prohibited or restricted. In

the event of enforcement of the Obligor Security, the grant of permits and licences may be revoked, the transfer of such permits and licences may be prohibited or may require the Obligors to incur significant cost and expense. Furthermore, there is no certainty that the relevant governmental and regulatory authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained, are delayed or are uneconomical to obtain, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result and the value of the Security Interests may be significantly decreased.

Finally, there are various risks regarding the enforceability of guarantees and/or security pursuant to applicable provisions of English insolvency law and also risks regarding the recharacterisation of fixed security interests as floating security interests which may impact the ability to claim and/or the amount which can be recovered pursuant to such guarantees/security and/or the ranking of claims against the Obligors relative to other creditors which might result in the Issuer (and consequently the Bondholders) receiving less than the full amounts owed to them.

Risks relating to the Bonds

Special purpose vehicle issuer

The Issuer is a special purpose financing entity established for the purpose of issuing the Bonds and entering into the IBLAs and certain ancillary arrangements only and does not have any business operations other than raising external financing through the issuance of Bonds, borrowing under any Liquidity Facility and entering into various Issuer Hedging Agreements and lending the proceeds of Bond issues to the Company under the relevant IBLAs. Other than the proceeds of the issuance of Bonds, the Issuer's principal source of finance will be pursuant to each IBLA, any Liquidity Facilities and any Issuer Hedging Agreements.

Therefore, the Issuer is subject to all the risks relating to costs, revenues and/or cashflows to which the Company is subject. Such risks could limit the finance available to the Company to satisfy in full and on a timely basis its obligations under each IBLA, which in turn may result in the Issuer not being able to pay all amounts due and owing in respect of the Bonds.

Conflicts of interest

The Issuer Deed of Charge contains provisions requiring the Issuer Security Trustee to act only in accordance with the directions of the Bond Trustee prior to redemption in full of all of the Bonds. Following redemption in full of all of the Bonds, the Issuer Security Trustee shall have regard to the interests of the person appearing highest in the order of priority of payments to whom any amount is owed under the Issuer Deed of Charge with respect to all powers, trusts, authorities, duties and directions of the Issuer Security Trustee.

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 remains 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).

For so long as any of the Bonds are outstanding, the Bond Trustee shall not be bound to take any steps, proceedings or other actions unless:

(a) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith; and

(b) it shall have been directed or requested to do so by Qualifying Issuer Creditors together holding or representing 25 per cent. or more of Qualifying Issuer Debt.

Calculation Agent

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Bonds under the Programme. In such a case, the Calculation Agent may be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which

may affect amounts receivable by Bondholders during the term and on the maturity of the Bonds or the market price, liquidity or value of the Bonds and which could be deemed to be adverse to the interests of the Bondholders.

Absence of secondary market; limited liquidity

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, domestic and international political events and the performance and financial condition of the Issuer and the Holdco Group.

Potential investors should be aware that global markets have been negatively impacted by the war in Ukraine and the war in the Middle East, the imposition of trade tariffs, prevailing global market conditions and reduced growth expectations for the Organisation for Economic Co-operation and Development economies, which could affect any secondary market for instruments similar to the Bonds. Additionally, these uncertainties have been exacerbated in the UK and the European Union by developments such as consumer energy price inflation in recent years and disruption to global supply chains. This, alongside elevated global demand for goods and supply shortages of specific goods, led to an inflationary pressure and rises in UK interest rates. Continuing inflationary pressure may result in further interest rate increases over time. This uncertainty may have implications for the liquidity of the Bonds in the secondary market.

Definitive Bonds not having denominations in integral multiples of the minimum authorised denomination may have difficulty in trading in the secondary market

The Bonds have a denomination consisting of a minimum authorised denomination of £100,000 (or the equivalent in other currencies) plus higher integral multiples of £1,000 up to £199,000. Accordingly, it is possible that the Bonds may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Definitive Bonds are required to be issued, a Bondholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive Definitive Bonds in respect of such holding and may need to purchase a principal amount of Bonds such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Definitive Bonds are issued, Bondholders should be aware that Definitive Bonds which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

The Bonds will initially be held in book-entry form, and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies with respect to the Bonds

The Bonds will initially be issued in global form and deposited with a common depositary or common safekeeper for Euroclear and Clearstream. Interests in the global Bonds will trade in book-entry form only (see "*Forms of the Bonds*"). Unless and until Bonds in definitive form are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Bonds. The common depositary or common safekeeper (or, in either case, its nominee) for Euroclear and Clearstream will be the sole bearer or, as the case may be, sole registered holder of the global Bonds. Payments of principal, interest and other amounts owing on or in respect of the relevant global Bonds representing the Bonds will be made to the Principal Paying Agent, which will make payments to Euroclear and Clearstream, Luxembourg. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global Bonds representing the Bonds and credited by such participants to indirect participants. After payment to the common depositary or common safekeeper for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal

or other amounts to the owners of book-entry interests. Accordingly, if an investor owns a book-entry interest in the Bonds, they must rely on the procedures of Euroclear and Clearstream, Luxembourg, and if it is not a participant in Euroclear or Clearstream, Luxembourg, the investor must rely on the procedures of the participant through which it owns its interest, to exercise any rights and obligations of a holder of the Bonds under the relevant Bond Trust Deed.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Bonds. Instead, if an investor owns a book-entry interest, purchasers of Bonds will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream, Luxembourg or, if applicable, from a participant. There can be no assurances that procedures implemented for the granting of such proxies will be sufficient to enable purchasers of Bonds to vote on any matters or on a timely basis.

Similarly, upon the occurrence of a Bond Event of Default, unless and until the relevant definitive Bonds are issued in respect of all book-entry interests, if an investor owns a book-entry interest in the Bonds, they will be restricted to acting through Euroclear and Clearstream, Luxembourg. The Issuer cannot assure investors that the procedures to be implemented through Euroclear and Clearstream, Luxembourg will be adequate to ensure the timely exercise of rights under the Bonds.

The ratings assigned to the Bonds by the Programme Rating Agencies reflect only the views of the Programme Rating Agencies

The ratings address the likelihood of full and timely payment to the Bondholders of all payments of interest and ultimate payments of principal on the Bonds. 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 by the Programme Rating Agencies as a result of changes in, or unavailability of, information or if, in the Programme Rating Agencies' opinion, circumstances so warrant. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Rating agencies other than the Programme Rating Agencies could seek to rate the Bonds and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Bonds by the Programme Rating Agencies, such unsolicited ratings may impact the market value of the Bonds. Such unsolicited ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein and other factors which may affect the market value of the Bonds. For the avoidance of doubt and unless the context otherwise requires, any reference to "ratings" or a "rating" in this Prospectus are to ratings assigned by the Programme Rating Agencies only.

In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. Similarly, in general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation.

If the status of the rating agency rating the Bonds changes for the purposes of the UK CRA Regulation or the EU CRA Regulation, UK and EU relevant regulated investors may no longer be able to use the rating for regulatory purposes in the UK or EEA, as applicable, and the Bonds may have a different regulatory treatment. This may result in the UK or European relevant regulated investors selling the Bonds which may impact the value of the Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out in "*Final Terms*" below.

Redemption of particular Bonds in the event that the early redemption provisions are exercised may negatively affect the yield to maturity of the remaining Bonds

The Conditions contain various provisions providing for early redemption of either all the Bonds or a particular Tranche of Bonds, in either case in whole or in part. See Condition 8 (*Redemption, Purchase and Cancellation*).

Should any particular Tranche of Bonds, be redeemed early, this may have a negative effect on the yield to maturity of the remaining Bonds. Additionally, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Bonds which have been so redeemed.

In particular, upon prepayment of any IBLA Advance by the Company, the Issuer will be required to apply such proceeds to redeem the corresponding Tranche of Bonds, thereby requiring a surrender of all or part of the Bonds of the relevant Tranche which are outstanding at such time. See Condition 8.5 (*Early Redemption on Prepayment of an IBLA*).

Certain risks related to Index-linked Bonds

The Issuer may issue Bonds with principal or interest determined by reference to an index and/or formula. Potential investors should be aware that:

(a) the market price of such Bonds may be volatile;

(b) interest payments will fluctuate to reflect changes to the index from time to time;

(c) they may lose all or a substantial portion of their principal;

(d) the index may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;

(e) if the index is applied to Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the index on principal or interest payable likely will be magnified; and

(f) the timing of changes in the index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the index, the greater the effect on yield.

The historical performance of the index should not be viewed as an indication of the future performance of such index during the term of any Index-linked Bonds.

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, it has been announced that the methodology used for RPI will be aligned with the methodology for calculating CPIH no earlier than 2030. See "*Risks relating to the Financing Structure, including Security, Enforcement and Insolvency–- Changes in the specified inflation index*".

Condition 7.6 provides that in the case of a fundamental change to the coverage or the basic calculation of the relevant Index 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 and the Issuer together shall seek to agree for the purpose of the relevant 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. Subject to the detailed provisions of the Conditions, if the Issuer and the Bond Trustee fail to reach agreement, there is provision for determination by an Expert (as defined in the Conditions).

At the time of issue of any Index-Linked Bonds, the applicability and, if applicable, the effect, of Condition 7.6 may be uncertain and could have a 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.

Certain risk related to Bonds issued at a substantial discount or premium

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

Certain risks related to Fixed Rate Bonds

Investment in Fixed Rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Bonds are legal investments for it; (2) the Bonds can be used as security for indebtedness; and (3) other restrictions apply to its purchase or pledge of any of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Change of Law

The structure of the issue of the Bonds and the related transactions and the ratings which are to be assigned to the Bonds are based on English law, and UK tax law, in effect as at the date of this Prospectus. No assurance can be given as to the effect of any possible judicial decision or change to English law or administrative practice or to UK tax law or practice after the date of this Prospectus.

Challenges by secured creditors

The financing transactions described in this Prospectus have been structured based on English law and practice as in effect on the date of this Prospectus. It is possible that a secured creditor which is subject to laws other than the laws of England and Wales may seek to challenge the validity and/or enforceability of one or more features of the financing structure under the local laws of such creditor's jurisdiction. Potential investors should be aware that the outcome of any such challenge may depend on a number of factors, including but not limited to, the application of the laws of a jurisdiction other than England and Wales. There can be no assurance that any challenge would not adversely affect directly or indirectly the rights of the other secured creditors, including the Bondholders, the market value of the Bonds and/or the ability of the Issuer to make interest and principal payments on the Bonds.

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Bonds

In the UK, Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the financial services industry including the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securities and/or the incentives for certain investors to invest in certain securities, and may thereby affect the liquidity of such securities. Investors in the Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Lead Manager, the Dealers or any of the parties to the transaction makes any representation to any prospective investor or purchaser of the Bonds regarding the regulatory capital treatment of their investment in the Bonds on their issue date or at any other time.

Investors should be aware that the regulatory capital treatment of any investment in the Bonds will be determined by the interpretation which an investor's regulator places on the provisions of the relevant regulations. No assurance can be given that further changes will not be made to the regulations affecting certain investors, which could impact holders of the Bonds.

Implementation of and/or changes to the Basel II Framework may affect the capital and/or the liquidity requirements associated with a holding of the Bonds for certain investors

The Basel Committee on Banking Supervision (the **"Basel Committee"**) approved significant changes to Basel II (being the revised international capital framework of the Basel Committee, published in 2004) regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **"Basel III"**).

Implementation of the Basel III framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee (including the changes described above) may have an impact on the capital requirements in respect of the Bonds and/or on incentives to hold the Bonds for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Bonds.

Investors in the Bonds are responsible for analysing their own regulatory position. In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Bonds and as to the consequences for and effect on them of any changes to the Basel II framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Future listing risk in respect of Deferred Settlement Bonds

Deferred Settlement Bonds will not be issued by the Issuer at or around the time the Deferred Settlement Agreement is entered into. Rather, Deferred Settlement Bonds will only be issued on the relevant Investor Settlement Date(s). It will be a condition precedent to the obligation of the Deferred Settlement Purchaser(s) to subscribe for the Bonds that the Bonds are to be admitted to the Official List on or around the applicable Investor Settlement Date. There is no assurance that the Issuer will be able to ensure that the Deferred Settlement Bonds are able to be admitted to the Official List at or around the relevant Investor Settlement Dates. Accordingly, there is a risk that the Deferred Settlement Bonds will not be issued on such dates for this reason. If Deferred Settlement Bonds were not issued on a scheduled Investor Settlement Date as a result of this condition precedent not being satisfied, no compensation or other amount would be payable to the relevant investor unless otherwise provided in the relevant Deferred Settlement Agreement.

The Green Bonds may not be a suitable investment for all investors seeking exposure to green assets

As described in "*Sustainable Finance Framework*" and "*Use of Proceeds*", the Issuer may issue Bonds under the Programme which are designated under the applicable Final Terms as "green bonds" or "blue blonds" (together, **"Green Bonds"**). Prospective investors in the Green Bonds should have regard to the information set out in this Prospectus and the applicable Final Terms regarding the use of proceeds of Green Bonds.

Green Bonds issued under the Programme are intended to comply with the criteria and processes set out in the Sustainable Finance Framework. The Sustainable Finance Framework may be updated from time to time and none of the Issuer or the Dealers or any of their respective affiliates assumes any obligation or responsibility to release any update or revision to the Sustainable Finance Framework and/or any other information to reflect events or circumstances after the date of publication of the Sustainable Finance Framework. The Sustainable Finance Framework is not incorporated in, and does not form part of, this Prospectus. See "*Sustainable Finance Framework*".

Investors should be aware that the Issuer may issue Green Bonds under the Programme to refinance any existing or future indebtedness relating to the TTT with continued positive environmental performance and a 120-year design life. See "*Use of Proceeds*". The ICMA Guidance Handbook of November 2024 provides that eligible green projects would qualify for refinancing as long as they are in use, follow the relevant eligibility criteria at the time of issuance, and are still assessed as making a meaningful impact, and the proceeds of bonds which are used to refinance Green Bonds may qualify as Green Bonds if they are aligned with the core components of the ICMA Green Bond Principles.

In connection with the issue of Green Bonds and the Programme, the Issuer may request consultants and/or institutions with recognised expertise in environmental sustainability to issue an opinion, and the Issuer commissioned S&P to conduct an assessment of the Sustainable Finance Framework

against, *inter alia*, the ICMA Green Bond Principles, 2021 (with June 2022 Appendix 1) and the ICMA/IFC/UNEP/UNGC/ADB Blue Bond Guidelines, 2023, which is dated 13 June 2025. No assurance or representation is given by the Issuer, the Dealers or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green Bonds, including any second party opinion. Any such opinion, report or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green Bonds nor is it, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. The Bondholders have no recourse against the Issuer, any of the Dealers or the provider of any such opinion, report or certification for the contents of any such opinion, report or certification. Any such opinion, report or certification is only current as at the date that such opinion, report or certification was initially issued. Currently, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight.

It should be noted that there exist various definitions (legal, regulatory and otherwise) and requirements as to what constitutes or may be classified as, a "sustainable" or "green" or "blue" or an equivalently-labelled project or a bond or that may finance such project, including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called **"EU Taxonomy Regulation"**) or Regulation (EU) 2020/852 as it forms part of domestic law in the UK by virtue of the EUWA, or Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the **"EU Green Bond Standard Regulation"**). It should also be noted that on 26 February 2025, the European Commission published a first draft of the Omnibus Simplification Package, a proposal aimed at streamlining corporate sustainability reporting while maintaining the EU's sustainability goals. The UK government was also consulting on a UK Green Taxonomy until February 2025 providing investors with a tool to define which economic activities should be labelled as green, which will be designed with harmonisation and interoperability with the taxonomies of other jurisdictions in mind. However, on 15 July 2025, the UK Government announced that it was not proceeding with plans to develop a UK Green Taxonomy, concluding, following such consultation, that a UK taxonomy would not be the most effective tool to deliver the green transition.

Green Bonds issued under the Programme do not currently seek to align with the EU Taxonomy Regulation or the EU Green Bond Standard Regulation. No assurance is or can be given by the Issuer, the Dealers or any other person to investors that any Green Bonds will meet any such definition, label, sustainable or environmental taxonomies, methodologies, standards or benchmarks or any future standards or requirements which may be developed in this respect. Accordingly, no assurance is or can be given by the Issuer, the Dealers or any other person to investors that any projects or uses of the proceeds of Green Bonds will meet any or all investor expectations regarding such "sustainable" or other equivalently-labelled performance objectives, and the "Green" status (or the "Blue" status) of the Green Bonds could be withdrawn at any time.

In the event that any Green Bonds are listed or admitted to trading on any dedicated "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, 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 sustainable impact of any uses. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Green Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green Bonds.

Whilst it is the Issuer's intention to use the proceeds of Green Bonds as set out under "*Use of Proceeds*", there can be no assurance that the TTT will be delivered in accordance with the Company's plans. See *"Risks Relating to Delivery – Cost Risk*" and "*Risks Relating to Delivery – Delay Risk*".

Any such event or failure to apply the proceeds of any Green Bonds as aforesaid and/or the withdrawal of any opinion, report or certification or any such opinion, report or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, report or certification is opining, reporting or certifying on and/or any such Green Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Green Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

If the Issuer fails to use the proceeds of Green Bonds as described under "*Use of Proceeds*", such failure will not result in a default or event of default under any Green Bonds and will not have any effect on the rate of interest or other amounts payable in respect of any Green Bonds.

Investors should carefully consider these matters and risks when making their investment decision with respect to any such Green Bonds.

Fallback arrangements for Floating Rate Bonds

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in Condition 6.3.4 (*Benchmark Discontinuation*)) occurs in relation to floating rate Bonds other than U.S. dollar-denominated floating rate Bonds linked to SOFR, or a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined in Condition 6.3.6 (*SOFR*)) occur in relation to U.S. dollar-denominated floating rate Bonds linked to SOFR. Benchmark Events include the permanent discontinuation of an Original Relevant Rate (as defined in Condition 6.3.4 (*Benchmark Discontinuation*)), and the relevant fallback arrangements include a requirement for the Issuer to use its reasonable endeavours to appoint an Independent Adviser (as defined in Condition 6.3.4 (*Benchmark Discontinuation*)) to determine a Successor Rate or Alternative Relevant Rate (as defined in Condition 6.3.4 (*Benchmark Discontinuation*)) to be used in place of the Original Relevant Rate. Benchmark Transition Events include a public statement by the administrator of SOFR that such administrator has ceased or will cease to provide SOFR permanently or indefinitely, at a time when there is no successor administrator that will continue to provide SOFR, and the fallback arrangement is that the Benchmark Replacement will replace SOFR for all purposes relating to the Bonds, subject to, and as more fully set out in, Condition 6.3.6 (*SOFR*).

The use of any such Successor Rate or Alternative Relevant Rate (in the case of floating rate Bonds other than U.S. dollar-denominated floating rate Bonds linked to SOFR) or any such Benchmark Replacement (in the case of U.S. dollar-denominated floating rate Bonds linked to SOFR) to determine the Interest Rate will result in Bonds linked to or referencing the Original Relevant Rate or, as the case may be SOFR, performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Relevant Rate or, as the case may be SOFR, were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Relevant Rate for the Original Relevant Rate is determined by the Independent Adviser, the terms and conditions of the Bonds provide that the Issuer may vary the terms and conditions of the Bonds, as necessary to ensure the proper operation of such Successor Rate or Alternative Relevant Rate, without any requirement for consent or approval of the Bondholders. If a Successor Rate or Alternative Relevant Rate is determined by the Independent Adviser, the terms and conditions of the Bonds also provide that an Adjustment Spread (as defined in Condition 6.3.4 (*Benchmark Discontinuation*)) may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Relevant Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, 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 Relevant Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Bondholders and Couponholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Relevant Rate may nonetheless be used to determine the Interest Rate. The use of any Successor Rate or Alternative Relevant Rate (including with the application of an Adjustment Spread) will still result in Bonds linked to or referencing the Original Relevant Rate performing differently (which may include payment of a lower Interest Rate) than they would if the Original

Relevant Rate were to continue to apply in its current form. In certain circumstances the ultimate fall-back of interest for a particular Interest Period may result in the Interest Rate for the last preceding Interest Period being used. In addition, due to the uncertainty concerning the availability of a Successor Rates and/or an Alternative Relevant Rates and the involvement of an Independent Adviser, the relevant fall-back provisions may not operate as intended at the relevant time. Any such consequences could have a material adverse effect on the value of and return on any such Bonds. Similar provisions and uncertainties would apply to U.S. dollar-denominated floating rate Bonds linked to SOFR in the event that a Benchmark Replacement were to become applicable as provided in Condition 6.3.6 (*SOFR*). Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the possible cessation or reform of certain "benchmark" rates (such as EURIBOR) in making any investment decision with respect to any Bonds linked to or referencing a benchmark.

The Issuer may not be able to appoint an Independent Adviser and may not be able to determine a Successor Rate or Alternative Relevant Rate in accordance with the Conditions, or the Independent Adviser appointed by the Issuer may not be able to determine a Successor Rate or Alternative Relevant Rate in accordance with the Conditions

The Issuer may not be able to appoint an Independent Adviser and may not be able to determine a Successor Rate or Alternative Relevant Rate in accordance with the Conditions, or the Independent Adviser appointed by the Issuer may not be able to determine a Successor Rate or Alternative Relevant Rate in accordance with the Conditions.

Under Condition 6.3.4, if the Issuer determines that a Benchmark Event has occurred it is required to use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Relevant Rate. If the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Relevant Rate, the Issuer may determine a Successor Rate or, if there is no Successor Rate, an Alternative Relevant Rate. If the Independent Adviser (or, as the case may be, the Issuer) is unable to determine a Successor Rate or Alternative Relevant Rate before the next Interest Determination Date (as specified in the relevant Final Terms or Drawdown Prospectus), the Interest Rate for the next succeeding Interest Period will be the Interest Rate applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Interest Rate will be the initial Interest Rate. Applying the initial Interest Rate, or the Interest Rate applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will result in Bonds linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Relevant Rate were to continue to apply, or if a Successor Rate or Alternative Relevant Rate could be determined. If the Independent Adviser (or, as the case may be, the Issuer) fails to determine a Successor Rate or Alternative Relevant Rate for the life of the relevant Bonds, the initial Interest Rate, or the Interest Rate applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Bonds, in effect, becoming fixed rate Bonds.

Any such consequences could have a material adverse effect on the value of and return on any such Bonds.

Regulation and reform of risk-free rates (including overnight rates) as benchmark rates for Floating Rate Bonds

Investors should be aware of the continued development of SONIA, SOFR and €STR as benchmark rates in the capital markets. The market or a significant part thereof may adopt an application of SONIA, SOFR or €STR that differs significantly from that set out in the Conditions and used in relation to Floating Rate Bonds that reference a SONIA, SOFR or €STR rate issued under this Prospectus. In addition, the methodology for determining any overnight rate index by reference to which the rate of interest in respect of certain Bonds may be calculated could change during the life of the Bonds.

Interest on SONIA, SOFR and €STR-based bonds with interest periods longer than overnight will be calculated on the basis of SONIA, SOFR and €STR 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. Therefore, the continued development of SONIA, SOFR and €STR as interest benchmark rates for the debt capital markets, as well as continued development of SONIA-, SOFR- and €STR-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-, SOFR- or €STR-referenced Bonds issued under the Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the bond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Any mismatch between the adoption of such rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which may be put in place in connection with any acquisition, holding or disposal of Bonds referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate bonds issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Bonds, will gain widespread market acceptance. If the relevant risk-free rates do not prove to be widely used in securities like the Bonds, the trading price of such Bonds linked to such risk-free rates may be lower than those of Bonds referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Bonds which reference SONIA, SOFR, €STR or any related indices.

Risk-free rates may differ from inter-bank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on inter-bank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Bonds.

The level of such rates during the term of the Bonds may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Bonds which reference a backwards-looking risk-free rate 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 reliably to estimate reliably 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 factors could adversely impact the liquidity of such Bonds. Further, in contrast to Bonds linked to interbank offered rates, if Bonds referencing backwards-looking rates become due and payable as a result of an event of default under Condition 11.1 (*Bond Events of Default*), or are otherwise 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 be determined by reference to a shortened period ending immediately prior to the date on which such Bonds become due and payable or are scheduled for redemption.

The administrator of SONIA, SOFR or €STR or any related indices may make changes that could change the value of SONIA, SOFR or €STR or any related index, or discontinue SONIA, SOFR or €STR or any related index

The Bank of England, the Federal Reserve, Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and the SONIA Compounded Index), SOFR (and the SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SOFR or €STR, or timing related to the publication of SONIA, SOFR or €STR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR or any related index (in which case a fallback method of determining the interest rate on the Bonds will apply). The administrator has no obligation to consider the interests of Bondholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Regulation and reform of EURIBOR and other "benchmarks" could adversely affect any Bonds linked to such "benchmarks"

Reference rates and indices, including interest rate benchmarks, such as EURIBOR which are used to determine the amounts payable under financial instruments or the value of such financial instruments (**"Benchmarks"**), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a significant adverse effect on any Bonds referencing or linked to such Benchmark. More broadly, any of the international, national or other proposals of reform, or the general increased regulatory scrutiny of the benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks" trigger changes in the rules or the methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes on certain "benchmarks".

At this time, it is not possible to predict the effect of any establishment of alternative reference rates or any other reforms to EURIBOR that may be enacted. Uncertainty as to the nature of such alternative reference rates or other reforms may adversely affect the trading market for EURIBOR-linked securities. The potential elimination of benchmarks such as EURIBOR, the establishment of alternative reference rates or changes in the manner of administration of such a benchmark could also require adjustments to the terms of the benchmark-linked securities and may result in other consequences such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was available in its current form.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation could adversely affect any Bonds linked to a "benchmark"

The EU Benchmarks Regulation became applicable from January 2018. 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. The UK Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark in the UK.

The EU Benchmarks Regulation and the UK Benchmarks Regulation could have a material impact on any Bonds linked to EURIBOR, SONIA or another benchmark rate or index, including in any of the following circumstances:

(i) a "benchmark" ceases to be published, calculated or administered;

(ii) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or register, or if based in a non-EU or non-UK jurisdiction (as applicable), the administrator is not otherwise recognised as equivalent; and

(iii) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulations, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

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

Risks relating to taxation

The taxes to which the Holdco Group is subject may increase

The Holdco Group's activities are affected by a number of taxes, such as VAT and corporation tax. Changes in law or practice that affect all or any of these matters may adversely affect the financial performance of the Holdco Group. To the extent that increases in tax arising from such charges:

(a) are not, or are not able to be, sheltered by the Holdco Group using losses and available reliefs, or

(b) in the case of any corporation tax or other income based tax imposed on the Company, are not reflected in, or recoverable by the Company through, the tax building block in the Licence (see "*Regulatory Framework – Economic Regulation*" and "*Risk Factors – The Company's revenue – Risks associated with the Revenue Agreement and customer bad debt*"),

this could reduce the Holdco Group's margins and could consequently have an adverse effect on the Holdco Group's business, financial condition and results of operations.

Securitisation Company Tax Regime

The Taxation of Securitisation Companies Regulations 2006 (the **"TSC Regulations"**) were made under section 84 of the Finance Act 2005 on 11 December 2006 (and take effect under Chapter 4, Part 13 of the Corporation Tax Act 2010). The TSC Regulations deal with the corporation tax position of securitisation companies with effect for periods of account beginning on or after 1 January 2007. The TSC Regulations have been amended multiple times, including by the Taxation of Securitisation Companies (Amendment) Regulations 2007, the Taxation of Securitisation Companies (Amendment) Regulations 2018 and the Taxation of Securitisation Companies (Amendment) Regulations 2022.

If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents rather than on profits calculated under ordinary corporation tax principles.

For Financial Years prior to the Financial Year ended 31 March 2018, the Issuer filed its tax returns on the basis that the special tax regime for which provision is made by the TSC Regulations did not apply to the Issuer for such Financial Years. In the Financial Year ended 31 March 2018, the Issuer issued Bonds which were not Deferred Purchase Bonds for the first time. From and including that Financial Year, the Issuer has filed its corporation tax returns on the basis that the special tax regime for which provision is made by the TSC Regulations applied to the Issuer for such Financial Years.

Bondholders should note, however, that the TSC Regulations are in short-form and advisors have relied significantly upon guidance from the UK tax authorities when advising on the scope and operation of the TSC Regulations (including whether any particular company falls within this regime), in particular because the first Bonds issued under the Programme were Deferred Purchase Bonds.

Bondholders should also note that if the Issuer does not fall to be taxed under the regime provided for by TSC Regulations for Financial Years ended on and after 31 March 2018, then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the interest paid on the Issuer's Bonds could be disallowed as an expense for UK corporation tax purposes, which could cause a significant

divergence between the cash profits and taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Bondholders.

Change of tax law and practice might have an adverse effect on the financial position of the Issuer or the Obligors

The structure of the transaction, the issuance of the Bonds, the ratings that are to be assigned to them and the statements in relation to taxation set out in this Prospectus are based on current law and the published practice of the relevant authorities in force or applied as at the date of this Prospectus. Any changes in such law or practice might have an adverse effect on the financial position of the Issuer or the Obligors and no assurance can be given as to the effect of any possible judicial decision or change of law or the administrative practice of any jurisdiction or relevant authorities after the date of this Prospectus.

In particular, there can be no assurance that UK tax law and practice will not change in a manner (including, for example, an increase in the rate of corporation tax) that would adversely affect the ability of the Company to repay amounts of principal and interest under the IBLAs. Similarly, UK tax law and practice can be subject to differing interpretations and the Company's interpretation of the relevant tax law as applied to its transactions and activities may not coincide with that of HMRC. As a result, transactions of the Company may be challenged by HMRC and any profits of the Company from its activities may be assessed to additional tax which may adversely affect the ability of the Company to repay amounts of principal and interest under the IBLAs. If, in turn, the Issuer does not receive all amounts due from the Company under the IBLAs, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Bonds and/or any other payment obligations ranking in priority to, or equally with, the Bonds.

The tax building block in the Licence (see "*Regulatory Framework – Economic Regulation*" and "*Risk Factors – The Company's revenue – Risks associated with the Revenue Agreement and customer bad debt*") takes into account the amount of corporation tax or other income based tax imposed on the Company when determining the Company's allowed revenue. This should ensure that the Company is compensated for any corporation tax or other income based tax it is required to pay during the construction period and any initial operating period. Thereafter, the allowed revenue of the Company will be calculated by Ofwat in accordance with its Economic Guidance. However, such protections may not fully compensate the Company in respect of all such tax costs.

There are potential secondary tax liabilities of the members of the Holdco Group

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

Under the Tax Deed of Covenant, each of the members of the Tax Security Group and JVCo and EquityCo (the **"Covenantors"**) (each on behalf of itself and in the case of the Covenantors each other company which it controls) represents and covenants that no steps have, and no course of conduct has, been taken or engaged in or will be taken or engaged in by it which has given, will give or might reasonably be expected to give rise to (as relevant) any secondary tax liability for any member of the Tax Security Group except, in certain cases, to the extent permitted by the Transaction Documents. In addition, the Covenantors covenant to discharge (or to procure the discharge of) on behalf of any member of the Tax Security Group any amount of tax for which a member of the Tax Security Group is assessed but which is primarily due from another entity (which entity, in the case where the member of the Tax Security Group so assessed is not the Issuer, is not either Holdco or the Company) and, if such discharge results in further tax payable by the relevant Tax Security Group member, make such further payment to the relevant Tax Security Group member as is required to put it in no better or worse position than it would have been in if it had never been assessed as to the secondary tax liability and never received the resultant payment from the Covenantors pursuant to its rights under the Tax Deed of Covenant.

If, however, any secondary tax liabilities do arise in the Issuer or the Company and those secondary tax liabilities are not discharged by the Covenantors or any other person, and are of significant amounts, the financial condition of the Issuer or the Company could be adversely affected.

Withholding Tax under the Bonds

In the event that withholding taxes are imposed by or in any jurisdiction in respect of payments to Bondholders of amounts due pursuant to the Bonds, neither the Issuer nor any Paying Agent nor any other person is obliged to gross-up or otherwise compensate Bondholders for the lesser amounts the Bondholders will receive as a result of the imposition of such withholding taxes.

Payments on the IBLAs, the Issuer Hedging Agreement or Bonds may be subject to withholding tax which may ultimately result in an early redemption of the Bonds and such withholding may impact the Company's ability to prepay the IBLAs in full, and therefore the Issuer's ability to repay the Bonds in full

In the event that any withholding for or on account of tax was to apply (by reason of a change in law) to: any payments by (a) the Company under the IBLAs, (b) the Issuer or the Hedge Counterparties under the Issuer Hedging Agreements, or (c) the Issuer under the Bonds, the Issuer will have the option to redeem the relevant Bonds affected by such withholding or deduction in full at their Principal Amount Outstanding (as adjusted in the case of Index-linked Bonds in accordance with Condition 7.3 (*Application of the Index Ratio*)) plus accrued but unpaid interest thereon up to but excluding the date of redemption. See Condition 8.3 (*Redemption for Taxation or Illegality*).

For the avoidance of doubt, neither the Bond Trustee nor the Bondholders will have the right to require the Issuer to redeem the Bonds in any of these circumstances.

See "*Taxation*" for a further discussion of certain relevant withholding tax issues in respect of the Bonds.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the Financial Conduct Authority shall be deemed to be incorporated in, and form part of, this Prospectus:

(a) the independent auditor's report and audited unconsolidated financial statements of Bazalgette Tunnel Limited for the year ended 31 March 2026 (which appear on pages 60 to 71 of the Bazalgette Tunnel Limited Annual Report 2025/2026, entitled "Tideway Annual Report 2025/2026") https://www.tideway.london/investors/accounts-and-reports/#sub-nav;

(b) the independent auditor's report and audited unconsolidated financial statements of Bazalgette Tunnel Limited for the year ended 31 March 2025 (which appear on pages 61 to 71 of the Bazalgette Tunnel Limited Annual Report 2024/2025, entitled "Tideway Annual Report 2024/2025") https://www.tideway.london/investors/accounts-and-reports/#sub-nav;

(c) the independent auditor's report and audited unconsolidated financial statements of Bazalgette Finance plc for the year ended 31 March 2026 (which appear on pages 9 to 30 of Bazalgette Finance plc's annual report and financial statements for the year ended 31 March 2026) https://www.tideway.london/investors/accounts-and-reports/#sub-nav;

(d) the independent auditor's report and audited unconsolidated financial statements of Bazalgette Finance plc for the year ended 31 March 2025 (which appear on pages 9 to 30 of Bazalgette Finance plc's annual report and financial statements for the year ended 31 March 2025) https://www.tideway.london/investors/accounts-and-reports/#sub-nav;

(e) the independent auditor's report and audited consolidated and unconsolidated financial statements of Bazalgette Holdings Limited for the year ended 31 March 2026 (which appear on pages 53 to 87 of Bazalgette Holdings Limited's annual report and financial statements for the year ended 31 March 2026) https://www.tideway.london/investors/accounts-and-reports/#sub-nav;

(f) the independent auditor's report and audited consolidated and unconsolidated financial statements of Bazalgette Holdings Limited for the year ended 31 March 2025 (which appear on pages 50 to 80 of Bazalgette Holdings Limited's annual report and financial statements for the year ended 31 March 2025) https://www.tideway.london/investors/accounts-and-reports/#sub-nav;

(g) the terms and conditions of the Bonds as contained at pages 214 to 259 (inclusive) of the prospectus dated 31 May 2016 in connection with the Programme (the **"2016 Terms and Conditions")** https://www.tideway.london/media/5451/base-prospectus-31052016.pdf;

(h) the terms and conditions of the Bonds as contained at pages 218 to 264 (inclusive) of the prospectus dated 27 June 2017 in connection with the Programme (the **"2017 Terms and Conditions")** https://www.tideway.london/investors/debt-information/;

(i) the terms and conditions of the Bonds as contained at pages 223 to 269 (inclusive) of the prospectus dated 11 July 2018 in connection with the Programme (the **"2018 Terms and Conditions")** https://www.tideway.london/investors/debt-information/;

(j) the terms and conditions of the Bonds as contained at pages 229 to 275 (inclusive) of the prospectus dated 2 July 2019 in connection with the Programme (the **"2019 Terms and Conditions"**) https://www.tideway.london/investors/debt-information/;

(k) the terms and conditions of the Bonds as contained at pages 234 to 296 (inclusive) of the prospectus dated 17 February 2022 in connection with the Programme (the **"2022 Terms and Conditions"**) https://www.tideway.london/investors/debt-information/; and

(l) the terms and conditions of the Bonds as contained at pages 248 to 310 (inclusive) of the prospectus dated 20 June 2025 in connection with the Programme (the **"2025 Terms and Conditions"**) https://www.tideway.london/investors/debt-information/.

In addition to the above, the following information shall be incorporated in, and form part of, this Prospectus as and when it is published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/prices-and news/news/market-news/market-news-home.html in accordance with the requirements of the PRM

during the 12-month period of validity of this Prospectus: (i) the future independent auditor's report and audited unconsolidated annual financial statements of each of Bazalgette Tunnel Limited and Bazalgette Finance plc; (ii) the future independent auditor's report and audited consolidated and unconsolidated annual financial statements of Bazalgette Holdings Limited; and (iii) the future interim financial statements of Bazalgette Holdings Limited. Information incorporated by reference pursuant to this paragraph shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements and information contained, or incorporated by reference earlier, in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

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

Any information contained in any of the documents specified above which is not expressly incorporated by reference in this Prospectus does not form part of this Prospectus and is either not relevant to investors or is covered elsewhere in this Prospectus. Any information contained in any website referred to in any of the documents specified above does not form part of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Company by using the links set out above.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the FCA in accordance with PRM 10.1. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

BUSINESS DESCRIPTION

Introduction

The Company's business is to design, build, commission and maintain the Thames Tideway Tunnel (the **"TTT"**) and, in conjunction with Thames Water, design and build associated works required to connect the TTT to the Sewer Network. The Company's business and activities are regulated by the water industry regulator for England and Wales, Ofwat, through the Licence it has been granted. The TTT has been fully connected to the Thames Water Sewer Network since February 2025 and operational at full capacity since July 2025, as part of the commissioning process. Handover (which marks the commencement of the System Acceptance phase and the point at which Thames Water takes over responsibility for the operation of the TTT) occurred in August 2026.

As at 31 August 2026 the TTT has diverted over 21 million tonnes of sewage from the River Thames.

The Company's revenue derives solely from regulated activities under its Licence. From Licence Award in August 2015 until 2030 the Company benefits from a bespoke regulatory regime that has allowed it to start generating revenues during construction (see "*Regulatory Framework*"). Under the Licence, the Company charges Thames Water an amount that allows it to recover its capital and operating expenditure. The Company's revenue is collected by Thames Water from its wastewater customers and from non-household sewerage retail licensees and passed on to the Company as it is collected on a monthly basis.

In order to construct the TTT, the Company entered into three Main Works Contracts and the System Integrator Contract. It also entered into an Alliance Agreement, which governs the way in which the Company, the Main Works Contractors, the System Integrator Contractor and Thames Water work co-operatively together and is intended to incentivise behaviours to promote the successful completion of the TTT. CH2M Hill UK (part of Jacobs since 2017) is appointed as the Company's Programme and Project Manager during the construction period (including the System Acceptance Period) under the terms of the Project Management Contract. CH2M Hill UK is also responsible for managing the delivery of the three Main Works Contracts, the System Integrator Contract and the System Acceptance Contracts.

At System Acceptance, the above and near ground assets, structures and equipment of the TTT will be transferred to Thames Water leaving the main tunnel, connection tunnels and shafts under the Company's ownership. Thames Water will continue to operate the TTT, while the Company will maintain and make available the deep tunnels and shafts.

The construction of the TTT, and certain ancillary works required to connect the TTT to the Sewer Network, have been undertaken by the Company and as at August 2026 were almost fully complete. The Company's Licence established a Regulatory Baseline cost for the Company Works of £3.1 billion in 2014/15 prices. The Company's revised estimate to System Acceptance as at August 2026 is £4.7 billion compared to £3.5 billion (£3.1 billion in 2014/15 prices) Regulatory Baseline.

Following Handover in August 2026, the Project entered the System Acceptance phase under the Interface Agreement with Thames Water. System Acceptance is expected to occur between February 2028 and August 2028, depending on the timing of satisfaction of the applicable acceptance criteria.

The Company's Licence currently specifies a Planned System Acceptance Date of 31 August 2027. Completion of certain commissioning and testing activities was delayed as a result of prolonged periods of dry weather and reduced inflows following connection of the tunnel to the Thames Water network in February 2025, which constrained the Company's ability to undertake certain required testing activities.

The Company and Ofwat have recognised that the revised expected timing of System Acceptance extends beyond the current Planned System Acceptance Date of 31 August 2027. Ofwat has confirmed that it does not intend to impose financial penalties in respect of weather-related delay. Discussions are therefore ongoing regarding amendments to the regulatory framework to reflect the revised timetable, including a potential amendment to the Planned System Acceptance Date and an increase to funding. The Company currently anticipates that the regulatory framework will be updated to reflect the revised timetable for System Acceptance, although Ofwat's agreement, and implementation, of any such changes remain subject to the applicable regulatory processes.

The Company's revised estimate of £4.7 billion reflects the revised timetable for System Acceptance and is below the Threshold Outturn. There is £0.1 billion headroom between the current cost estimate and the Threshold Outturn in 2014/2015 prices.

Thames Water has been responsible for the design, build and commissioning of certain enabling works and works to facilitate the connection of the TTT to the Sewer Network (the **"Thames Water Works"**). Thames Water has also been responsible for land acquisition for the operation and maintenance of the TTT which is substantially complete.

The Company's shareholders are comprised of funds or other entities managed or advised by the following experienced infrastructure investors or by one of their group companies:

- Allianz Global Investors;
- Amber Infrastructure; and
- Dalmore Capital.

At the point of Licence Award in August 2015, the Shareholders committed a total of £1,274.2 million in equity, split between ordinary shares (as to £509.7 million) and shareholder loans (as to £764.5 million). This equity was paid up in full between 2015 and 2018 in line with the equity-first approach to financing. Part of the shareholder loans have been repaid, but interest payments have been capitalised in periods where distributions have been suspended (for example during Covid-19 and towards the end of the construction phase) increasing the total number of loan notes. The balance at 31 March 2026 was £985.8 million, taking the total shareholder funds to £1,495.5 million. The Company also established a debt-financing platform (including the Programme) to enable it to finance the design, construction, commissioning and maintenance of the TTT, to refinance existing indebtedness over time and for general corporate purposes.

The Company's long-term debt under this platform amounts to £4.0 billion in principal amount including accretion of £482 million. The following table sets out all the outstanding debt facilities as at 31 March 2026:

Debt instrument £m	Nominal amount drawn	Floating amount drawn	RPI amount drawn	CPI amount drawn	Total without accretion	Accretion amount	Total amount
As at 31 March 2026							
Bonds under the Programme	800	-	932	350	2,082	421	2,502
US Private Placement Notes	625	-	-	-	625	-	625
EIB Finance Contract	-	596	77	-	673	21	694
April 2017 Authorised Credit Facility	-		100	-	100	40	140
Total Amount Drawn	**1,425**	**596**	**1,109**	**350**	**3,480**	**482**	**3,961**

Note: Figures may not reconcile due to rounding.

The Company benefits from a £120 million revolving credit facility, undrawn as of 31 March 2026, and £95 million Liquidity Facilities designed to cover all or part of the Liquidity Required Amount.

The Company has entered into long-term swaps with commercial banks to hedge the interest rate for tranches one to eight of the £700 million EIB loan entered into in May 2016 and £70 million of the £300 million US Private Placement notes placed in September 2017. These are long-term swaps

which have been entered into with commercial banks to economically hedge the interest costs of the Company's debt. The swaps fix finance costs for the current regulatory period in a cost-effective manner. As of 31 March 2026, accretion on the swaps amounted to £238 million.

The Company's strategy for financing the Company Works has been to utilise its committed equity first and subsequently to fund its activities from the debt proceeds. This meant that leverage only began to rise as construction progressed. With the Company Works almost fully complete, the Company has now reached its target leverage level with the ratio of Senior Net Indebtedness to RCV (Senior RAR) at 67.9 per cent. as of March 2026. See "*Summary of the Finance and Hedging Documents*" and "*Subscription and Sale – Deferred Bond Purchase Agreements and Deferred Settlement Agreements*".

The Company's sustainable financing strategy aligns its financing with its long-term target of cleaning the River Thames and with the significant ESG efforts during construction which have been captured in the Company's legacy commitments – see *Business Description – Company vision and strategy - Legacy and Sustainability*. All bonds issued to date are either green or blue, with blue bonds being a subset of the green bond category and are listed in the London Stock Exchange Sustainable Bond Market. The Group's green debt issuance stands at £2,407 million, comprising 18 green bonds totalling £1,832 million, one £250 million blue bond, and £325 million of green US private placements. The £120m 2026 RCF (which may be increased at the discretion of the lenders by a further £80m in the circumstances set out therein) is structured as a blue loan. The sustainable financing strategy is supported by the Sustainable Finance Framework, which benefits from a Green Second Party Opinion by S&P Global Ratings. See "*Sustainable Finance Framework*". The Company reports annually on its sustainable debt and climate-related Financial Disclosures. The Annual Report discusses the progress against the Company's legacy commitments (see *Business Description – Company vision and strategy - Legacy and Sustainability*) and how the Company aligned with the United Nations Sustainable Development Goals. The Annual Report also includes information for investors on the allocation of proceeds and impact of the project in line with ICMA's Green Bond Principles and LMA's Green and Sustainability-linked Loan Principles.

The Company benefits from the additional financial support of the Government Support Package until System Acceptance. This support is available only in exceptional circumstances and covers areas including, inter alia, insurance, financing of cost overruns above the Threshold Outturn, debt market disruption, Special Administration, and compensation payable to debt holders, hedging providers and equity investors in the event of Discontinuation. See "*Summary of the Government Support Package*".

The Company and the Issuer benefit from credit ratings of Baa1 by Moody's and BBB+ by Fitch both with a stable outlook.

Covid-19 Impact

Covid-19 impacted delivery aspects of the Project with a lockdown in 2020 seeing the Company reduce productivity on its sites for between 6 to 8 weeks in line with public health guidance. In August 2020, the Company announced a nine-month delay to Handover and a £233 million cost increase, later refined to identify Covid-19 as responsible for five months of the delay and £188.6 million of the additional costs.

During 2020 and 2021 discussions were held with Ofwat on a package of measures that could appropriately address the related costs of Covid-19, the impact on the Company's financial resilience and risk of schedule penalties. The result of these discussions was: (i) changes to the Company's Licence, which introduced an alternative cost sharing incentive rate of 85 per cent. borne by customers for Covid-19-related costs incurred prior to 24 July 2020, and 80 per cent. from 25 July 2020 to 30 June 2021, instead of the existing 60 per cent. sharing rate for costs incurred above the Company's regulatory baseline; (ii) a reform of the financing cost adjustment mechanism (**"FCAM"**), which adjusts the Company's allowed revenue in response to certain movements in the market cost of debt, which result in outcomes that are not in line with expectations as anticipated at licence award. For Financial Years after the Financial Year ending 31 March 2023 the inputs to the Company's revenue calculation are based on the same inputs as for the Financial Year ending 31 March 2023 so that past customer benefits accrued are preserved. There will be no further incremental effects arising from future changes to the inputs into the FCAM (whether favourable or unfavourable for customers). These changes strengthened the Company's financial resilience; and (iii) a six-month

extension to the Planned System Acceptance Date primarily to reflect delay caused by Covid-19, moving it to 31 August 2027.

The Thames Tideway Tunnel

Background

The network of sewers built by Sir Joseph Bazalgette in the 1860s still forms the backbone of London's sewerage system. Until recently, these sewers lacked sufficient capacity (during storm conditions) to transfer all of the city's combined sewage (mixture of stormwater and sewage) to the Thames Water sewage treatment works at Beckton and Crossness in East London. The CSOs were designed to release excess combined sewage flows through discharge points along the river when it rained. Rapid population and urban area growth means that the design parameters used by Bazalgette have been exceeded. Although additional interception sewers have been built since the 1860s, without improvements to infrastructure, discharges occurred around 50 times during a typical year resulting in tens of millions of cubic metres of combined sewage discharging and polluting the River Thames.

An independently chaired Thames Tideway Strategic Study was commissioned in 2000, which assessed the environmental impact of unsatisfactory CSO discharges into the tidal River Thames, identified objectives for improvement and proposed potential solutions to the problem. The study concluded in 2005 and established that the environmental and regulatory objectives could be met by a number of measures, which collectively became known as the London Tideway Improvements programme.

The three main component schemes were:

- the TTT, a storage and transfer tunnel to control 34 of the most polluting CSOs that discharge into the tidal River Thames in central London. The tunnel runs between Acton Storm Tanks, in west London, and Abbey Mills Pumping Station, where it connects to the Lee Tunnel. The flow is then transferred, via the Lee Tunnel, to Beckton Sewage Treatment Works for processing;
- the Lee Tunnel to collect the CSO discharge from Abbey Mills Pumping Station and transfer it to the pumping station to Beckton Sewage Treatment Works; and
- upgrades to the five sewage treatment works that discharge into the tidal River Thames.

Concept and design

The TTT is a 25km long tunnel, 6.5-7.2m in diameter, with a design storage volume of 1.24 million cubic metres and running up to 66 metres below the ground. In addition to the main tunnel there are several connection tunnels, with the two principal connection tunnels being 1.1km and 4.6km in length and 2.6m and 5.0m in diameter respectively.

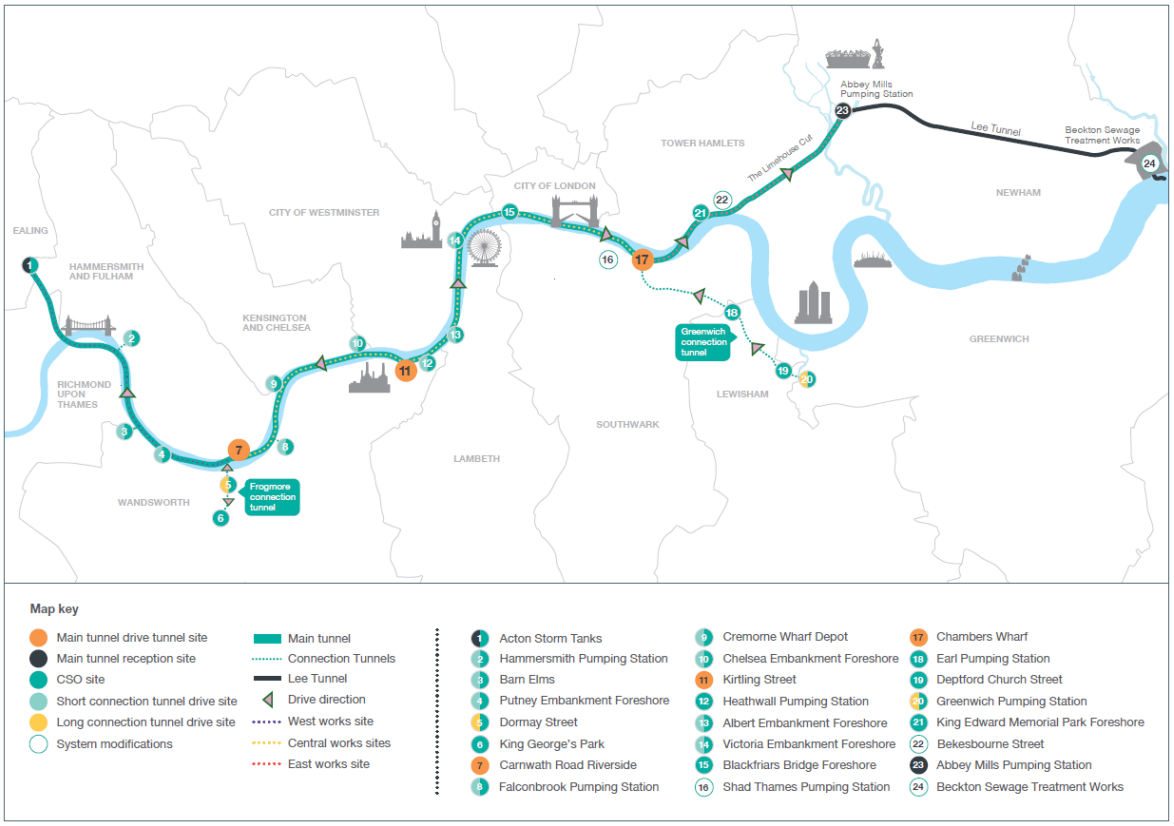
The main tunnel runs, for the most part, under the river from the Acton Storm Tanks in West London to the Lee Tunnel (owned and operated by Thames Water) at Abbey Mills in East London. The CSO flow from multiple locations will be diverted from the existing sewer network and dropped into the main tunnel from where it will continue to flow by gravity to the Lee Tunnel connection. From there it will continue to the existing Tideway Pumping Station (also owned and operated by Thames Water) to be pumped to Beckton Sewage Treatment Works.

The Company is responsible for the design and construction of the TTT. This includes ensuring designs comply with the Project Fixed Requirements which include a number of technical specifications (including the gradient of the tunnel, sewage characteristics etc.). The Environmental Permits and Operating Techniques and the terms of the DCO are also Project Fixed Requirements. The Project Fixed Requirements can be changed to adjust to changing circumstances, and there is a process for this in the Liaison Agreement. Since construction of the TTT is almost fully complete, changes to the Project Fixed Requirements are likely to be limited to non-material changes to the DCO. Other elements of the Project Fixed Requirements may change as a matter of fact or as a consequence of the on-going operation of the Sewer Network e.g. the catchment model and potentially other matters related to the ongoing management of the Sewer Network.

The Company has passed down the responsibility for the detailed design and construction of the TTT to the Main Works Contractors and the System Integrator Contractor. The Company retains overall responsibility for the project system design.

CH2M Hill UK and a number of its design sub-consultants produced the reference design. The Company has limited recourse to these parties under the Project Management Contract and collateral warranties.

Figure 1: Overview of the TTT route



After System Acceptance, Thames Water will own the mechanical, electrical, instrumentation, controls and automation (**"MEICA"**) systems necessary to control the tunnel as part of the sewer network and will continue to operate the TTT. The Company will own the main tunnel, connection tunnels and shafts, which function as passive assets, having been designed with a diameter and gradient that allow for flows to be driven by gravity and for the TTT to be self-cleansing. The Company will be responsible for the maintenance of the TTT during its operational lifespan.

Development Consent Order

In September 2014, the Secretaries of State for the Department for Environment, Food and Rural Affairs and the Department for Communities and Local Government approved the DCO, a single planning consent for the TTT. The DCO granted the authorisation for the construction, operation and maintenance of the TTT, including the acquisition of land, permanent rights over land, the temporary use of land and works in the River Thames. The rights under the DCO were originally granted to Thames Water and, where required, have subsequently been made available to the Company.

The DCO has provided the powers and flexibility needed to deliver the project. A number of non-material amendments to the DCO have been made during the course of the project but these have generally been sought to amend anomalies on drawings that prevented the project being constructed as intended. No major design changes have been necessary. Throughout the delivery of the project, a significant number of consents have been obtained by the Main Works Contractors. These include approval of detailed design applications, construction-related consents that control certain parts of the works, and agreements with other asset owners to control how works will be constructed close to their assets. Construction of the tunnel is now complete and the TTT is intercepting flows. As at

31 August 2026, most sites have now been completed and the new areas of public realm created by the project have now been opened for public access. The remaining consenting work is now primarily concerned with closing out conditions attached to PLA consents.

The powers of land acquisition under the DCO remained with Thames Water and expired in October 2024. Prior to expiry, Thames Water served all the notices necessary and the relevant land (or rights over the relevant land) for the TTT has either been secured or agreements are in the process of being finalised. As the project has progressed, relationships with the consent granting bodies have developed and, as at 31 August 2026, for the most part consents have been obtained in a timely manner.

When the TTT becomes fully operational, the DCO requires that the Company gives notice of when maintenance of the tunnel and shafts is going to take place and therefore if the public realm sites need to be temporarily closed. The DCO also provides a consenting framework to enable the Company to obtain some of the consents required for maintenance to be obtained using DCO powers. These powers will remain throughout the operational phase. The Company will also have the ongoing benefit of the safeguarding powers under the DCO which confer a right to be notified of all planning applications affecting the relevant land around the TTT. A new safeguarding zone will come into force at 'completion of construction' which will reflect the as-built asset. The new safeguarding zone is dependent on: (i) the Company serving notice of completion of construction; (ii) the Company providing the local planning authorities with a set of as-built drawings; and (iii) the Company providing the local planning authorities with a set of guidelines to assist them in discharging their obligation.

The Company

The Company's business has two distinct phases: the construction period leading up to acceptance of the TTT by Thames Water (System Acceptance) and the operational period thereafter. The construction period includes the System Commissioning Period and the System Acceptance Period.

Construction, System Commissioning, and System Acceptance Period

As at August 2026, construction of the TTT is almost fully complete. The TTT has been intercepting flows since February 2025 and reached Handover (which signifies the start of the System Acceptance Period) in August 2026. As at 31 August 2026 the TTT had diverted over 21 million tonnes of sewage from the River Thames.

Construction

The Company Works have taken place at 21 sites across London, shown in Figure 1 (above). There have been no Company Works at Shad Thames Pumping Station or Bekesborne Street and very minor commissioning requirements at Beckton Sewage Treatment Works, though there have been Thames Water Works at these sites.

Construction commenced in 2016 and involved the installation of eight temporary cofferdams which established the Company's sites, excavating deep shafts at the three drive sites and each CSO interception shaft, followed by tunnelling, tunnel secondary lining, installing mechanical and electronic equipment, and architectural and landscaping works.

Construction required works to drive the main tunnel and the connection tunnels using tunnel-boring machines, as well as to intercept the CSOs and connect them to the main tunnel. Separately, construction also required the installation of a system-wide control integration. Tunnel construction involved four drives from shafts at three main tunnel-drive sites and two connection tunnel-drive sites. The drive site for the drive to the western end of the TTT at Acton Storm Tanks was at Carnwath Road. There was a double drive site at Kirtling Street for the drive west to Carnwath Road, and for the drive east to Chambers Wharf. Chambers Wharf was the third main drive site for the drive to the eastern end of the TTT at Abbey Mills Pumping Station. Additional works were required to intercept the CSOs and connect them to the main tunnel. The six tunnel boring machines completed the 30.7km of primary lining of the tunnels in 2022, with secondary lining being completed in 2023.

The spoil from the tunnel excavation was predominantly taken away by barge along the River Thames, consistent with the Company's "More by River" strategy to use the River Thames for transport logistics for both the spoil and the delivery of construction equipment and materials, such

as the concrete tunnel lining segments. As at 31 March 2026, the Company's river transport strategy moved 5.9 million tonnes of spoil and materials by river rather than road, saving 701,230 HGV journeys and 24,694 tonnes of CO2 emissions. Through this and other carbon-saving measures, Scope 3 carbon emissions for the project's construction phase were 28 per cent. lower than the original estimate.

As at 31 August 2026, physical works have been fully completed at all sites except for Chambers Wharf, Kirtling Street and Greenwich Pumping Station, where certain discrete marine works that are not directly associated with the tunnel system or its operation have been delayed, primarily because of delays in obtaining consents from the PLA. The outstanding works are expected to be completed by the end of the first quarter of the financial year 2027/2028. Aside from these remaining physical works, close out work on the documentation associated with the Company Works is ongoing and expected to be completed on the same timeline. The Company will remain responsible for the ongoing maintenance of the TTT and associated assets until all works are complete (an obligation that is passed down to the Main Works Contractors). In addition, certain discrete works are likely to be transferred from the Main Works Contracts to other third parties, including works in relation to relocation of houseboats and the close out of conditions of certain consents from the PLA. In aggregate as at 31 March 2026 the estimated costs to completion are £0.2 billion. None of the works outstanding, or that are being transferred, affect system operations, nor are they expected to impact the timing of System Acceptance.

The level of non-conformance and re-work in respect of the TTT remains at a satisfactory level, with no critical defects being reported to date on the project. With major construction work almost fully complete and with Handover having been achieved in August 2026, the Company is focused on closing out any outstanding non-conformance and defects in the construction of the TTT. As is common in tunnels, the Company has experienced infiltration of ground water into some of the TTT tunnels. Independent assessments have confirmed that the levels of infiltration and associated potential exfiltration expected in service are unlikely to have any adverse environmental, structural or durability impact. Monitoring is being carried out to demonstrate satisfactory operational performance. Defects in construction are the responsibility of the Main Works Contractors, subject to liability caps. Following completion of construction, the Company will ensure the close-out of all key construction contracts in line with best practice.

The Main Works Contractors have undertaken architectural and landscaping works at those sites where the Company is creating new public open space. In total, seven new areas of public space have been created along the Thames – at Putney Embankment; Chelsea Quay; Heathwall Pumping Station; Albert Embankment (Effra Quay and the Isle of Effra); Victoria Embankment (Tyburn Quay); Blackfriars Bridge (Bazalgette Embankment); and King Edward Memorial Park in Wapping. The Company has also enhanced existing public spaces where construction activities have occurred, such as King George's Park and Falconbrook Pumping Station in Wandsworth, and Carnwath Road in Fulham.

The new spaces have been designed with architectural features and seating, planting schemes and specially commissioned public artworks, which reflect the unique heritage of each individual area. For example, artwork at Putney Embankment includes a new bronze start line for the University Boat Race and handrails cast in bronze from different types of oars.

All the public spaces created as part of the Tideway project are now open to the public. As construction at individual sites is completed, land parcels which were temporarily acquired to facilitate construction can be handed back to landowners. As at 31 August 2026, 31 out of 87 land parcels have been handed back.

The Company continues to reinforce health, safety and wellbeing on the project and strives to achieve positive improvements on previous performance. In the last financial year there were no major injuries during construction and no significant incidents as a result of the Company's marine activities (for example supporting the removal of temporary cofferdams and the installation of scour protections and cladding), Commissioning activities, activities in relation to the MEICA system necessary to control the tunnel as part of the sewer network or architecture and landscaping activities. This reflects the continued efforts to eliminate and reduce accident and injury occurrences. The Company has well-developed intervention plans with the Main Works Contractors to ensure they have robust and specific improvement plans in place for all sites to address any

trends, and to identify and implement actions to prevent recurrence and ensure lessons are shared and learned. The Company is introducing similar plans and processes with the System Acceptance Contractors. The Company continues to share experiences and lessons learned with other projects and organisations ensuring there is a lasting legacy from its health & safety programme.

System Commissioning Period

Following the completion of construction activities in relation to the main tunnel, a period of commissioning began in May 2024, in accordance with the detailed System Commissioning Plan agreed between the Company, Thames Water and other relevant parties – see "*System Commissioning Plan*" below. Worksites were tested as stand-alone plant by the Main Works Contractors and System Integrator Contractor. The penstocks, fans, air treatment, monitors and software controlling the sites were then dry tested (without sewage). Worksites and tunnels, including Thames Water's Lee Tunnel, were connected as one system in May 2024 and Thames Water and the Company then progressively allowed flows into the TTT, until all sites reached activation in February 2025. The Company, the Main Works Contractors, the System Integrator Contractor and Thames Water worked together during this period to test and commission the entire system to ensure the control devices properly control combined sewage overflows, report discharges, and operate the fans and air treatment units to prevent odours from being released.

Once all sites reached activation in February 2025, the Company Works entered a structured testing phase, where the completed system was tested in a range of storm conditions, as set out in the System Commissioning Plan, required by the Interface Agreement (**"storm testing"**), including a 30-day period of automated operation. Following the completion of storm testing a targeted inspection of the TTT was carried out as part of the construction assurance process. Where possible, inspections were carried out using drones or other remote inspection technology.

System Commissioning was certified as complete in July 2026 and Handover occurred in August 2026. At Handover, the Project entered the System Acceptance phase under the Interface Agreement with Thames Water. System Acceptance is expected to occur between February 2028 and August 2028, depending on the timing of satisfaction of the applicable acceptance criteria.

System Acceptance Period

Following Handover, system acceptance tests and optimisation works are being undertaken by Thames Water with the support of the Company to demonstrate compliance with the design intent and to refine operation and maintenance performance. When the system has been monitored over a range of climatic and operational scenarios and certain system acceptance criteria have been met, Thames Water will issue a system acceptance certificate.

In this period the Company has responsibility for the maintenance of the above and near ground assets, structures and equipment of the TTT, as well as for the SCADA system. These maintenance responsibilities will be transferred to Thames Water at System Acceptance. The Company will discharge these obligations through the System Acceptance Contracts - see "*Contracting Basis – System Acceptance Contracts*" below.

The Company and Thames Water agreed a revised approach (the **"Strategic Intent"**) to System Acceptance in 2023 that allowed operational and climatic data collection to commence at the earliest meaningful point. The Company agreed with Thames Water to begin data collection in August 2025 (when the system was ready for the largest storm test, Storm Test 3).

The Interface Agreement sets a minimum System Acceptance Period of 18 months from Handover and, provided all acceptance criteria other than the climatic and operational scenarios have been satisfied at that point, a maximum of 36 months from the earlier date for data collection referenced above. In those circumstances, the TTT would be deemed accepted. For further details on the timing of the System Acceptance phase, refer to the 'Introduction' section above.

Prior to the end of the System Acceptance Period, a further inspection will be carried out to confirm the condition of the tunnel system and associated assets prior to the transfer of the system assets to Thames Water. Where possible, inspections will be carried out using drones or other remote inspection technology and the project is currently testing and developing inspection tools to maximise remote inspections and minimise the need for personnel to access into the system. The System Acceptance inspection will cover the whole of the London Tideway tunnels (with Thames Water

inspecting the Lee Tunnel) including associated connecting tunnels, shafts, connection culverts, chambers, outfalls and operating plant. The inspection will require a full shut-down of the system during a suitable weather window, in consultation with Thames Water and the Environment Agency.

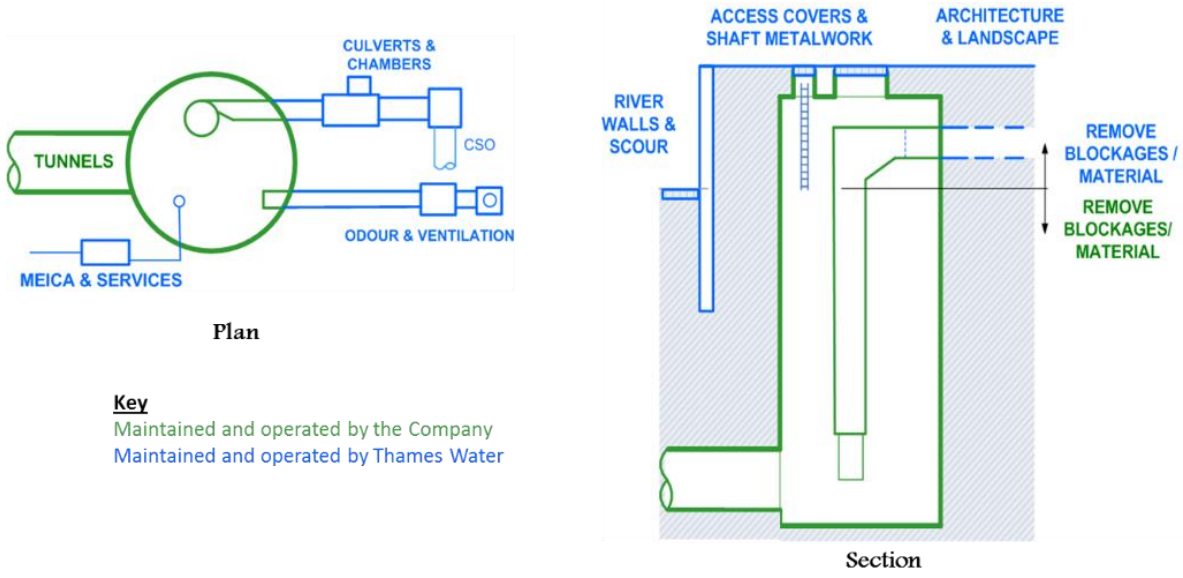
Operational Period

During the operational period, the Company will be responsible for ensuring the TTT is available to allow flow to pass through it to the Lee Tunnel. This will involve:

- inspection of the main tunnel, connection tunnels and shafts, which the Company expects to undertake on a ten-yearly cycle but is exploring the concept of more frequent inspections using drones and other remote inspection technologies which will require shorter, simpler outages in dry weather periods;
- performing any maintenance required as a result of the inspections; and
- safeguarding the asset, which includes reviewing any planned developments over the route that could have an impact on the system.

Following System Acceptance, the Company will transfer the above and near ground assets, structures and equipment it has constructed to Thames Water leaving the main and connection tunnels and shafts and other related non-mechanical assets under the Company's ownership. This is illustrated in Figure 2 below.

Figure 2: maintenance and operational responsibility after System Acceptance



Thames Water will be responsible for the system operation and is required to adhere to the Operating Techniques and environmental permits issued to it by the Environment Agency. The Operating Techniques govern how the TTT and Lee Tunnel should be operated, based on an operating strategy of minimising CSO discharges while managing water levels to protect the tunnel system. Other components of the operating strategy include managing high inflows during large storm events to limit the potential for adverse hydraulic and pneumatic conditions. The Operating Techniques also recognise that there will be contingency conditions such as the need to repair the existing sewer network or integrate new connections into the tunnel system in the future.

During typical dry weather conditions, Thames Water's existing integrated system will convey sewage to the treatment works through the existing sewer network and will not direct sewage into the TTT. In these conditions, the air management system designed to manage air flows will move air through the tunnel to prevent a corrosive atmosphere forming in the tunnel. The air will be treated at each extraction point to prevent the release of odours.

During storm conditions, overflows from CSOs that would previously have discharged into the River Thames will be directed into the TTT to be stored and conveyed to Beckton sewage treatment works

for treatment. In the case of severe storms the TTT system will allow excess storm flows to revert to the outfall on the River Thames via the Tideway CSO.

The main tunnel, connection tunnels and shafts owned by the Company will not contain any mechanical or electrical equipment and the Company's maintenance obligations will be principally to maintain the TTT free from sediment so that flows can pass along to the connection with the Lee Tunnel and the total storage volume in the tunnels and shafts is preserved. The TTT design enables straightforward long-term operations and asset management.

Company vision and strategy

Reconnecting London with the Thames

The Company is responsible for the Thames Tideway Tunnel under the River Thames.

The Company has articulated a vision of the benefits which the TTT will bring to London from both an environmental and wider social standpoint. This vision is called "Reconnecting London with the River Thames".

Company objectives

The Company's focus is on delivering long term value for its stakeholders, which includes:

- providing an appropriate return for its investors;
- working closely with Thames Water to achieve System Acceptance, including optimisation of the overall system;
- maximising long-term availability of the TTT for the benefit of the River Thames, the environment and the city of London; and
- delivering a positive and lasting legacy for the city of London.

The Company conducts an annual business planning process to identify its strategy to deliver these objectives. The strategy has three key components:

- Safe, Sustainable Asset Management: to manage the Company's infrastructure the right way, prioritising long-term safety and sustainability and to maximise the availability of the Thames Tideway Tunnel for the benefit of London.
- Connected People and Partners: to be a responsible company that fosters a culture of respect and collaboration, and to attract, develop and retain the right people, who are trusted by its partners.
- Resilient Finance: to deliver efficient, sustainable financing and risk management and to work to secure a regulatory environment that supports the Company in its commitments.

Legacy and Sustainability

The TTT is delivering a major long-term environmental benefit and given the scale of the project, and its location along the River Thames in central London, it also presented an opportunity to deliver a wider social legacy. The Company articulated this in its vision for the project – 'to reconnect London with the River Thames'. This was the overarching theme of the Company's legacy plan, which set out how the Company aimed to deliver the project sustainably and leave significant legacies for both communities and industry. The plan included 54 measured commitments under five themes – Environment; Health, Safety and Wellbeing; Economy; People; and Place. The Company's legacy commitments have been captured in the sustainable financing strategy that aligns the Company's financing with the long-term target of cleaning up the River Thames and with the significant legacy efforts during construction.

By September 2026, 53 of the Company’s 54 legacy commitments had been closed, including seven during financial year 2025/2026. Of the commitments assessed to date, 50 (92%) have been achieved or remain on track, while four relating to local employment and the employment of people with convictions were not achieved despite significant investment in targeted programmes. Just one commitment remains open: the Company's health and safety commitment to achieve no major incidents through to System Acceptance, which the Company expects to achieve.

In the financial year 2025/2026, the Company exceeded the Company's Sustainable Financing Framework threshold for reduced debt interest. These savings will be invested in a blue environment initiative. This followed two years' support for Groundwork London's Our Space Award, helping local community groups to fund green spaces.

Many of the legacy commitments delivered during the construction phase (including Commissioning) of the project have had a significant, long-term social and environmental benefit. For example:

- A quarter of the people employed on the project were from the 14 boroughs along the tunnel route and 68 per cent. of river workers were from Greater London, Essex or Kent. More than 1,000 previously unemployed people and 37 people with previous convictions were also given sustained jobs.
- A total of 151 people had a sustained apprenticeship (1 in 29 of the workforce) and the Company was a founding partner in the Thames Skills Academy (TSA), a new training group for river skills and safety. More than 100 people were verified as boatmasters through the project and more than 70 per cent. of boat operators are now members of the TSA.
- By adopting a 'more by river' strategy, as at 31 March 2026 the Company had moved 5.9 million tonnes of spoil and materials by river rather than road, saving 701,230 HGV journeys and 24,694 tonnes of CO2 emissions. Through this and other carbon-saving measures, Scope 3 carbon emissions for the project's construction phase were 28 per cent. lower than the Company's original estimate. This was achieved through strong collaboration with the Company's contractors, careful route optioneering, materials specification, design changes, innovation challenges and recognition of sustainability initiatives aimed at addressing carbon.
- Looking forward, Tideway continues to prioritise demonstrating and delivering positive impact on the environment and communities within which it operates.

Commercial Strategy

Effective Contractor Selection - Construction

For the procurement process (in 2013-15) the works to be delivered under the Main Works Contracts were divided into three packages (West, Central, East) to create package sizes that were readily biddable by a wide field of contractors and to spread delivery risks. The tendering process used an evaluation system that emphasised technical capability (with a weighting of 70 per cent.) over price (with a weighting of 30 per cent.). In addition, a minimum set of standards was used to assess each potential contractor's economic and financial standing, health and safety and construction, design and management capabilities.

Each consortium includes contractors that have valuable experience of large-scale construction projects in London such as the Lee Tunnel, National Grid tunnels, Crossrail and the 2012 Olympics. The Main Works Contracts and Main Works Contractors and System Integrator Contract are summarised below.

Table 1: Main Works and System Integrator Contracts (all £ amounts in 24/25 prices)

Contract	Contractors	Brief description
West	BMB JV: Bam Nuttall Limited Morgan Sindall Plc Balfour Beatty Group Ltd	Design and build contract for the Main Tunnel from Carnwath Road Riverside to Acton Storm Tanks and Frogmore Connection Tunnel, including 7 shafts Tunnel Drive (Carnwath Road Riverside to Acton Storm Tanks): 6,947m long and 6.5m internal diameter (**"Main Tunnel A"**) Tunnel Drive (Carnwath Road Riverside to King George's Park): 1,120m long and 2.6m internal diameter Ground conditions: Predominantly London Clay Target price at 31 March 2026: £769 million

Contract	Contractors	Brief description
		Liability cap: the greater of 25 per cent. of the total of the prices or £100,000,000
Central	FLO JV: Ferrovial Construction (UK) Ltd Laing O'Rourke Construction Ltd	Design and build contract for the Main Tunnel from Kirtling Street (double drive site) to Carnwath Road Riverside and to Chambers Wharf, including 8 shafts Tunnel drive (Kirtling Street to Carnwath Road Riverside): 4,997m long and 7.2m internal diameter (**"Main Tunnel B"**) Tunnel drive (Kirtling Street to Chambers Wharf): 7,676m long and 7.2m internal diameter (**"Main Tunnel C"**) Ground conditions: Predominantly London Clay, Lambeth Group, Thanet Sand and Chalk Target price at 31 March 2026: £1.493 billion Liability cap: the greater of 25 per cent. of the total of the prices or £100,000,000
East	CVB JV: Costain Limited Vinci Construction Grands Projets Bachy Soletanche Ltd	Design and build contract for the Main Tunnel from Chambers Wharf to Abbey Mills Pumping Station and the Greenwich Connection Tunnel, including 5 shafts Tunnel drive (Chambers Wharf to Abbey Mills Pumping Station): 5,530m long and 7.2m internal diameter (**"Main Tunnel D"**) Tunnel drive (Chambers Wharf to Greenwich Pumping Station): 4,615m long and 5m internal diameter Ground conditions: Predominantly Chalk Works at Abbey Mills Pumping Station and Beckton Sewage Treatment Works to support system-wide commissioning of the TTT project Target price at 31 March 2026: £1.160 billion Liability cap: the greater of 25 per cent. of the total of the prices or £100,000,000
System Integrator	Amey OWR Ltd	Integration of all TTT instrumentation and control systems from all Main Works Contractor worksites Thames Water System Works worksites, existing Thames Water sites, the Lee Tunnel system, and other monitored Thames Water CSOs to provide a fully integrated supervisory control and data acquisition system that functions in accordance with the Operating Techniques and environmental permits Target Price at 31 March 2026: £56 million Liability cap: £10 million

Contracting basis - Construction

All three Main Works Contracts are based on the New Engineering Contract (**"NEC3"**) Option C Target Price with Activity Schedule terms and conditions. This is a cost reimbursable contract that includes a 50/50 pain/gain sharing mechanism against a target price (comprised of a defined cost plus a contractor's fee) to incentivise and align effective cost control and risk management. The pain sharing mechanism is subject to the liability caps in the Main Works Contracts. Subject to certain contractual restrictions, the liability caps in the Main Works Contracts increase in line with the target price as they are expressed as a percentage of the target price.

This NEC3 form of contract has been used on other major infrastructure projects, including the Lee Tunnel, Crossrail and the London 2012 Olympics. The standard conditions of contract include provisions for cost indexation (against a basket of construction indices), limits of liability, delay damages and a security suite (including step-in rights to subcontracts and other contracts, retention

/ retention bonds, parent company guarantee, vesting of plant and materials and equipment payment bonds).

Building on lessons learnt from major infrastructure projects in London, certain key risks have been transferred to the contractors including design, discharge of consents, foreign exchange and ground conditions within a geotechnical baseline report. Costs incurred in relation to these risks do not result in a change to the contractors' target price. Certain risks are retained by the Company, including scope changes, ground conditions outside of the geotechnical baseline report and inflation. Any costs associated with these risks leads to a change in the contractors' target price, subject to contractual restrictions and liability caps. A contingency allowance was included within the Regulatory Baseline to recognise the cost impact of Company retained risks (including its share of pain sharing against the target prices).

Over the years of peak construction activity, the Company adopted certain scope changes such as the "More by River" initiative and a number of risks have materialised which included additional reinforcement and diversionary works due to the poor condition of adjoining third party assets, mitigation of ground conditions outside of the geotechnical baseline, complications and delays due to tunnel interface issues, Covid-19 impact on activities and more recently, inflation. The combination of these factors has resulted in the increases to each of the Main Works Contractors' target prices. Other factors contributing to increases in target prices related to issues with some stakeholders (timing of consents, removal of bulkhead at Abbey Mills), reviews to Main Works Contractors incentivisation to maintain consistent engagement for key programme milestones and the effects of performance and schedule prolongation arising from some of the above issues.

The Main Works Contractors applied to have certain matters designated as Company retained risks from time to time with resulting cost implications assessed by the Project Manager under the NEC3 contracts (see below). The Company worked collaboratively with the Main Works Contractors to address such matters and where appropriate to resolve outstanding claims.

The Main Works Contractors target prices in Table 1 above reflect the increases during the construction period identified above and some smaller changes during Commissioning.

The Company allocated from the contingency within the Regulatory Baseline to recognise the increases in target prices associated with the Company retained risks. Several of these risks led to extensions to the programme, which have also impacted cost estimates. As the updates to cost and schedule went above the initial contingency, the cost estimate to System Acceptance increased and as at August 2026 is now a £4.7 billion compared to £3.5 billion (£3.1 billion in 2014/15 prices) Regulatory Baseline. With construction almost fully complete, the remaining cost is estimated at £0.2 billion, which includes a risk allocation and certain accruals. Cost overspends against the Regulatory Baseline are shared with customers via the cost incentive mechanism set out in the Licence – see "*Regulatory Framework – Economic Regulation – Calculation of Allowed Revenue during the initial operational period – Cost Adjustment*".

Each of the Main Works Contractors is structured as a joint venture with each partner having joint and several liability for the contract. There is a parent company guarantee of each partner's liability under the contract.

The System Integrator Contractor is based on the NEC3 Option E Cost Reimbursable contract. The Project Management Contract is based on NEC3 Professional Services Contract, with bespoke amendments.

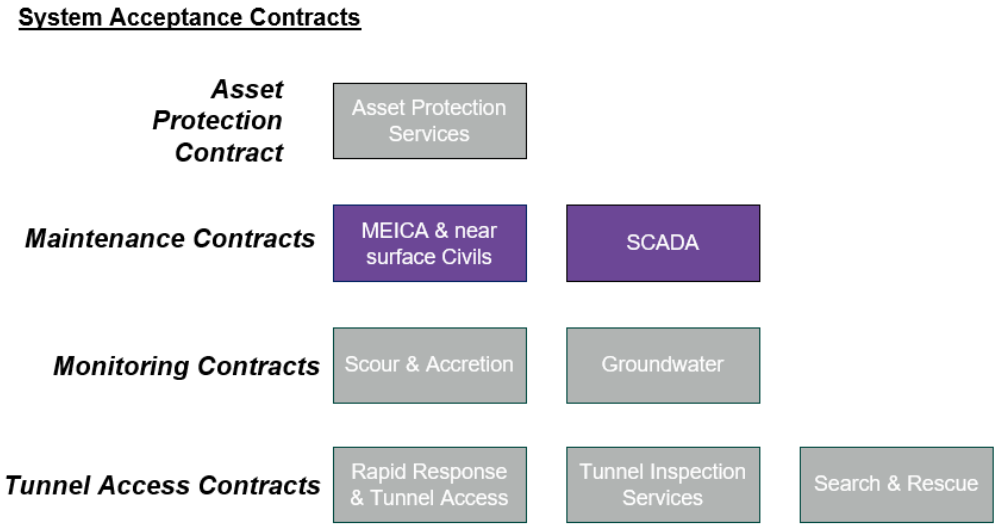
In addition to the NEC3 contractual framework, the Company has established an overarching Alliance in order to manage and incentivise collaborative working between the Company, the Main Works Contractors, the System Integrator Contractor and Thames Water. The Alliance is governed by an Alliance Agreement that came into effect at Licence Award. The aims of the Alliance are to realise the benefits of economies of scale, sharing of best practice and synergies between activities.

Contracting basis – System Acceptance Period

The System Acceptance Period is a proving period during which the London Tideway Tunnels will be tested and operated across a variety of storm conditions. During this period the Company will remain responsible for maintaining the Regulated Assets and for carrying out a full inspection of the

tunnels and shafts. The Company's maintenance and inspection duties will be delivered through several service contracts, as shown in Figure 3 (below).

Figure 3: System Acceptance Contracts



Where appropriate these contracts have been based on the NEC3 Term Service Contract. For certain of the smaller contracts these are on supplier terms and conditions. The contracts illustrated in grey in Figure 3 above will remain in place post System Acceptance and into the operational phase of TTT.

Revenue model

Revenues are calculated according to the framework set out in the Licence (see "*Regulatory Framework – Economic Regulation*"). The Company's revenues are billed and collected by Thames Water, as set out in the Revenue Agreement and according to Thames Water's obligations in its own licence, which was amended to permit Thames Water to increase its allowed charges to its wastewater customers to reflect the cost of the Company's delivery of the TTT and to provide for the payment of such charges from Thames Water to the Company. These additional charges form part of Thames Water's overall charges, meaning that a single bill is given to Thames Water's customers and there is no separate itemisation of the cost of the TTT on customers' bills. Ofwat has stated that the annual impact of the TTT on bills (including the Company Works and the Thames Water Works and land acquisition) is expected to be £20 to £25 (2014/15 prices) by the mid-2020s, and around £30 (nominal, £19 in 2014/15 prices) is included in an average household bill for 2026/2027.

The Company provided a charging statement to Thames Water for £136.4 million for incorporation into 2026/2027 charges. This figure represents the Company's allowed revenue for 2026/2027, incorporating a reconciliation adjustment to years 2023/2024 to 2025/2026 revenue to provide for a true-up mechanism for each of the revenue building blocks to take account of the difference between the forecast values originally used and the actual values. This adjustment is calculated on a net present value neutral basis.

All Allowable Project Spend in relation to the TTT is verified by the Independent Technical Assessor (which has been appointed by the Company but also owes a duty of care to Ofwat, the Secretary of State and Thames Water) on a monthly basis. Once approved by the Independent Technical Assessor, the grounds for re-opening Allowable Project Spend are limited to fraud or manifest error. See section "*Regulatory Framework – Economic regulation – Calculation of Allowed Revenue during the construction period*" for more information about Allowable Project Spend.

Revenue is passed through to the Company each month on a "pay when paid" basis (i.e. Thames Water is only required to pass to the Company the proportion of revenue collected from customers or the water only companies, which the Company's charges represent as a proportion of Thames Water's wastewater charges), with a true-up on a rolling two-year basis during the construction period

and initial operations period. This mitigates the Company's exposure to customer bad debts (see section "*Regulatory Framework – Economic regulation – Revenue adjustment*").

Under the Revenue Agreement, a failure by Thames Water to pay to the Company the revenue when received from customers would represent a breach of its licence (and ultimately Ofwat can enforce licence compliance by Thames Water) but does not result in a right to accelerate such charges by the Company. In this situation, the Company may be entitled to default interest (in respect of the period from when such amount was due and payable to the Company but remains unpaid). If non-compliance on Thames Water's part continues unrectified in excess of a three-month period, the Company may elect to terminate the Revenue Agreement and to directly charge customers.

Management of interfaces with key partners

Thames Water

In addition to the Revenue Agreement, there have been a number of important interfaces with Thames Water including in relation to the Thames Water Works during the construction phase (including Commissioning), the integration of the Company Works with the Sewer Network, the handover and acceptance processes and in the operation of the TTT. To ensure this is managed effectively there is a specific coordination regime, which comprises the elements set out in the table below. Although Thames Water remains a key partner in the delivery of the TTT there will be a commensurate reduction in its TTT-focused activities as the project transitions from construction phase to operational steady state.

Thames Water has completed the part of the Thames Water Works that comprised the enabling works for the Company to mobilise onto its sites and continues with that part of the Thames Water Works to facilitate the connection of the TTT to the Sewer Network. The Company and Thames Water implemented detailed asset protection arrangements for the Sewer Network during the carrying out of the Company's Works. No further material capex investment is expected from Thames Water to allow System Acceptance to be achieved.

In addition, Thames Water and the Company developed a joint approach which, amongst other things, addressed the requirements and working relationships for the System Commissioning Period and will continue to do so for the System Acceptance Period of the TTT project. To support this joint approach, the Company worked with Thames Water and Ofwat to develop performance commitments and incentives that align Thames Water's interests more closely with the overall interests of the TTT project. The Company's ongoing collaborative relationship with Thames Water continues to ensure good performance on accessing the sewer network and the joint delivery of the System Acceptance milestone.

The Company's relationship with Thames Water is subject to the following principal arrangements:

Interface Agreement / Committee	• Oversees the relationship between the Company and Thames Water during the design, construction, testing, commissioning, handover and acceptance phases. It governs areas such as reporting and information flow. • The Company is required to ensure the designs for the Company Works and the Thames Water Works integrate with each other and the sewer network in order that the TTT and the Lee Tunnel can be operated in accordance with the Operating Techniques and environmental permits. • An Interface Committee provides for monthly engagement between Thames Water and the Company. This is a forum for joint strategic discussions, but with a focus on the day-to-day management. At a working level, Thames Water has established a Tideway Integration Group to ensure timely and efficient management of the delivery of the combined Company Works and Thames Water Works.
Operation and Maintenance Agreement / Committee	• Oversees the relationship between the Company and Thames Water during the operational period.

	• The Company will be responsible for operating and maintaining the tunnel and shafts in such a manner as to allow flows to pass along the TTT up to the connection with the Lee Tunnel. • An O&M committee will provide a forum for monthly engagement between Thames Water and the Company during the operational period.
Thames Water Asset Protection Agreement	• The Company and Thames Water agreed processes intended to secure the protection of the Sewer Network at the physical interface with the Company Works. • The Company submitted its mitigation proposals to Thames Water before these interface construction works started; took account of Thames Water's comments and carried out the Company Works in accordance with the agreed proposals. These construction works are now nearing completion. • The Company indemnifies Thames Water for any damage to Thames Water assets and for financial losses suffered by Thames Water or a third party (where Thames Water is liable for such financial loss). • The Thames Water Asset Protection Agreement remains in force during the operational period.
Access rights, Agreement for Lease and Lease	• During the construction period the Company has access to the construction sites through a combination of (i) an access licence granted by Thames Water in the Interface Agreement over the land that Thames Water acquired as part of its preparatory activities and (ii) the use of powers in the DCO to temporarily use land for the construction of the TTT. • During the construction period Thames Water and the Company identified the land required to allow access for maintenance of the TTT during the operational period. Thames Water had the powers under the DCO to compulsorily purchase both subsoil and surface land and rights for this purpose, and has exercised these powers where bilateral agreements have not been agreed. The land required for the operation of the TTT has been acquired with a minor number of administrative transactions to be completed. • Thames Water and the Company have agreed in the Agreement for Lease that Thames Water will lease the 6m protection zone around the TTT to the Company for 999 years, together with the benefit of access rights at surface level. This protection zone is safeguarded by the DCO and provides protection from developers building close to the TTT. • Thames Water will grant the 999 year lease as soon as practicable after Handover. • The Company and Thames Water have also agreed in the Interface Agreement an access protocol for access to the Sewer Network which allows Thames Water discretion to refuse access, for example on health and safety or operational grounds. A similar access protocol will apply under the Operation and Maintenance Agreement.

Liaison Agreement / Committee

The Liaison Agreement sets out the relationship between the Company, Thames Water and the Secretary of State. It provides a framework for the **"Liaison Committee"**, a forum that meets on a quarterly basis through which stakeholders can engage on issues affecting the delivery of the

combined Company Works and Thames Water Works. The Liaison Committee comprises representatives of the Company (as chair), Thames Water and the Secretary of State. Ofwat and the Environment Agency are also entitled to attend all Liaison Committee meetings and vote on certain matters. The Liaison Committee receives reports from the Independent Technical Assessor including a review and verification of project spend and commentary on the Company's and Thames Water's reporting to the committee.

In addition, it outlines the mechanism for dealing with Predicted Overruns in the cost of the Company Works that may arise and sets out the consequences of Discontinuation, de-designation and de-specification as between the Company and Thames Water.

The Thames Tideway Tunnel Forum

The Thames Tideway Tunnel Forum was established by the Company and Thames Water to facilitate a regular open dialogue on matters concerning implementation of the TTT between the Company, the relevant London authorities, key stakeholders and Thames Water. Whilst it did not have a formal legal role, it helped promote understanding and communication across a wide range of stakeholders, encouraged agreement around interpretation of the strategies, policies, and other commitments contained in the DCO and ensured stakeholders were well-informed and involved in the progress of the TTT. Following completion of substantially all construction, the Thames Tideway Tunnel Forum held its final meeting at the end of 2024.

Insurance

The Company has procured, and is required to maintain, a programme of insurance to cover the insurable risks of the Company Works covering physical loss or damage and third-party liability risks during the construction period and the subsequent System Commissioning Period, testing and System Acceptance Period. The programme has been set up as part of a carefully considered wider package of risk transfer and risk management, with coverage levels calibrated to provide seamless protection with the Government Support Package. The construction all risks and third party liability policies have been placed until December 2026 (the Company is in discussions to extend these to mirror expected completion dates under the Main Works Contracts).

The Company has also arranged the usual range of corporate cover including Directors & Officers, Employer's Liability, Property and Crime / Fraud, Cyber Security, Travel and Personal Accident. All insurances are subject to policy terms and conditions.

The Company is also looking to procure the necessary insurances that will be required beyond completion of the works under the Main Works Contracts and into future operational periods and beyond.

Organisation

The Company has established an organisational structure which combines the long term functions of a regulated utility business with a project management and engineering capability supported by CH2M Hill UK as the Project Management Contractor during the construction period. The Company is resourced by a combination of employees, CH2M Hill UK staff and contractors to possess the skills and experience required at every stage of its development and to allow for flexible mobilisation / de-mobilisation of specialist resources. This year the Company has focused on ensuring that it is well placed for changes required to prepare for System Acceptance and its transition from a construction company to an operational asset holding utility. The Company will continue to evolve its management team and structure during this period to ensure access to appropriate qualified and experienced resource.

Project Management Company

The Company appointed CH2M Hill UK at Licence Award as its Programme and Project Manager during the construction period and System Acceptance Period which allowed for the efficient mobilisation of experienced, skilled project management personnel at the outset of operations and will support transition into the operational period where the same level of resource will not be required.

CH2M Hill UK (part of Jacobs since 2017) has significant experience in delivering and programme-managing deep tunnel CSO programmes, including in Milwaukee, Portland, Singapore and Abu

Dhabi. Its experience also includes project management for the Lee Tunnel, its roles as client programme manager for Crossrail and delivery partner for the London 2012 Olympics.

The key deliverables of CH2M Hill UK under the Project Management Contract are:

- provision of services to an integrated project team including many key roles such as tunnelling and hydraulics experts;
- responsibility for management of the delivery of the three Main Works Contracts, the System Integrator Contract and the System Acceptance Contracts. It also sets out CH2M Hill UK's overall responsibility for construction integration across these four contracts and the works for which Thames Water is responsible. This includes the defined role of Project Manager (under the NEC3 contracts) for the works as well as the wider integration role;
- design oversight with a small number of people who will act to maintain the integrity of the design of the TTT; and
- performing the roles of NEC Supervisor under the NEC3 contracts and the statutory role of Principal Designer under The Construction (Design and Management) Regulations 2015.

CH2M UK Hill is remunerated through a fee which is primarily made up of time-based components. Furthermore, the Project Management Contract contains payments linked to periodic KPIs (which to date have been regularly met) and a profit-at-risk element linked to targets in the Alliance Agreement. These are broadly dependent on milestones at the end of the programme and therefore less certain.

Key functions within the Company's organisation structure include:

- Asset Management and Operations – The Asset Management & Operations Directorate is responsible for the safe, reliable and sustainable management of the Thames Tideway Tunnel. It oversees operations, maintenance, system performance and system acceptance activities, ensuring the asset delivers its intended environmental benefits for London while remaining safe and available for the long term. It manages relationships with key stakeholders such as Thames Water and the Environment Agency, the property handover process and management of commercial agreements with third parties. In the operational phase it will be responsible for asset management, operations and maintenance.
- Delivery – Delivery brings together Tideway, its programme management partner, Jacobs, and the wider supply chain to safely complete the remaining requirements of the Thames Tideway Tunnel programme. It also undertakes the responsibilities of the Company as Employer under the Main Works and System Integrator Contracts, assurance of design and consenting obligations and provides Programme Controls services. The function oversees construction completion, contractor management, certification, commercial close-out. Working closely with Thames Water and Tideway's construction and maintenance partners, it ensures the project is safely and efficiently transitioned into long-term operation.
- Finance – The Finance Directorate safeguards Tideway's financial health by maintaining robust financial control, reporting, risk management and governance. It ensures the Company has the resources to meet its commitments, provides oversight of costs and performance, supports decision-making, and delivers transparent reporting to investors, shareholders and the Board. The Finance Directorate also has responsibility for the Company’s business planning process.
- Treasury – The Treasury Directorate manages Tideway's financing strategy, debt portfolio, liquidity, investor relationships and credit ratings. Its role is to ensure the Company remains financially resilient, can access funding when required, and maintains the confidence of investors and lenders throughout the transition to long-term operations.
- Regulation – This team manages regulatory matters, ensuring compliance with all requirements and maintaining strong relationships with key stakeholders including Ofwat and Defra. Responsibilities include compliance with the Company’s Licence, calculation of allowed revenue, regulatory reporting, management of the Liaison Committee, monitoring of Tideway’s regulatory landscape, and preparation for future changes in regulation.

- Business Services and Systems – The Business Services & Systems Directorate provides the core services and infrastructure that enable the business to operate effectively. This includes people services, information systems, procurement, facilities, knowledge management and governance systems, supporting both day-to-day operations and the Company's transition to its future operating model. The Business Services team also manages corporate risk.
- Impact and Engagement – The Impact & Engagement Directorate brings together people and culture, communications, stakeholder engagement and impact. It supports Tideway's transition from major project delivery to long-term stewardship of the Thames Tideway Tunnel, helping to ensure the Company has the people, relationships, reputation and evidence of impact needed for long-term success. The Directorate leads the Company's people strategy (including Human Resources functions), communications and stakeholder engagement activities, and oversees programmes that demonstrate Tideway's environmental and social contribution to London and beyond.
- Legal – Provides legal support to all key functions of the Company including contract preparation and negotiation, commercial engagement, company secretariat and support and assurance for the Company's procurement activities.

REGULATORY FRAMEWORK

Introduction

The regulatory regime applicable to the Company is established by a combination of primary and secondary legislation, and the licence granted to the Company. The key legislative instruments applicable to the Company are:

- The Water Industry Act 1991, as amended (the **"WIA"**); and
- Regulations made under the WIA, including the Water Industry (Specified Infrastructure Projects) (English Undertakers) Regulations 2013 (as amended by, among others, the Water Industry (Specified Infrastructure Projects) (English Undertakers) (Amendment) Regulations 2015 and Water Industry (Specified Infrastructure Projects) (English Undertakers) (Amendment) Regulations 2020) (the **"SIP Regulations"**). The SIP Regulations were enacted specifically in order to provide for the delivery of infrastructure projects such as the TTT.

The SIP Regulations provide that, for the purpose of the regulation of "specified infrastructure projects" such as the TTT, certain provisions of the WIA apply with modifications specified in the SIP Regulations. The WIA so modified is referred to as the **"Modified WIA"**.

The Company has been designated under the SIP Regulations as the "infrastructure provider" wholly responsible for the TTT. In that capacity, the Company was granted a licence under the Modified WIA, which came into effect on 24 August 2015 (the **"Licence"**). The Licence is granted subject to conditions which govern the conduct of the Company's business.

The Secretary of State has duties under the WIA and Modified WIA in respect of the water industry.

Ofwat (the Water Services Regulation Authority) is the economic regulator for water and sewerage services in England and Wales. Ofwat is responsible for, among other things, setting price controls and monitoring and enforcing licence and statutory obligations.

With respect to sewerage services, the principal quality regulator is the Environment Agency, which is responsible, among other things, for regulating the water industry's environmental performance in the delivery of environmental requirements.

Regulatory framework applicable to the Company

The Company is subject to a bespoke regulatory regime under the Modified WIA. The regulatory regime applicable to the Company builds upon the regulatory regime applicable to water and/or sewerage undertakers under the WIA (**"Statutory Undertakers**"), being the entities primarily responsible for the supply of water and sewerage services within England and Wales. The activities of Statutory Undertakers are regulated principally by the WIA, the regulations made thereunder and the conditions of their appointments granted under the WIA (each, an **"Appointment"**).

The Company's Licence contains conditions governing the conduct of the Company's business. These conditions are in certain respects similar to the conditions attached to a typical Appointment.

An important difference can be found in the provisions of Appendix 1 to the Licence, which governs the Company's revenues during the construction period and until the coming into effect of the First Periodic Review. Appendix 1 specifies a detailed mechanism that will apply to determine the Company's revenues until at least 1 April 2030. Until then, Ofwat will not conduct periodic (or interim) price control reviews as it does for Statutory Undertakers. Appendix 1 adopts a 'building block' approach to determining the Company's revenue. The Company's revenue arrangements are described in "*Regulatory framework – Economic Regulation*".

Provisions relating to the termination of the Company's Licence are described in "*Regulatory Framework – Licence – Termination of the Licence*".

The table below sets out a high-level summary of key provisions of the bespoke regulatory regime applicable to the Company.

Table 2: Summary of key provisions of the bespoke regulatory regime applicable to the Company

Regulatory feature	**Key provisions**
Licence	• Adapted for the Company and based on Ofwat's updated standard conditions for Statutory Undertakers (in the form prevailing in 2015). • Sets out certain principal duties and requirements of the Company and conditions of its appointment as an infrastructure provider. • Provides certainty to revenue calculations until the First Periodic Review. • Bespoke revenue building blocks and adjustments. • Cost of debt adjustment and customer bad debt protection. (Note: Ofwat made changes to the cost of debt adjustment mechanism in March 2022. These changes mean that adjustments to revenue in respect of that mechanism for Charging Year 2023/24 and each subsequent Charging Year are based on the same inputs as are applied when calculating the revenue adjustment for Charging Year 2022/23). • Cost and time incentive mechanisms. • Additional revenue building block for anticipated Allowable Project Spend on a one year forward look basis.
Regulatory capital value	• Price controls allow a return on capital based on applying the WACC (see below) to the Company's regulatory capital value. • Regulatory capital value stated annually reflects actual Allowable Project Spend.
WACC	• The BWACC will be applied to the Company's regulatory capital value until (and including) 31 March 2030. • From 1 April 2030, the applicable WACC will be set by Ofwat (having regard to its Economic Guidance).

Regulatory feature	Key provisions
Ring-fencing	• The Company is subject to the suite of ring-fencing licence conditions typical of Ofwat regulated water and sewerage companies (in the form prevailing in 2015). • Since 2015 Ofwat has made a range of changes to the ring-fencing arrangements of Statutory Undertakers. To date, Ofwat has not sought to apply these changes to the Company although it may do so in future. The changes include: o Investment grade credit rating requirements. Statutory Undertakers must ensure that they maintain two investment grade credit ratings with different agencies, unless Ofwat approves otherwise. (Under its current Licence, the Company must use all reasonable endeavours to maintain investment grade ratings for itself and any Associated Company which issues corporate debt on its behalf.) o For Statutory Undertakers cash lock-up applies at a credit rating of BBB/Baa2 with negative outlook. (The equivalent trigger level for the Company is currently a credit rating of BBB-/Baa3 with negative outlook.) o Statutory Undertakers must ensure that dividends take account of delivery for customers and the environment over time. (The Company does not currently have this requirement.) o Statutory Undertakers must comply with any direction given by Ofwat to enforce the terms of an ultimate controller undertaking. o Where the board of a Statutory Undertaker becomes aware of any circumstance that may materially affect the company's ability to carry out the Regulated Activities, the company must inform Ofwat as soon as possible. In February 2025, Ofwat was given new powers to set rules on remuneration and governance in the water sector via the Water (Special Measures) Act 2025. Ofwat has since published three rules on: performance related executive pay prohibition, consumer involvement in decision making, and fitness and propriety. It also published a consultation in July 2026 on a new Water Governance Code Rule. The Act does not apply to the Company and the new and proposed rules have not been and will not be applied to it, but it is possible that Ofwat may seek to apply any related rules or licence changes to the Company in the future. Ofwat has indicated in respect of the proposed Water Governance Code Rule that the application of this rule to infrastructure providers (which would include the Company) will be given consideration but that this would require legislation.
Periodic reviews	• No periodic reviews prior to the Post Construction Review. • Post Construction Review on 1 November following System Acceptance (unless System Acceptance occurs between 1 May and

Regulatory feature	Key provisions
	31 October, in which case the Post Construction Review will be on 1 November the following year). • Full periodic reviews after, or concurrently with, the Post Construction Review.
Capital expenditure above Threshold Outturn	• The Threshold Outturn is the limit up to which the Company will be required to fund expenditure. • Ofwat may permit the Company to earn additional return on capital and receive an additional liquidity allowance in respect of additional expenditure (above Threshold Outturn) prior to the Post Construction Review if predicted capital spend is above the Threshold Outturn.
Interim price determinations	• Interim determinations (i.e. changes to the price control outside of a periodic review) will not apply until after the Post Construction Review. • Following the Post Construction Review, interim determinations will permit the Company to request a change to its price control where specified Notified Items (if any) or Relevant Changes of Circumstance arise, subject to materiality thresholds.
Depreciation/ run-off	• The Company may propose in its business plan that regulatory capital value will be run off at any time from 1 April following the First Periodic Review with a specified rate and period for the run-off. Once agreed with Ofwat, an allowance for such run-off will be included in the Allowed Revenue.
Maintenance	• Maintenance requirements are expected to be predictable and the Company would need to include these in its future business plans. These will be addressed at future price controls.
Capex inflation protection	• Actual Allowable Project Spend is incorporated into the Company's regulatory capital value. • Regulatory capital value is indexed by RPI until at least 2030 (with possible transition to CPIH thereafter). • Regulatory Baseline is indexed for a basket of cost indices (including RPI and capex inflation measures).
Enforcement by Ofwat	• Enforcement action may be taken by Ofwat and the Environment Agency in line with their enforcement policies. Ofwat and the Environment Agency have also issued an explanatory note as to their likely approach to enforcement in the context of the TTT.
Special administration	• Special administration applies to the Company.

Regulatory feature	Key provisions
Direct charging conditions	• The Company's Licence contains provisions permitting direct charging of customers by the Company once the tunnel is constructed and end user customers are receiving a service. Such provisions might be utilised e.g. in circumstances where Thames Water persistently failed to pay to the Company Allowed Revenue which it had collected from its customers. • Should the Company begin charging customers directly, provisions within the Licence relating e.g. to charges schemes and information provision to customers would come into effect. • In 2024 Ofwat introduced a new 'customer focused' licence condition for Statutory Undertakers that aims to tackle instances of poor treatment of customers and to hold companies to account where customers are harmed or repeatedly failed. Should the Company begin charging customers directly it is likely that Ofwat would seek to modify the Licence to include this new condition.
Licence modification	• Modifications without the Company's consent require a reference to the CMA on public interest grounds. • The Environment Act 2021 introduced a new right for Ofwat to modify an Appointment held by a Statutory Undertaker following consultation without the consent of the Statutory Undertaker concerned, subject to a right of appeal to the CMA on specified grounds. This revised licence modification regime does not apply to modifications to the Company's Licence.

Statutory duties of Ofwat and the Secretary of State

Each of the Secretary of State and Ofwat has a general duty under the Modified WIA to exercise and perform certain of its powers and duties under the SIP Regulations and the Modified WIA in the manner it considers best calculated to, among other things:

- further the consumer objective to protect the interests of consumers, wherever appropriate, by promoting competition between persons engaged in, or in commercial activities connected with, the provision of water and sewerage services;
- secure that the functions of Statutory Undertakers are properly carried out throughout England and Wales;
- secure that Statutory Undertakers are able (in particular, by securing reasonable returns on their capital) to finance the proper carrying out of those functions;
- to secure that the functions of a licensed infrastructure provider are properly carried out;
- to secure that relevant licensed infrastructure providers are able (in particular, by securing reasonable returns on their capital) to finance the proper carrying out of those functions; and
- to further the resilience objective, to secure the long-term resilience of water supply and sewerage systems and that undertakers take steps to enable them, in the long term, to meet the need for water supplies and sewerage services.

Ofwat has since 2024 also been subject to a growth duty. Pursuant to Section 108 of the Deregulation Act 2015, when performing its regulatory functions, Ofwat must have regard to the desirability of promoting economic growth. In particular, Ofwat must consider the importance for the

promotion of economic growth of exercising the function in a way that ensures that (i) regulatory action is only taken where it is needed; and (ii) any action taken is proportionate.

The SIP Regulations

The Flood and Water Management Act 2010 amended the WIA by inserting a new Part 2A, which confers powers on the Secretary of State to make regulations about the provision of infrastructure for the use of Statutory Undertakers, specifically in respect of the provision of projects of a size or complexity that threaten the ability of the undertaker to provide services for its customers. Under these regulations, the Secretary of State or Ofwat could require that such projects be put out to tender to be financed and delivered by a third party infrastructure provider rather than the Statutory Undertaker.

The SIP Regulations were made under Part 2A of the WIA and came into force on 28 June 2013. The SIP Regulations were specifically enacted in order to provide for the delivery of infrastructure projects such as the TTT.

The SIP Regulations allow the Secretary of State or Ofwat to specify an infrastructure project as a "specified infrastructure project". An infrastructure project is a project or part of a project in connection with designing, constructing, owning or operating infrastructure.

The SIP Regulations provide that the Secretary of State or Ofwat may exercise the power to specify an infrastructure project only if it or Ofwat is of the opinion that:

- the infrastructure project is of a size or complexity that threatens the incumbent undertaker's ability to provide services for its customers; and
- specifying the infrastructure project is likely to result in better value for money than would be the case if the infrastructure project were not specified.

Once a project is specified in accordance with the SIP Regulations, the incumbent undertaker:

- is prohibited from undertaking the project except to the extent that the Secretary of State has issued a notice permitting or requiring the incumbent undertaker to undertake certain preparatory works; and
- must put the specified infrastructure project (including the financing of such a project) out to tender.

The Secretary of State issued the Project Specification Notice and the Preparatory Work Notice with respect to the TTT on 4 June 2014. These notices are described below.

Project Specification Notice

The Project Specification Notice sets out the scope of the TTT and describes the following:

- the design, construction, testing and commissioning of the TTT and associated infrastructure (for the purposes of this paragraph, the "works");
- prior to the System Acceptance date:
    - maintenance of the works;
    - operation of the TTT, subject to any agreements between the Company and Thames Water or third parties; and
    - ownership of the works, subject to any agreements between the Company and Thames Water or third parties;
- from the System Acceptance date:
    - the operation and maintenance of the infrastructure which will be owned by the Company; and
    - ownership of such infrastructure, subject to any agreements between the Company and Thames Water; and
- the financing of the activities set out above.

The Company is required to carry out all of the works and services set out in the Project Specification Notice except to the extent that such works are required to be provided by Thames Water pursuant to the Preparatory Work Notice.

The Secretary of State or Ofwat (as the case may be) has the power to vary the Project Specification Notice issued by the Secretary of State in certain circumstances. Regulation 4(7) of the SIP Regulations provides that:

- if the Secretary of State or Ofwat is of the opinion that the conditions for specifying an infrastructure project continue to be satisfied, the Secretary of State or Ofwat may by notice vary the Project Specification Notice; and
- if the Secretary of State or Ofwat is of the opinion that either of the conditions is no longer satisfied, the Secretary of State or Ofwat may, having regard to any subsisting project licence, by notice revoke the Project Specification Notice.

There is a requirement for draft reasons and consultation prior to any revocation or variation to the Project Specification Notice being made.

Ofwat has issued guidance in relation to its approach to the variation/revocation of the Project Specification Notice ("*Criteria for selecting specified infrastructure projects – Ofwat guidance*", updated May 2025). Whilst the Secretary of State is not bound by this guidance, Ofwat has indicated that it expects that the Secretary of State will have regard to it when making any decision.

Ofwat has indicated in its guidance that:

- as regards variation, a need to vary a project specification notice is likely to arise if, for example, (i) the nature or scope of the project changes, (ii) there was an error in describing the nature or scale of the project, (iii) the project was specified in a way that created overlap with the preparatory work being carried out by the relevant Statutory Undertaker or the allocation between preparatory and project work should be adjusted, or (iv) there is a change in circumstances (including a change in law) such that the infrastructure provider can no longer deliver the infrastructure project in the manner envisaged; and
- as regards revocation, Ofwat states that this will arise only in very limited circumstances. Following the grant of a project licence, it appears to envisage that the need to revoke a specification notice is likely to arise only where the project licence terminates under its own terms.

This would not prevent Ofwat from making significant variations to the Project Specification Notice, although to the extent that any such change results in additional expenditure for the Company, these may be recoverable as an adjustment to the Regulatory Baseline (subject to satisfaction of materiality thresholds and Ofwat's discretion).

Preparatory Work Notice

The Preparatory Work Notice prescribes activities which must be carried out by Thames Water in connection with the TTT. It also sets out activities which may be carried out by Thames Water in connection with the TTT. These permissive activities are allocated between Thames Water and the Company pursuant to the Interface Agreement.

As set out above in "*Regulatory Framework – Project Specification Notice*", the Company is to carry out all of the works and services as set out in the Project Specification Notice except to the extent that such works are identified in the Preparatory Work Notice. Thus, works and services included in the Project Specification Notice which are not required to be carried out by Thames Water pursuant to the Preparatory Work Notice will fall to the Company to be delivered.

The Secretary of State and Ofwat (as the case may be) have the power to vary the Preparatory Work Notice, having regard to any expenditure already incurred in pursuance of the notice. As with any change to the Project Specification Notice, there is a requirement for draft reasons and consultation prior to any variation to the Preparatory Work Notice being made.

Designation of the Company

The SIP Regulations give the Secretary of State and Ofwat power to designate an infrastructure provider. Such designation shall be made by notice in writing to a company wholly or partly

responsible for a specified infrastructure project which has been put out to tender in accordance with the SIP Regulations. The designated infrastructure provider may then be licensed and regulated by the Modified WIA. On 13 August 2015 Ofwat designated the Company as an infrastructure provider wholly responsible for the TTT.

The Secretary of State and Ofwat may, having regard to any subsisting project licence, vary or revoke any notice of designation issued by them under the SIP Regulations.

Ofwat has issued guidance in relation to its approach to the variation/revocation of notices of designation ("*Criteria for selecting specified infrastructure projects – Ofwat guidance*", updated May 2025). Whilst the Secretary of State is not bound by this guidance, Ofwat has indicated that it expects that the Secretary of State will have regard to it when making any decision.

Ofwat has indicated that:

- the main purpose of designation is to enable Ofwat to issue a project licence to the relevant company and a project licence may include conditions for the variation and revocation of the project licence. Ofwat therefore considers that the relevant project licence will be the better place to deal with variation and revocation rather than the designation notice;
- however, Ofwat considers there may be a limited set of circumstances where it is appropriate to vary a designation notice – for example, if a designation notice contains an error, if the designated company changes its name, if a designation notice is issued with conditions and those conditions are no longer appropriate, or where the relevant project licence has been transferred to a replacement entity by way of a statutory transfer scheme following a special administration.

This implies that once the Designation Notice has been issued it will not be revoked unless the Licence is first terminated in accordance with its terms. There is a requirement for draft reasons and consultation prior to any revocation or variation to the Designation Notice being made.

Review of the SIP Regulations

The SIP Regulations contain a provision that required the Secretary of State to undertake a review of those regulations within 5 years of them coming into force (that is, by late June 2018). The Secretary of State completed a consultation exercise in respect of the SIP Regulations during June 2018. The outcome of that review did not have any negative consequences for the validity of the Project Specification Notice or the Designation Notice or the application of the SIP Regulations to the Company.

Amendment and extension of the SIP Regulations and underlying legislation

In January 2026 the Government published its White Paper titled "A New Vision for Water" (see "*Regulatory Framework – Regulatory Developments – White Paper: A new vision for water*") in which it confirmed its intention to amend the SIP Regulations and enable legislation to enhance the existing regime, create more flexibility and allow greater use of the SIP Regulations across the market. The Government indicated that this would include:

- amending the statutory thresholds in order to enable a wider range of projects to qualify for delivery under SIP Regulations;
- expanding the scope from solely sewage-focused projects to all types of water infrastructure; and
- implementing greater early-stage oversight and assurance, including where necessary direct government involvement to strengthen incentives and reduce costs through improved competition and contracting.

These changes are not expected to have any effect on the Company.

The Licence

General

The Company has been granted the Licence in its capacity as the designated infrastructure provider for the TTT.

The Licence sets out the principal duties of the Company in respect of the TTT (see "*Regulatory Framework – The Licence – Principal duties of the Company*"). It also sets out the provisions that govern the Company's revenue in three distinct periods, namely during construction, initial operation and the long-term operational period (i.e. following the coming into effect of the First Periodic Review) (see "*Regulatory framework – Economic Regulation*").

The Licence sets out certain non-revenue provisions that apply only during construction and initial operations, and additional conditions that would apply should the Company ever charge end-users instead of charging Thames Water. These latter conditions come into effect only if the Revenue Agreement terminates and the Company has notified Ofwat that it intends charging end-user customers.

In addition, the Licence contains provisions concerning: the provision of accounts and information to Ofwat; regulatory ring-fencing; disposals of Protected Land; fees; and revocation.

Principal duties of the Company

The Licence sets out the Company's principal duties, which are:

- to design, construct, finance, test, commission, operate and maintain the Regulated Assets in accordance with the Project Specification Notice, the Schedule of Scope Baseline Scope Report Blue Book and the conditions of the Licence, so as to achieve System Acceptance by the Longstop Date; and
- from the date of System Acceptance, to own, finance, operate and maintain the Regulated Assets in accordance with the Project Specification Notice and the conditions of the Licence so that they are available for use in conjunction with Thames Water's network of sewers,

such that the London Tideway Tunnels, when completed, are capable of being operated in accordance with the Operating Techniques and relevant Thames Water environmental permits.

These principal duties constitute conditions of the Licence and are therefore subject to enforcement action by Ofwat and/or the Secretary of State in the event that the Company fails to comply with them.

The Company's principal duties oblige it to complete the TTT by no later than the Longstop Date. The Longstop Date is currently 28 February 2029 (as described in "*Regulatory Framework – Economic Regulation – Calculation of Allowed Revenue during the initial operational period - Regulatory developments: modification of the cost adjustment mechanism for Covid-19 expenditure, the Financing Cost Adjustment, and Planned System Acceptance Date*", Ofwat amended the Planned System Acceptance Date to reflect delay caused by Covid-19 and an error made at Licence Award so as to extend the Planned System Acceptance Date by six months from 28 February 2027 to 31 August 2027; under the terms of the Licence, this automatically extended the Longstop Date by the same period i.e. from 31 August 2028 to 28 February 2029).

In order to avoid enforcement action being taken by Ofwat for failure to complete the TTT by no later than the Longstop Date (see "*Regulatory Framework – The Licence – Enforcement*"), the Licence provides for an early warning mechanism that allows the Company to apply for an extension of the Longstop Date.

If the Company becomes aware of any incident, circumstance or event of any nature that is likely to result in System Acceptance not occurring by the Longstop Date, it must notify Ofwat of the same. Any such notice must set out details of the delay event, including its nature, extent and reasons for it occurring, the corrective actions already undertaken or to be undertaken to mitigate the consequences of the delay event, and the effect on the timing of System Acceptance.

If the delay event cannot be mitigated such that System Acceptance can occur prior to the Longstop Date, the Company is required to apply to Ofwat for an extension of the Longstop Date, in which case Ofwat will determine whether to approve the extension. In making its determination to approve an extension of the Longstop Date, Ofwat will take into consideration whether the delay event was caused or contributed to by one or more of the following:

- a breach, default, act of prevention or omission of Thames Water;

- an act of a third party (excluding Ofwat or any other competent authority);
- an act or omission of Ofwat or any other competent authority;
- an event for which the construction contractors are entitled to an extension of time to their completion date pursuant to the construction contracts for the construction of the TTT;
- any changes to the Project Specification Notice (but only to the extent that such extension of time to the Longstop Date has been agreed as part of those changes);
- the exercise by Thames Water of its suspension rights under the Interface Agreement for reasons of health and safety, emergency or operational necessity (other than as a result of the act or negligence of the Company or its contractors); and
- an act of prevention or default of the Company.

Ofwat will notify the Company of its decision as to whether to extend the Longstop Date within three months of application for such extension by the Company, failing which the Company may require Ofwat to refer the matter to the CMA for determination.

The same process will apply to any further required extensions of the Longstop Date.

Termination of the Licence

Condition O of the Licence permits Ofwat (or, in one case noted below, the Secretary of State) to revoke the Licence in the following circumstances:

- on 25 years' notice given by the Secretary of State after the Post Construction Review;
- following full depreciation of the Regulated Assets;
- following a failed special administration;
- following a grant of a Licence to a replacement infrastructure provider;
- with the Company's consent; and
- following Discontinuation.

In the first, second, third and sixth scenarios listed above, Ofwat has the power (and in certain cases a duty) to direct the Company to transfer its business to a third party at a value determined by Ofwat. Ofwat may specify nil value for this purpose.

With regard to the first scenario only, Ofwat has stated in *Ofwat guidance on approach to the economic regulation of the Infrastructure Provider for the Thames Tideway Tunnel* (the **"Economic Guidance"**) that it will ensure, so far as may be consistent with its duties under the Modified WIA (including its duty in relation to protecting the interests of consumers), that the interests of the members and creditors of the Company are not unfairly prejudiced as respects the terms on which any new company or companies could accept a transfer of property, rights and liabilities from the Company.

With regard to the fourth scenario, Ofwat has no power (or duty) to direct the transfer of the Company's business to the replacement infrastructure provider. The transfer of the Company's business will therefore be subject to commercial negotiations between the Company and the replacement infrastructure provider.

Modification of the Licence

The Licence conditions may be modified by Ofwat with the Company's consent. Before making such modifications, Ofwat must comply with certain publication and consultation requirements set out in the Modified WIA.

If Ofwat wishes to make any modification to which the Company does not consent, it may do so only by making a reference to the CMA for a decision on public interest grounds. In that case, the CMA will investigate and determine:

- whether any matters which relate to the carrying on of the activities authorised or regulated by the Licence and specified in the reference operate, or may be expected to operate, against the public interest; and

- if so, whether such adverse effects could be remedied or prevented by modifications of the conditions of the Licence.

In determining whether a matter operates, or may be expected to operate, against the public interest, the CMA is required to have regard to Ofwat's statutory duties under the Modified WIA.

Ofwat is then obliged to make licence modifications which remedy or prevent the adverse public interest effects identified by the CMA, and in doing so must have regard to the CMA's recommendations.

Ofwat has stated in a letter to the Company dated 24 August 2015 that it considers that it is unlikely to be in the public interest for it to refer to the CMA a proposed modification of Appendix 1 of the Licence (the provisions which govern the Allowed Revenue in the construction period and until the coming into effect of the First Periodic Review). Ofwat therefore considers that any modification of Appendix 1 is likely to be made only with the agreement of the Company. However, Ofwat has stated its position in this regard only in relation to Appendix 1 and there is nothing to prevent Ofwat seeking to modify other provisions of the Licence through a reference to the CMA.

The Environment Act 2021 introduced a new right for Ofwat to modify an Appointment held by a Statutory Undertaker following consultation without the consent of the Statutory Undertaker concerned, subject to a right of appeal to the CMA on specified grounds. This revised licence modification regime does not apply to modifications to the Company's Licence.

Proposed changes to the process for challenging Licence modifications

On 17 July 2026, the Government published a consultation, "*Swifter and Simpler Competition Redress, Regulatory Appeals and Competition Enforcement*", proposing changes in respect of the appeals regimes for a number of different categories of competition and regulatory processes. These include various proposals for simplifying the regulatory appeals framework applicable in the water and sewerage sector (alongside the energy, air and postal sectors) including references relating to appointment conditions and price controls which can be brought by licensed infrastructure providers, such as the Company and heard by the CMA.

The Government proposes that:

- responsibility for hearing regulatory appeals, including in respect of both the conditions of project licences held by infrastructure providers and price control references, should be transferred from the CMA to the Competition Appeal Tribunal (**"CAT"**);
- the appeal standard be harmonised across all categories of regulatory appeals in the water and sewerage, energy, air, and postal sectors, including in respect of project licence conditions and price control references, by aligning them with a standard similar to that which is applied by the CAT in respect of telecoms appeals;
- the harmonised appeal standard should include:
    - aligning the standard of review with the principles that would be applied by a court on an application for judicial review, while also taking due account of the merits of the case;
    - requiring parties to set out grounds of appeal in an appeal notice, specifying whether they consider that the regulator's decision was wrong in fact, in law, or in the exercise of discretion;
    - applying the CAT's existing rules on the admissibility of evidence and cross-examination of witnesses; and
    - providing the CAT with powers to either dismiss the appeal or to quash the whole or part of the regulator's decision, the latter of which would result in the matter being remitted to the regulator with a direction to reconsider and make a new decision in accordance with the CAT's ruling.

Insofar as concerns licence modifications, these changes would change the process for challenging Ofwat's decisions by allowing Ofwat to make changes to the Company's Licence, subject to a right for the Company to appeal that decision. For price control reviews, rather than the CMA being asked to redetermine a price control, the CAT would have the power to quash Ofwat's determination in whole or in part, but the matter would then be remitted to Ofwat to make a new decision.

The Government is also considering whether changes should be made to the parties that are eligible to challenge regulators' decisions, and to the framework by which parties may be liable for costs associated with appeals processes.

These proposals are currently the subject of consultation. It is not clear whether, or when, any of the changes proposed will take effect.

Enforcement

Section 18 of the Modified WIA provides that where the Secretary of State or Ofwat is satisfied that a licensed infrastructure provider (such as the Company) is:

- contravening or likely to contravene a condition of its licence or a relevant statutory or other requirement; or
- causing or contributing to, or is likely to cause or contribute to, a contravention by another company holding an Appointment or licence under the WIA of the conditions of that Appointment or licence, or of a relevant statutory or other requirement,

either the Secretary of State or Ofwat (whichever is the appropriate enforcement authority) must make a final enforcement order to secure compliance with that condition or requirement, save that, where it appears to the Secretary of State or Ofwat that it would be more appropriate to make a provisional enforcement order, that party may do so.

In determining whether a provisional enforcement order should be made, the Secretary of State or Ofwat shall have regard to the extent to which any person is likely to sustain loss or damage as a consequence of such breach before a final enforcement order is made. The Secretary of State or Ofwat will confirm a provisional enforcement order if satisfied that the provision made by the order is needed to ensure compliance with the condition or requirement that has been breached.

A final enforcement order or provisional enforcement order (including a confirmed provisional enforcement order) are referred to collectively as an **"Enforcement Order"**.

The SIP Regulations provide that the duties imposed by the SIP Regulations on a licensed infrastructure provider or Statutory Undertaker are enforceable under section 18 of the Modified WIA.

Section 19 of the Modified WIA provides the following exceptions from the Secretary of State's and Ofwat's duty under section 18 to make an enforcement order or to confirm a provisional enforcement order:

- where the contraventions were, or the apprehended contraventions are, of a trivial nature;
- where the company has given, and is complying with, a Section 19 undertaking to secure or facilitate compliance with the condition or requirement in question; or
- where duties imposed on the enforcement authority under the Modified WIA preclude the making or confirmation of the order.

By way of example, in April 2023 the Company gave a Section 19 undertaking in respect of an anticipated breach of the publication deadline within Ofwat's Regulatory Accounting Guidelines, under which the Company committed to satisfying certain alternative timing requirements. In accepting the Section 19 undertaking, Ofwat noted that the reasons for the breach were largely outside of the control of the Company, and that the Company had taken steps to remedy the breach and to proactively inform Ofwat of the breach. In September 2023 Ofwat confirmed that the Company had satisfied the terms of the Section 19 undertaking and that it therefore fell away as complete.

Ofwat has a duty under section 18 of the WIA to take enforcement action against any Statutory Undertaker (including Thames Water) which causes or contributes to a contravention by the Company of the conditions of its Licence or of a relevant statutory or other requirement. That duty is subject to exceptions that are equivalent to those described above in relation to the Company.

Under section 22A of the Modified WIA, if the relevant enforcing authority (i.e. the Secretary of State or Ofwat) is satisfied that a licensed infrastructure provider (such as the Company) has:

- contravened or is contravening a condition of its licence or any statutory or other requirement that can be enforced under section 18 of the Modified WIA; or

- caused or contributed to, or is causing or contributing to, a contravention by another company holding an Appointment or licence under the WIA of the conditions of that Appointment or licence, or of a relevant statutory or other requirement,

it may impose a financial penalty on the licensed infrastructure provider.

The penalty must be of such amount as is reasonable in all the circumstances of the case and must not exceed 10 per cent. of the company's regulated turnover.

Ofwat may also impose financial penalties on any Statutory Undertaker (including Thames Water) which causes or contributes to a contravention by the Company of the conditions of its Licence or of relevant statutory or other requirement.

Ofwat has published guidance on its enforcement policy (*Ofwat's Enforcement Guidance, April 2025*) and on financial penalties (*Section 22A Water Industry Act 1991: Statement of policy with respect to financial penalties*, November 2010). Both of these documents are available on Ofwat's website.

Ofwat and the Environment Agency have also issued *Thames Tideway Tunnel – explanatory note as to Ofwat's and the Environment Agency's likely approach to enforcement*, August 2015, which is a statement of how Ofwat and the Environment Agency are likely to apply their existing guidance and statements of policy in the context of the TTT.

This guidance includes a statement to the effect that Ofwat would not expect to pursue formal enforcement action if, during the construction and operation of the TTT, an unexpected event occurs which is outside the control of the Company and Thames Water which prevents either company or both companies from complying with their respective statutory duties and licence terms. Ofwat would however review the controls that the companies have in place to secure services to customers in such circumstances and would review how the companies responded to the event to ensure customers' interests are properly protected.

Special administration regime

The WIA provides for a special administration regime that enables the Secretary of State or Ofwat to secure the general continuity of water supply and sewerage services in the event of occurrences such as insolvency or serious default. The SIP Regulations extend this regime to infrastructure providers such as the Company.

The regime enables the Secretary of State, or Ofwat with the consent of the Secretary of State, to seek a Special Administration Order in relation to a licensed infrastructure provider from the court. The circumstances in which a Special Administration Order may be sought are wider than those in which administration might normally be ordered, and include:

- where there has been, or is likely to be, a breach by the company of any condition of its licence, any statutory requirement imposed on the company in consequence of its licence, or of an Enforcement Order and, in each case, the breach is serious enough to make it inappropriate for the company to continue to hold its licence;
- where the Secretary of State has certified that it would be appropriate for him or her to petition for the winding up of the company on public interest grounds and the court is satisfied it would be just and equitable for the company to be wound up (each ignoring for these purposes the statutory restrictions on winding up such a company); or
- where the company is, or is likely to be, unable to pay its debts.

The Modified WIA places a duty on the special administrator to carry out the special administration for the achievement of the purposes of the Special Administration Order and in a manner which protects the respective interests of the members and creditors of the company. Certain amendments were made to the special administration regime by the Flood and Water Management Act 2010, the relevant provisions of which came into force in early 2024. Since that time, the purposes of a Special Administration Order made in relation to an infrastructure provider depend on the grounds on which the Special Administration Order is made. If a Special Administration Order is made on any grounds other than that the infrastructure provider is or is likely to be unable to pay its debts, the purposes of the Special Administration Order are:

- the transfer to another company, as a going concern, of so much of the company's undertaking as it is necessary to transfer in order to ensure that its functions may be properly carried out (the "**Transfer Purpose**"); and
- the carrying out of those functions pending the making of the transfer.

If a Special Administration Order is made on the grounds that the infrastructure provider is, or is likely to be, unable to pay its debts, the purposes of the Special Administration Order are:

- the rescue of the company as a going concern (the "**Rescue Purpose**") and, subject to the consideration described below, the Transfer Purpose applies only if the special administrator thinks that it is not likely to be possible to rescue the company as a going concern, or that a transfer is likely to secure more effective performance of the company's regulated functions; and
- also subject to the consideration described below, the carrying out of its functions pending the rescue or transfer.

There is an error in the legislation governing the purpose of a special administration if the Company is placed in special administration on the grounds that it is, or is likely to be, unable to pay its debts. Whereas the provisions introducing the Rescue Purpose are clearly applicable to the Company, the provisions (i) allowing for the special administrator to revert to the Transfer Purpose and (ii) which provide that the purpose of the special administration includes the carrying out of the Company's functions pending rescue or transfer, appear not to be applicable to the Company. It follows that in the event of a special administration of the Company on the grounds that it is, or is likely to be, unable to pay its debts it is not clear that the special administration regime would operate as intended. The Government has confirmed its intention to correct this error. For the avoidance of doubt this error in the legislation stems from early 2024 and relates only to the special administration regime as it applies to the Company and not to the special administration regime that is applicable to Thames Water.

In addition to changes to the purpose of a special administration, provisions made pursuant to the Flood and Water Management Act 2010 made changes to the tools available to the special administrator. These changes include:

- allowing the use of transfer schemes to achieve a hive-down (i.e. a transfer of the Company's business as a going concern to a subsidiary, for the purpose of transferring the ownership of the subsidiary to a new owner); and
- allowing the special administrator to make use of a company voluntary arrangement, scheme of arrangement or restructuring plan to implement a restructuring in order to achieve the Rescue Purpose.

If a company voluntary arrangement is proposed, this would require the approval of at least 75 per cent. (by value) of creditors who vote in the relevant decision procedure (unless those voting against it include more than 50 per cent. (by value) of all unconnected creditors whose claims are admitted for voting) and a majority in value of the Company's members (subject to any express provision to the contrary in the articles and other conditions). A company voluntary arrangement, if approved, would bind all of the Company's unsecured creditors who were entitled to vote or would have been so entitled, had they received notice (including those who voted against it) but would not affect secured creditors, without their consent.

A scheme of arrangement may be used to restructure both secured and unsecured debt and/or other arrangements between the Company and its creditors or members. It would require the approval of 75 per cent. (by value) and a majority in number of each class of creditor and/or member affected by it who are present and voting, as well as the sanction of a court. If sanctioned by the court, a scheme of arrangement would be binding on all members of the classes affected by it (i.e. including those who voted against it). The Court would consider various factors (including whether the provisions of the statute have been complied with, classes were fairly represented and the scheme is a fair scheme which a creditor could reasonably approve) before exercising its discretion to sanction a scheme.

A restructuring plan may be used to restructure both secured and unsecured debt and/or other arrangements between the Company and its creditors or members. It would require the approval of 75 per cent. (by value) of each class of creditor and/or member affected by it who are present and

voting, as well as the sanction of a court, although the court may sanction the plan notwithstanding that some classes have voted against it if certain conditions are met (a **"cross class cram down"**). If sanctioned by the court, a restructuring plan would be binding on all members of the classes affected by it including any classes who voted against the plan. However, a cross class cram down will only be permitted where the court is satisfied that certain conditions are met, including that none of the members of the dissenting class would be worse off than under a "relevant alternative" to the plan (e.g. liquidation), the plan is approved by at least one class that would have a genuine economic interest in the Company in the event of a "relevant alternative", and that the plan is "fair".

Company voluntary arrangements, schemes of arrangement and restructuring plans are complex procedures and the summaries above should not be considered to be exhaustive.

The funds realised from the assets of a company (other than any fixed charge assets) in special administration are most likely to be distributed in the following order:

- expenses, including those of the special administrator and, if applicable, the repayment of government financial assistance to the company while it is in special administration;
- certain preferential creditors;
- the prescribed part of the net property subject to a floating charge (i.e. secured creditors);
- the company's ordinary unsecured creditors; and
- shareholders.

Where a third party has applied for a winding up order in respect of an infrastructure provider, the court is not permitted to grant such an order but may instead make a Special Administration Order.

The Water (Special Measures) Act 2025 provides increased powers for Government to recover the costs of a special administration and increased representation for Government and Ofwat in the Special Administration process.

Protected Land and other restrictions on security

Subject to various minor exceptions, Condition L of the Licence prohibits the Company from disposing of any Protected Land (essentially, land held by the Company in its capacity as an infrastructure provider) unless either (1) Ofwat consents to the disposal or (2) the Company's directors have, among other things, certified that the land is not needed for use in the regulated business. "Disposals" are defined broadly, so as to prohibit the grant of security or any other interest in Protected Land as well as freehold or leasehold transfers.

Moreover, Condition K of the Licence requires the Company at all times:

- to ensure, so far as is reasonably practicable, that, if a Special Administration Order were made in respect of it, it would have sufficient rights and assets (other than financial assets) to enable the special administrator to manage the Company's affairs, business and property so that the purpose of such an order could be achieved; and
- to act in the manner best calculated to ensure that it has adequate financial resources and facilities and management resources to enable it to carry out its regulated activities.

These obligations further limit the scope for the Company to grant security over its assets, in that any such security must not operate to prevent a special administrator from continuing to operate the assets concerned or, if appropriate, from transferring the assets to a third party.

On a related point, the Modified WIA provides that no steps may be taken by any person to enforce any security over the Company's property except where that person has served on the Secretary of State and Ofwat 14 days' notice of its intention to do so. This is intended to give the Secretary of State/Ofwat an opportunity to apply for a Special Administration Order before the security can be enforced.

The Environment Agency's regulatory functions and duties

The Environment Agency is the environmental regulator for England. Its duties include the regulation of discharges to controlled waters (which includes rivers and groundwater).

The Environment Agency specifically regulates potentially polluting "water discharge" activities by way of environmental permits issued under the Environmental Permitting (England and Wales) Regulations 2016 (the **"EPR"**) and predecessor regulations. The EPR prohibit any person from operating a regulated facility or causing or knowingly permitting a water discharge activity except under and to the extent authorised by an environmental permit.

The permitted activity associated with the TTT is the discharge of storm sewage from a number of permitted Combined Sewer Overflows (**"CSOs"**) along the Thames Tideway. The relevant permits for this will be issued to Thames Water and will make reference to the Operating Techniques. The Environment Agency could take enforcement action (including, amongst other things, the issuance of a stop notice requiring immediate cessation of the relevant activities, fines for a breach of law, and/or an order requiring remediation of any environmental harm caused) against any person it considers responsible for, *inter alia*, any water discharge activity from the TTT that is not in compliance with a CSO permit. The Environment Agency has (together with Ofwat) issued the *Thames Tideway Tunnel – explanatory note as to Ofwat's and the Environment Agency's likely approach to enforcement*, August 2015. In this note, the Environment Agency states that the primary responsibility for complying with the CSO environmental permits in the operational phase of the TTT will rest with Thames Water and, for this reason, the Environment Agency will consider enforcement action against Thames Water for any event of non-compliance. However, if Thames Water is able to provide the Environment Agency with evidence, or the Environment Agency otherwise forms the view, that it was the Company's acts or omissions that caused or contributed to Thames Water failing to comply with the environmental permits, the Environment Agency may also consider taking enforcement action against the Company.

Were there to be a pollution incident in connection with the construction or operation of the TTT then, in addition to taking enforcement action for an unpermitted discharge under the EPR, the Environment Agency also has powers to require remediation under the Environmental Protection Act 1990 and the Environmental Damage (Prevention and Remediation) (England) Regulations 2015.

Other relevant legislation

Procurement regime

The Company is subject to a bespoke legal framework in relation to procurement by it of works, supplies or services.

The SIP Regulations provide that a licensed infrastructure provider is subject to a hybrid procurement regime in situations in which it is not required to award contracts by way of a competitive tender process under the Procurement Act 2023 (**"PA23"**).

Where the Company is not required by the PA23 to award contracts by way of a competitive tender process, the regime set out in the SIP Regulations (the **"SIPR Hybrid Regime"**) applies. That regime requires the Company to apply certain provisions of the PA23, as modified by the SIP Regulations, unless Ofwat has otherwise provided by means of a notice (a **"Waiver Notice"**).

In practical terms, the SIPR Hybrid Regime requires the Company to hold a formal competitive tender (commencing with the publication of a tender notice in the UK e-notification service Find a Tender) when seeking offers for works, supplies or services contracts unless the contract falls within the scope of an exception contained within a Waiver Notice. Ofwat has issued a number of such Waiver Notices in relation to the Company, covering both specific contracts and generic exemptions (e.g. contracts with a value below a relevant financial threshold).

All contracts the Company has entered into to date (including the Main Works Contracts, System Integrator Contract and Project Management Contract), have been procured in compliance with the SIPR Hybrid Regime.

UWWTD

The UWWTD is an EU directive which specifies certain requirements for the collection and treatment of municipal wastewater. The UWWTD requires Member States to ensure that all urban agglomerations in excess of a certain size are provided with urban wastewater collecting systems. The UWWTD states that urban wastewater entering collecting systems must be subject to secondary

treatment or an equivalent treatment before discharge. The deadline for Member States to comply with these requirements was 31 December 2000.

In 2004, the European Commission initiated infraction proceedings against the UK Government pursuant to Article 258 of the Treaty on the Functioning of the European Union, alleging that the UK Government had failed to discharge its obligations under the UWWTD. The CJEU determined on 18 October 2012 that the European Commission had been correct in finding that the collecting and treatment system put in place in London did not meet the obligations laid down in the UWWTD and that, by failing to make urban wastewater from the agglomeration of London subject to secondary treatment or an equivalent treatment, the UK had failed to fulfil its obligations under the UWWTD.

Prior to the UK's withdrawal from the EU, the Treaty on the Functioning of the European Union empowered the European Commission to seek from the CJEU the right to levy fines on the UK Government in respect of its failure to implement the UWWTD. The CJEU had the power to impose fines of up to 0.1 per cent. of GDP.

The UK Government notified the European Commission that it will support the implementation of the Thames Tideway Improvements (including the TTT) to be carried out in order to rectify the UK Government's lack of compliance with the UWWTD. On 24 January 2019, the Commission published a press release referring to a letter of formal notice which called on the UK to comply fully with the 2012 ruling of the CJEU. The press release notes that despite significant progress in London with the upgrading of three treatment plants and construction of the Lee Tunnel, storm water overflows along the River Thames are not under control yet and that the Commission may refer the case back to the CJEU and request financial sanctions. On 8 March 2021 the European Parliament published a notice which suggested that the Commission is considering whether to keep the proceedings open in light of the UK's withdrawal from the EU.

With limited exceptions, from 1 January 2021 the European Commission can no longer bring infraction proceedings against the UK Government for non-compliance with EU law. One of the exceptions provided by the Withdrawal Agreement concluded between the EU and the UK is that the CJEU continues to have jurisdiction in any proceedings brought by or against the UK before the end of the transition period (31 December 2020). The Commission can also bring new, post-transition cases before the CJEU if it considers that the UK had, before the end of the transition period, failed to fulfil an obligation under the EU treaties or the Withdrawal Agreement. The resulting CJEU judgments and orders are binding on the UK.

It is therefore possible that the Commission may commence proceedings against the UK Government under the Withdrawal Agreement in respect of obligations arising under the CJEU judgement of 18 October 2012, although its ability to do so is not free from doubt. If successful, such proceedings could result in the UK Government being fined. While it is difficult to predict the level of any fine that might be imposed, in 2015 Defra estimated that the European Commission has the power at law to seek fines upwards of £100 million a year. Fines are calculated based on the duration and seriousness of the infringement.

State aid

On 8 April 2015, the UK Government submitted a State aid notification to the European Commission in respect of the arrangements for the TTT. In its decision of 12 August 2015, the European Commission concluded that both the Government Support Package and the arrangements under which the Company is entitled to levy charges constitute State aid. However, it approved the aid as compatible with the internal market.

Regulatory Developments

Non-domestic retail competition

The Water Act 2014 introduced a range of reforms intended, among other things, to promote competition in the water and wastewater sector. These reforms allowed, in particular, for the introduction of:

- sewerage licences for the provision of retail, wholesale, or disposal services by persons other than the appointed Statutory Undertaker to certain non-domestic premises (we refer to holders of such licences as "sewerage licensees"), and

- an ability for the Secretary of State to make regulations allowing undertakers to withdraw from the retail market in respect of certain non-domestic premises (in which case it is likely that a sewerage licensee would need to be appointed to provide retail services).

These market arrangements came into force on 1 April 2017. See "*Regulatory Framework – Economic Regulation – Calculation of Allowed Revenue during the construction period – Revenue Adjustment*" for a description of how these new market arrangements affect the arrangements for the recovery of the Company's revenues by Thames Water.

Changes in the specified inflation index

In March 2020, a public consultation was launched on proposals issued by the UK Statistics Authority (**"UKSA"**) to change the methodology used for calculating RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the UK government confirmed that the UK CPIH methodology and data sources would be introduced into RPI from February 2030. The reform remains scheduled to take effect in February 2030, with RPI expected thereafter to track UK CPIH.

With respect to the indexation of price controls for Statutory Undertakers, in its Final Methodology for the 2025-30 price control review (PR24) published in December 2022, Ofwat confirmed its decision to transition to full CPIH indexation for the price control period commencing 1 April 2025 and this position is reflected in its Final Determinations for PR24.

The Licence provides that RPI will apply to the determination of the Allowed Revenue. On 24 August 2015, Ofwat wrote a letter to the Company explaining that Ofwat considers it unlikely to be in the public interest to seek a modification to that part of the Licence which sets out the Company's revenue arrangements for the period until 31 March following the First Periodic Review in circumstances where the Company does not agree to the modification. In addition, in its Water 2020 Paper published in May 2016 (which first set out Ofwat's intention to move away from RPI indexation), Ofwat stated that it does not propose to transition the Company's Licence to CPIH before 2030 because RPI was embedded within the indexation mechanism in the Licence and underpins the assumptions on which the bid cost of capital was based. Ofwat also stated in the Water 2020 Paper that the Company will, as previously stated, be regulated in accordance with the prevailing regulatory regime for wholesale activities in the operational phase and that Ofwat proposes to consider transitioning the Company to CPIH in accordance with the approach adopted for wholesale activities beyond 2030. On this basis, unless the Company agrees to the contrary, there should be no change to the application of RPI indexation to the Company at least until 1 April 2030.

Changes to conditions of the Licence

Ofwat indicated in a letter to Statutory Undertakers dated 13 April 2018 (not sent to the Company, as it is not a Statutory Undertaker) that it would engage with companies on proposed new licence modifications (strictly, changes to the terms of the Appointments), including:

- a common principles-based licence condition for companies to put customers at the heart of everything they do; and
- licence conditions that would:
    - provide a stronger and consistent ring fence around the regulated business to protect its integrity and its financial strength;
    - ensure robust commitments from ultimate controllers; and
    - bind all companies to Ofwat's Principles on Board Leadership, Transparency and Governance (changes to which are the subject of a current Ofwat consultation).

In relation to the proposed principles-based condition, Ofwat ultimately adopted modifications to the licences of Statutory Undertakers to replace previous obligations as regards customer information and service targets with the new principles-based condition. This modification was not applied to the Company.

In relation to ring-fencing, on 11 May 2018, Ofwat opened a consultation on the issues arising out of the change of control of Thames Water Utilities Limited, as well as a broader consultation highlighting some of the issues it is considering as part of its sector-wide work to explore how companies' licences might be reformed to help ensure that water companies put customers' interests at the heart of what

they do. The consultation paper included an explanation of Ofwat's approach to change of control assessments, a proposal to strengthen companies' notification and information requirements in relation to changes of control and to require companies to enforce ultimate controller undertakings when required to do so by Ofwat, and proposals for further strengthening of the ring-fencing conditions. Ofwat published its conclusions on 20 November 2018, along with a further consultation on strengthening the regulatory ring-fencing framework for Appointees. This specifically related to strengthening the obligation to maintain an investment grade credit rating (from a "reasonable" or "best" endeavours obligation to an unconditional obligation), cash lock-up, providing ring-fencing certificates, reporting of material issues and change of control. In July 2019, Ofwat concluded that it would make the proposed modifications to the Appointments of Statutory Undertakers (and did so in July 2020) but would not do so with respect to the Company in view of the different nature of the credit rating and other provisions of its Licence.

A number of licence modifications intended to simplify and clarify certain elements of the Company's Licence, and to align its Board leadership, transparency and governance obligations to Ofwat's updated expectations, were informally agreed between the Company and Ofwat in May 2019. Following a statutory consultation, Ofwat confirmed the modification of the Company's Licence to impose a requirement to meet certain objectives on board leadership, transparency and governance, and to explain how it is meeting those objectives. This modification took effect from 1 August 2019 and is in line with a similar modification to the Appointments of the Statutory Undertakers. Separately, Ofwat confirmed the modification of the Company's Licence with respect to its licence simplification proposals, which also took effect from 1 August 2019. None of these modifications are considered to have a material effect.

On 7 December 2021, Ofwat published a discussion paper on financial resilience, targeted at the Statutory Undertakers (an updated version of which was published on 9 December 2021). In the discussion paper, Ofwat identifies options which it considers could be adopted to strengthen existing arrangements to protect customers from the consequences of Statutory Undertakers' weak financial resilience. The options identified are: (1) placing limits on capital or financing structures (i.e. gearing, although Ofwat indicated that it is not currently minded to set pre-determined limits on capital structure); (2) raising the minimum standards of credit quality (Ofwat indicates that it has concerns where companies' credit ratings are at, or near to, the lowest category of investment grade, and that options for remedying this might include changing the levels at which cash lock-up provisions are triggered, requirements to publish resilience plans, or board assurances); (3) stricter expectations for companies in explaining dividends; (4) increased transparency about companies' financing arrangements; and (5) revisions to regulatory incentives on capital structures (i.e. modification or replacement of the gearing outperformance sharing mechanism which was applied to Statutory Undertakers at PR19).

Following that paper, Ofwat consulted in July 2022 on proposals to modify the licences of the Statutory Undertakers to:

- modify the cash lock-up licence conditions to raise the cash lock-up trigger from BBB-/Baa3 with negative outlook to BBB/Baa2 with negative outlook, thereby increasing the trigger for cash lock-up by one notch;
- modify the dividend policy licence condition to require that dividend policies and dividends declared or paid should take account of service delivery for customers and the environment over time, current and future investment needs, and financial resilience over the long-term; and
- modify the licence requirements to require Statutory Undertakers to maintain investment grade issuer credit ratings with at least two credit rating agencies and to notify Ofwat of changes to credit ratings.

Ofwat confirmed in March 2023 that it would apply the proposed modifications to Statutory Undertakers. These modifications do not apply to the Company and it is unclear whether in the future Ofwat might seek to apply equivalent changes to the Company's Licence.

Water (Special Measures) Act 2025

In February 2025, Parliament passed the Water (Special Measures) Act 2025. The provisions of the Act do not impose new obligations directly on the Company as it is not a "relevant undertaker" within the meaning of the Act. The Act adds a new general duty of Ofwat to "*have regard to the need to contribute towards achieving compliance by the Secretary of State with the relevant environmental target duties*". This could impact on the Company insofar as Ofwat considers the exercise or performance of its powers or duties in relation to the Company are relevant to making such a contribution.

Other provisions of the Act that are not applicable to the Company include:

- imposing restrictions on the payment of bonuses to senior individuals, as well as requirements for senior individuals continually to meet certain fitness and propriety standards;
- requiring undertakers to have arrangements in place for involving consumers in decisions that are likely to have a material impact on consumer matters;
- environmental measures, including a duty on undertakers to prepare and publish a pollution incident reduction plan, a specific duty on CEOs to endorse the plan, and an obligation to prepare an implementation plan, and provisions affecting sanctions for breaches of environmental obligations (although the Company may have reputational risks associated with any non-compliance with such measures by Thames Water); and
- an obligation on Ofwat to secure that undertakers annually publish an overview of their financial position, including the amount and essential characteristics of the share capital and debt used to fund their operations, together with such other information as Ofwat may require and in a format determined by Ofwat.

The Act also amended the WIA to give Ofwat new powers to set rules on remuneration and governance in the water sector. Since the Act came into force, Ofwat has published three rules on performance related executive pay prohibition, consumer involvement in decision making, and fitness and propriety. It also published a consultation in July 2026 on a new Water Governance Code Rule. This power does not apply to the Company and the new and proposed rules have and will not be applied to it under these provisions, but it is possible that Ofwat may seek to apply equivalent rules or licence changes to the Company in the future. Ofwat has indicated in respect of the proposed Water Governance Code Rule that the application of this rule to infrastructure providers (which would include the Company) will be given consideration but that this would require legislation.

Independent Water Commission review

In October 2024, the Government established an Independent Water Commission (**"IWC"**), chaired by Sir Jon Cunliffe, to deliver recommendations to the Government on reforms to the water sector in England and Wales.

The terms of reference for the IWC identified a concern with what it refers to as a "piecemeal" regulatory framework and "fragmented" system. It states that "*Concerns about pollution of our waterways, pressures on the water supply, bill increase, protection for vulnerable customers, the sector's financial and infrastructural resilience, and ability to attract investment are all symptomatic of the broader need for change.*" Eight objectives of the IWC are identified, including (i) ensuring that the regulatory framework delivers long-term stability and enables the privatised sector to attract investment, maintain resilient finances and contribute to economic growth, (ii) ensuring that regulators are effective, (iii) protecting the interests of consumers, and (iv) ensuring that companies are operationally and financially resilient, and can deliver and maintain infrastructure over the long-term, including providing for future changes such as planned development and climate change.

The terms of reference confirm that the IWC is to focus on reforms that "*improve the privatised regulated model*", and that "*The UK government has already confirmed that nationalisation of the water sector will not be in scope, due to the high costs associated with this option, the lack of evidence that it would lead to improvements, and the delays it would cause in achieving better outcomes for consumers and the environment.*"

The IWC issued its final report on 21 July 2025 in which it makes 88 recommendations to the Welsh and UK governments and other bodies to drive a fundamental 'reset' of the water sector. Recommendations are structured around seven themes. These are:

- strategic direction from the UK and Welsh governments to the sector;
- a planning system that is simplified and reflects the needs of the local area;
- a legislative framework that is clearer and sets robust legal requirements reflecting the public's priorities;
- regulator reform that provides confidence that regulators can and will discharge their duties effectively;
- regulation reform that streamlines the regulatory process, including adoption of a 'supervisory approach';
- company structures, ownership, governance and management that support alignment of the interests of privatised water companies with the public interest; and
- infrastructure and asset health focus that creates a marked change in how infrastructure is managed, monitored and delivered.

White Paper: A new vision for water

On 20 January 2026, the Government published its White Paper titled "A New Vision for Water" setting out the Government's planned reform of the water sector, including significant changes to regulation, oversight and market frameworks. Many commitments respond directly to the Independent Water Commission's recommendations. Reform is framed around restoring public confidence, strengthening accountability, and ensuring the sector can attract long term investment through creating stability and taking a long-term approach. The Government is due to publish a Transition Plan, setting out a roadmap to the new system in 2026.

Regulatory reforms include establishing a new regulator by abolishing Ofwat and bringing together the relevant water-system functions of Ofwat, the Drinking Water Inspectorate, the Environment Agency and Natural England in one new body. A Senior Adviser to the Secretary of State on Water Reform Transition has been appointed to support Defra and its Ministers in the immediate transition period of creating a new regulator and to create a stable platform for reform.

Economic regulation

While the TTT is being built and commissioned, the Company benefits from a bespoke regulatory economic regime that allows it to start generating revenues from Licence Award. The provisions in Appendix 1 to the Licence underpin this regulatory regime.

There are three different stages – construction, initial operations and the long-term operational period (i.e. following the coming into effect of the First Periodic Review) – with different Allowed Revenue calculation methodologies applying to each stage.

Calculation of Allowed Revenue during the construction period

The Allowed Revenue during the construction period (that is, from Licence Award until (and including) 31 March following the Post Construction Review) is calculated by reference to a number of building blocks, as follows.

(RoC + Li + Op + FCA + Tax) +/- RA +/- BBRA + ARoC + ALi

These building blocks can broadly be grouped into the following categories:

- Building blocks that provide the Company with its basic revenue – these include the Return on Capital (RoC) building block and the Liquidity (Li) building block;
- Building blocks that are generally assumed to be zero, but may increase in the event of a change in law or accounting principles, thus providing the Company with certain change in law and accounting policy protection – this includes the Opex (Op) building block.
- Building blocks dealing with tax the Company may be required to pay – this is the Tax building block.

- Building blocks that are intended to mitigate certain finance risks the Company may be exposed to during construction – these include the Financing Cost Adjustment (FCA) building block and the Revenue Adjustment (RA) building block.
- Building blocks that provide for a true-up mechanism to take account of the difference between forecast or estimated values and the actual outturn values – this includes the building block for reconciliation adjustments (BBRA).
- Building blocks that provide the Company with additional revenues that relate to cost overruns above a pre-determined threshold (termed the 'Threshold Outturn', which is £4,087,726,822 in 2014/15 prices) – these include the Additional Return on Capital (ARoC) building block and the Additional Liquidity (ALi) building block, which are subject to a separate Ofwat determination.

Revenue building blocks

The revenue building blocks are intended to provide the Company with a return on capital and liquidity allowance in each Charging Year during the construction period.

Return on capital: The regulatory return on capital is calculated by reference to the BWACC and the regulatory capital value. The regulatory capital value represents the cumulative expenditure incurred by the Company (insofar as that expenditure comprises Allowable Project Spend, as described below). Cumulative expenditure up to the start of the Charging Year in question forms the opening regulatory capital value for that year and the addition of the expenditure forecast to be incurred by the Company in the Charging Year in question generates the closing regulatory capital value. The average regulatory capital value for a Charging Year is then multiplied by the BWACC to calculate the RoC building block. This building block therefore provides a return on the expenditure that has been incurred and funded by the Company.

- *BWACC*: The BWACC is set at 2.497 per cent. and will be used in the above calculations throughout the construction period until the earlier of (i) 31 March 2030 and (ii) 31 March following the Post Construction Review, but the BWACC will apply only in respect of capital expenditure up to the Threshold Outturn (which is £4,087,726,822 in 2014/15 prices, i.e. £943,321,574 over the Regulatory Baseline of £3,144,405,248 at Licence Award, all in 2014/15 prices).
- The regulatory return on capital earned by the Company during the construction period may be subject to a penalty for delay in achieving System Acceptance, administered retrospectively at the Post Construction Review, as described in "*Regulatory Framework – Economic regulation – Allowed Revenue during the initial operational period – Delay Adjustment*".
- If System Acceptance has not occurred or is not likely to occur before 1 May 2029, then on and from 1 April 2030 for the remainder of the construction period, the real WACC, as determined by Ofwat before the commencement of each Charging Year falling within such period, will be used in calculating the Allowed Revenue for the relevant Charging Year instead of the BWACC.
- *Allowable Project Spend*: **"Allowable Project Spend"** is the cumulative expenditure (except Excluded Project Spend) incurred or to be incurred by the Company in connection with the TTT on and from Licence Award but prior to 1 April following the Post Construction Review up to the Threshold Outturn, with any approved additional expenditure above the Threshold Outturn being treated as Additional Allowable Project Spend. The Company will be required to fund the Allowable Project Spend (that is, up to Threshold Outturn). Under the CESA, the Secretary of State may step in to fund expenditure above the Threshold Outturn but only if the Shareholders have elected not to finance, or to finance only partially, the Predicted Overrun and the Company has used reasonable endeavours to obtain alternative funding for the Additional Allowable Project Spend. The equity committed by the Original Shareholders at the time of the Licence Award has now been fully paid up (split between ordinary shares and shareholder loans) and Shareholders are not obliged to provide any further equity or other funding to finance the Company, whether or not costs exceed the Threshold Outturn.

- *Excluded Project Spend*: Excluded Project Spend is a pre-defined set of expenditure (set out in the Licence) that will be excluded from the Allowable Project Spend. It includes, for example, financing costs, fees and expenses and any expenditure incurred due to fraud, wilful misconduct or gross negligence of the Company.
- The Independent Technical Assessor (which has been appointed by the Company but also owes a duty of care to Ofwat, the Secretary of State and Thames Water) reviews the Company's monthly records and quarterly forecasts of Allowable Project Spend (among other things) and advises Ofwat, the Secretary of State and Thames Water on the Company's assessments. The Independent Technical Assessor plays a key role in relation to the determination of the Company's regulatory capital value. Up to the Threshold Outturn, Ofwat is required to include in the regulatory capital value any Allowable Project Spend verified by the Independent Technical Assessor as part of this process of reviewing the Company's monthly records.

Liquidity: The liquidity building block is designed to recognise the fact that the Company may need to draw down on funding for future spend as well as current spend because of the liquidity requirements it faces. It therefore provides a regulatory return on the following Charging Year's expected spend to compensate for the finance cost of drawing down funding early to meet the liquidity requirements. It is calculated by reference to the BWACC and the difference between the forecast average regulatory capital value for the Charging Year ahead and the forecast average regulatory capital value in the Charging Year in question. Taken with the regulatory return on capital described above, this effectively means that the Company earns a return on capital on its one year forward regulatory capital value.

Additional revenue building blocks

Where the Company forecasts that a Predicted Overrun may occur (that is, project expenditure is likely to exceed the level of the Threshold Outturn), the Company is obliged under the terms of the Liaison Agreement to put in place a mitigation plan. The Company will discuss this plan with stakeholders, identify the potential scope of any Predicted Overrun and describe the measures that will be taken to mitigate that Predicted Overrun. Where the Company has been unable to implement the mitigation plan so as to avoid the Predicted Overrun occurring, or it is apparent that, notwithstanding the implementation of the mitigation plan, a Predicted Overrun is expected to occur, the Company may make an application to Ofwat to approve additional expenditure above the Threshold Outturn in order to enable the Company to fund the Predicted Overrun (an **"IAR Overrun Application"**).

Following the Company's application, Ofwat has three months to determine whether expenditure is likely to exceed the Threshold Outturn and to make a determination whether or not to approve the Additional Allowable Project Spend and the rate of return that will apply to it. It will determine the Additional Allowable Project Spend using the Ex Ante Approach, unless the Company has opted for the Ex Post Approach as part of its application and Ofwat has agreed to use that approach.

The Ex Ante Approach means that a structurally similar framework to that which applies when calculating the regulatory return on capital and liquidity allowance in respect of expenditure below the Threshold Outturn would apply to calculating the regulatory return on capital and liquidity allowance in respect of expenditure above the Threshold Outturn (up to a cap set by Ofwat). However, a real WACC specific to this additional spend, as determined by Ofwat at the relevant time, would be applied to the additional expenditure above the Threshold Outturn that is allowed onto the Company's regulatory capital value rather than BWACC.

Unlike the Ex Ante Approach, under the Ex Post Approach, Ofwat would not impose any cap on the additional expenditure of the Company at the outset. Instead, at the Post Construction Review, Ofwat would determine what additional expenditure incurred by the Company would be allowed, adjusted or disallowed in the Company's regulatory capital value following the Post Construction Review on the basis of what is economic and efficient expenditure. This determination will be made in accordance with the policies and guidelines of Ofwat in place at the time.

In making its determination relating to Additional Allowable Project Spend under either approach, Ofwat will (among other things) consider what additional expenditure is appropriate and reasonable for the Company to make in all the circumstances, having regard to its policies and guidelines in

place at the time, and whether any of the additional expenditure could be or could have been avoided by "prudent management action" (which Ofwat will assess with reference to what the Company knew or ought reasonably to have known at the time of the application).

Both approaches assume that Ofwat will determine the real WACC specific to the TTT that will apply in respect of the Additional Allowable Project Spend. This cost of capital would apply only to the additional spend above Threshold Outturn, with the BWACC continuing to apply to the expenditure incurred below Threshold Outturn. If, however, System Acceptance is delayed and does not occur before 1 May 2029, then on and from 1 April 2030 until the end of the construction period the real WACC determined by Ofwat on an annual basis will apply both in respect of the Additional Allowable Project Spend and the expenditure incurred below Threshold Outturn.

Ofwat may also apply an incentive regime to the additional project spend it allows to incentivise the Company to complete the Project efficiently and economically, the nature of which is at the discretion of Ofwat. According to the Economic Guidance, when determining the appropriate incentive mechanism, Ofwat will take into account the behaviours of the Company in managing cost escalation as evidenced to stakeholders through the Liaison Committee, the Company's regulatory reports and the behaviour that might be expected of an effectively managed and efficiently operated infrastructure provider.

The above approach will also apply in relation to any further cost overruns above the new cap set by Ofwat. As with the Allowable Project Spend, Excluded Project Spend would not be treated as Additional Allowable Project Spend.

Opex and tax building blocks

Operating expenditure: It is expected that the Opex (Op) building block will be zero as all operating expenditure incurred or to be incurred during the construction period will be treated as capital expenditure and included in the Company's regulatory capital value. Should this not be the case due to a change in generally accepted accounting principles (or IFRS) and policies adopted in the water industry and/or a determination by Ofwat, the Company will be able to recover its operating expenditure that cannot be capitalised through the Opex building block (with an adjustment to the Annual Regulatory Baselines to take account of the Company's decreased expenditure included in the regulatory capital value during the relevant Charging Years). The recovery will be based on actual efficient operating expenditure incurred by the Company (if already incurred by the Company) and forecast efficient operating expenditure to be incurred by the Company in the year ahead.

Tax: In the period until (and including) the date of Handover, it is assumed that the Company will not be generating any trading income and therefore that the Tax building block, which relates to income based tax payable, will be zero, unless there is a change in tax law or in generally accepted accounting principles (or IFRS) and policies adopted in the water industry which results in the Company being required to pay an amount in respect of corporation tax or other income based tax that the Company would not have otherwise been required to pay. In this case, the Company will, through the Tax building block, be compensated for its increased income tax liabilities net of any income tax credit or refund to which the Company is or may be entitled.

In the period following the date of Handover until the end of the construction period, the Tax building block will include corporation tax or other income based tax, if any, payable by the Company in the relevant Charging Year.

Any corporation tax or other income based tax permitted to be recovered through the Tax building block will be net of any losses and credits or refunds relating to the same and to which the Company has or may become entitled (including any payment received or which may be payable to the Company for the surrender of losses relating to corporation tax or other income based tax to an associated company by way of group relief).

The Tax building block also provides the Company with certain protection against a Lease Chargeable Gain payable on or prior to 31 March following the Post Construction Review. This is broadly defined as corporation tax payable in respect of any chargeable gain arising on the commencement of the lease between Thames Water and the Company save to the extent arising or increased due to change in tax law or accounting principles and policies adopted in the water industry.

Financial risk building blocks

Financing Cost Adjustment

The Financing Cost Adjustment was designed to provide revenue compensation to the Company for movements in the underlying market real cost of debt outside a pre-defined cap and collar.

As originally formulated, the Financing Cost Adjustment applied from first debt raising (but with a two-year lag) and in respect of net debt remaining outstanding until (and including) 31 March 2030.

The Financing Cost Adjustment was calculated by reference to a benchmark index equal to the reference rate for the cost of relevant BBB rated debt issuances over the previous 12-month period (as judged using iBoxx indices for UK corporate non-financials with a 10+ year maturity).

The adjustment for financing costs in any Charging Year Yt depended on the difference between the benchmark index as at 31 March 2015 (the 'base reference point') and the benchmark index as at 31 March of Charging Year Yt-2 (the 'annual reference point'). If the difference was a positive number (such that the annual reference point exceeds the base reference point), then the adjustment factor was expressed as a positive number and consequently resulted in an increase in the overall Allowed Revenue in the relevant year. Conversely, if the difference was a negative number (such that the base reference point exceeds the annual reference point), then the adjustment factor was expressed as a negative number and consequently result in a reduction of the overall Allowed Revenue in the relevant year.

The adjustment factor was based on three 'bands', so where the difference between the base reference point and the annual reference point is:

- equal to or less than 50bps – the adjustment factor was equal to zero;
- greater than 50bps but not exceeding 100bps – the adjustment factor was equal to 50 per cent. of the amount by which the difference exceeds 50bps; and
- greater than 100bps – the adjustment factor was equal to the amount by which the difference exceeds 75bps.

So, if the difference between the base reference point and the annual reference point in the relevant year is 130bps, the adjustment factor would be 55bps (that is, 130bps-75bps).

The adjustment factor was applied to the increase in net debt outstanding as at two years prior. However, the financing cost protection was only given to the extent that the net debt in any Charging Year did not exceed 62.5 per cent. of the Company's regulatory capital value as at the end of that Charging Year. This percentage was intended to represent an estimate of the amount of the regulatory capital value that will be financed by debt.

The overall adjustment to Allowed Revenue in a year is the summation of that year's adjustment value and previous years' adjustment values to reflect the build-up of the market cost of debt protection over time.

To address the mismatch between the time that the debt was raised and the protection derived from the Financing Cost Adjustment as applied, there was a net present value adjustment, calculated using the BWACC.

On 7 March 2022, following consultations carried out in December 2021, Ofwat modified the Licence in respect of the Financing Cost Adjustment. The effect of this modification is that the overall adjustment to Allowed Revenue in respect of the Financing Cost Adjustment for Charging Year 2023/24 and each subsequent Charging Year is now based on the same inputs as are applied when calculating the overall adjustment to Allowed Revenue for Charging Year 2022/23.

Under this change, the overall adjustment under the Financing Cost Adjustment mechanism is fixed at a value of ca. £18.4m per annum from 2022/23 to 2031/32 (after which the Financing Cost Adjustment ends).

Revenue Adjustment

The Allowed Revenue for each Charging Year will be collected by Thames Water by adding those revenues to the wastewater charges Thames Water levies on its customers. To the extent those revenues have been recovered by Thames Water from its customers, the Revenue Agreement

provides that Thames Water will pass them through to the Company. This creates the risk of bad debts from customers for the Company. The Revenue Adjustment building block mitigates this risk by allowing any amounts under-recovered through Thames Water to be added to the Allowed Revenue with a two-year lag. Similarly, the Revenue Adjustment building block allows for any amount of over-recovery to be subtracted from the Allowed Revenue with a two-year lag. Either way, this revenue adjustment has applied since the 2018/19 year (given the two-year lag).

The Revenue Adjustment will be subject to a net present value adjustment, calculated using the BWACC, in order to take account of the value of the delay in adjustment.

If the Revenue Adjustment produces a positive number, it will be added to the Allowed Revenue for the following year and, conversely, if it produces a negative number, it will be subtracted from the Allowed Revenue for the following year.

Following the reforms introduced by the Water Act 2014 (see "*Regulatory Framework – Regulatory Developments – Non-domestic retail competition*"), Thames Water transferred its non-domestic retail business to a third-party sewerage licensee, Castle Water Limited. There is no express provision in the Licence or the Revenue Agreement that addresses what happens if Thames Water ceases to provide sewerage services to one or more premises within its area as a result of the introduction of competition from sewerage retail licensees. The Company and Thames Water are proceeding on the basis that the relevant sewerage retail licensee (whether Castle Water Limited or another sewerage licensee to whom the customer has switched) is to be treated as a wholesale customer of Thames Water, which permits Thames Water to charge the sewerage retail licensee for services provided to it. The sewerage retail licensee is expected to pay 100 per cent. of the required wholesale charge to Thames Water for the relevant year. This includes the element due to the Company.

Building block for reconciliation adjustments

The building block for reconciliation adjustments effectively provides for a true-up mechanism such that the Return on Capital building block, the Liquidity building block, the Opex building block, the Tax building block, the Additional Return on Capital building block and the Additional Liquidity building block for the previous Charging Year are adjusted to take account of the difference between the estimated or forecast expenditure originally used to calculate those building blocks and the actual values incurred for those building blocks. This adjustment will be calculated on a net present value neutral basis and will be applied from the following 1 April. The net present value adjustment will be calculated using the BWACC, except that in the case of the Additional Return on Capital building block and the Additional Liquidity building block it will be based on the real WACC applicable to the same.

If the reconciliation adjustment produces a positive number, it will be added to the Allowed Revenue for the following year and, conversely, if it produces a negative number, it will be subtracted from the allowed revenue for the following year.

Timing of revenue calculations

The Allowed Revenue for each Charging Year during the construction period will be calculated and finalised in the immediately preceding Charging Year and notified by the Company to Thames Water in accordance with the Licence. The Revenue Agreement provides that Thames Water will then bill and collect the Allowed Revenue and pass through the collected amounts to the Company.

Allowed Revenue during the initial operational period

Purpose of the Post Construction Review

The Post Construction Review will be undertaken by Ofwat following System Acceptance being achieved. The purpose of the Post Construction Review is to determine the regulatory capital value that will apply after the construction period, taking into account any adjustments due to delays and/or overspend or underspend on the TTT. Therefore, as part of the Post Construction Review, the incentive adjustments will be calculated and put into effect.

The Allowed Revenue for any initial operational period (see below) will also be calculated at the Post Construction Review.

If the Company disputes Ofwat's determination at the Post Construction Review, it may require Ofwat to refer the matter to the CMA for determination.

Initial operational period

If System Acceptance occurs prior to 1 May 2028, there will be a short initial operational period from (and including) 1 April following the Post Construction Review until (and including) 31 March 2030, following which the long-term operational period will commence.

If System Acceptance occurs on or after 1 May 2028 but prior to 1 January 2029, there will be no initial operational period and, consequently, the Allowed Revenue for the period on and from 1 April 2030 will be determined at the First Periodic Review and at any subsequent periodic reviews.

If System Acceptance occurs on or after 1 January 2029, it will not be possible to carry out a First Periodic Review for implementation on and from 1 April 2030. Consequently, the First Periodic Review will be postponed and the TTT will enter into an initial operational period that will run from (and including) 1 April following the Post Construction Review until (and including) 31 March following the First Periodic Review.

Calculation of Allowed Revenue during the initial operational period

The Allowed Revenue during the initial operational period will be calculated by reference to a number of building blocks that take into account the different risk profile of the Company during such period (as compared with the construction period). Most notably, the regulatory return on capital will initially be earned against the regulatory capital value set by Ofwat at the Post Construction Review and based on forecast and estimated values (termed the **"Provisional Post Construction Review RCV"**) and subsequently revisited by Ofwat based on actual outturn values (termed the **"Post Construction Review RCV"**). Also, as construction will be complete, the Company will no longer benefit from a liquidity building block.

The calculation of the Allowed Revenue during the initial operational period will be based on the following building blocks.

(RoC + Op + FCA +/- RA + Tax) – DA +/- BBRA

An explanation of each of the above building blocks is provided below.

Return on Capital (RoC) building block: this accounts for the regulatory return on capital the Company is entitled to receive in each Charging Year during the initial operational period in respect of the Provisional Post Construction Review RCV (in the case of the first Charging Year of the initial operational period) and the Post Construction Review RCV (in the case of the second and each subsequent Charging Year during the initial operational period), in each case, as adjusted based on the incentive framework (on which see further below). The regulatory return on capital is calculated by reference to a real WACC that will depend on when System Acceptance occurs. So, if System Acceptance occurs prior to 1 May 2028, it will be equal to the BWACC, or, if System Acceptance occurs on or after 1 January 2029, it will be determined by Ofwat in the Post Construction Review. Guidance in relation to how this regulatory return could be determined can be found in the Economic Guidance. As noted above, where System Acceptance occurs on or after 1 May 2028 but prior to 1 January 2029, there will be no initial operational period and, consequently, the Allowed Revenue for the period on and from 1 April 2030 will be determined at the First Periodic Review and at any subsequent periodic reviews.

Opex (Op) building block: this accounts for the operating expenditure the Company will be entitled to recover. This allowance will be determined by Ofwat at the Post Construction Review taking into account the operating expenditure forecast by the Company in its business plan submitted to Ofwat prior to the Post Construction Review.

Financing Cost Adjustment: this accounts for the financing cost adjustment determined on the same basis as the Financing Cost Adjustment for the construction period: see "*Regulatory Framework – Economic Regulation – Calculation of Allowed Revenue during the construction period – Financing Cost Adjustment"*. As noted above, on 7 March 2022 Ofwat modified the Licence and the Financing Cost Adjustment is fixed at a value of ca. £18.4m per annum from 2022/23 to 2031/32 (after which the Financing Cost Adjustment ends).

Revenue Adjustment (RA) for under-/over-recovered Allowed Revenue: this accounts for adjustments to the Allowed Revenue to take into account any under-/over-recovery of revenue

experienced by the Company in previous Charging Years with a two-year lag. This building block works on the same basis as the RA building block during the construction period.

Tax building block: this accounts for Ofwat's estimate of tax to be paid or received by the Company in the relevant Charging Year and any Lease Chargeable Gain payable during the initial operational period, but only to the extent that Ofwat elects to treat it as part of this Tax building block.

Delay Adjustment (DA): this accounts for the penalty the Company will be subject to if System Acceptance is not achieved by the Planned System Acceptance Date, as described below.

Reconciliation Adjustment (BBRA): this accounts for the true-up mechanism to take account of the difference between the Provisional Post Construction Review RCV and the Post Construction Review RCV. This reconciliation adjustment will be subject to a net present value adjustment, calculated using the WACC applicable during the first Charging Year following the Post Construction Review.

The Allowed Revenue for each Charging Year during the initial operational period will be calculated in the immediately preceding Charging Year.

Provisional Post Construction Review RCV and Post Construction Review RCV

At the Post Construction Review Ofwat will determine the Provisional Post Construction Review RCV. The Provisional Post Construction Review RCV will comprise:

- the aggregate of all Allowable Project Spend incurred by the Company as at the Post Construction Review, as verified by the Independent Technical Assessor;
- the estimated Allowable Project Spend incurred by the Company as at the Post Construction Review, but not yet verified by the Independent Technical Assessor;
- the Allowable Project Spend forecast to be incurred by the Company following the Post Construction Review up to (and including) 31 March following the Post Construction Review;
- the Additional Allowable Project Spend incurred by the Company as at the Post Construction Review, as verified by the Independent Technical Assessor and (if applicable) allowed by Ofwat;
- the Additional Allowable Project Spend incurred by the Company as at the Post Construction Review, but not yet verified by the Independent Technical Assessor, and (if applicable) allowed by Ofwat; and
- the Additional Allowable Project Spend forecast to be incurred by the Company following the Post Construction Review up to (and including) 31 March following the Post Construction Review, and (if applicable) allowed by Ofwat.

Once actual outturn expenditure incurred by the Company becomes available and has been verified by the Independent Technical Assessor, Ofwat will within a period of three months thereafter re-calculate the Post Construction Review RCV that will apply in perpetuity. The Post Construction Review RCV will comprise:

- the aggregate of all Allowable Project Spend incurred by the Company as at (and including) 31 March following the Post Construction Review, as verified by the Independent Technical Assessor; and
- the Additional Allowable Project Spend incurred by the Company as at (and including) 31 March following the Post Construction Review, as verified by the Independent Technical Assessor and (if applicable) allowed by Ofwat, and as adjusted by the incentive framework applicable to it.

Adjustments to the Provisional Post Construction Review RCV and Post Construction Review RCV

The Provisional Post Construction Review RCV and the Post Construction Review RCV will be subject to an upward or downward adjustment based on two incentive frameworks: one framework rewards cost savings and penalises cost overruns, and the other incentivises the Company to complete the TTT on time.

Cost Adjustment

The Company is incentivised to deliver the TTT with reference to the Regulatory Baseline. This is achieved through an incentive mechanism applied at the Post Construction Review which compares actual expenditure of the Company against the Annual Regulatory Baselines set out in Annex A to Appendix 1 of the Licence, which represent an estimate of the expenditure to be incurred by the Company in each Charging Year necessary to complete the TTT and achieve System Acceptance. The Regulatory Baseline represents the summation of all Annual Regulatory Baselines. The comparison is made on a net present value basis using the BWACC.

The incentive mechanism operates as follows:

- If the Allowable Project Spend incurred by the Company in any Charging Year prior to the later of System Acceptance and the Planned System Acceptance Date is below the Annual Regulatory Baseline for that Charging Year (as adjusted for any Base Case Adjustment Trigger Events), the Company will receive an increase in its regulatory capital value equal to 40 per cent. of the net present value of the underspend.
- If the Allowable Project Spend incurred by the Company in any Charging Year prior to the later of System Acceptance and the Planned System Acceptance Date is above the Annual Regulatory Baseline for that Charging Year (as adjusted for any Base Case Adjustment Trigger Events), the Company will receive a decrease in its regulatory capital value equal to 40 per cent. of the net present value of the overspend.
- In addition, where the sum of the Annual Regulatory Baselines (that is, the Regulatory Baseline) exceeds the aggregate Allowable Project Spend incurred by the Company as at System Acceptance, the Company will receive a decrease in its regulatory capital value equal to 10 per cent. of the difference.
- Any increase or decrease to the regulatory capital value under this mechanism will be applied to both the Provisional Post Construction Review RCV and the Post Construction Review RCV.

Annex A to Appendix 1 sets out the Annual Regulatory Baseline (which is indexed for a basket of cost indices, including RPI and capex inflation measures) for each period (typically a Charging Year) in the period from Licence Award until the Planned System Acceptance Date. For any period thereafter the Annual Regulatory Baseline is set at zero. This is based on the assumption that the TTT should achieve System Acceptance on or by the Planned System Acceptance Date. Therefore, if the TTT has not achieved System Acceptance on or by the Planned System Acceptance Date, 100 per cent. of any expenditure incurred by the Company after this date will be treated as overspend. Conversely, if the TTT achieves System Acceptance prior to the Planned System Acceptance Date, then any Allowable Project Spend from (and including) System Acceptance until (and including) the Planned System Acceptance Date will for present purposes be deemed equal to zero. In this case, the Company would in the period following System Acceptance until the Planned System Acceptance Date have an underspend.

The Annual Regulatory Baselines may be subject to adjustment in a number of circumstances referred to as 'Base Case Adjustment Trigger Events'. A Base Case Adjustment Trigger Event is where, after Licence Award, there is:

- a change in the Project Specification Notice;
- a Relevant Change in Law; or
- a change in the Project Fixed Requirements,

in each case, which (having taken into account any costs and savings resulting from it) is likely to result in the expenditure to be incurred by the Company in connection with the TTT up to (and including) System Acceptance increasing or decreasing by more than £10 million (2014/15 prices).

If a Base Case Adjustment Trigger Event (together with all previous Base Case Adjustment Trigger Events and associated costs and savings) is likely to result in the Company's expenditure increasing or decreasing by more than 2 per cent. of the Regulatory Baseline (being c. £63 million in 2014/15 prices), then the Annual Regulatory Baselines for the affected Charging Years occurring on or prior to the Planned System Acceptance Date may be adjusted, as determined by Ofwat.

The arrangement is symmetrical in that the Company may apply for an upward adjustment to the Annual Regulatory Baselines whereas Ofwat may initiate the process leading to a downward adjustment.

In making its determination to adjust the Annual Regulatory Baselines, Ofwat will:

- determine what increased or decreased (as applicable) expenditure is appropriate and reasonable for the Company to incur in all the circumstances taking into account the relevant Base Case Adjustment Trigger Event and all previous Base Case Adjustment Trigger Events;
- (if applicable) determine whether any of that increased expenditure could be avoided by prudent management action;
- determine what savings (if any) the Company is reasonably likely to make up to (and including) System Acceptance as a result of the relevant Base Case Adjustment Trigger Event and all previous Base Case Adjustment Trigger Events; and
- have regard to the views of the Independent Technical Assessor.

Ofwat has a three-month period from application by the Company to notify the Company of its decision on adjusting the Annual Regulatory Baselines, failing which the Company may require Ofwat to refer the matter to the CMA for determination.

Unless a change in law or circumstances results in a change to the Regulatory Baseline under the mechanism described above, any additional expenditure that results from the change in law or circumstances will be subject to the incentive regime and may negatively impact the Company's regulatory capital value at the Post Construction Review.

Delay Adjustment

The Company is incentivised to achieve System Acceptance by the Planned System Acceptance Date (31 August 2027), failing which it will be subject to a penalty in the form of a step down in the WACC earned by the Company during the period of delay. To ensure this step down does not negatively impact finance-ability during the construction period, the Company will continue to receive revenue based on the BWACC throughout the construction period up until (and including) 31 March 2030. The step down will therefore be applied retrospectively through a delay adjustment mechanism calculated as part of the Post Construction Review.

The delay adjustment is calculated by applying this step down in BWACC to the Company's average regulatory capital value in each year or part-year of delay. A net present value calculation of the penalties in each of the years of delay is made using the BWACC as the discount factor to take account of the delay in imposing the penalty.

Different step downs will apply during different periods.

For any delays in System Acceptance of up to 18 months from the Planned System Acceptance Date (termed a 'Minor Delay Period'), the BWACC (stated in real terms) for this period will be replaced by the lesser of:

- the industry WACC (i.e. the WACC set by Ofwat for water and sewerage undertakers in England & Wales every five years); and
- the BWACC less 100bps (i.e. 1.497 per cent.).

For any delays in System Acceptance beyond 18 months from the Planned System Acceptance Date until (and including) the earlier of (i) the actual date of System Acceptance and (ii) 31 March 2030 (termed a 'Major Delay Period'), the BWACC for this period will be replaced by a real WACC determined by Ofwat at the time of this delay and revisited every 12 months until the date of System Acceptance. Guidance on how this cost of capital will be determined can be found in the Economic Guidance. The Economic Guidance notes that in regulating the Company Ofwat will have regard to its statutory duties under section 2 of the Modified WIA, including the duty to secure that an efficient infrastructure provider is able (in particular by securing reasonable returns on its capital) to finance the proper carrying out of its functions.

For clarity, if System Acceptance occurs on or after 1 May 2029, there will be no further delay adjustment for the period on and from 1 April 2030 for the remainder of the construction period and the real WACC, as determined by Ofwat before the commencement of each Charging Year falling within such period, will be used when calculating the Allowed Revenue for each such Charging Year instead of the BWACC.

50 per cent. of the value of the aggregate delay adjustments calculated as described above will be applied by reducing the Provisional Post Construction Review RCV and the Post Construction Review RCV.

The other 50 per cent. of the aggregate delay adjustments will be applied by reducing the Allowed Revenue the Company is entitled to receive in the first Charging Year following the Post Construction Review subject to a cap of £15 million (as indexed based on changes in RPI) or such higher amount as elected by the Company by notice to Ofwat or such lower amount as agreed by Ofwat and the Company. If the delay adjustments have not been fully recovered in the first Charging Year due to the cap, any remaining amounts will be carried forward into the next Charging Year and so on until it is fully recovered, provided that the annual reduction will never exceed the above cap. Carried forward amounts will be subject to indexation each Charging Year until recovered based on changes in RPI and a net present value adjustment calculated using the WACC applicable to the Allowed Revenue during the immediately preceding year.

Regulatory developments: modification of the cost adjustment mechanism for Covid-19 expenditure, the Financing Cost Adjustment, and Planned System Acceptance Date

In April 2021, Ofwat consulted on proposed modifications to the Licence which would give effect to (1) an alternative cost adjustment mechanism for overspend incurred by the Company as a result of Covid-19 approved as such by Ofwat (**"Covid-19 expenditure"**) so that rather than incurring a decrease in regulatory capital value equal to 40 per cent. of such Covid-19 expenditure, the Company would instead incur a decrease equal to 15 per cent. of Covid-19 expenditure incurred up to 24 July 2020, with Ofwat afforded discretion to determine a different incentive rate for any Covid-19 expenditure incurred after that date, (2) accelerated depreciation for Covid-19 expenditure (to be depreciated over 18 years commencing from 1 April 2022), and (3) an extension to the Planned System Acceptance Date from 28 February 2027 to take account of project delay caused by Covid-19.

Subsequent to that consultation, the Company requested that Ofwat consider a further licence amendment regarding the Financing Cost Adjustment. The Company considered that the operation of the Financing Cost Adjustment would result in outcomes that were not in line with what was expected when the Financing Cost Adjustment was designed, due to extraordinary macro-economic circumstances exacerbated by the pandemic introducing substantial revenue impacts. The Company raised concerns with Ofwat that the Financing Cost Adjustment in its original form would remove a significant part of its revenue and that this could affect the financial resilience of the TTT project. The proposed changes to the Financing Cost Adjustment would mean that the overall adjustment to Allowed Revenue in respect of the Financing Cost Adjustment for Charging Year 2023/24 and each subsequent Charging Year would be based on the same inputs as are applied when calculating the overall adjustment to Allowed Revenue for Charging Year 2022/23. There would be no further incremental effects arising from future changes to the inputs into the Financing Cost Adjustment.

On 13 December 2021, Ofwat issued a consultation in which it proposed (1) the adoption of the changes to the Financing Cost Adjustment described above, and (2) with respect to the alternative cost adjustment mechanism for Covid-19 expenditure proposed in the April consultation, that the incentive rate be fixed at 15 per cent. for the period until 24 July 2020 and 20 per cent. for Covid-19 expenditure incurred from 25 July 2020 to 30 June 2021. As a consequence of the proposed changes to the Financing Cost Adjustment, it was not necessary to proceed with the April consultation proposals for accelerated depreciation of Covid-19 expenditure.

Following the December 2021 consultation, Ofwat confirmed in March 2022 that it would modify the Licence in accordance with the proposals as set out in the consultation, with the exception of the proposed change to the Planned System Acceptance Date. Those changes were made on 7 March 2022 and came into effect on 8 March 2022.

With respect to the proposed change to the Planned System Acceptance Date, Ofwat indicated in the December 2021 consultation that it was still proposing that the Planned System Acceptance Date be amended to reflect delay caused by Covid-19, but that this would (if implemented) take place after the changes described above. Ofwat indicated that making this change would be contingent on the Company satisfying Ofwat that it could differentiate the delay caused by Covid-19 from other causes of delay, and that any extension substantially more than 6 months would require further consultation.

The Company subsequently provided further information to Ofwat evidencing the extent of the delay caused by Covid-19 following which, on 19 October 2022, Ofwat modified the Licence so that the Planned System Acceptance Date became 31 August 2027, rather than 28 February 2027. This change took effect on 20 October 2022. Ofwat's published reasons for accepting this modification noted that the Company "*managed the disruption caused by Covid-19 well*" and "*acted for the benefit of the project in a situation that was largely beyond their control*". Ofwat noted also that whereas it considered that the Company had demonstrated that only 5 months of the requested 6 months were attributable to Covid-19, the modification would nonetheless allow an additional 6 months in order to rectify a mistake made when the Licence was issued, as a delay in issuing the Licence had not been taken into account at that time.

Regulatory developments: potential amendment to Planned System Acceptance Date and adjustment for funding arrangements

The Company's Licence currently specifies a Planned System Acceptance Date of 31 August 2027 and a Longstop Date of 28 February 2029. Completion of certain commissioning and testing activities was delayed as a result of prolonged periods of dry weather following connection of the tunnel to the Thames Water network in February 2025, which constrained the Company's ability to undertake certain required testing activities.

The Company and Ofwat have recognised that the revised expected timing of System Acceptance extends beyond the current Planned System Acceptance Date of 31 August 2027. Ofwat has confirmed that it does not intend to impose financial penalties in respect of weather-related delay. Discussions are therefore ongoing regarding amendments to the regulatory framework to reflect the revised timetable, including a potential amendment to the Planned System Acceptance Date and an increase to funding. The Company currently anticipates that the regulatory framework will be updated to reflect the revised timetable for System Acceptance, although the agreement, and implementation, of any such changes remains subject to the applicable regulatory processes.

Calculation of Allowed Revenue during the long-term operational period

The Allowed Revenue for any Charging Year following the First Periodic Review will be determined at the First Periodic Review and each subsequent Periodic Review and calculated by Ofwat in accordance with Condition B (*Allowed Revenue*) of the Licence. The Licence provides that, when making its determination and without prejudice to the above incentive framework, Ofwat will not take into account any cost savings or overruns of the Company prior to the Post Construction Review. Guidance on how the Allowed Revenue will be determined has been provided by Ofwat in its Economic Guidance.

If the Post Construction Review occurs concurrently with the First Periodic Review, the Post Construction Review and the First Periodic Review will be carried out simultaneously and there will be no initial operating period. However, the Company's regulatory capital value for the first Charging Year following the First Periodic Review will be equal to the Provisional Post Construction Review RCV and the regulatory capital value for any Charging Year thereafter will be equal to the Post Construction Review RCV, in each case, as adjusted based on the above incentive framework.

The Company may include in its business plan, submitted to Ofwat prior to the Post Construction Review, a proposal that the regulatory capital value be amortised (or "run off") at any time from 1 April following the First Periodic Review, including the run off rate. To the extent that Ofwat accepts such proposal, an allowance will be included in the Allowed Revenue for such run off.

Condition B also includes interim determination provisions which apply during the long-term operational period. These provisions are similar to those which apply to Statutory Undertakers.

As is the case for a Statutory Undertaker, the Company may appeal any periodic or interim price determination to the CMA.

As described in "*Regulatory Framework – The Licence – Proposed changes to the process for challenging Licence modifications*", the Government is consulting on proposed changes to the appeals regime applicable to Ofwat's decisions concerning modifications to the Company's Licence and future price control determinations. The changes proposed in respect of price control determinations are such that, if implemented, rather than the CMA being asked to redetermine a price control, the CAT would have the power to quash Ofwat's determination in whole or in part, and the matter would then be remitted to Ofwat to make a new decision.

SUMMARY OF THE GOVERNMENT SUPPORT PACKAGE

Background

The Secretary of State, through the Government Support Package, has committed to provide certain financial support up until System Acceptance Date (when the TTT will be fully constructed). The provision of this support contributes to the Company's debt holding an investment grade credit rating which decreases the TTT's financing costs. Such support is available in exceptional circumstances only and mitigates certain risks which may arise during the construction period. The relevant risks are:

- where a loss arises which exceeds the limit under the Company's insurance policies;
- where a loss arises which is no longer recoverable under insurance as the insurance is unavailable;
- where the Threshold Outturn is exceeded and the Shareholders are unable or unwilling to finance the Predicted Overrun;
- where the Company is unable to issue debt in the debt capital markets as a result of market disruption;
- where the Company goes into Special Administration for a period of at least 18 months or the Secretary of State or Ofwat applies for a discharge of a Special Administration Order; and
- the occurrence of certain specified events which require the Secretary of State to pay compensation to debt holders, hedging providers and equity investors if it elects to issue a Discontinuation Notice or where the Secretary of State is deemed to elect to do so.

On the occurrence of System Acceptance (following the completion of the TTT), the Government Support Package will cease to apply. Since construction is almost fully complete, the likelihood of needing to use the Government Support Package has significantly diminished.

Government Support Package

The government support package consists of six linked contracts between the Secretary of State, the Company and others. The contracts are:

- Supplemental Compensation Agreement;
- Contingent Equity Support Agreement;
- Market Disruption Facility;
- Special Administration Offer Agreement;
- Discontinuation Agreement; and
- Shareholders' Direct Agreement,

together (the **"Government Support Package"**). The elements of support are provided under the first five contracts, with the Shareholders' Direct Agreement being ancillary to the Shareholders' Agreement. Summary details of the Government Support Package are set out below.

Supplemental Compensation Agreement

Under the Supplemental Compensation Agreement, the Secretary of State provides contingent financial support to the Company where claims exceed insurance policy limits or where insurance cover is Unavailable.

Excess Loss

The Company is required to secure specified insurances from the commercial insurance market to cover insurable events. If an event occurs that leads to claims that exceed the financial limit of commercial cover, the Secretary of State will, subject to the terms of the Supplemental Compensation Agreement, pay any excess loss incurred by the Company or other named insureds under the relevant insurance policy in excess of the relevant insurance policy limit, to the extent that

such loss would have been covered by the relevant insurance policy but for the application of the relevant insurance policy limit. The Secretary of State is only obliged to pay any claim for excess loss following payment of the amount payable by the insurer. The Supplemental Compensation Agreement specifies contract works and construction plant and equipment insurance and third party public liability insurance.

Unavailability Loss

Subject to the terms of the Supplemental Compensation Agreement, the Secretary of State will pay any unavailability loss incurred by the Company or other named insureds that would have been recoverable if the applicable insurance had not become Unavailable. A relevant risk covered by insurance is **"Unavailable"** if:

- the relevant insurance is no longer available in respect of the TTT (and comparable construction activities in the UK) in the worldwide insurance market with reputable insurers of good standing in respect of that risk;
- the insurance premium or policy deductible payable for the relevant insurance to cover that risk is at such a level that the risk is no longer generally being insured against in the worldwide insurance market with reputable insurers of good standing by contractors in the UK; or
- there has been a material adverse change in the terms on which the relevant insurance is available in respect of the TTT (and comparable construction activities in the UK) in the worldwide insurance market with reputable insurers of good standing in respect of that risk (excluding any change in the premium payable, individual sub-limits (other than the tunnelling limit) or the policy deductibles) compared to the terms of the relevant insurance in place immediately prior to the relevant renewal or expiry date.

Besides being Unavailable, the Supplemental Compensation Agreement requires that:

- the relevant insurance must not have become Unavailable as a result of any criminal activity, fraud or wilful default by the Company; and
- it must be reasonably demonstrated that a prudent board of directors of a company engaged in the delivery of significant infrastructure assets within the UK (but without the overriding statutory rights and duties of the Company as a designated infrastructure provider) would in similar circumstances, acting reasonably and in the best interests of the company, resolve to cease to operate such business as a result of that insurance becoming Unavailable in respect of the relevant risk.

For both excess loss and unavailability loss, claims above a specified level may lead to Discontinuation (see below) rather than payment of the relevant loss. In addition, the Company is not entitled to recover the first £50 million (indexed) of all unavailability loss.

Premiums and fees

The Company is required to pay premiums and fees to the Secretary of State in accordance with the terms of the Supplemental Compensation Agreement. Besides the premiums paid on entry into the agreement, further fees and premiums are payable in certain circumstances including increased premiums while a Failure Event is continuing.

Contingent Equity Support Agreement

The Contingent Equity Support Agreement sets out the circumstances in which the Secretary of State may provide contingent equity to finance expenditure in excess of the Threshold Outturn.

Threshold Outturn and Contingent Equity

In certain circumstances where, following a Predicted Overrun:

- Ofwat has made a final determination in respect of an IAR Overrun Application;
- the Company's existing shareholders have elected not to finance or only partially to finance the Predicted Overrun; and

- the Company has used reasonable endeavours to find new equity or debt providers to fund the Predicted Overrun,

the Company may request that the Secretary of State provide contingent equity in respect of the Predicted Overrun.

Following receipt of such request, unless a Failure Event is continuing, the Secretary of State shall either elect to provide the relevant financing in an amount not exceeding an amount equal to the Additional Allowable Project Spend approved by Ofwat in accordance with the Licence, together with any Disallowed Expenditure or elect to Discontinue in accordance with the Discontinuation Agreement.

Any contingent equity provided by the Secretary of State is payable in instalments and applied solely towards Additional Allowable Project Spend and any Disallowed Expenditure which is incurred as part of the Predicted Overrun. Failure by the Secretary of State to pay a contingent equity instalment may lead to the Secretary of State being deemed to have issued a Discontinuation Notice.

Market Disruption Facility

The Market Disruption Facility provides the Company with a debt facility for use where it is unable to issue debt in the debt capital markets as a result of market disruption.

Availability and Purpose

Subject to its terms, the Secretary of State makes available to the Company a sterling-denominated, term debt facility in an amount up to £500,000,000, which may be drawn upon by the Company for so long as a Market Disruption Event occurs and is continuing. In addition, there are conditions precedent to utilisation including no events of default or potential events of default, the Company not being in breach of any term of the Licence and there being no continuing Failure Event.

Amounts borrowed under the Market Disruption Facility shall be applied towards Allowable Project Spend, any Additional Allowable Project Spend and refinancing the 2026 RC Facility or any other senior liabilities which have become due and payable.

Market Disruption Event

A **"Market Disruption Event"** is any national or international financial, political or economic conditions which have been continuing for a period of at least ten consecutive business days at any point after the last debt issuance in accordance with the debt issuance schedule provided by the Company as part of its quarterly reporting obligations under the Liaison Agreement (the **"Quarterly Bond Issuance Schedule"**) such that:

- the ability of issuers to issue, in the international capital markets, the volume (notwithstanding the price) of sterling-denominated bonds (rated at the required credit rating) identified in the relevant Quarterly Bond Issuance Schedule as due to be issued during such period has been materially prejudiced;
- such conditions are reasonably likely to continue as a result of which any offer by the Company to issue debt in accordance with the Quarterly Bond Issuance Schedule would be reasonably likely to fail to succeed by reason of such conditions;
- the amount required by the Company is greater than £100 million; and
- either:
    - where the Company has launched an offer to issue debt during such period and such offer has failed to attract subscriptions for at least 75 per cent. of the bonds offered to the market, the presence of such conditions was the principal cause of such failure; or
    - where the Company has not launched an offer to issue debt within such period, it was reasonably likely that by reason of such conditions if the Company had launched an offer, such offer would have failed to attract subscriptions for at least 75 per cent. of the bonds that were scheduled to be issued to the market under the Quarterly Bond Issuance Schedule.

Repayment

By way of repayment of any loans, on each 31 March and 30 September, the Company shall transfer to the Secretary of State 100 per cent. of the cash available for distribution after:

- payment of Allowable Project Spend, any Additional Allowable Project Spend incurred and any Disallowed Expenditure payable by the Company; and
- application of any amounts required to be applied in a manner consistent with schedule 3 (Obligor Pre-Default Priority of Payments) to the STID.

The Market Disruption Facility requires the Company to repay the loans with the proceeds of debt issuance once the Market Disruption Event is no longer continuing. All loans under the Market Disruption Facility shall be repaid by the earlier of:

- the date falling three years after the date the relevant loan is drawn; and
- the earliest of System Acceptance, the Discontinuation date and certain transfer events.

Special Administration Offer Agreement

Under the Special Administration Offer Agreement, the Secretary of State provides certain undertakings to the Company in relation to the potential Special Administration of the Company.

Extended Special Administration

In the event that any Special Administration of the Company has continued for a period of at least 18 calendar months, the Secretary of State shall either:

- make an offer to Holdco to purchase all the equity and debt instruments issued by the Company to Holdco on such terms or at such price as the Secretary of State may determine acting in its absolute discretion (an **"Election to Offer"**); or
- elect to Discontinue in accordance with the Discontinuation Agreement.

Similar obligations apply where there is an application by the Secretary of State or Ofwat for a discharge of a Special Administration Order. The Senior Debt Liabilities of the Company are not subject to any such offer so would remain vested in the Company.

Consequences of an Election to Offer

If the Secretary of State elects to exercise an Election to Offer and Holdco accepts the offer, the contemplated purchase will be effected.

Discontinuation Agreement

Under the Discontinuation Agreement, where certain specified events occur, the Secretary of State will be required to pay compensation to debt holders, hedging providers and equity investors if it elects to Discontinue or is deemed to have elected to Discontinue, as described below.

Circumstances for discontinuation

Under the Discontinuation Agreement, the Secretary of State may elect to Discontinue and issue a Discontinuation Notice to the Company in the event that:

- the Liaison Committee under the Liaison Agreement has unanimously recommended that the Secretary of State should consider exercising its rights to do so;
- the Company makes a claim under the Supplemental Compensation Agreement and the claim (individually or aggregated with previous claims) is in excess of £100 million (indexed) as adjusted;
- the Secretary of State has issued a notice confirming unavailability cover under the Supplemental Compensation Agreement;
- Holdco requests contingent equity from the Secretary of State under the Contingent Equity Support Agreement, the relevant notice has not been withdrawn and the Secretary of State has not committed to provide equity; or
- the Company has entered into Special Administration.

The Secretary of State will be deemed to have elected to Discontinue if:

- the Secretary of State has not exercised an Election to Offer or election to Discontinue within the required timeframe under the Special Administration Offer Agreement;
- the Secretary of State has not responded to a request for contingent equity in the required timeframe under the Contingent Equity Support Agreement or has failed to pay any contingent equity instalment within the required timeframe; or
- there is a revocation of the Designation Notice or Project Specification Notice by the Secretary of State without a prior or concurrent revocation of the Licence.

Consequences of Discontinuation

If the Secretary of State elects, or is deemed to elect to Discontinue it shall pay to the Company compensation in an amount equal to the Senior Debt Compensation and the Equity Compensation provided that the aggregate of such compensation shall not exceed the Total Compensation Amount.

Senior Debt Compensation is the lower of Senior Debt Liabilities and the Total Compensation Amount.

In turn, Senior Debt Liabilities are the aggregate of all amounts outstanding to secured creditors under the senior financing agreements, including principal, interest, cost, expenses and liabilities owing or accrued (including Breakage Costs, subject to exceptions) less amounts claimable in respect of contingent funding liabilities, breakage gains and other amounts received as a result of enforcement and further deductions and reductions in accordance with the Discontinuation Agreement (see below).

The Total Compensation Amount is the sum of the Discontinuation Date Adjusted RCV and Breakage Costs.

Discontinuation Date Adjusted RCV is the RCV assigned by Ofwat at the end of the preceding Charging Year plus any Allowable Project Spend and Additional Allowable Project Spend incurred by the Company since the end of the preceding Charging Year and the Discontinuation date and, if this amount exceeds the original base case forecast, as adjusted to reflect the accrued incentive penalty to be applied to the RCV at Post Construction Review, as determined in accordance with the Discontinuation Agreement.

Breakage Costs are the costs of early termination of any DA Approved Hedging payable by the Company to secured creditors as a result of the notional termination of DA Approved Hedging, its termination on the Secretary of State electing to cease paying by instalments, termination where the Secretary of State is in breach of its payment obligations or the occurrence of certain permitted hedge termination events.

Compensation amounts are subject to adjustments in accordance with the Discontinuation Agreement including:

- a deduction from Senior Debt Liabilities where any amendment, waiver or exercise of rights under the senior financing agreements or transaction in relation to DA Approved Hedging has the effect of materially increasing Senior Debt Liabilities and was not permitted financial indebtedness, was not in accordance with the Liaison Agreement or STID or was in breach of certain requirements in respect of hedging. The deduction is of the amount of the increase.
- a deduction from Discontinuation Date Adjusted RCV, Allowable Project Spend and/or Additional Allowable Project Spend for the purposes of calculating the Total Compensation Amount where any amendment, waiver or exercise of any right under any project document has the effect of materially increasing such amounts and is not in accordance with the Liaison Agreement. The deduction is of the amount of the increase.
- a deduction from Discontinuation Date Adjusted RCV, Allowable Project Spend and/or Additional Allowable Project Spend for the purposes of calculating the Total Compensation Amount where a Failure Event is continuing when the right of the Secretary of State to Discontinue arises. The deduction is of the Allowable Project Spend and Additional Allowable Project Spend (excluding certain costs) during the period from the Failure Event to the date the Discontinuation Notice is issued.

In principle, the Secretary of State will pay the Senior Debt Compensation in instalments. The Discontinuation Agreement specifies the timing of instalment payments and their amounts. From the Discontinuation date, the Secretary of State shall pay the amounts payable by the Company to secured creditors under the senior financing agreements (with adjustments in the event any adjustments are applicable) on the dates such amounts fall due for payment. The STID requires that whilst the Secretary of State is paying Senior Debt Compensation by instalments, other than in limited circumstances, loans may not be accelerated and Finance Documents and Hedging Agreements may not be terminated.

In certain circumstances, including at the election of the Secretary of State, Senior Debt Compensation shall no longer be paid by instalments but instead as a lump sum. If Senior Debt Compensation is to be paid as a lump sum, the amount is recalculated as at the relevant Lump Sum Date.

Where Senior Debt Compensation is subject to tax payable to a UK authority, the Secretary of State is required to pay the Company such additional amount as will put the Company in the same after tax position as it would have been in had the payment not been subject to tax.

Payment of Senior Debt Compensation or Equity Compensation is in full satisfaction of any claim against the Secretary of State by the Obligor Security Trustee, Holdco and/or the Company in relation to termination of the Government Support Package.

Remedy Events and Failure Events

As noted above, a deduction may be made for the purposes of calculating the Total Compensation Amount where a Failure Event is continuing when the right of the Secretary of State to Discontinue arises. The Discontinuation Agreement sets out the circumstances in which a Remedy Event can become a Failure Event and a Failure Event be reduced to a Remedy Event.

Remedy Events are listed in the Discontinuation Agreement. Examples include breach of specified leverage levels, breach of equity support obligations and breach of dividend restrictions. Where a Remedy Event occurs, the Secretary of State may serve a notice of the Remedy Event on the Company. If the Company does not remedy the Remedy Event or put forward a remediation plan or puts forward a remediation plan but does not comply with that remediation plan in any material respect and the Remedy Event has not otherwise been remedied, the Secretary of State may serve a notice on the Company and the Remedy Event will be deemed to constitute a failure event (**"Failure Event"**).

A Failure Event may be reduced to a Remedy Event:

- where a remediation plan has not been previously agreed, a remediation plan is agreed between the Company and the Secretary of State and the Company is making substantial progress in carrying out the remediation plan; or
- where a remediation plan has been previously agreed, the Secretary of State is satisfied that the Company has resumed making substantial progress in carrying out the remediation plan.

Covenants

Before incurring additional financial indebtedness (on entering into a financing agreement) or amending the senior financing agreements, the Company is required to certify that the incurrence of such indebtedness or the making of the amendment will comply with certain financing principles set out in the Discontinuation Agreement.

The Company and the Issuer are also required to comply with the hedging policy set out in the Discontinuation Agreement.

The Company is required to manage its financial indebtedness such that the aggregate principal amount that falls due in certain specified periods is consistent with prudent treasury management and the Licence.

Breach of any of these provisions could give rise to a Remedy Event.

Approved Hedging Policy

The Discontinuation Agreement sets out the terms under which Hedging Agreements entered into by the Company or the Issuer (as applicable) shall constitute DA Approved Hedging. If Discontinuation occurs and any DA Approved Hedging transactions are outstanding, the Secretary of State shall make compensation payments in respect of DA Approved Hedging as part of the Senior Debt Compensation payable under the Discontinuation Agreement.

Shareholders Direct Agreement

The Shareholders Direct Agreement governs various matters as between the Secretary of State and the Shareholders including:

- the appointment of a Secretary of State observer if the Secretary of State commits to provide contingent equity under the Contingent Equity Support Agreement;
- appointment of directors where the Secretary of State's aggregate commitment under the Contingent Equity Support Agreement (including any Junior Capital already held by it) is equal to or greater than ten per cent. of the total equity issued by EquityCo;
- reserved matters (being certain matters which require the prior written approval of the Secretary of State where the Secretary of State has a commitment to provide contingent equity or has provided contingent equity under the Contingent Equity Support Agreement);
- a requirement for the Secretary of State's consent to transfers of Junior Capital during a Contingent Equity Commitment Period; and
- restrictions on distributions during a Contingent Equity Commitment Period.

DESCRIPTION OF THE ISSUER

The Issuer was incorporated in England and Wales on 22 July 2015 (registered number 09698014) and is a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is at Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA.

Share Capital and Shareholder

The Issuer is a wholly owned subsidiary of Holdco and its issued share capital is £50,000, divided into 50,000 £1.00 ordinary shares.

Principal Activities

The Issuer was established as a special purpose vehicle, and the main purpose and activity of the Issuer is to establish and maintain the Programme, to raise capital by the issue of Bonds, to on-lend the proceeds of the issuance of Bonds by way of Advances to the Company under each IBLA and to enter into Issuer Hedging Agreements. The Issuer has not, since the date of incorporation, engaged in any activities other that those incidental to its registration, the establishment and maintenance of the Programme, the raising of capital by the issue of Bonds, the on-lending of the proceeds of the issuance of Bonds by way of Advances to the Company under each IBLA and other matters described or contemplated in this Prospectus. The Issuer has no subsidiaries.

Board of Directors

The following table sets out the directors of the Issuer, their occupations and their principal activities, as at the date hereof.

Name	Position	Principal activities
Andrew Julian Frederick Cox	Director	Shareholder Director
Alistair Graham Ray	Director	Shareholder Director
Edward John Randolph	Director	Shareholder Director

The business address of each of the directors is Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA.

Conflicts of Interest

Alistair Graham Ray has been appointed as a director of the Issuer by Dalmore Capital Limited on behalf of Dalmore Infrastructure Investments and Auger Bore and is a director of each of those Shareholders, an employee and founding shareholder of the fund manager group of those Shareholders and a director of the other companies within the holding structure of the Issuer.

Edward John Randolph has been appointed as a director of the Issuer by Amber Infrastructure on behalf of the Amber Funds, is an employee of Amber Infrastructure and is a director of the other companies within the holding structure of the Issuer.

Andrew Julian Frederick Cox has been appointed as director of the Issuer by Allianz Infrastructure and Allianz European, is an employee of the fund manager group of those Shareholders and a director of the other companies within the holding structure of the Issuer.

Save as disclosed above, there are no potential conflicts of interest between any duties owed by the directors to the Issuer and those directors' private interests and other duties.

DESCRIPTION OF THE COMPANY

The Company was incorporated in England and Wales on 21 April 2015 (registered number 09553573) as a private limited company under the Companies Act 2006 (as amended). The registered office of the Company is Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA.

Share Capital and Shareholder

The Company is a wholly owned subsidiary of Holdco and its issued share capital is 509,672,601 ordinary shares of £1 each.

Principal Activities

On 13 August 2015 Ofwat designated the Company as an infrastructure provider wholly responsible for the TTT. The Company is a separate self-standing, independent utility. See "*Regulatory Framework*" for further information on the regulatory framework applicable to the Company.

The Company's business is described in the section "*Business Description*".

Board of Directors

The following table sets out the directors of the Company, their occupations and their principal activities, as at the date hereof.

Name	Position	Principal activities
Michael James Queen	Director	Chairman & Independent Non-Executive Director
Mohammed Habedat Saddiq	Director	Independent Non-Executive Director
Shirley Catherine Campbell	Director	Independent Non-Executive Director
Baroness Ruby McGregor-Smith	Director	Independent Non-Executive Director
Michael Colin Putnam	Director	Independent Non-Executive Director
Andrew Julian Frederick Cox	Director	Shareholder Director
Daniel Fortio Da Costa Mendes Pires	Director	Shareholder Director
Edward John Randolph	Director	Shareholder Director
Mathew Robert Duncan	Director	Executive Director
Matthew Pattison Parr	Director	Executive Director
Roger Charles Bailey	Director	Executive Director

The business address of each of the directors is Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA.

Conflicts of Interest

Edward John Randolph has been appointed as a director of the Company by Amber Infrastructure on behalf of the Amber Funds, is an employee of Amber Infrastructure and is a director of the other companies within the holding structure of the Company.

Andrew Julian Frederick Cox has been appointed as director of the Company by Allianz Infrastructure and Allianz European and is an employee of the fund manager group of those Shareholders. and a director of the other companies within the holding structure of the Company.

Daniel Fortio Da Costa Mendes Pires has been appointed as a director of Holdco by Dalmore Capital Limited on behalf of Dalmore Infrastructure Investments and Auger Bore, is an employee of the fund manager group of those Shareholders and a director of the other companies within the holding structure of Holdco.

Save as disclosed above, there are no potential conflicts of interest between any duties owed by the directors to the Company and those directors' private interests and other duties.

DESCRIPTION OF HOLDCO

Holdco was incorporated in England and Wales on 21 April 2015 (registered number 09553510) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdco is Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA.

Share Capital and Shareholders

Holdco is a wholly owned subsidiary of JVCo and its issued share capital is 509,672,601 ordinary shares of £1 each.

Principal Activities

Holdco was established as a private limited company and its principal activities are acting as, and in connection with being a holding company. Holdco does not own or operate any of the operating assets of the Holdco Group. Consequently, the ability of Holdco to meet its financial obligations is dependent on the receipt of dividends from the Company.

Board of Directors

The following table sets out the directors of Holdco, their occupations and their principal activities, as at the date hereof.

Name	Position	Principal activities
Andrew Julian Frederick Cox	Director	Shareholder Director
Daniel Fortio Da Costa Mendes Pires	Director	Shareholder Director
Alistair Graham Ray	Director	Shareholder Director
Edward John Randolph	Director	Shareholder Director
Amanda Elizabeth Woods	Director	Shareholder Director

The business address of each of the directors is Part Level 7, Riverside House, 2a Southwark Bridge Road, London, England, SE1 9HA.

Conflicts of Interest

Alistair Graham Ray has been appointed as a director of Holdco by Dalmore Capital Limited on behalf of Dalmore Infrastructure Investments and Auger Bore and is a director of each of those Shareholders, an employee and founding shareholder of the fund manager group of those Shareholders and a director of the other companies within the holding structure of Holdco.

Edward John Randolph has been appointed as a director of Holdco by Amber Infrastructure on behalf of the Amber Funds, is an employee of Amber Infrastructure and is a director of the other companies within the holding structure of Holdco.

Amanda Elizabeth Woods has been appointed as a director of Holdco by Amber Infrastructure on behalf of the Amber Funds, is an employee of Amber Infrastructure and is a director of the other companies within the holding structure of Holdco.

Andrew Julian Frederick Cox has been appointed as director of Holdco by Allianz Infrastructure and Allianz European and is an employee of the fund manager group of those Shareholders and a director of the other companies within the holding structure of Holdco.

Daniel Fortio Da Costa Mendes Pires has been appointed as a director of Holdco by Dalmore Capital Limited on behalf of Dalmore Infrastructure Investments and Auger Bore, is an employee of the fund manager group of those Shareholders and a director of the other companies within the holding structure of Holdco.

Save as disclosed above, there are no potential conflicts of interest between any duties owed by the directors to Holdco and those directors' private interests and other duties.

DESCRIPTION OF THE SHAREHOLDERS

Shareholders of Bazalgette Equity Limited

EquityCo is the ultimate holding company of the Company, the Issuer and Holdco. The shareholders in EquityCo are Allianz Infrastructure Luxembourg I S.a.r.l., as to 34.26 per cent. (**"Allianz Infrastructure"**), Allianz European Infrastructure II Acquisition Holdings S.a.r.l as to 4.09 per cent. (**"Allianz European"**), Dalmore Capital 14 GP Ltd acting in its capacity as general partner of Dalmore Infrastructure Investments LP, as to 33.76 per cent., (**"Dalmore Infrastructure Investments"**), Auger Bore Investments Limited as to 2.88 per cent. (**"Auger Bore"**), IPP (Bazalgette) Limited (a wholly owned subsidiary of International Public Partnerships, **"INPP"**) and Bazalgette (Investments) Limited (**"Swiss Life"**) as to 17.90 per cent. and 7.11 per cent. respectively, (INPP and Swiss Life together referred to as the **"Amber Funds"**) Allianz Infrastructure, Allianz European, Dalmore Infrastructure Investments Auger Bore and the Amber Funds are referred to as the **"Shareholders"**.

Each of Allianz Infrastructure and Allianz European is ultimately controlled by Allianz SE, a global financial services group, active in insurance and asset management.

The Amber Funds include both a listed investment fund and a separately managed account advised or managed by Amber Infrastructure (Amber Fund Management Limited). Amber Infrastructure is a developer, financial adviser and manager of infrastructure projects and businesses. In August 2024, Amber Infrastructure reached formal completion on a strategic transaction with Boyd Watterson Asset Management. The combination created a diversified real estate, infrastructure, and fixed income asset management platform. Dalmore Infrastructure Investments and Auger Bore are each managed or advised by Dalmore Capital Limited. Dalmore Capital Limited is an independent fund manager based in London with a sole focus on the infrastructure sector. In May 2025 it was announced that Royal London had entered into an agreement to acquire Dalmore Capital, which completed in November 2025. Following completion, ownership of Dalmore Capital transferred to Royal London Asset Management.

Shareholders' Agreement

The Original Shareholders entered into a shareholders' agreement with EquityCo, JVCo, Holdco and the Company on 12 May 2015 (as amended and restated on 18 August 2015 and 26 March 2025, the **"Shareholders' Agreement"**). The Shareholders' Agreement governs the structure of the Company and other companies within the Company's group, including the governance obligations and rights between the parties, and the basis on which the Company will carry on its business.

Funding arrangements

At the point of Licence Award in August 2015, the Original Shareholders committed a total of £1,274.2 million in equity, split between ordinary shares (in EquityCo, as to £509.7 million) and shareholder loans (to JVCo, as to £764.5 million). This equity has been paid up in full in line with the equity-first approach to financing. Part of the shareholder loans has since been repaid and additional loan notes have been issued in periods where interest has been capitalised (most notably during Covid-19) – see "*Business Description*" for more details. The balance of the shareholder loans at 31 March 2026 was £985.8 million.

The Shareholders are not obliged to provide financing beyond their share of the maximum financing amount but may, at their discretion, provide additional financing if required. The Shareholders' Agreement provides that each Shareholder may procure additional equity in proportion to their then-existing participations. If a Shareholder decides not to invest further equity the Shareholders' Agreement permits the other shareholders to provide the additional equity or for third parties to accede to the Shareholders' Agreement and provide equity financing.

There are restrictions on the transfer of shares under the Shareholders' Agreement, including that equity instruments are required to be held pro-rata with shareholder loans (intra group transfers are permitted) and that no transfers may take place in breach of restrictions under the Finance Documents. Additionally, there are certain circumstances which may require a Shareholder to transfer its shareholding, for instance in the event of a change of control, insolvency or other similar event, or an unremedied material breach of the Shareholders' Agreement.

The Shareholder loans bear interest at 8 per cent. per annum and are subordinated to external debt issued by the Company or the Issuer, including the Bonds issued under the Programme. Interest is payable subject to the availability of funds. Accrued unpaid interest may be satisfied through the issue of additional loan notes, or capitalised. The proceeds of the Shareholder loans issued by JVCo will be on-lent to Holdco and from Holdco to the Company.

In the event that the Secretary of State subscribes for equity in the Company as a result of the operation of the CESA, EquityCo will issue shares to the Secretary of State and JVCo will issue loan notes to the Secretary of State, in each case in the amounts determined pursuant to the CESA.

Governance

Decisions of the board of directors of each Holdco Group company are based on a simple majority of votes cast, subject to the Shareholder Reserved Matters. Under the Shareholders' Agreement, each Shareholder holding 10 per cent. or more of the ordinary shares in EquityCo is entitled to appoint one Director to the boards of each of EquityCo, JVCo, Holdco and the Company, and each Shareholder holding 20 per cent. or more of the ordinary shares in EquityCo is entitled to appoint a second director to each of the EquityCo, JVCo and Holdco boards. In the event that the Secretary of State becomes a shareholder in EquityCo as a result of the operation of the CESA, the Secretary of State will have the right to appoint two directors to the board of each of EquityCo, JVCo and Holdco, and one director to the Company board as provided by the Shareholders' Direct Agreement and the Shareholders' Agreement.

The Board of the Company is composed of 11 directors, of which eight are non-executive directors. Five of the non-executive directors are independent non-executive directors, making them the largest single group on the board in line with Ofwat's board leadership, transparency and governance principles as required by Condition K2.2(a) of the Company's Licence. The remaining three non-executive directors are shareholder-appointed directors, representing each of (i) Allianz Infrastructure and Allianz European; (ii) Dalmore Infrastructure Investments and Auger Bore and (iii) the Amber Funds, in accordance with the terms of the Shareholders' Agreement.

Under the Shareholders' Agreement, certain matters (**"Shareholder Reserved Matters"**) may only be passed if approved by the Shareholders by the requisite percentage of Shareholders votes, as specified for the relevant matter in the Shareholders' Agreement. Each Shareholder has the number of votes on such matters equal to its shareholding in EquityCo. Shareholder Reserved Matters include, among other things, material acquisitions, disposals, changes to business plan or scope of business, litigation, material tax claims and board changes.

SUMMARY OF THE COMMON DOCUMENTS

The following is a summary of certain provisions of the principal documents relating to the transactions described in this Prospectus.

General overview

The Finance Parties (which includes the Issuer) all benefit from common terms set out in the Common Terms Agreement under their relevant debt instrument. The Finance Parties benefit from a common security package granted by the Company and Holdco (as Obligors under the Common Terms Agreement). It is a requirement of the Common Terms Agreement that any future provider of any Authorised Credit Facility must accede to and be bound by the terms of the Common Terms Agreement (see "*Summary of the Common Documents – Common Terms Agreement*" below). Any future provider of any Authorised Credit Facility must also accede to the intercreditor arrangements contained in the STID (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed*" below). The Issuer, as provider of each loan to the Company corresponding to the proceeds of an issuance of any Bonds, will also be party to and be bound by the Common Terms Agreement and the STID.

The Common Terms Agreement sets out the common terms applicable to each IBLA and each other Authorised Credit Facility into which the Company enters. Save for certain limited exceptions, no Finance Party can have additional representations, covenants, trigger events or loan events of default beyond the common terms deemed to be incorporated by reference into their Authorised Credit Facilities through their execution of, or accession to, the Common Terms Agreement.

The STID regulates among other things: (i) the claims of the Obligor Secured Creditors; (ii) the rights and claims of each Subordinated Intragroup Creditor and each Subordinated Investor (iii) the exercise, acceleration and enforcement of rights by the Obligor Secured Creditors, (iv) the rights of the Obligor Secured Creditors under the Common Documents during a Standstill Period; and (v) the giving of instructions, consents and waivers and, in particular, the basis on which votes of the Obligor Secured Creditors will be counted.

All agreements listed below and non-contractual obligations arising out of or in connection with them will be governed by English law and subject to the exclusive jurisdiction of the English courts.

Common Terms Agreement

General

Each of the Obligor Security Trustee, the Issuer, Holdco, the Company, the Holdco Group Agent, the Cash Manager, the Initial RCF Lenders, the Initial RCF Arrangers, the Company Hedge Counterparties, the Initial RCF Agent, the Discontinuation Creditor, the MDF Provider and the Company Account Bank entered into the Common Terms Agreement on the Closing Date. The Issuer Security Trustee and the Bond Trustee acceded to the Common Terms Agreement on the Establishment Date. Each of the 2026 RCF Finance Parties acceded to the Common Terms Agreement on 31 March 2026. The Common Terms Agreement sets out the representations, covenants (positive, negative and financial), Trigger Events and Loan Events of Default which apply to each Authorised Credit Facility (including for the avoidance of doubt each IBLA and any other document entered into in connection with an Authorised Credit Facility, but excluding, in certain circumstances, any Hedging Agreement), which are all further described below.

It is a term of the Common Terms Agreement that any (a) representation, (b) covenant, (c) Trigger Event or (d) Loan Event of Default contained in any Authorised Credit Facility (other than: (i) in respect of (a), any Liquidity Facility Agreement or Hedging Agreement or any EIB Finance Contract, (ii) in respect of (b), any Liquidity Facility Agreement, the MDF or any EIB Finance Contract, (iii) in respect of (c), the MDF, and (iv) in respect of (d) the MDF, or any Liquidity Facility Agreement or Hedging Agreement) which is in addition to those in the Common Terms Agreement will be unenforceable (save for limited exceptions which, among other things, include tax representations and covenants relating to "*know your customer*" checks, the delivery of documents to allow payments to be made without deduction of Tax, the purpose of the relevant facility, provisions as to illegality, information undertakings, indemnities, covenants to pay, voluntary prepayments, mandatory prepayments or mandatory "*clean-down*" provisions (other than upon or following the occurrence of

any event of default howsoever worded in an Authorised Credit Facility) and covenants relating to remuneration, costs and expenses) unless they are also offered to all of the parties to the Common Terms Agreement on the same basis and for the duration of the relevant facility. In addition, subject to certain conditions, further representations, covenants, Trigger Events and Loan Events of Default may be included where they are extended to all of the Finance Parties (including the Issuer).

It is a requirement of the Common Terms Agreement that future providers of Authorised Credit Facilities accede to the Common Terms Agreement, the Master Definitions Agreement and the STID.

The Common Terms Agreement contains certain indemnities of the Obligors to the Finance Parties in respect of losses caused, *inter alia*, by Loan Events of Default.

To the extent that any provision of the Common Terms Agreement is inconsistent with any provision of the STID, the provision in the STID shall prevail.

A summary of the representations, covenants, Trigger Events and Loan Events of Default included in the Common Terms Agreement is set out below.

Representations

On the Closing Date, each Obligor made a number of representations to the Issuer and each other Finance Party. These representations include (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) representations as to:

(a) its due incorporation, valid existence, power and authority to own its assets and carry on its business as it is being conducted;

(b) its power to enter into, deliver and perform the Finance Documents and other Transaction Documents to which it is or will be a party;

(c) all Authorisations required to enable it to enter into, exercise its rights and perform its obligations under the Transaction Documents;

(d) its obligations under each Finance Document are legal, valid, binding and enforceable;

(e) there being no conflict with (i) any laws or regulations applicable to it, (ii) any regulatory or governmental clearances, or any licences required for the carrying on of the Permitted Business, (iii) its constitutional documents or (iv) any agreement or instrument binding upon it or any of its assets, other than in respect of (iii), to the extent that such conflict would or is reasonably likely to have a Material Adverse Effect;

(f) (i) ownership or licensing of material intellectual property that is required for its business, and (ii) no infringement, in carrying on its businesses, of any Intellectual Property of any third party in any respect which would or is reasonably likely to have a Material Adverse Effect;

(g) matters relating to insurances;

(h) good, valid and marketable title to, or valid leases or licences to use the assets necessary to carry on the Permitted Business;

(i) absence of the (i) issuance of a Discontinuation Notice, (ii) revocation of the Designation Notice, or (iii) revocation of the Project Specification Notice;

(j) absence of Loan Events of Default, Defaults or Trigger Events;

(k) matters relating to Taxes which would or are reasonably likely to have a Material Adverse Effect;

(l) the accuracy of its financial statements;

(m) the completeness and accuracy (to the best of its knowledge and belief) of inter alia the factual information in any Prospectus, all written information and reports provided by any Obligor to a Finance Party in connection with the Finance Documents (excluding any illustrative financial projections, forecasts or underlying assumptions set out in each Prospectus and each Information Memorandum supplied to the Finance Parties, any Bondholders, any Deferred Purchasers or any PP Noteholders and any reports prepared by a third party professional adviser, consultant or expert and upon which the Obligor Security Trustee has expressed reliance);

(n) all Pension Schemes being funded in accordance with applicable law and no warning notice, contribution notice or financial support direction being made;

(o) the Holdco Group structure;

(p) save as disclosed in its Financial Statement, it not being subject to any contingent liability or commitment that has a Material Adverse Effect;

(q) choice of governing law to govern the Finance Documents and enforcement of judgements;

(r) matters relating to centre of main interest;

(s) matters relating to (i) compliance with laws and regulations, (ii) licences, including environmental compliance, (iii) anti-money laundering, anti-bribery and sanctions compliance, (iv) compliance with ERISA, (v) compliance with Margin Regulations and (vi) compliance with the Investment Company Act, and absence of circumstances which would prevent such compliances in (i), (ii) and (iv) in a manner or to an extent which would or is reasonably likely to have a Material Adverse Effect;

(t) absence of litigation, arbitration, administrative proceedings, investigations or environmental claims which, if adversely determined, would or are reasonably likely to have a Material Adverse Effect;

(u) ranking of claims;

(v) there being no security over assets of any member of the Holdco Group (other than Permitted Security) and no financial indebtedness other than Permitted Financial Indebtedness;

(w) the shares of any member of the Holdco Group subject to security being fully paid and not subject to any option to purchase or similar rights;

(x) the security granted pursuant to the Obligor Security Documents having the ranking expressed in those documents and not being subject to any prior ranking or *pari passu* ranking;

(y) Holdco, as at the Closing Date, not carrying on any business or owning any assets other than (i) acting as the Holding company of its direct Subsidiaries, (ii) in connection with the Transaction Documents, and (iii) matters arising from it being a holding company of the Company and the other companies in respect of which it is the direct or indirect holding company; and

(z) the Company not carrying on any business or owning any asset other than, amongst other things, in connection with the Transaction Documents.

In addition, on each date on which any other new Authorised Credit Facility (including any future IBLA) is entered into, each Obligor will repeat certain of such representations.

On each Payment Date, on each date of a request for a borrowing and, on the first date on which any Utilisation is made, after the Closing Date, each Obligor shall make certain repeating representations (the **"Repeated Representations"**). An Obligor acceding to an Authorised Credit Facility shall make the Repeated Representations on the date of such accession.

Covenants

The Common Terms Agreement contains certain covenants from each of the Obligors. A summary of the covenants is set out below.

Information Covenants

Financial Statements

(a) The Holdco Group Agent must supply to the Obligor Security Trustee, the Issuer Security Trustee, the 2026 RCF Agent and any other Facility Agent, each Secured Creditor Representative, the Company Hedge Counterparties, any Bond Trustee and the Secretary of State (while it is an Obligor Secured Creditor) and, if requested by the Obligor Security Trustee, in sufficient copies for all Obligor Secured Creditors:

(i) consolidated audited Annual Financial Statements of the Holdco Group, prepared as if they constituted a statutory group for consolidation purposes, and related

accountants' reports, within one hundred and fifty (150) days after the end of each Financial Year (such financial statements to comprise profit and loss account, balance sheet and cash-flow statement);

(ii) consolidated, unaudited Semi-Annual Financial Statements of the Holdco Group, prepared as if they constituted a statutory group for consolidation purposes for the first financial half year in each Financial Year, within ninety (90) days after the end of such financial half-year (such financial statements to comprise profit and loss account, balance sheet and cash-flow statement); and

(iii) unaudited management accounts of the Holdco Group for each quarter, if prepared by management, as soon as they are available after the end of each quarter of each of its Financial Years.

(b) The Holdco Group Agent must ensure that:

(i) each set of Financial Statements supplied by it is prepared in accordance with the Accounting Principles and gives a true and fair view of or, in the case of any unaudited Semi-Annual Financial Statement, fairly presents its financial condition (consolidated or otherwise) as at the date to which those Financial Statements were drawn up and of the results of its operations during such period;

(ii) it notifies the Obligor Security Trustee of any material change to the basis on which the audited consolidated Annual Financial Statements and the unaudited consolidated Semi-Annual Financial Statements of Holdco are prepared (including a change of the Accounting Principles or the accounting practices);

(iii) in respect of the calculation of any of the financial ratios contemplated in paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Covenants – Financial Covenants – Financial Ratios*", if the change notified under paragraph (b)(ii) above results in or is reasonably expected to:

A. result in a deviation of equal to or greater than 3 per cent. from the result of the calculation of such financial ratio if such change had not occurred, the Holdco Group Agent may; or

B. result in a deviation of equal to or greater than 5 per cent. from the result of the calculation of such financial ratio if such change had not occurred, the Holdco Group Agent shall,

appoint an international firm of auditors to determine the amendments required to be made to the relevant financial ratios and associated definitions. Prior to the Holdco Group Agent appointing such auditors, the Obligor Security Trustee shall, if directed in accordance with the STID, enter into discussions with a view to agreeing any amendments required to be made to the financial ratios and associated definitions to place the Holdco Group and the Obligor Security Trustee in a comparable position.

Notification of Default and Trigger Event

(a) Unless the Obligor Security Trustee and the Secretary of State (while it is an Obligor Secured Creditor) have already been so notified by another Obligor, each Obligor (or the Holdco Group Agent on its behalf) must notify the Obligor Security Trustee and the Secretary of State (while it is an Obligor Secured Creditor) of any Default or Trigger Event under the Finance Documents relating to it (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(b) Promptly following any reasonable request by the Obligor Security Trustee, or the Secretary of State (while it is an Obligor Secured Creditor), each Obligor must supply to the Obligor Security Trustee or the Secretary of State (while it is an Obligor Secured Creditor) a certificate, signed by two (2) of its authorised signatories on its behalf, certifying that no Default or potential Trigger Event is outstanding of which it is aware, having made all reasonable enquiries or, if a Default or potential Trigger Event is outstanding, specifying the

Default or potential Trigger Event (and the steps, if any, being taken or proposed to be taken to remedy it).

Compliance Certificate

(a) The Holdco Group Agent shall supply a Compliance Certificate:

(i) to the Obligor Security Trustee, the Issuer Security Trustee, the 2026 RCF Agent and any other Facility Agent, the EIB, the Hedge Counterparties and the Secretary of State (while it is an Obligor Secured Creditor) with each set of Financial Statements of the Holdco Group; and

(ii) to the Obligor Security Trustee, the Issuer Security Trustee, the 2026 RCF Agent and any other Facility Agent, the EIB and the Hedge Counterparties at any time that the Holdco Group wishes to make a Restricted Payment and more than one hundred (100) days have elapsed since the giving of the preceding Compliance Certificate.

(b) Such Compliance Certificate shall include:

(i) the financial ratios set out in paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Covenants – Financial Covenants – Financial Ratios*" below and calculations thereof in reasonable detail as at the most recent Test Date;

(ii) details of compliance with the construction period distribution policy, including appropriate information supporting the projections contemplated in paragraph F(iv) of the definition of Restricted Payment Condition;

(iii) with each set of Financial Statements, summary details of any acquisition or disposal of Subsidiaries, Subsidiary Undertakings or interest in any Permitted Joint Venture by any member of the Holdco Group and of any company or business or material asset disposals by any member of the Holdco Group, in each case since the previously delivered Compliance Certificate (or, if none, since the Closing Date);

(iv) the amounts of any Restricted Payment made since the date of the previous Compliance Certificate;

(v) confirmation that the statements in such Compliance Certificate are accurate in all material respects;

(vi) confirmation that no Default or Trigger Event has occurred or is continuing, or if a Default or Trigger Event has occurred and is continuing, the steps (which shall be specified) being taken to remedy such Default or Trigger Event; and

(vii) confirmation that the Holdco Group is in compliance with the Hedging Policy.

(c) Notwithstanding that a Low Leverage Period is continuing, in each Compliance Certificate delivered, there shall be included the FFO ICR and Average FFO ICR in respect of the most recently completed Test Period for any Test Date on which the Senior RAR exceeds 0.05:1; such financial ratios to be reported for information purposes only.

(d) The Obligor Security Trustee shall, within 10 Business Days of receipt of a Compliance Certificate have the right, acting on the written instructions of the Qualifying Obligor Secured Creditors holding an aggregate Outstanding Principal Amount of at least 20 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities then outstanding, to challenge a statement(s), calculation(s) or ratio(s) in a Compliance Certificate and call for other substantiating evidence. No Obligor may make a Restricted Payment during the period starting on (and including) the date on which a Compliance Certificate is delivered and ending on (and excluding) the date falling 14 Business Days from such date; and in the event that the Compliance Certificate is challenged by the Obligor Security Trustee in accordance with the provisions above, the period starting on (and including) the date of the challenge until the earlier of: (i) the date on which investigations in respect of the challenge are completed to the reasonable satisfaction of the Obligor Security Trustee; (ii) the date on which the independent expert appointed to investigate such statement(s),

calculation(s) or ratio(s) announces its conclusions that the relevant statement(s) or calculation(s) or ratio(s) that were the subject of the challenge were not materially inaccurate or misleading in a manner that resulted in there being no subsistence of a Trigger Event; and (iii) 2 Business Days after a re-stated Compliance Certificate which is accurate in all material respects (taking into account the findings of the independent expert (if applicable)) has been delivered.

Investor Report

(a) The Holdco Group Agent (on behalf of each Obligor) must supply, at the same time as a Compliance Certificate is provided (for the avoidance of doubt, at least semi-annually), to the Obligor Security Trustee, the Issuer Security Trustee, the 2026 RCF Agent and any other Facility Agent, the Company Hedge Counterparties, any Bond Trustee and the Secretary of State (while it is an Obligor Secured Creditor), and, if requested by the Obligor Security Trustee, in sufficient copies for all of the relevant Obligor Secured Creditors and each Issuer Secured Creditor, an Investor Report.

(b) Each Investor Report must include:

(i) the financial ratios set out in paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Covenants – Financial Covenants – Financial Ratios"* below and calculations thereof in reasonable detail as at the most recent Test Date;

(ii) if any Restricted Payments have been made since the date of the immediately preceding Investor Report (or, if none, since the Closing Date), the amount of such Restricted Payment;

(iii) when delivered with each set of Financial Statements a general update of the following, (including narrative and details of any key changes) on (i) a general overview of the Permitted Business; (ii) details of any material regulatory changes and business developments; (iii) details of any Capital Expenditure in an amount exceeding £25,000,000 (Indexed) (or equivalent in other currency or currencies); (iv) details of the current financing position; (v) summary details of any acquisitions or disposals in each case in an amount exceeding £25,000,000 (Indexed) (or equivalent in other currency or currencies); and (vi) summary of the current hedging position; and

(iv) confirmation that (i) the contents of the Investor Report is accurate in all material respects; (ii) no Default or Trigger Event has occurred and is continuing, or if a Default or Trigger Event has occurred and is continuing, the steps (which shall be specified) being taken to remedy such Default or Trigger Event; and (iii) the Holdco Group is in compliance with the Hedging Policy.

Environmental Report

(a) Subject to paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Covenants – Information Covenants – Designated Website"* below, the Holdco Group Agent (on behalf of each Obligor) shall supply within 45 days of the end of each financial quarter (in sufficient copies for the Obligor Security Trustee, the Issuer Security Trustee, the EIB and the Secretary of State (while it is an Obligor Secured Creditor)) to the same, a report setting out (but only to the extent each such matter is not referred to in the immediately preceding quarterly or monthly report produced in accordance with the Liaison Agreement):

(i) the status of the Environmental Monitoring Plans;

(ii) implementation and compliance with each Environmental Monitoring Plans;

(iii) measures taken to ensure compliance in all material respects with applicable Environmental Laws;

(iv) details of any actual material deviation (and any potential deviation which is reasonably likely to have a Material Adverse Effect) from applicable Environmental Laws and the Environmental Monitoring Plans; and

(v) details of any event resulting in the release of an Environmental Contaminant affecting the TTT which has or would reasonably be expected to have a Material Adverse Effect and an analysis of the effectiveness of the action taken by any party to remedy such contamination and any further action required to be taken by the Company following such contamination in order to comply in all material respects with Environmental Laws or the Environmental Monitoring Plans.

Annual Presentation

(a) The Holdco Group Agent must hold each year an open one-way investor update conference call presentation on the on-going business, the status of the TTT (in particular in respect of construction) and the financial performance of the Holdco Group made by at least one director of the Company to the Obligor Secured Creditors.

Auditors Review

(a) If at any time there appears to be, in the reasonable opinion of the Obligor Secured Creditors representing no less than ten per cent. of the Qualifying Obligor Secured Liabilities or the Secretary of State (while it is an Obligor Secured Creditor), a material discrepancy, inconsistency or error in any of the financial information provided to it by an Obligor, such Obligor must, if reasonably requested by Obligor Secured Creditors representing no less than ten per cent. of the Qualifying Obligor Secured Liabilities, or the Secretary of State (while it is an Obligor Secured Creditor) at such Obligor's cost, promptly arrange for the Auditors to perform agreed procedures in connection with the alleged discrepancy, inconsistency or error in relation to such financial information reviewed by the Auditors and a copy of the Auditors report must be delivered to each Secured Creditor Representative and the Secretary of State (while it is an Obligor Secured Creditor).

Reports

(a) The Holdco Group Agent (on behalf of each Obligor) must supply, as soon as reasonably practicable, to the Obligor Security Trustee, the Issuer Security Trustee, the EIB and the Secretary of State (while it is an Obligor Secured Creditor) a copy of the quarterly and monthly reports produced in accordance with the Liaison Agreement.

(b) If any of the Obligor Security Trustee, the Issuer Security Trustee, the EIB or the Secretary of State requests any additional information set out in the material written reports from the main works contractors pursuant to the Main Works Contracts specifying the progress on the main works, including confirmation reports, the Holdco Group Agent must supply to the party making such request, as soon as reasonably practicable, extracts of the relevant material written reports relating to the information the subject of such request.

Obligor Information

(a) Subject to any duty of confidentiality and any applicable legal or regulatory restrictions, each Obligor must supply to the Obligor Security Trustee, the Issuer Security Trustee, any Facility Agent, the EIB and the Secretary of State (while it is an Obligor Secured Creditor):

(i) all documents despatched by it to its creditors generally or any class of them at the same time as they are dispatched;

(ii) all documents, notices or demands by any Obligor to any issuing bank pursuant to the terms of any Equity Support;

(iii) all material information that the Company supplies to any of its regulators (that has not already been included in the Investor Report);

(iv) as soon as reasonably practicable after becoming aware of the same, details of any material claims or litigation, arbitration or administrative proceedings which are current or threatened in writing against any Obligor where such material claims or proceedings are reasonably likely to be adversely determined and, if so determined, would have or are reasonably likely to have a Material Adverse Effect;

(v) as soon as reasonably practicable after becoming aware of the same, details of any investigation or proceeding with, from or involving any regulator or other governmental authority or Ofwat into the activities of the Holdco Group which are

reasonably likely to be adversely determined and, if so determined, would have or are reasonably likely to have a Material Adverse Effect;

(vi) such material information (including information with respect to hedging) about the business and financial condition of the Company as is requested by the Obligor Security Trustee on the instructions of Qualifying Obligor Secured Creditors (acting reasonably) holding at least twenty per cent. by value of the Qualifying Obligor Secured Liabilities;

(vii) details of any proposed material changes to the Licence or constitutional documents of any of the Obligors;

(viii) potential investigations or proceedings commenced by, or any notice (including a "Special Enforcement Order") from, any governmental or regulatory body which would be reasonably likely to have a Material Adverse Effect;

(ix) information in relation to any determination of the Company Allowed Revenue (as defined in the Licence);

(x) as soon as reasonably practicable after becoming aware of the same, details of any insurance claims in respect of a loss that exceeds £25,000,000 (Indexed) (or its equivalent in other currencies);

(xi) as soon as reasonably practicable after becoming aware thereof details of any material risk to the preservation and maintenance of the Intellectual Property in accordance with paragraph (aa) under the section "*Summary of the Common Documents – Common Terms Agreement – Holdco Group Covenants – General Covenants – Intellectual Property*" below;

(xii) as soon as reasonably practicable after becoming aware thereof details of any downgrade action by at least two Rating Agencies in respect of any Bonds;

(xiii) in the case of the Secretary of State only, quarterly reports in relation to the marked to market contingent and actual exposure under the Hedging Transactions;

(xiv) any information required in the technical description in any EIB Finance Contract and other information and/or further documents concerning the financing, procurement, implementation, operation and environmental matters of or for the TTT as reasonably required by any Obligor Secured Creditor; and

(xv) promptly, details of any action, suit or proceeding, by or before, any court, governmental agency, authority, body, or arbitrator, involving it or its Affiliates with respect to any money laundering laws.

(b) If any duty of confidentiality would preclude disclosure of the relevant details to the Obligor Security Trustee, the Issuer Security Trustee, the Issuer, any Bond Trustee, the 2026 RCF Agent and any other Facility Agent, the Secretary of State (while it is an Obligor Secured Creditor) and the Company Hedge Counterparties, the Holdco Group Agent shall use its reasonable endeavours to obtain the consent (where relevant) of the applicable third party to such disclosure on the basis that such information shall be kept confidential by each such recipient and shall not be disclosed by any such recipient for so long as such information remains confidential.

(c) Each Obligor shall inform the Obligor Security Trustee, any Facility Agent, the EIB and the Secretary of State (while it is an Obligor Secured Creditor) promptly:

(i) of any fact which obliges it to prepay any Financial Indebtedness or any European Union funding;

(ii) of any investigations concerning the integrity of the members of its board of directors or other administrative body or managers;

(iii) of, to the extent permitted by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending against it or its controlling entities or members of its management bodies

in connection with Criminal Offences related to the TTT, and matters incidental thereto;

(iv) of a genuine allegation, complaint or information with regard to Criminal Offences related to the TTT;

(v) of any measure taken by it pursuant to paragraph (ccc) under the section "*Summary of the Common Documents – Common Terms Agreement – Covenants – General Covenants – Criminal Offences*" below;

(vi) if at any time it becomes aware of the illicit origin of any funds (including the product of money laundering or linked to the financing of terrorism) invested in the TTT by the Company or any of its Affiliates;

(vii) upon becoming aware of the same, in writing, of:

A. any Environmental Claim against it or any contractor which is current, pending or threatened against it with regard to environmental matters affecting the TTT;

B. any non-compliance by it or a contractor with any applicable environmental law; and

C. any suspension, revocation or modification of any Environmental Permit,

in each case where the same has or is reasonably likely to have a Material Adverse Effect.

(d) Each Obligor shall allow persons designated by any Obligor Secured Creditor, as well as persons designated by other institutions or bodies of the European Union (including the European Commission, the European Court of Auditors and the European Anti-Fraud Office) in each case when so required by the relevant mandatory provisions of European Union law:

(i) to visit the sites, installations and works comprising the TTT;

(ii) to interview representatives of the Company, and not obstruct contacts with any other person involved in or affected by the TTT; and

(iii) to review the Company's books and records in relation to the TTT and to be able to take copies of related documents to the extent permitted by the law,

and the Company shall provide the relevant Obligor Secured Creditor as well as persons designated by the relevant Obligor Secured Creditor or persons designated by other institutions or bodies of the European Union, or ensure that the relevant Obligor Secured Creditor as well as persons designated by the relevant Obligor Secured Creditor or persons designated by other institutions or bodies of the European Union, are provided, with all necessary assistance for the purposes described in this paragraph.

(e) The Company acknowledges that an Obligor Secured Creditor may be obliged to communicate information relating to the Company and the TTT to any competent institution or body of the European Union in accordance with the relevant mandatory provisions of European Union law.

(f) For the avoidance of doubt, except in respect of a notification received pursuant to the section "*Notification of Default and Trigger Event*" above, whenever the Obligor Security Trustee or any Facility Agent receives reports and/or other information from the Holdco Group Agent pursuant to this section "*Information Covenants*", the Obligor Security Trustee and/or any Facility Agent is under no obligation to review such reports or information or to deliver any such reports or information to any Obligor Secured Creditor but is hereby authorised to deliver any such reports and/or information to any Obligor Secured Creditor if requested to do so by any such Obligor Secured Creditor.

Designated Website

(a) In addition, the Holdco Group Agent shall maintain an open access investor website (the **"Designated Website"**) on which the Financial Statements and Investor Reports to be provided pursuant to the Common Terms Agreement to the Obligor Secured Creditors and

the Issuer Secured Creditors shall be published. Notwithstanding the foregoing, the Holdco Group Agent may designate a third party to operate and manage the Designated Website on its behalf. The Holdco Group Agent must promptly upon becoming aware of its occurrence, notify the Obligor Security Trustee, any Bond Trustee and the Secretary of State (while it is an Obligor Secured Creditor) if the Designated Website cannot be accessed or the Designated Website or any information on it is infected by any electronic virus or similar software for a period of five Business Days, in which case the Obligors must supply the Obligor Security Trustee, any Bond Trustee or the Secretary of State (while it is an Obligor Secured Creditor) with all information required under the Common Terms Agreement in paper form with copies as requested by any Finance Party or any Issuer Secured Creditor.

Financial Covenants

Pursuant to the Common Terms Agreement, the Obligors give the following financial covenants:

Confirmations regarding calculations

(a) The Obligors shall in each Compliance Certificate confirm that each of the financial ratios listed in paragraph (a) under "*Financial Ratios*" below has been calculated (if required), specify the results of such calculations and provide a copy of the computations made in respect of the calculation of such ratios and in each Investor Report confirm that each of the financial ratios has been calculated, specifying the results of such calculations and providing a copy of the computations made in respect of the calculation of such ratios in reasonable detail.

(b) The financial ratios shall be calculated in accordance with the Accounting Principles and tested by reference to the consolidated audited Annual Financial Statements (or unaudited consolidated Semi-Annual Financial Statements or management accounts if consolidated audited Annual Financial Statements are not available on such date) delivered together with the relevant Compliance Certificate.

Financial Ratios

(a) The financial ratios **"Financial Ratios"** to be calculated are as follows:

(i) provided that no Low Leverage Period is continuing (in which case no testing of the FFO ICR shall be performed), in respect of a Test Period, the ratio of Net Cash Flow to Senior Debt Interest **"FFO ICR"**;

(ii) provided that no Low Leverage Period is continuing (in which case no testing of the Average FFO ICR shall be performed), in respect of a Rolling Average Period, the sum of the ratios of Net Cash Flow to Senior Debt Interest in respect of each Test Period within such Rolling Average Period divided by three (3) **"Average FFO ICR"**; and

(iii) at a Test Date, the ratio of Senior Net Indebtedness to RCV **"Senior RAR"**.

Price Determinations

(a) At each Periodic Review, the Company must apply to Ofwat for a price determination which, in the reasonable opinion of the Company's directors, would allow, at a minimum, a credit rating the same as the then current credit rating to be achieved and maintained for any Bonds in issue, from at least two Rating Agencies.

Liquidity Facilities

(a) The Company shall maintain (in aggregate) committed Liquidity Facilities which commitments when aggregated with the amount standing to the credit of the Debt Service Reserve Account are not less than the Liquidity Required Amount.

Equity Cure

(a) If:

(i) a Compliance Certificate delivered to the Obligor Security Trustee for any period shows that as at a Test Date, any financial ratio included therein exceeds (in the

case of the Senior RAR) or is less than (in the case of the FFO ICR), the applicable Default Ratio Level;

(ii) within the period of 20 Business Days after the required date for delivery of the Compliance Certificate (the **"Equity Cure Period"**) a New Shareholder Injection or Investor Funding Loan is made and the Company applies the amount of such New Shareholder Injection or Investor Funding Loan (the **"Equity Cure Amount"**) as follows:

A. if the Initial RC Facility is outstanding, towards prepayment of the Initial RC Facility (including any related swap termination amounts, break costs and redemption premia) or the deposit of funds into a Defeasance Account to be used solely for the purpose of prepaying the Initial RC Facility and paying any related swap termination amounts, break costs and redemption premia on the Interest Payment Date under the Initial RC Facility next following the date of deposit; and

B. if the Initial RC Facility is not outstanding, at the discretion of the Company to permanently repay, prepay, defease or purchase any Bonds and/or any amounts outstanding under any Authorised Credit Facility (excluding any Liquidity Facility and any Hedging Agreement) and to pay any related swap termination amounts under any Hedging Agreements, break costs and redemption premia payable in connection therewith or the deposit of funds into the Defeasance Account to be used solely for the purpose of prepaying any such Authorised Credit Facility and paying any related swap termination amounts, break costs and redemption premium on the Interest Payment Date under the Authorised Credit Facility next following the date of deposit; and

C. after the applicable Financial Ratios for the relevant Test Period are recalculated (assuming the application of the Equity Cure Amount had taken place at the beginning of the relevant Test Period), the applicable Default Ratio Level has been avoided or cured,

then no Loan Event of Default shall arise during the Equity Cure Period and for all purposes the applicable Financial Ratios above as at the relevant Test Date shall be deemed to have been satisfied on the date of the relevant Compliance Certificate as though the Default Ratio Level had not been hit or projected Trigger Event Ratio shall be deemed not to occur or have occurred, as applicable (the **"Equity Cure"**).

(b) The exercise of any Equity Cure shall be subject to any limitations thereon in any Authorised Credit Facilities.

(c) No more than two Equity Cures may occur in any rolling period of five Financial Years ending after the Closing Date and no Equity Cures may be made in respect of any consecutive Test Periods.

General Covenants

Pursuant to the Common Terms Agreement, the Obligors give covenants which are customary for a financing of this type (with customary carve-outs, thresholds and caveats) including in relation to compliance with laws (including Environmental Laws and anti-money laundering, anti-bribery and sanctions laws) and TTT/Transaction Documents, ownership structure within the Holdco Group, conduct of business and maintenance of licences and authorisations and the following:

Directors

(a) Holdco shall:

(i) procure that the Company maintains at least three non-executive independent directors on the Company's board of directors, at least one of whom shall have experience in senior management, executive or advisory roles on major infrastructure investments or projects for a period of at least ten years, including on

at least one infrastructure investment or project (or programme of related infrastructure investments or projects) with a capital value in excess of £250,000,000 in the UK or another country in a sector which is regulated; and

(ii) following a Commitment Notice (as defined in the Shareholders Direct Agreement), observe, and procure that the Company observes, the requirements of clause 4 of the Shareholders Direct Agreement in respect of any nominated Secretary of State Observer (as defined in clause 4 of the Shareholders Direct Agreement);

Taxation

(b) to pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that: (i) such payment is being contested in good faith, (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed (if so required) in its latest Financial Statements delivered to the Obligor Security Trustee and (iii) such payment can be lawfully withheld and failure to pay those Taxes would not have or is not reasonably likely to have a Material Adverse Effect;

(c) not to change its residence for Tax purposes;

(d) the Company shall promptly upon becoming aware thereof give notice to the Obligor Security Trustee if it or any other Obligor is required by law to effect a deduction or withholding of Tax in respect of any payment due in respect of any Obligor Secured Liabilities;

Merger

(e) not to enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction;

Change of Business

(f) to carry on only Permitted Business from the date of the Common Terms Agreement and not to make a substantial change thereto if it would be reasonably likely to have a Material Adverse Effect. For the avoidance of doubt, this paragraph (f) does not apply to:

(i) any Permitted Acquisition;

(ii) any Permitted Disposal; or

(iii) any Permitted Transaction;

Acquisitions

(g) not to acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them), or incorporate a company which in each case is not a Permitted Acquisition or a Permitted Transaction;

Joint Ventures

(h) not to enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture or transfer any assets or lend to or guarantee or give an indemnity for or give any Security Interest for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing) other than any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee or indemnity given in respect of the obligations of a Joint Venture (i) if such transactions do not at any time exceed an initial aggregate investment by the Holdco Group of £25,000,000 (Indexed) or its equivalent in other currencies, or (ii) if such transactions are a Permitted Acquisition, a Permitted Disposal, a Permitted Loan or a Permitted Transaction, or (iii) where the investment is provided by an Investor Funding Loan or by New Shareholder Injections;

Preservation of assets

(i) to maintain the TTT in substantially continuous operation in accordance with its original purpose and maintain in good working order and condition (ordinary wear and tear excepted)

all of its assets necessary or desirable in the conduct of its business where failure to do so has or would reasonably be expected to have a Material Adverse Effect;

Pari passu ranking

(j) to ensure that at all times any unsecured and unsubordinated claims of an Obligor Secured Creditor against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;

Negative Pledge

(k) not to:

(i) create or permit to subsist any Security Interest over any of its assets;

(ii) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re acquired by an Obligor;

(iii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(iv) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or

(v) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset, other than any Security Interest or (as the case may be) Quasi-Security, which is Permitted Security, a Permitted Disposal or a Permitted Transaction;

Disposals

(l) not to enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset other than any sale, lease, transfer or other disposal which is a Permitted Disposal, a Permitted Transaction or a Permitted Payment;

Arm's length basis

(m) not to enter into any transaction with any person, except on arm's length terms and for full market value other than:

(i) the Transaction Documents;

(ii) Intra-Holdco Group Loans and Investor Funding Loans permitted under paragraph (n) under "*Loans or Credit*" below;

(iii) fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents (as applicable);

(iv) a Permitted Payment;

(v) a Restricted Payment where the Restricted Payment Condition is satisfied;

(vi) a Permitted Transaction or other transaction expressly permitted by the Finance Documents;

(vii) transactions between members of the Holdco Group which are not otherwise prohibited by the terms of the Transaction Documents;

(viii) any transaction as a result of a Permitted Emergency Action; and

(ix) any transaction approved by Ofwat;

Loans or Credit

(n) not to be a creditor in respect of any Financial Indebtedness other than a Permitted Loan or a Permitted Transaction;

No Guarantees or Indemnities

(o) not to incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than a guarantee which is a Permitted Guarantee or a Permitted Transaction;

Restricted Payments

(p) not to make a Restricted Payment other than a Permitted Payment or a Permitted Transaction;

Financial Indebtedness

(q) not to incur or allow to remain outstanding any Financial Indebtedness other than Permitted Financial Indebtedness or a Permitted Transaction;

Share Capital

(r) not to issue any shares except pursuant to a Permitted Share Issue or a Permitted Transaction;

Insurance

(s) to maintain:

(i) the Minimum Required Insurances; and

(ii) any other insurances on and in relation to its business and assets against those risks and to the extent as is commercially prudent in accordance with good industry practice for such assets for companies carrying on the same or a substantially similar business in the European Union, where failure to maintain or effect such insurance would be reasonably likely to have a Material Adverse Effect,

provided that no breach of paragraph (i) above shall arise to the extent that any risk referred to in the Common Terms Agreement is covered by the Secretary of State pursuant to the Supplemental Compensation Agreement;

(t) to ensure that all insurances are placed with reputable insurance companies or underwriters;

(u) to take all reasonable and practicable steps to preserve and enforce its rights and remedies under or in respect of its insurance policies and contracts; and

(v) to supply to the Obligor Security Trustee on request copies of each insurance policy and contract together with the current applicable premium receipts;

Pensions and Employees

(w) to ensure that it complies with sections 221 and 222 of the Pensions Act 2004 in relation to all pension schemes operated by or maintained for the benefit of members of the Holdco Group or any of their employees where failure to do so has or is reasonably likely to have a Material Adverse Effect and that no action or omission is taken by any member of the Holdco Group in relation to such a pension scheme which has a Material Adverse Effect (including the termination or commencement of winding-up proceedings of any such pension scheme or any member of the Holdco Group ceasing to employ any member of such a pension scheme);

(x) to enter into any arrangements which would cause it to incur additional liability under the Pensions Act 2004 (other than in connection with a Permitted Acquisition) which has or is reasonably likely to have a Material Adverse Effect;

(y) to notify the Obligor Security Trustee promptly upon receipt of any Financial Support Direction or Contribution Notice in respect of amounts in excess of £5,000,000 (Indexed);

Access

(z) if a Loan Event of Default is continuing or the Obligor Security Trustee reasonably suspects a Loan Event of Default is continuing and has given written notice to the relevant Obligor of the facts and circumstances giving rise to such reasonable suspicion, to the extent it is able to do so under existing contractual arrangements and applicable law, to permit the Obligor Security Trustee and/or accountants or other professional advisers and contractors of the Obligor Security Trustee free access at all reasonable times and on reasonable notice at its

risk and cost to (i) the premises, assets, books, accounts and records of the Holdco Group and (ii) meet and discuss matters with senior management of the Holdco Group;

Intellectual Property

(aa) to inter alia:

(i) preserve and maintain the subsistence and validity of the material Intellectual Property necessary for the business of the relevant Obligor;

(ii) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property owned by each Obligor;

where failure to do so or such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

For the avoidance of doubt, nothing in this paragraph (aa) shall restrict the cancellation or transfer of any Intellectual Property pursuant to the Transaction Documents or any Permitted Transactions;

Amendments to Finance Documents

(bb) not to amend, vary, novate, supplement, supersede, waive or terminate any term of a Finance Document, except in accordance with the provisions of the STID and its own terms;

Treasury Transactions

(cc) not to enter into any Treasury Transaction, other than:

(i) the Hedging Transactions documented by the Hedging Agreements in accordance with the Hedging Policy; or

(ii) any Treasury Transactions to which the Hedging Policy does not apply;

(dd) while the Secretary of State is an Obligor Secured Creditor, not to enter into any Treasury Transaction other than in accordance with the Approved Hedging Policy;

Centre of Main Interest

(ee) not to do anything to change the location of its centre of main interests, for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings;

Amendments to TTT Documents

(ff) subject to paragraph (gg) below, to amend or waive its rights under the TTT Documents if required by law or regulatory obligation or if such amendment or waiver would not be likely to have a GSP Material Adverse Effect (as defined in the Discontinuation Agreement) or a Material Adverse Effect;

(gg) save for minor and administrative amendments, to not amend, vary or modify the terms of, or waive any of its rights under, the GSP Documents or acquiesce in any other party thereto doing so;

Required Credit Rating

(hh) to use reasonable endeavours to maintain a credit rating of at least investment grade from at least two Rating Agencies for in the case of each credit rating any of:

(i) the Holdco Group (being a corporate family or equivalent rating);

(ii) any Programme;

(iii) any Bonds issued by the Issuer; or

(iv) an Authorised Credit Facility subject to the Common Documents,

such rating being collectively referred to as the **"Required Credit Rating"**;

(ii) to co-operate with the relevant Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a rating and with any review of its business which may be undertaken by any relevant Rating Agency after the Closing Date;

(jj) to comply with any arrangements it has with the relevant Rating Agencies, which may include notifying the relevant Rating Agencies of any default under or any material amendment to any Transaction Document; and

(kk) each Obligor shall use reasonable endeavours to maintain a credit rating from a Rating Agency for the PP Notes.

Accounting Reference Date

(ll) not to change its Accounting Reference Date unless each of the following conditions have been met:

(i) the Company delivers to the Obligor Security Trustee:

A. written notice of the proposed change in the Accounting Reference Date;

B. a certificate describing such change and the effect on and consequences for:

1. the calculation of the financial covenants in paragraph (a) under "Summary of the Common Documents – Common Terms Agreement – Covenants – Financial Covenants – Financial Ratios" (including the definitions used therein and as applied in the Finance Documents);

2. the delivery of Compliance Certificates;

3. the making of Restricted Payments;

4. the provisions of the Finance Documents,

(the **"Relevant Matters"**);

(ii) the Obligor Security Trustee has received, at the cost and expense of the Obligors, such certificates of the Obligors (signed by two directors of the relevant Obligors) and such accounting and legal advice as it reasonably deems necessary to determine, amongst other things, the Relevant Matters;

(iii) the Obligors make such changes (if any) as required by the Obligor Security Trustee (acting reasonably) to the Finance Documents to reflect the consequential changes required as a result of the change of the Accounting Reference Date (and the Obligor Security Trustee is hereby authorised and directed by the Obligor Secured Creditors and the Issuer Secured Creditors to make such changes to the Finance Documents) and to execute any documents required to be entered into in order to make such change;

(iv) if, as a result of any change in the Accounting Reference Date, a Compliance Certificate need not be delivered (pursuant to the provisions of the Common Terms Agreement) within the period which it would have been delivered had such change in the Accounting Reference Date not occurred (the **"Original Period"**) then the Obligors shall:

A. procure that such Financial Statements are prepared so as to allow a Compliance Certificate to be delivered as if the change to Accounting Reference Date had not occurred, and such Compliance Certificate shall be delivered in accordance with the provisions of the information covenants (see "*Summary of the Common Documents – Common Terms Agreement – Covenants – Information Covenants*"); or

B. deliver a Compliance Certificate (based on the Financial Statements prepared in respect of the changed Accounting Reference Date) within the Original Period in accordance with the provisions of the information covenants (see "*Summary of the Common Documents – Common Terms Agreement – Covenants – Information Covenants*");

(v) the Accounting Reference Date has not been changed in the previous five years, unless:

A. a change in control of an Obligor has occurred and the Accounting Reference Date is changed within 12 months of the effective date of such change of control;

B. a change in applicable accounting practice has occurred, as a result of which it is necessary or desirable to change the Accounting Reference Date and such change is made within 12 months of the effective date of the change in applicable accounting practice; or

C. a change in applicable tax law (or in the application or official interpretation of applicable tax law) has occurred, as a result of which it is necessary or desirable to change the Accounting Reference Date and such change is made within 12 months of the effective date of the change in applicable tax law (or in the application or official interpretation of applicable tax law); and

(vi) each Obligor has, or will have as a result of the change, the same Accounting Reference Date;

Auditors

(mm) to retain reputable auditors at all times and to only replace the auditors with the prior written consent of the Obligor Security Trustee, such consent not to be unreasonably withheld or delayed;

Cash Management

(nn) that the Cash Manager shall provide the cash management services set out under "Cash Management" below;

Transfer Scheme

(oo) following receipt of notice from Ofwat of termination of the Licence, the Company must use its reasonable endeavours to ensure that:

(i) a Transfer Scheme is agreed between the Company, the transferee and either the Secretary of State or Ofwat (as applicable) on or before the date falling two years prior to the expiry of such notice; and

(ii) any such Transfer Scheme will not be materially prejudicial to the interests of the Obligor Secured Creditors and the Issuer Secured Creditors;

(pp) the Company must use reasonable endeavours to ensure (so far as permitted by any applicable law and regulation and any binding confidentiality obligations entered into in good faith for *bona fide* commercial reasons) that the Secretary of State and the Obligor Security Trustee are kept fully informed of the consultation process with Ofwat;

(qq) subject to its obligations under paragraphs 2(7) and 2(8) of Schedule 2 to the WIA, the Company must not agree to any Transfer Scheme without the consent of the Obligor Security Trustee;

Incurrence of Additional Financial Indebtedness

(rr) the Company shall use all reasonable endeavours to refinance any outstanding MDF loan amounts as soon as practicable after market disruption event conditions have ceased to apply;

(ss) the Company shall be entitled to incur Additional Financial Indebtedness which is secured by the Obligor Security Documents provided that:

(i) in respect of Additional Financial Indebtedness, other than Incremental Debt, that is incurred by any Obligor:

A. in respect of Capital Expenditure;

B. to fund the working capital requirements of the Obligors; or

C. in respect of the refinancing of any existing Financial Indebtedness:

1. the creditors of such Financial Indebtedness (the **"Incoming Creditors"**) accede to the Common Terms Agreement and the STID;

2. the Incoming Creditors do not, and may not at any time, benefit from any Security Interests, guarantees or other credit support, or recourse to, any other Obligor other than pursuant to the Obligor Security Documents and the Common Terms Agreement; and

3. the Company provides a certificate to the Obligor Security Trustee at the time of incurring such Financial Indebtedness confirming that:

a. no Default is subsisting or would occur as a result of the incurrence of such Financial Indebtedness; and

b. any hedging in respect of the Additional Financial Indebtedness complies with the Hedging Policy;

(ii) in respect of Additional Financial Indebtedness which constitutes Incremental Debt:

A. the Incoming Creditors accede to the Common Terms Agreement and the STID;

B. the Incoming Creditors do not, and may not at any time, benefit from any Security Interests, guarantees or other credit support, or recourse to, any other Obligor other than pursuant to the Obligor Security Documents and the Common Terms Agreement;

C. at all times prior to the Expiry Date (as defined in the Discontinuation Agreement), any consent required from the Secretary of State has been obtained; and

D. the Company provides a certificate to the Obligor Security Trustee at the time of incurring such Financial Indebtedness confirming that:

1. no Default is subsisting or would occur as a result of the incurrence of such Financial Indebtedness;

2. no Trigger Event is subsisting or would occur as a result of the incurrence of such Financial Indebtedness; and

3. any hedging in respect of the Additional Financial Indebtedness complies with the Hedging Policy;

(tt) any Additional Financial Indebtedness which provides for the payment of any Make-Whole Amount shall, unless payable pursuant to any EIB Finance Contract, further provide that such Make-Whole Amount shall not be payable where the relevant prepayment arises consequent upon a Discontinuation;

Discontinuation Agreement

(uu) subject to paragraph (vv) below, except with the prior written consent of the Obligor Security Trustee, the Company shall not:

(i) make any confirmation under clause 5.1(d) (*Procedure for compensation calculation*) of the Discontinuation Agreement in respect of any notification given by the Secretary of State under clause 5.1(c) (*Procedure for compensation calculation*) of the Discontinuation Agreement, unless the Obligor Security Trustee has failed to notify its consent or refusal by close of business on the Business Day preceding the last Business Day of the relevant time period specified therein; and

(ii) amend, waive or exercise any right under any Transaction Document (or propose or purport to do so) if such amendment, waiver or exercise could give rise to a calculation adjustment under clause 5.5 (*Calculation Adjustments*) of the Discontinuation Agreement, including by reason of a failure to obtain the consent of the Secretary of State or Thames Water under clause 3.3 (*Changes to Delivery Documents or Government Support Package*) of the Liaison Agreement;

(vv) in connection with any amendment, waiver or exercise of any right under any Finance Document that is likely to result in a material increase of Senior Debt Liabilities (as defined in the Discontinuation Agreement) that is in breach of the Financial Principles, the Company

shall be required to deliver a confirmation signed by or on behalf of the Secretary of State confirming that the Secretary of State has consented to such amendment, waiver or exercise;

Special Administration Offer Agreement

(ww) not to accept or negotiate any offer by the Secretary of State pursuant to an Election to Offer (as defined in the Special Administration Offer Agreement) without the prior written consent of the Obligor Security Trustee, unless the Obligor Security Trustee has failed to notify its consent or refusal within 20 Business Days of any such offer being made;

Maximum Maturities

(xx) the Company must ensure that maturing Financial Indebtedness (other than Financial Indebtedness arising under the MDF) must not exceed:

(i) in any consecutive 24 month period, the greater of twenty per cent. of RCV and £800,000,000;

(ii) in any Periodic Review period, the greater of forty per cent. of RCV and £1,600,000,000; and

(iii) in the period before System Acceptance, the greater of thirty per cent. of RCV and £1,000,000,000;

(yy) while the Secretary of State is an Obligor Secured Creditor, the Company shall comply with the Debt Maturity Principles;

Floating Charge

(zz) in respect of each Obligor party (other than the Company) to an English law governed Obligor Security Document, subject to statutory and regulatory restrictions, to ensure that the floating charge it has created or purported to create pursuant to that Obligor Security Document is at all times a floating charge which together with the fixed security granted by such Obligor pursuant to that Obligor Security Document relates to the whole or substantially the whole of such Obligor's property;

Purchase of Authorised Credit Facilities

(aaa) prior to a Loan Event of Default which is continuing, each Obligor is permitted to purchase debt outstanding under the Secured Debt from time to time (and subject to such debt not being cancelled, shall be permitted to re-sell the debt in the secondary market), but is only permitted to use:

(i) cash available to make Restricted Payments or cash not otherwise required for business purposes or debt service; or

(ii) the proceeds of drawings under any RCF, any STF Facility, any other Authorised Credit Facility or any PP Notes, subject to meeting the conditions applicable to the incurrence of Additional Financial Indebtedness under the Common Terms Agreement, when incurring such indebtedness for the purposes of purchasing such debt;

(bbb) any debt purchased by (or purchased and held on behalf of) an Obligor shall immediately cease to have any voting rights and the relevant purchased debt shall be excluded from quorum/voting calculations for so long as so held;

(ccc) when the Company or another Obligor purchases Bonds, the Company or Obligor, as the case may be, shall have the option:

(i) at any time to surrender the Bonds to the Issuer in which case such Bonds shall be cancelled (and a corresponding amount of the advances made under the relevant IBLA will be treated as prepaid);

(ii) to hold the Bonds for such time as it may in its discretion determine; or

(iii) at any time, to sell the Bonds.

Criminal Offences

(ddd) each Obligor shall:

(i) take, within a reasonable timeframe, appropriate measures in respect of any member of its management bodies who has been convicted of a Criminal Offence perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such member is excluded from the activities in relation to any Loan or the project; and

(ii) ensure that all contracts under the project required to be procured after the date of the Common Terms Agreement in accordance with European Union directives on procurement provide for:

A. the requirement that the relevant contractor promptly informs the Obligor Security Trustee of a genuine allegation, complaint or information with regard to Criminal Offences related to the project;

B. the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the project; and

C. each Obligor Secured Creditor's right, in relation to an alleged Criminal Offence, to review the books and records of the relevant contractor in relation to the project and to take copies of documents to the extent permitted by law.

Trigger Events

The Common Terms Agreement also sets out certain Trigger Events. The specific Trigger Events and the consequences which flow from the occurrence of those events are set out below.

The occurrence of any of the following events will be a **"Trigger Event"**.

Liquidity Required Amount

(a) The amount available under a Liquidity Facility Agreement at any time and/or the amount credited to a Liquidity Facility Standby Account or a Debt Service Reserve Account is in aggregate less than the Liquidity Required Amount.

Financial Ratios

(b) On any Test Date:

(i) Senior RAR for the Test Period is more than 0.70:1;

(ii) FFO ICR for any Test Period is less than 1.30:1; or

(iii) Average FFO ICR for any Test Period is less than 1.40:1,

(the **"Trigger Event Ratio Levels"**).

Drawdown of Liquidity Facility

(c) The Company or the Issuer (as the case may be) draws down under any Liquidity Facility (excluding any drawing of any Standby Drawing) or withdraws sums credited to a Debt Service Reserve Account (excluding any drawing which would not cause a Trigger Event under paragraph (a) (*Liquidity Required Amount*) above) or a Liquidity Facility Standby Account, other than for the purpose of repaying any Standby Drawing, respectively, if the withdrawal of such amount is for the purposes of making scheduled debt service payments on the Obligor Secured Liabilities or the Issuer Secured Liabilities (as the case may be).

Loan Event of Default, a Remedy Event or a Failure Event

(d) Subject to the expiry of any applicable grace or remedy periods, a Loan Event of Default, a Remedy Event or a Failure Event has occurred and is continuing.

Non-Renewal of Insurances

(e) The Obligor Security Trustee has not received confirmation (within 15 Business Days prior to the relevant renewal date) that any of the Minimum Required Insurances will be renewed on the relevant renewal date and the relevant risks referred to in the Common Terms Agreement are not covered by the Secretary of State pursuant to the Supplemental Compensation Agreement.

Forecast capital expenditure and working capital requirements

(f) If the aggregate of all amounts:

(i) available for drawing under any Authorised Credit Facility (other than the MDF);

(ii) available under the Shareholders' Agreement;

(iii) available by way of cash balances in the Obligor Operating Accounts, the MDF Account, the Company CESA Account, the Holdco CESA Account, the Equity Contribution Account and the SCA Proceeds Account; and

(iv) of any other forecast revenue,

in each case in the next 12 month period, is less than the Company's forecast Capital Expenditure and working capital requirements projected for the next 12 month period.

Contingent Equity

(g) Before the System Acceptance Date, contingent equity has been provided under the Contingent Equity Support Agreement and has not been repaid.

Drawings under MDF

(h) Any drawing has been made and is outstanding under the MDF.

Special Administration Order

(i) Any indication arising from notices from and/or correspondence with Ofwat or any other circumstance of which the Company is aware that would reasonably be expected to lead to an application for a "Special Administration Order" to be made in respect of the Company.

"Shipwreck Referral"

(j) A "shipwreck referral" is made under the Licence as a result of any material adverse event.

Audit Qualification

(k) The Company's auditors qualify their report on any statutory accounts of any Obligor in a material manner such that the Financial Ratios calculated in accordance with paragraph (a) under the section "*Summary of the Common Documents – Common Terms Agreement – Covenants – Financial Covenants – Financial Ratios*" may not reflect the true position of the Company, in a manner which is materially adverse to the interests of the Obligor Secured Creditors.

Proposed amendment to the Licence

(l) If within 6 months of an announcement setting out clear proposals (including a timetable for implementation) by Ofwat of a proposed amendment to the Licence which would, if implemented, have a Material Adverse Effect, the Company has not obtained a confirmation from Ofwat that such modification will:

not be implemented; or

be implemented in a way which will not have such a Material Adverse Effect.

Inflation-Linked Hedging Transactions

(m) On any Test Date the aggregate amount of (without double counting) all accretions by indexation to the original notional amounts of the Super Senior Hedging Agreements which are linked to RPI exceeds the greater of six per cent. of RCV or £300,000,000 (Indexed).

Issue of Enforcement Order per the Discontinuation Agreement

(n) The issue of an Enforcement Order by Ofwat, which would have a Material Adverse Effect if not complied with.

Notice of termination of any licence by Regulator

(o) The issue by any regulator of any notice of termination of any licence required for the carrying on of a material part of the business of any Obligor or the Incumbent Undertaker (as defined in the Licence) which, if implemented, would have a Material Adverse Effect.

Adverse Governmental Legislation

(p) The commencement of the final reading of any draft legislation relating to the Permitted Business of the Company (or the commencement of the equivalent stage of the implementation of EU law through regulations made under the European Communities Act 1972) which, if passed into law, would:

(i) lead to a breach of the Trigger Event Ratio Levels or cause a material change in forecasted capital expenditure projected for the next 12 month period, in each case taking into account any actions available to the Company to mitigate or cure the same, or

(ii) have a Material Adverse Effect.

Credit Rating Downgrade

(q) Subject as provided in the following sentence, the Holdco Group corporate family rating, the Programme, the Bonds or any Authorised Credit Facility (as the case may be) ceases to have the Required Credit Rating whether as a result of the solicited long-term credit rating ascribed by either or both Rating Agencies (which have been engaged by the Company and/or the Issuer to provide a long-term credit rating):

(i) falling below investment grade (and has not been subsequently upgraded above such rating); or

(ii) being withdrawn at the request of any Obligor and has not been reinstated.

If any of the Holdco Group, the Programme, the Bonds or any Authorised Credit Facility (other than the PP Notes) has the Required Credit Rating, the PP Notes ceasing to have the Required Credit Rating shall not constitute a Trigger Event.

Equity Commitment (shortfall)

(r) On any Test Date, the equity commitments of shareholders in Holdco (secured in the form of Cash or Equity Support) do not cover the next 18 months requirement for equity investment in accordance with the latest Expenditure Forecast.

Failure to deliver a Compliance Certificate

(s) There is a failure to deliver a Compliance Certificate for a relevant period within the periods prescribed in any Finance Document.

Trigger Event Consequences

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived by the Obligor Security Trustee or remedied in accordance with the Trigger Event Remedies (see "*Trigger Event Remedies*" below) the following provisions (**"Trigger Event Consequences"**) will apply.

No Restricted Payments

(a) No Obligor may make a Restricted Payment until the Test Date after the Trigger Event is cured and provided that no Trigger Event is then subsisting.

Further Information

(b) The Holdco Group must provide such information, to the extent permitted by law and subject to all obligations of confidentiality, to the Obligor Security Trustee relating to the relevant Trigger Event (including its causes and effects) as the Obligor Security Trustee may reasonably request or as may be requested by the Obligor Security Trustee (acting reasonably) on the instructions of twenty per cent. or more by value of the Qualifying Obligor Secured Creditors.

Remedial Plan

(c) The Company shall prepare a plan for remedying the relevant Trigger Event (a **"Remedial Plan"**) (to the extent the same is capable of remedy by the Company). The Company shall provide a copy of the Remedial Plan to the Obligor Security Trustee.

(d) If the Secretary of State or Ofwat in the exercise of their regulatory functions or pursuant to the Discontinuation Agreement, review and approve the Remedial Plan, or otherwise indicate approval of the steps or actions outlined in the Remedial Plan, the Company shall implement the Remedial Plan in accordance with its terms.

(e) If either:

(i) the Company does not prepare a Remedial Plan within 20 Business Days (or such longer period of time as may be agreed by the Obligor Security Trustee) of the occurrence of the Trigger Event, in the circumstances required by paragraph (c) above; or

(ii) the Company prepares a Remedial Plan within 20 Business Days (or such longer period of time as may be agreed by the Obligor Security Trustee) of the occurrence of the Trigger Event, but neither the Secretary of State nor Ofwat has jurisdiction to review any such Remedial Plan in the exercise of their regulatory functions or pursuant to the Discontinuation Agreement or has not otherwise indicated its approval of the steps or actions outlined in the Remedial Plan,

the Obligor Security Trustee shall be entitled to appoint (if necessary) and instruct an Independent Technical Advisor to review the Remedial Plan or prepare a Remedial Plan.

(f) Subject to the prior consent of the Secretary of State and/or Ofwat, as applicable, the Obligor Security Trustee may on request, participate in any discussions between the Company and Ofwat and/or the Secretary of State in respect of any Remedial Plan.

(g) The Obligor Security Trustee and any Independent Technical Advisor shall, in exercising any rights under this provision, act in a timely fashion having regard to the process required to be followed by the Company and the requirements of Ofwat, the Secretary of State, the Discontinuation Agreement and any other applicable law or contractual arrangement.

(h) The Holdco Group shall co-operate with any Independent Technical Advisor appointed by the Obligor Security Trustee to prepare or review a Remedial Plan, with a view to enabling the Independent Technical Advisor to prepare or review a Remedial Plan.

Trigger Event Remedies

At any time when an Obligor believes that a Trigger Event has been remedied by virtue of any of the following, it must serve notice on the Obligor Security Trustee to that effect. The Obligor Security Trustee must respond within 10 days (or such longer period as it may reasonably agree with the relevant Obligor (as the case may be)) confirming that the relevant Trigger Event has, in its reasonable opinion, been remedied or setting out its reasons for believing that such Trigger Event has not been remedied (in which case, such event will continue to be a Trigger Event until such time as the Obligor Security Trustee is reasonably satisfied that the Trigger Event has been remedied).

The following shall constitute remedies to the Trigger Events (the **"Trigger Event Remedies"**):

Liquidity Required Amount

(a) The occurrence of the Trigger Event referred to in paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Liquidity Required Amount*" above will be remedied if an Obligor provides the Obligor Security Trustee with documentation evidencing the availability of Liquidity Facilities and/or cash credited to a Liquidity Facility Standby Account and/or a Debt Service Reserve Account up to the Liquidity Required Amount.

Financial Ratios

(b) The occurrence of a Trigger Event referred to in paragraph (b) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Financial Ratios*" above will be remedied if as at a subsequent Test Date:

Senior RAR for the Test Period is not more than 0.70:1;

FFO ICR for any Test Period is not less than 1.30:1; or

Average FFO ICR for any Test Period is not less than 1.40:1,

as stated in the relevant Compliance Certificate (subject to any final determination or dispute procedure in accordance with the terms of the Common Terms Agreement).

Drawdown on Liquidity Facility

(c) The occurrence of a Trigger Event referred to in paragraph (c) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Drawdown on Liquidity Facility*" above will be remedied if the aggregate balance drawn down (other than by way of Standby Drawings) under the Liquidity Facility is restored to zero, an amount equal to any sums withdrawn from the Debt Service Reserve Account for the purposes of making scheduled debt service payments (as described in paragraph 3 (*Drawdown on Liquidity Facility)* of Part A (*Trigger Events)),* (or, if less, the amount required to satisfy paragraph (a) (*Liquidity Required Amount*) above*)* is deposited into the Debt Service Reserve Account and any amount withdrawn from a Liquidity Standby Account is paid into such Liquidity Facility Standby Account.

Loan Event of Default, or Remedy Event or Failure Event

(d) The occurrence of a Trigger Event referred to in paragraph (d) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Loan Event of Default, or Remedy Event or Failure Event*" above will be remedied if the Loan Event of Default or the Trigger Event (to the extent it relates to a Remedy Event or Failure Event) is waived in accordance with the STID or is remedied to the reasonable satisfaction of the Obligor Security Trustee.

Non-Renewal of Insurances

(e) The occurrence of a Trigger Event referred to in paragraph (e) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Non-Renewal of Insurances*" above will be remedied if an Obligor provides the Obligor Security Trustee with documentation evidencing the renewal of the relevant insurances.

Forecast capital expenditure and working capital requirements

(f) The occurrence of a Trigger Event referred to in paragraph (f) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Forecast capital expenditure and working capital requirements*" above will be remedied if on any subsequent date, the aggregate of all the following amounts:

(i) available for drawing under any Authorised Credit Facility (other than the MDF);

(ii) available under the Shareholders' Agreement;

(iii) available by way of cash balances in the Obligor Operating Accounts, the MDF Account, the Company CESA Account, the Holdco CESA Account, the Equity Contribution Account and the SCA Proceeds Account; and

(iv) of any other forecast revenue,

in each case in the next 12 month period, is equal to or greater than the Company's forecast Capital Expenditure and working capital requirements projected for the next 12 month period.

Contingent Equity

(g) The occurrence of a Trigger Event referred to in paragraph (g) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Contingent Equity*" above will be remedied if the Company provides the Obligor Security Trustee with documentation evidencing that the relevant Contingent Equity Commitment Period (as defined in the Contingent Equity Support Agreement) has expired.

Drawings under MDF

(h) The occurrence of a Trigger Event referred to in paragraph (h) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Drawings under MDF*" above will be remedied if the Company repays the relevant drawing outstanding under the MDF.

Special Administration Order

(i) The occurrence of a Trigger Event referred to in paragraph (i) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Special Administration Order*" above will be remedied if (a) a Special Administration Order is not made within 6 months of the relevant Trigger Event occurring; or (b) the Obligor Security Trustee is reasonably satisfied that a Special Administration Order will not be made in respect of the Company.

"Shipwreck Referral"

(j) The occurrence of a Trigger Event referred to in paragraph (j) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Shipwreck Referral*" above will be remedied:

(i) if it is remedied to the reasonable satisfaction of the Obligor Security Trustee and each Obligor (other than the Company); or

(ii) upon acceptance by the Obligor Security Trustee and each Obligor (other than the Company) of a Remedial Plan, as long as it is being complied with in all respects.

Audit Qualification

(k) The occurrence of a Trigger Event referred to in paragraph (k) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Audit Qualification*" above will be remedied if the Obligor Security Trustee is reasonably satisfied that such qualification does not affect the financial ratios in a manner which is materially adverse to the interests of the Obligor Secured Creditors, in paragraph (a) under "*Summary of the Common* Documents – *Common Terms Agreement – Covenants – Financial Covenants – Financial Ratios*", calculated in accordance with the Common Terms Agreement or the Company produces a further set of audited Financial Statements that are not qualified.

Proposed amendment to the Licence

(l) The occurrence of a Trigger Event referred to in paragraph (l) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Proposed amendment to the Licence*" above will be remedied if the proposed amendment:

(i) is withdrawn or otherwise not implemented; or

(ii) is implemented in a way which will not have a Material Adverse Effect.

Inflation-Linked Hedging Transactions

(m) The occurrence of a Trigger Event referred to in paragraph (m) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Inflation-Linked Hedging Transactions*" above will be remedied if, on any date subsequent to a Test Date on which such Trigger Event first occurred, the aggregate amount of all accretions by indexation to the original notional amounts of the Super Senior Hedging Agreements which are linked to RPI no longer exceeds six per cent. of RCV or £300,000,000 (Indexed).

Issue of Enforcement Order

(n) The occurrence of a Trigger Event referred to in paragraph (n) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Issue of Enforcement Order per the Discontinuation Agreement*" above will be remedied if, the Company has complied with the terms of the relevant Enforcement Order to the reasonable satisfaction of the Obligor Security Trustee or if the Enforcement Order has been effectively withdrawn or if, in the opinion of the Obligor Security Trustee (acting reasonably), the relevant fine will not have a Material Adverse Effect or the Licence will not be terminated.

Notice of termination of any licence by Regulator

(o) The occurrence of a Trigger Event referred to in paragraph (o) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Notice of termination of any licence by Regulator*" above will be remedied (a) by the replacement or reinstatement of such licence, or (b) by agreement by the Company to the extent that a Transfer Scheme

requires any implementation prior to the termination of the Licence of a Transfer Scheme which is reasonably satisfactory to the Obligor Security Trustee.

Adverse Governmental Legislation

(p) The occurrence of a Trigger Event referred to in paragraph (p) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Adverse Governmental Legislation*" above will be remedied if the draft bill (or equivalent under the European Communities Act 1972) fails to become an Act of Parliament within 6 months of the occurrence of this Trigger Event or becomes an Act of Parliament in a form which is reasonably likely not to have a Material Adverse Effect.

Credit Rating Downgrade

(q) The occurrence of a Trigger Event referred to in paragraph (q) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Credit Rating Downgrade*" above will be remedied if (a) the Required Credit Rating is achieved; or (b) the relevant credit rating (if withdrawn) is reinstated by the relevant Rating Agencies at the Required Credit Rating.

Equity Commitment (shortfall)

(r) The occurrence of a Trigger Event referred to in paragraph (r) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Equity Commitment (shortfall)*" above will be remedied if equity commitments of shareholders in Holdco (secured in the form of Cash or Equity Support) are made which cover the next 18 months requirement for equity investment in accordance with the latest Expenditure Forecast.

Failure to deliver a Compliance Certificate

(s) The occurrence of a Trigger Event referred to in paragraph (s) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Failure to Deliver a Compliance Certificate*" above will be remedied if the failure to deliver a Compliance Certificate is waived in accordance with the STID or is remedied to the reasonable satisfaction of the Obligor Security Trustee.

Loan Events of Default

Loan Events of Default (Company)

The Common Terms Agreement contains the following events of default in respect of the Company which will constitute the **"Loan Events of Default (Company)"** under each Finance Document (other than any Liquidity Facility Agreement and any Company Hedging Agreement), each one being a **"Loan Event of Default (Company)"**:

(a) Non payment

The Company does not pay on the due date any amount payable pursuant to a Finance Document in the manner required under such Finance Document unless payment is made within five (5) Business Days of the due date (where failure to pay is caused by an administrative or technical error or a market disruption event).

(b) Breach of Financial Covenants

(i) Subject to the Equity Cure:

A. Senior RAR for any Test Period is more than 0.80:1; and

B. FFO ICR for any Test Period is less than 1.10:1;

(the **"Default Ratio Levels"**).

(c) Breach of other obligations

(i) The Company does not comply with any provision of the Finance Documents (other than those referred to in paragraphs (a) (*Non-payment*) and (b) (*Breach of Financial Covenants*)) and such failure to comply would be reasonably likely to have a Material Adverse Effect.

(ii) No Loan Event of Default under paragraph (i) above will occur if (i) the failure to comply is capable of remedy; and (ii) is remedied within twenty (20) Business Days of the earlier of (A) the Obligor Security Trustee giving notice of the failure to comply to such Obligor and (B) such Obligor becoming aware of the failure to comply.

(d) Misrepresentation

(i) Any representation or statement made or deemed to be made by the Company in the Finance Documents or in any other document delivered by or on behalf of the Company under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

(ii) No Loan Event of Default under paragraph (i) above will occur if (i) the event or circumstances giving rise to the breach are capable of remedy; and (ii) the breach is remedied within twenty (20) Business Days of the earlier of (A) the Obligor Security Trustee giving notice of the event or circumstance to such Obligor and (B) such Obligor becoming aware of the event or circumstance.

(e) Cross default

(i) Any Financial Indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(ii) No Loan Event of Default will occur under this paragraph (e) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraph (i) above at any time is less than £25,000,000 (Indexed) (or equivalent in any other currency or currencies).

(f) Insolvency

(i) The Company:

A. is unable or admits inability to pay its debts as they fall due;

B. is deemed to, or is declared to, be unable to pay its debts for the purposes of the Insolvency Act 1986 or any other applicable law;

C. suspends or threatens to suspend making payments on any of its debts; or

D. by reason of actual or anticipated financial difficulties, commences negotiations with any one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness,

provided that there shall be no Loan Event of Default under this paragraph (i) where the Company has commenced negotiations with a view to rescheduling Financial Indebtedness arising under any Subordinated Intragroup Liabilities or Subordinated Investor Liabilities.

(ii) A moratorium is declared or takes effect in respect of any indebtedness of the Company. If a moratorium occurs, the ending of the moratorium will not remedy any Loan Event of Default caused by that moratorium.

(g) Insolvency proceedings

(i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

A. the suspension of payments, a moratorium of any indebtedness, winding-up, liquidation, dissolution, administration or Special Administration or reorganisation or any equivalent or analogous proceedings (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;

B. a composition, compromise, assignment or arrangement with any one or more creditors of the Company (as part of a composition, compromise, assignment or arrangement affecting any one or more of the Company's creditors and other than any counterparty to a Finance Document) other than a composition compromise, assignment or arrangement with respect to any Financial Indebtedness arising under any Subordinated Intragroup Liabilities or Subordinated Investor Liabilities;

C. the appointment of an Insolvency Official, or other similar officer in respect of the Company or any of its assets; or

D. enforcement of any Security Interest over any assets of the Company,

or any analogous procedure or step is taken in any jurisdiction.

(ii) An application is made by Ofwat or the Secretary of State for a Special Administration Order in respect of the Company pursuant to Section 24 of the Modified WIA.

(iii) Paragraph (i) shall not apply to:

A. any winding-up petition which is (x) being contested in good faith by the Company with a reasonable prospect of success (in the opinion of the Obligor Security Trustee); or (y) frivolous or vexatious and is discharged, stayed or dismissed within fifteen (15) Business Days of commencement or, if earlier, the date on which it is advertised; or

B. any step or procedure contemplated by paragraph (b) of the definition of Permitted Transaction.

(h) Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Company, exceeding £25,000,000 (Indexed) (or equivalent in other currency or currencies) and is not discharged within any relevant grace period.

(i) Unlawfulness and invalidity

(i) It is or becomes unlawful for the Company to perform any of its material obligations under the Finance Documents to which it is a party or to own any material asset or carry on its business (or the Company does not have the power to do so), where such illegality or absence of power would have or would reasonably be expected to have a Material Adverse Effect.

(ii) Any Security Interest created or expressed to be created or evidenced by an Obligor Security Document ceases to be effective or any subordination created under the STID is or becomes unlawful.

(iii) Subject to the Reservations, any obligation or obligations of the Company under any Finance Document (or any other member of the Holdco Group under the STID) are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Obligor Secured Creditors under the Finance Documents.

(iv) Any Finance Document ceases to be in full force and effect or any Security Interest or any subordination created under the STID ceases to be legal, valid, binding, enforceable or effective.

(j) Repudiation and rescission of agreements

(i) The Company (i) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document, or (ii) evidences an intention (in writing) to rescind or repudiate a Finance Document.

(ii) Any party to the STID (other than any Obligor Secured Creditor or any Issuer Secured Creditor which is party to the STID) rescinds or purports to rescind or

repudiates or purports to repudiate the STID in whole or in part where to do so has a material adverse effect on the interests of the Obligor Secured Creditors under the Finance Documents.

(k) Nationalisation

(i) All or a substantial part of the assets of the Company, are seized, nationalised, expropriated or compulsorily purchased or an order from the relevant authority has been issued to that effect which, taking into account the amount and timing of any compensation payable for such seizure, nationalisation, expropriation or compulsory purchase would be reasonably likely to have a Material Adverse Effect.

(ii) Any governmental authority (other than the Secretary of State or Regulator) takes steps to interfere with the management of the Company or the authority of the Company to conduct its business, where such event would be reasonably likely to have a Material Adverse Effect.

(iii) Any such event under paragraph (i) or (ii) above will not be determined to have a Material Adverse Effect to the extent that at least two (2) Rating Agencies have affirmed the ratings of any Bonds then outstanding at least at the then current ratings prior to any such event under paragraph (i) or (ii) above taking effect.

(l) Change in Law

(i) Any change in law occurs which has or would be reasonably expected to have a Material Adverse Effect, provided that, if in connection with a change in law which has or would be reasonably expected to have a Material Adverse Effect, the Company is negotiating:

A. a derogation from the application of such change in law such that the change in law would not be reasonably expected to have a Material Adverse Effect; or

B. compensation adequate to address any Material Adverse Effect that would be reasonably expected to occur as a consequence of the change in law,

then, for so long as such negotiations are continuing no Loan Event of Default under paragraph (i) above will occur until the date on which the Company's request for derogation from application or compensation has been fully and finally determined and no such derogation or compensation has been or will be made available to such Obligor such that a Material Adverse Effect would be reasonably expected to occur as a consequence of the change in law, and with effect from such date, the change in law shall constitute a Loan Event of Default.

(m) Cessation of Business

The Company suspends or ceases, or threatens or proposes to cease, to carry on the Permitted Business (or any substantial part of the Permitted Business) under the Licence, other than as permitted by the Finance Documents.

(n) Material Proceedings

Any litigation is brought against the Company or in respect of its assets or revenues which, in any such case, would be reasonably likely to be adversely determined and which, if so adversely determined, has or would reasonably be expected to have a Material Adverse Effect.

(o) Failure to comply with judgment

The Company fails to comply with or pay any sum due from it under any judgment or any order made or given by any court of competent jurisdiction when such sum exceeds £25,000,000 (Indexed) (or equivalent in other currency or currencies), except where such judgment or order is being appealed in good faith to a higher court.

(p) TTT Documents

Any TTT Document:

(i) subject to the Reservations, is or becomes illegal, invalid or unenforceable; or

(ii) is terminated in accordance with its terms and where the Company (a) has not challenged such termination within the prescribed period; and/or (b) has exhausted all rights of challenging such termination in accordance with the terms of the relevant TTT Document; or

(iii) is or becomes void or is repudiated, and

(iv) such TTT Document is not replaced by an agreement with the Company with the same or substantially the same effect for the Company as the relevant TTT Document; or

(v) adequate compensation is not received by the Company in respect of the foregoing; and

(vi) the foregoing would reasonably be expected to have a Material Adverse Effect.

(q) Licence

(i) The Company transfers the Licence without the prior consent of the Obligor Security Trustee and Ofwat.

(ii) The Company receives notice from the Secretary of State or Ofwat that the Licence will be revoked or terminated and a Transfer Scheme has not been approved on or before the date falling two (2) years prior to the expiry of such notice.

(iii) Any licence required for the carrying on of a material part of the business of the Company is modified where such modification would be reasonably likely to have a Material Adverse Effect.

(iv) Any Authorisation required for a material part of the Permitted Business is terminated and:

A. not replaced on terms which are not materially less favourable (taking into account any changes in the regulatory environment since the date of the Common Terms Agreement); and

B. such termination has or would reasonably be expected to have a Material Adverse Effect.

(r) Effectiveness of Security

The Security created by the Security Documents entered into by the Company becomes invalid, unenforceable or unlawful, unless replacement security is provided.

(s) Capital expenditure and working capital requirements

If the aggregate of all amounts:

(i) available for drawing under any Authorised Credit Facility (including the MDF where a market disruption has occurred);

(ii) available under the Shareholders' Agreement;

(iii) available by way of cash balances in the Obligor Operating Accounts, the MDF Account, the Company CESA Account, the Holdco CESA Account, the Equity Contribution Account and the SCA Proceeds Account; and

(iv) of any other forecast revenue,

is less than the Company's forecast Capital Expenditure and working capital requirements projected for the next six (6) month period.

(t) Discontinuation

(i) The Secretary of State issues a Discontinuation Notice pursuant to the Discontinuation Agreement.

(ii) The Company ceases to be the designated infrastructure provider for the TTT pursuant to the SIP Regulations.

(iii) The TTT ceases to be a specified infrastructure project pursuant to the SIP Regulations.

(u) GSP Documents

(i) The Secretary of State breaches or repudiates the GSP Documents which would be reasonably likely to have a Material Adverse Effect.

(ii) Any change is made to the GSP Documents which would be reasonably likely to have a Material Adverse Effect.

(v) Non-compliance with STID

(i) Any party to the STID (other than a Finance Party or the Company) fails to comply with the provisions of, or does not perform its obligations under, the STID or a representation or warranty given by that party in the STID is incorrect in any material respect, which would be reasonably likely to have a Material Adverse Effect.

(ii) No Loan Event of Default under paragraph (i) above will occur if (i) the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy; and (ii) it is remedied within twenty (20) Business Days of the earlier of (A) the Issuer or the Obligor Security Trustee giving notice of the failure to comply to that party and (B) that party becoming aware of the failure to comply or misrepresentation.

(w) Change of ownership

(i) The Company ceases to be a wholly-owned Subsidiary of Holdco (other than in accordance with a Transfer Scheme).

(ii) During the Equity Commitment Period, any change of control (directly or indirectly) (but not through operation of the terms of the Contingent Equity Support Agreement) of Holdco occurs except where any transferee of shares in Holdco or any Holding Company of Holdco has provided Cash or Equity Support in support of its outstanding equity commitments in accordance with the requirements of the Shareholders' Agreement.

(x) Bond Event of Default

For so long as any Bonds are outstanding, a Bond Event of Default occurs and is continuing.

Loan Events of Default (Obligors other than the Company)

The Common Terms Agreement also contains events of default in respect of the Obligors (other than the Company) which will constitute the **"Loan Events of Default (Obligors other than the Company)"** under each Finance Document (other than any Liquidity Facility Agreement and any Company Hedging Agreement), each one being a **"Loan Event of Default (Obligors other than the Company)"**, which are substantially the same as all of the Loan Events of Default (Company) described above (and shall apply to each Obligor (other than the Company), *mutatis mutandis*, as if references in those paragraphs to the Company were references to the Obligors (other than the Company)), except that the Loan Events of Default (Company) described in paragraphs (g)(ii) (*Insolvency Proceedings*), (p) (*TTT Documents*), (q) (*Licence*), (s) (*Capital expenditure and working capital requirements*), (t) (*Discontinuation*) and (w) (*Change of ownership*) above, will not constitute Loan Events of Default (Obligors other than the Company).

Consequences of a Loan Event of Default and delivery of a Loan Enforcement Notice

Immediately upon the Obligor Security Trustee being notified of the occurrence of a Loan Event of Default, the STID provides for the automatic standstill of the claims of the Obligors Secured Creditors against the Obligors (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Standstill Period*"). At any time while a Loan Event of Default has occurred and is continuing, each Finance Party may, subject to the provisions of the relevant Authorised Credit Facility to which it is a party and subject to the provisions of the STID (including the prohibition on Acceleration of Liabilities (excluding any Permitted Hedge Termination)) and the taking of Enforcement Action prior to the termination of a Standstill Period (except the enforcement of the Security granted by Holdco

and JVCo, and any security over the shares in Holdco, the Issuer and the Company and any other Obligor owned by Holdco with the consent of the Obligor Security Trustee acting on the instructions of the Qualifying Obligor Secured Creditors), (i) cancel the total commitments under any Authorised Credit Facilities (other than Liquidity Facilities), (ii) in the case of a Loan Event of Default (Company), declare that all amounts outstanding under the Finance Documents be immediately due and payable or payable on demand of the Obligor Security Trustee and/or make a demand under any Guarantee and/or terminate any Hedge Agreement, (iii) in the case of a Loan Event of Default (Obligors other than the Company), declare that any amounts outstanding under the Finance Documents from the Obligors (other than the Company) be immediately due and payable or payable on demand and/or make a demand under any Guarantee given by the Obligors (other than the Company), (iv) take any action permitted by the terms of any Hedging Agreements, (v) exercise or direct the relevant Secured Creditor Representative or Obligor Security Trustee to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents, and/or (vi) take any other Enforcement Action other than those required to be taken by the Obligor Security Trustee in accordance with the STID. The occurrence of a Loan Event of Default, which is continuing, will also entitle the Obligor Security Trustee (at its discretion or on the instructions of the Qualifying Obligor Secured Creditors in accordance with the STID) to deliver a Loan Enforcement Notice. For further details, see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors*".

Cash Management

The Common Terms Agreement contains the following rules regarding the cash management of the Holdco Group.

General

(a) Subject to paragraph (b) below, each Obligor shall open and maintain the Designated Accounts with a bank rated at least the Minimum Short Term Rating by any two Rating Agencies.

(b) If an entity which is the Company Account Bank ceases to have a Minimum Short Term Rating by any two Rating Agencies, then the Cash Manager, the Company or relevant other Obligor must appoint a substitute Account Bank in accordance with the Company Account Bank Agreement.

(c) Each Obligor, to the extent applicable, shall comply with the provisions of the Company Account Bank Agreement and the Common Terms Agreement and other provisions of the Common Documents that apply to the Obligor Operating Accounts maintained by it from time to time.

(d) None of the Obligors may open any bank accounts other than the Designated Accounts required to be maintained by it pursuant to the Common Terms Agreement, save that any of the Obligors may from time to time open holding accounts, Refinancing Escrow Accounts and accounts with any Liquidity Provider as contemplated by paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Cash Management - Liquidity Facility Standby Account*" below.

(e) No Obligor may open any bank accounts outside the UK.

(f) Each Obligor shall promptly, following the request of the Obligor Security Trustee, deliver to it an updated list of all of the accounts (with details thereof) maintained by it.

(g) No amount may be credited to or debited from a Designated Account other than as expressly provided in the Common Terms Agreement and the STID.

(h) The Cash Manager, the Company and each other relevant Obligor (as applicable) must ensure that no Designated Account goes into overdraft.

Cash Manager

(a) Prior to a Loan Event of Default, which is continuing, the Company will be the Cash Manager for the Holdco Group. Following any Loan Event of Default, which is continuing, the Cash

Manager shall be the Obligor Security Trustee or a professional cash manager appointed by the Obligor Security Trustee.

(b) The Cash Manager will act as such in respect of the Designated Accounts held from time to time by any of the relevant Obligors, and shall be authorised by such Obligors and the Obligor Security Trustee to operate all such accounts.

(c) At all times prior to a Loan Event of Default, which is continuing, the Cash Manager shall be authorised by the Obligors and the Obligor Security Trustee to operate all such Designated Accounts in accordance with the Common Terms Agreement, the Company Account Bank Agreement and the STID.

(d) Following a Loan Event of Default, which is continuing, the Cash Manager may only act on the instructions of the Obligor Security Trustee in respect of any accounts maintained by any member of the Holdco Group.

(e) Following the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, any amounts standing to the credit of the Designated Accounts (other than the Defeasance Account and any Liquidity Facility Standby Account) may only be applied in accordance with the Obligor Post-Default Priority of Payments and the Obligor Post-Discontinuation Priority of Payments under the STID (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Default Priority of Payments*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Discontinuation Priority of Payments*").

Company Accounts

(a) The Company is required to maintain the following bank accounts, in its name, in each case with the Company Account Bank:

(i) an account designated the **"Company Operating Account"**;

(ii) from a date no later than five (5) Business Days prior to the date on which the first payment is required under the Finance Documents to be made into such account, an account designated the **"Defeasance Account"**;

(iii) subject to paragraph (a) under "*Obligor Operating Accounts*" below, from no later than immediately prior to the date of any Utilisation of any Liquidity Facility, an account designated a **"Liquidity Facility Standby Account"** in respect of each person that is a Liquidity Facility Provider under the relevant Liquidity Facility;

(iv) from a date at the Company's discretion, an account designated the **"Company Debt Service Reserve Account"**;

(v) an account designated the **"MDF Account"**;

(vi) an account designated the **"Company CESA Account"**;

(vii) an account designated the **"Senior Debt Compensation Account"**;

(viii) an account designated the **"Equity Compensation Account"**; and

(ix) an account designated the **"SCA Proceeds Account"**,

on the terms set out in the Company Account Bank Agreement.

(b) The Company may maintain:

(i) Refinancing Escrow Accounts in accordance with the STID; and

(ii) holding accounts in accordance with the terms of any relevant Authorised Credit Facility and the proceeds in respect of each such account shall be only be charged in favour of the relevant Authorised Credit Provider whose Obligor Secured Liabilities are to be repaid using the proceeds in such holding account.

Holdco Accounts

(a) Holdco is required to maintain the following bank accounts, in its name, in each case with the Company Account Bank:

(i) an account designated the **"Holdco Operating Account"**;

(ii) an account designated the **"Equity Contribution Account"**; and

(iii) an account designated the **"Holdco CESA Account"**,

on the terms set out in the Company Account Bank Agreement.

Obligor Operating Accounts

(a) Each Obligor shall ensure that all of its revenues including the proceeds of any IBLAs, any moneys received pursuant to any Authorised Credit Facility, all equity contributions and insurance proceeds, but excluding:

(i) amounts required or elected to be paid into a Designated Account (other than any Obligor Operating Account);

(ii) any Standby Drawing;

(iii) any interest or income which shall be credited to the account upon which such interest accrued and/or from which any Cash Equivalent Investment was made; and

(iv) any amounts required or elected by an Obligor to be deposited into any Refinancing Escrow Account and/or holding accounts (if applicable),

will be paid into an Obligor Operating Account in its name or the name of another Obligor.

(b) The Company is permitted to use the funds standing to the credit of the Obligor Operating Accounts on any day to make payments in respect of Restricted Payments and to make any other payment not prohibited pursuant to the Transaction Documents, as and when required but subject, where applicable, to the restrictions in the Common Documents.

(c) The Obligor Operating Accounts, the MDF Account, the Company CESA Account and the SCA Proceeds Account shall be the sole current accounts of the Obligors through which all operating expenditure and Capital Expenditure or any Taxes incurred by the Obligors and (subject to the terms of the Finance Documents) payments in respect of the Financial Indebtedness of the Obligors and Restricted Payments shall be cleared.

Equity Contribution Account

(a) Holdco (or the Cash Manager on its behalf) will pay all amounts received from JVCo by way of equity into the Equity Contribution Account.

(b) Holdco (or the Cash Manager on its behalf) is permitted to draw funds standing to the credit of the Equity Contribution Account only to put the Company into funds to meet all operating expenditure and Capital Expenditure or any Taxes incurred by the Obligors and (subject to the terms of the Finance Documents) payments in respect of the Financial Indebtedness of the Obligors.

Liquidity Facility Standby Account and Standby Drawings

(a) Subject to the terms of the STID and any Liquidity Facility Agreement, the Company (or the Cash Manager on the Company's behalf) may request a Standby Drawing from the relevant Liquidity Facility Provider, which shall be made in accordance with the terms and requirements of the relevant Liquidity Facility Agreement. The proceeds of the Standby Drawing shall be paid into the Liquidity Facility Standby Account in respect of such Liquidity Facility Provider and used to fund drawings under the relevant Liquidity Facility Agreement if and when required and in accordance with the paragraph titled "*Company Liquidity Shortfall*" below and the relevant Liquidity Facility Agreement.

(b) To the extent that an obligation to pay, repay or redeliver amounts in respect of a Standby Drawing to any relevant Liquidity Facility Provider has become due and payable (or re-deliverable), funds held by way of the Liquidity Facility Standby Account shall be available to be withdrawn (or redelivered, as the case may be) from the applicable account for the purpose of making such payment, prepayment or repayment (as applicable) to the relevant beneficiary irrespective of the provisions of the STID.

Company Debt Service Reserve Account

(a) Any member of the Holdco Group may credit the Company Debt Service Reserve Account with funds which shall be utilised by the Company to satisfy any Liquidity Required Amount.

(b) No amount may be debited from the Company Debt Service Reserve Account if that would cause the occurrence of a Trigger Event in paragraph (a) under "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Liquidity Required Amount*", unless withdrawal is required in order to make scheduled debt service payments of the Obligor Secured Liabilities.

Defeasance Accounts

(a) The Company may credit amounts to any Defeasance Account as follows:

(i) pursuant to paragraphs (a), (b) and (c) under "*Summary of the Common Documents – Common Terms Agreement – Financial Covenants – Equity Cure*"; and

(ii) pursuant to the relevant provisions of the Authorised Credit Facilities relating to the defeasance of any relevant Obligor Secured Liabilities.

(b) Save as otherwise directed by the relevant Obligor Secured Creditors which are the creditors under the relevant Obligor Secured Liabilities to which such Defeasance Account relates, the Obligors shall not withdraw any amount standing to the credit of a Defeasance Account for so long as a Loan Event of Default is continuing, unless to prepay the relevant Obligor Secured Liabilities to which the relevant Defeasance Account relates.

(c) Following the service of a Loan Enforcement Notice, amounts standing to the credit of the Defeasance Accounts shall be applied solely in payment of amounts owed in respect of the relevant Obligor Secured Liabilities in accordance with the Obligor Post-Default Priority of Payments (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Default Priority of Payments*").

GSP accounts

(a) The Company shall procure that the proceeds of any drawing under the MDF is deposited into the MDF Account. Amounts may only be debited from the MDF Account for application as permitted by the MDF.

(b) The Company shall procure that the proceeds of any **"Contingent Equity Instalments"** (as defined in the Contingent Equity Support Agreement) paid to it by Holdco shall be deposited in the Company CESA Account. Amounts may only be withdrawn from the Company CESA Account for application as permitted by the Contingent Equity Support Agreement.

(c) The Company shall procure that the proceeds of any payments made by the Secretary of State pursuant to the Supplemental Compensation Agreement shall be deposited into the SCA Proceeds Account. Amounts may only be withdrawn from the SCA Proceeds Account for application in respect of any Excess Loss or Unavailability Loss (each as defined in the Supplemental Compensation Agreement).

(d) Holdco shall procure that the proceeds of any "Contingent Equity Instalments" (as defined in the Contingent Equity Support Agreement) paid to it by the Secretary of State shall be deposited in the Holdco CESA Account. Amounts may only be withdrawn from the Holdco CESA Account to transfer such proceeds to the Company CESA Account.

Compensation accounts

(a) The Company shall procure that the proceeds of any amounts paid by the Secretary of State under the Discontinuation Agreement in respect of Senior Debt Compensation shall be deposited in the Senior Debt Compensation Account. Amounts may only be withdrawn from the Senior Debt Compensation Account for application in accordance with the STID.

(b) The Company shall procure that the proceeds of any amounts paid by the Secretary of State under the Discontinuation Agreement in respect of Equity Compensation shall be deposited in the Equity Compensation Account. Amounts may only be withdrawn from the Equity Compensation Account in accordance with the STID.

Cash Equivalent Investments

(a) The Obligors may invest in Cash and/or Cash Equivalent Investments from the amounts standing to the credit of any of the Obligor Operating Accounts from time to time as is prudent.

(b) The Obligors may only invest in Cash Equivalent Investments which are held to the order of the Holdco Group or any member thereof.

(c) The Obligors will at all times:

(i) ensure to the best of its knowledge that a prudent spread of any Cash Equivalent Investments is maintained; and

(ii) liquidate (or ensure that there are liquidated) Cash Equivalent Investments to the extent necessary for the purposes of payment of any amount due under the Finance Documents.

(d) The Obligors shall procure that the maximum average life of a Cash Equivalent Investment is appropriate having regard to the credits to be made to the Obligor Operating Accounts and payments to be made from the Obligor Operating Accounts from time to time.

(e) If any investment ceases to be a Cash Equivalent Investment, the Obligors must as soon as reasonably practicable after becoming aware of that fact (and in any event, no more than thirty (30) Business Days after that time) replace the investment with a Cash Equivalent Investment or with Cash.

(f) Any reference in any Finance Document to the balance standing to the credit of one of the Obligor Operating Accounts will be deemed to include a reference to the Cash Equivalent Investments in which all or part of such balance is for the time being invested. In the event of any dispute as to the value of any Cash Equivalent Investment for the purpose of determining the amount deemed to be standing to the credit of an Obligor Operating Account, that value will be determined in good faith by the Company.

(g) The provisions of paragraphs (a) to (f) above shall apply to each other Designated Account, *mutatis mutandis*, as if references in those paragraphs to the Obligor Operating Accounts were references to that other Designated Account, but provided that, the term of any investment in Cash Equivalent Investments funded from amounts from time to time standing to the credit of any of such accounts shall be appropriate having regard to the expected duration of the credit balances of those accounts from time to time.

Cash pooling

Each Obligor shall ensure that any netting and set off arrangements entered into by members of the Holdco Group in the ordinary course of its banking arrangements for the purposes of netting debit and credit balances of Obligor Operating Accounts of members of the Holdco Group shall only be netted in an account in the name of an Obligor and to the extent permitted by paragraph (c) of the definition of Permitted Security.

Company Liquidity Shortfall

(a) If, at any time, the Cash Manager determines that there will be a Company Liquidity Shortfall on any of the following 10 Business Days, the Company (or the Cash Manager on its behalf) shall, allowing sufficient time to deliver any relevant LF Notice of Liquidity Drawing in accordance with paragraph (b) below and any Liquidity Facility Agreement or to make a drawing from any Liquidity Facility Standby Account, as applicable, determine the anticipated Company Liquidity Shortfall Amount in respect of such Business Day.

(b) The following provisions of this paragraph shall apply in relation to any Company Liquidity Loan Drawings requested by the Company (or the Cash Manager on its behalf) in accordance with a Liquidity Facility Agreement:

(i) After determination of the Company Liquidity Shortfall Amount in accordance with paragraph (b) above, by no later than 12.00pm (London time) on the Business Day prior to the relevant Utilisation Date (or as otherwise agreed in accordance with the terms of the relevant Liquidity Facility Agreement), the Company (or the Cash

Manager on the Company's behalf) shall deliver a LF Notice of Liquidity Drawing to the relevant Liquidity Facility Agent in respect of the relevant Liquidity Facility Agreement.

(ii) At the time any LF Notice of Liquidity Drawing is delivered by the Company (or the Cash Manager on the Company's behalf) to the relevant Liquidity Facility Agent, the Company (or the Cash Manager on its behalf) shall notify (in the case of the Cash Manager notifying) the Company and the Obligor Security Trustee of the applicable Company Liquidity Shortfall Amount.

(iii) On the Company Liquidity Loan Drawing being made or withdrawn in accordance with the relevant Liquidity Facility Agreement, such amount shall be credited to the Company Operating Account.

(c) On or before any LF Interest Payment Date or other relevant date on which an amount in respect of any Company Liquidity Loan Drawing is due to be repaid by the Company in accordance with the terms of the relevant Liquidity Facility Agreement, the Company (or the Cash Manager on its behalf) shall, subject to the terms of the relevant Liquidity Facility Agreement, transfer such amount to, or for the account of, the relevant Liquidity Facility Provider or to the relevant Liquidity Facility Standby Account (as applicable) on or before that date.

Hedging Policy

General Principles

(a) The Hedging Policy applies to the Holdco Group (including the Issuer).

(b) Members of the Holdco Group (including the Issuer) may enter into Hedging Agreements in connection with the Holdco Group's business or funding on a prudent basis and which shall include any pre-hedging (if thought appropriate) but no member of the Holdco Group may enter into Hedging Agreements for the purpose of speculation. If the Issuer enters into Hedging Agreements, the economic effect of those Hedging Agreements shall be passed on to the Company either through the IBLAs or by way of back-to-back hedge agreements between the Company and the Issuer.

(c) The purpose of the Hedging Policy is (i) to set out the terms by which the exposure of the Issuer and the Company to fluctuations in inflation rates, interest rates and currencies shall be limited and (ii) to regulate the terms on which the Issuer and the Company may enter into Hedging Agreements.

(d) The Hedging Policy does not apply to any Treasury Transaction entered into by members of the Holdco Group in the ordinary course of business and for non-speculative purposes where the counterparty does not accede to the STID, provided that the aggregate notional amount of such Treasury Transactions is no greater than £5,000,000 and that no collateral is posted by the relevant member of the Holdco Group.

(e) Subject to paragraphs (h) and (i) below, any change to the Hedging Policy will be subject to the approval of the Obligor Security Trustee and (where and to the extent required by the terms of the STID) the Hedge Counterparties in accordance with the terms of the STID.

(f) Subject to paragraph (a) of the "*Principles relating to Hedge Counterparties*" below, Hedging Agreements may be entered into by the Issuer and the Company with one or more Hedge Counterparties.

(g) Subject to paragraph (e) above, the Hedging Policy will be reviewed from time to time by the Holdco Group and may be amended as appropriate including in order to reflect market practice, regulatory developments and good industry practice in accordance with the provisions of the STID.

(h) Subject to paragraph (i) below, no amendment, waiver or modification of any Hedging Agreement will require the consent of any party other than the Company or the Issuer (as the case may be) and the relevant Hedge Counterparty provided that (i) such amendment, waiver or modification (as the case may be) does not result in the Issuer or the Company (as

the case may be) breaching the Hedging Policy; and (ii) no additional consent would be required under the STID.

(i) No amendment, waiver, modification or termination (in whole or part) of any Hedging Agreement or this Hedging Policy required to meet the requirements of at least two Rating Agencies from time to time will require the consent of any party other than the Company or the Issuer (as the case may be) and the affected Hedge Counterparty. In the event that the Issuer and/or the Company (as the case may be) is required to make any change to the Hedging Policy in order to comply with the requirements of at least two Rating Agencies, the Obligor Security Trustee shall be required to execute such document as is necessary to give effect to such change to the Hedging Policy (acting in accordance with the STID).

Currency Risk Principles

(a) The Issuer or the Company (after taking into account currency hedging and any natural hedging arising from operating income of the Holdco Group received in any relevant foreign currency) must not:

(i) bear unhedged currency risk in respect of the interest payable to expected maturity and the repayment of principal under any foreign currency denominated debt instruments in an amount greater than £5,000,000 (or its equivalent in the relevant currency); and

(ii) shall ensure that no more than one hundred per cent. of the total outstanding Relevant Non-GBP Debt is subject to currency hedging, taking into account any offsetting transactions to which the Company and/or the Issuer is a party.

"Relevant Non-GBP Debt" means Relevant Debt denominated in a currency other than sterling.

(b) In the event that the aggregate nominal amount of Hedging Agreements which hedge currency risk (excluding hedging in relation to any RCF and any Pre-Hedging (as defined in the Discontinuation Agreement)) exceed more than one hundred per cent. of the Relevant Non-GBP Debt (after taking into account any offsetting transaction to which the Company and/or the Issuer is a party) (an **"Overhedged Position"**), then the Company and/or the Issuer (as the case may be) must reduce the notional amount of any Hedging Transactions (which may be achieved by terminating one or more Hedging Transactions (in whole or in part)) and/or entering into offsetting transactions in accordance with the terms of the Hedging Policy so that it is in compliance with paragraph (a) above.

Interest Rate Risk Principles

(a) At any time, the Company and the Issuer will (taken together) hedge the interest rate risk in relation to the total outstanding Relevant Debt to ensure that at any time:

(i) a minimum of seventy per cent. of the total outstanding Relevant Debt (i) is fixed rate, (ii) is index-linked and/or (iii) effectively bears either a fixed rate or an index-linked rate of interest for a period of at least 7 years (including, without limitation, pursuant to any interest rate cap), pursuant to any Hedging Agreements; and

(ii) at all times, the aggregate nominal amount of Hedging Agreements which hedge interest rate risk (excluding hedging in relation to any RCF and any Pre-Hedging), does not exceed one hundred and ten per cent. of the total outstanding Relevant Debt,

in each case, taking into account any offsetting transactions to which the Company and/or the Issuer is a party.

(b) In the event that the aggregate nominal amount of Hedging Agreements which hedge interest rate risk (excluding hedging in relation to any RCF and any Pre-Hedging) exceed more than one hundred and ten per cent. of the Relevant Debt (as defined above) (after taking into account any offsetting transaction to which the Company and/or the Issuer is a party) (an **"Overhedged Position"**), then the Company and/or the Issuer (as the case may be) must reduce the notional amount of any Hedging Transactions (which may be achieved by terminating one or more Hedging Transactions (in whole or in part)) and/or entering into

offsetting transactions in accordance with the terms of the Hedging Policy so that it is in compliance with paragraph (a) above and provided that the aggregate nominal amount of Hedging Agreements which hedge interest rate risk (excluding hedging in relation to any RCF), does not exceed one hundred and five per cent. of the total outstanding Relevant Debt immediately following such termination or (as the case may be) the execution of such offsetting transaction(s).

Principles relating to Hedge Counterparties

(a) The Issuer and the Company may only enter into Hedging Agreements with counterparties whose unsecured and unsubordinated debt obligations are assigned a rating which is no less than the Minimum Short Term Rating or the Minimum Long Term Rating, or where a guarantee is provided by an institution which meets the same criteria.

(b) The ratings requirements specified in paragraph (a) above are to be tested only on the entry into of the relevant Hedging Agreement. Without prejudice to any of the Issuer's or the Company's obligations to comply with the ratings requirements on entry into or transfer/novation of a Hedging Transaction, neither will have any obligation to take any action (or to cease to take any action) if a Hedge Counterparty subsequently ceases to satisfy the criteria set out in paragraph (a) above.

Principles relating to Hedging Agreements

(a) All Hedging Agreements must be entered into (whether by way of novation or otherwise) in the form, as amended by the parties thereto, of the 2002 ISDA Master Agreement or any successor thereto published by ISDA (an **"ISDA Master Agreement"**) unless otherwise agreed by the Obligor Security Trustee acting in accordance with the STID.

(b) Notwithstanding any provision to the contrary in any Hedging Agreement, the Issuer and the Company (as the case may be) and each Hedge Counterparty will be required to agree that subject to the STID (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Discontinuation*" below), the Hedge Counterparty may only designate an Early Termination Date (as defined in the ISDA Master Agreement) in respect of a Hedging Transaction if one or more of the following events has occurred and is continuing:

(i) a non-payment Event of Default (as defined in the relevant ISDA Master Agreement), subject to certain grace periods;

(ii) an Overhedged Position has occurred;

(iii) with respect to any Company Hedging Agreements:

A. a Loan Event of Default (as defined in the Common Terms Agreement) in respect of which the Secured Debt is accelerated in full;

B. following delivery of a Loan Enforcement Notice but prior to the delivery of a Loan Acceleration Notice, the Obligor Secured Creditors accelerate part of their claims pursuant to the STID;

(iv) with respect to any Issuer Hedging Agreements:

A. a Bond Event of Default in respect of which any Bonds are accelerated;

B. following delivery of a Loan Enforcement Notice but prior to the delivery of a Loan Acceleration Notice, the Issuer accelerates part of its claim for the repayment of principal under each IBLA pursuant to the STID;

(v) all Relevant Debt is irrevocably and unconditionally repaid, prepaid or cancelled in full;

(vi) the occurrence of certain bankruptcy events outlined in Section 5(a)(vii) ("*Bankruptcy*") of the Hedging Agreement with certain amendments set out in the Hedging Policy;

(vii) a Hedging Transaction is entered into which does not comply with the "Hedging Policy" and/or the Approved Hedging Policy;

(viii) an event outlined in Section 5(b)(i) (Illegality) of the Hedging Agreement;

(ix) an event outlined in Section 5(b)(ii) (Force Majeure Event) of the Hedging Agreement;

(x) an event outlined in Section 5(b)(iii) (Tax Event) of the Hedging Agreement;

(xi) an event outlined in Section 5(b)(iv) (Tax Event upon Merger) of the Hedging Agreement; and

(xii) if a break clause or right of early termination (whether mandatory or optional) granted in favour of the Company and/or the Issuer (as applicable) or the relevant Hedge Counterparty is exercisable in accordance with the terms of the relevant Hedging Agreement.

(c) The occurrence of Discontinuation will not trigger any termination right with respect to any Hedging Agreement.

(d) If a Discontinuation occurs, (i) if the Secretary of State has made a Lump Sum Date election, the Discontinuation Creditor may require the termination of the Hedging Transactions in accordance with the Discontinuation Agreement; and (ii) the Discontinuation Creditor may appoint a swap manager on behalf of the Secretary of State to manage the winding up of hedging.

(e) Subject to paragraph (e) of "*Tax*" below, and save as set out in paragraph (b) above, no Event of Default (as defined in the ISDA Master Agreement) shall apply in relation to the Issuer or the Company and no Termination Event (as defined in the ISDA Master Agreement) in respect of which the Hedge Counterparty would have a right to terminate the relevant Hedging Agreement shall apply.

(f) The Company and the Issuer will be entitled to enter into Hedging Agreements with Hedge Counterparties that rank *pari passu* or senior in priority to the Secured Debt and the Qualifying Issuer Debt, subject to the following:

(i) RPI-linked Hedging Agreements designated by the agreement of the Company or the Issuer and the relevant Hedge Counterparty when such Hedging Agreement is entered into as a Super Senior Hedging Agreement (**"Super Senior Hedging Agreements"**) shall rank in priority to the Secured Debt and the Qualifying Issuer Debt, but other Hedging Agreements (being RPI-linked Hedging Agreements which have not been designated as Super Senior Hedging Agreements, non-inflation-linked interest rate and currency Hedging Agreements) (**"Pari Passu Hedging Agreements"**) shall rank *pari passu* to the Secured Debt and the Issuer's obligations under any Bonds; and

(ii) where a Hedge Counterparty enters into one or more Super Senior Hedging Agreements and one or more Pari Passu Hedging Agreements with the same obligor, that Hedge Counterparty and that obligor shall enter into two separate ISDA Master Agreements, one of which will govern all Super Senior Hedging Agreements between those parties and the other of which will govern all Pari Passu Hedging Agreements between those parties.

(g) Each Hedge Counterparty will be required to acknowledge in the relevant Hedging Agreement that such Hedging Agreement is subject to the provisions of the Common Terms Agreement and the STID and that all amounts payable or expressed to be payable by the Issuer or the Company (as the case may be) under or in connection with such Hedging Agreement shall only be recoverable (and all rights of the relevant Hedge Counterparty under such Hedging Agreement shall only be exercisable) subject to and in accordance with the STID or the Finance Documents as applicable.

(h) The Issuer or the Company (as applicable) will certify upon entry into each Hedging Transaction that the transaction complies with this "Hedging Policy" and the Approved Hedging Policy.

Tax

(a) A member of the Holdco Group may only enter into Hedging Agreements with counterparties who are resident for tax purposes in the UK, or who are party to such transactions otherwise than as an agent or nominee for another person and who either:

(i) hold the contract comprising the relevant Hedging Agreement solely for the purposes of a trade or part of a trade carried on by them in the UK through a permanent establishment, a branch or agency; or

(ii) who are resident for tax purposes in a jurisdiction with which the UK has a double taxation convention which makes provision, whether for relief or otherwise, in relation to interest.

(b) Each Hedge Counterparty will be obliged to make payments under the relevant Hedging Agreement without any withholding or deduction of taxes, unless required by law.

(c) If any such withholding or deduction is required by law, a Hedge Counterparty will, subject to any customary exceptions, be required to pay any such additional amount as is necessary to ensure that the net amount received by the Issuer, or, as the case may be, the Company, will equal the full amount the Issuer or the Company would have received had no such deduction or withholding been required. Such a Hedge Counterparty is also required to use its reasonable efforts to transfer all of its rights and obligations under the Hedging Agreement to another of its offices or affiliates in accordance with the relevant Hedging Agreement so that such deduction or withholding will not be required, provided that the Company, or the Issuer shall have the right to consent to the transfer on terms set out in Section 7 of the ISDA Master Agreement.

(d) The Issuer will make payments under the Hedging Agreements subject to any withholding or deduction of taxes required by law, but will not be required to pay any additional amount to any Hedge Counterparty in respect thereof.

(e) Notwithstanding paragraph (e) of "*Principles Relating to Hedging Agreements*" and paragraphs, (b), (c) and (d) above, if a withholding or deduction is required due to any action by a Tax Authority or brought in a court of competent jurisdiction, or change in Tax law after the date on which a Hedging Transaction is entered into, and such withholding or deduction cannot be avoided in accordance with the relevant Hedging Agreement, the Company, the Issuer or the Hedge Counterparty (as case may be) may, subject to the terms and conditions of the relevant Hedging Agreement, terminate the relevant Hedging Transaction.

Security Trust and Intercreditor Deed

General

The intercreditor arrangements in respect of the Obligors and the Obligor Secured Creditors (including the Issuer) (the **"Intercreditor Arrangements"**) are contained in the STID. The Intercreditor Arrangements bind each of the Obligor Secured Creditors (including the Issuer) and each of the Obligors.

The Obligor Secured Creditors will include the Authorised Credit Providers that enter into or accede to the STID. Any new Authorised Credit Provider will be required to accede to the STID, the Master Definitions Agreement and the Common Terms Agreement. The STID also contains provisions restricting the rights of Subordinated Intragroup Creditors and Subordinated Investors.

The purpose of the Intercreditor Arrangements is to regulate, among other things (a) the claims of the Obligor Secured Creditors against the Obligors and the rights of priority and of enforcement in respect of the Obligor Secured Creditors' rights under the Common Documents, (b) the rights and claims of each Subordinated Intragroup Creditor and each Subordinated Investor against the Obligors and to subordinate and postpone (subject as provided in the STID) any claims in respect of any indebtedness that the Subordinated Intragroup Creditors and the Subordinated Investors may (now or at any time in the future) have owing to them by any Obligor to the claims of the Obligor Secured Creditors, (c) the exercise, acceleration and enforcement of rights by the Obligor Secured Creditors under the Common Documents, (d) the rights of the Obligor Secured Creditors under the Common Documents during a Standstill Period, (e) the procedures for instructing the Obligor Security Trustee to take certain actions under or pursuant to the Common Documents, (f) the Entrenched Rights and the Reserved Matters of the Obligor Secured Creditors, and (g) the giving of consents and waivers and the making of modifications to the Finance Documents.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Obligor Secured Creditors, both before and after the delivery of a Loan Acceleration Notice and for the subordination (subject as provided in the STID) of all claims of Subordinated Intragroup Creditors and Subordinated Investors to the claims of the Obligor Secured Creditors in respect of the Obligor Secured Liabilities. Each Obligor Secured Creditor, each Obligor, each Subordinated Intragroup Creditor and each Subordinated Investor gives certain undertakings in the STID in relation to these arrangements. For further information on the ranking in point of payment of the claims of the Issuer Secured Creditors see the section "*Summary of the Issuer Transaction Documents – Issuer Deed of Charge*" *and "Summary of the Issuer Transaction Documents – Issuer Cash Management Agreement"*.

Discontinuation

Instalments

(a) Following Discontinuation, the Secretary of State shall be treated as paying Senior Debt Compensation by instalments in accordance with the Discontinuation Agreement until the occurrence of any Lump Sum Date.

(b) Subject to paragraph (c) below, for so long as the Secretary of State is treated as paying Senior Debt Compensation by instalments:

  (i) any Loan Acceleration Notice in respect of any Authorised Credit Facility under which Financial Indebtedness remains outstanding shall be deemed to be withdrawn and the dates for payment of the principal amounts outstanding under such Authorised Credit Facility shall be the dates for payment which applied immediately prior to the delivery of such Loan Acceleration Notice;

  (ii) no Loan Acceleration Notice may be delivered;

  (iii) each Finance Document, notwithstanding any provision in any Finance Document to the contrary, shall continue in full force and effect and not be terminated; and

  (iv) each Hedging Agreement and Hedging Transaction, notwithstanding any provision in any Finance Document to the contrary (including any provision of the Hedging Policy), shall continue in full force and effect and not be terminated.

(c) Paragraph (b) shall not apply:

(i) where the Secretary of State is in breach of any of its payment obligations under the Discontinuation Agreement and notice has been given in accordance with the Discontinuation Agreement and the same gives rise to an event of default or termination event under the relevant Finance Document, Hedging Agreement or Hedging Transaction;

(ii) in the case of the Hedging Agreements and Hedging Transactions, where the Secretary of State has delivered a notice of election under the Discontinuation Agreement or the Company has delivered a notice under the Discontinuation Agreement; or

(iii) in the case of the Hedging Agreements and Hedging Transactions, an event contained in paragraph (a) of the definition of "Permitted Hedge Termination Event" in the Discontinuation Agreement occurs and the same gives rise to a termination event under the relevant Hedging Agreement or Hedging Transaction.

Senior Debt Compensation and Equity Compensation

(a) The Secretary of State shall pay all Equity Compensation into the Equity Compensation Account.

(b) Following the final determination of Senior Debt Compensation in accordance with the Discontinuation Agreement and payment of the Equity Compensation by the Secretary of State, the Obligor Security Trustee shall determine whether Government Debt Payments are sufficient to satisfy Relevant Obligor Secured Liabilities in full as they fall due, and:

(i) if the Obligor Security Trustee determines that the Government Debt Payments are insufficient to satisfy Relevant Obligor Secured Liabilities in full as they fall due, the Obligor Security Trustee shall promptly following such determination, pay an amount equal to the Equity Transfer Amount from the Equity Compensation Account to the Senior Debt Compensation Account and pay the balance of the Equity Compensation (if any) to JVCo; or

(ii) if the Obligor Security Trustee determines that the Government Debt Payments are sufficient to satisfy Relevant Obligor Secured Liabilities in full as they fall due, the Obligor Security Trustee shall, promptly following such determination, pay the Equity Compensation to JVCo.

(c) The Obligor Security Trustee shall apply any amounts transferred by it to the Senior Debt Compensation Account in accordance with the Obligor Post-Discontinuation Priority of Payments.

Lump sums following instalments

(a) If the Secretary of State elects to cease paying Senior Debt Compensation by instalments in accordance with the Discontinuation Agreement or the Company has delivered a notice under the Discontinuation Agreement, with effect from the Lump Sum Date (subject as provided in the Discontinuation Agreement):

(i) the principal amount and all other amounts accrued or outstanding under any Finance Document will automatically become due and payable; and

(ii) each Hedge Agreement to the extent not already terminated shall be terminated by the relevant Hedge Counterparty as at the Lump Sum Date.

(b) The Obligor Security Trustee shall apply the amount paid by the Secretary of State as Senior Debt Compensation in a lump sum (the **"Lump Sum Amount"**) and all other amounts standing to the credit of any Accounts in accordance with the Obligor Post-Discontinuation Priority of Payments on the second Business Day after receipt of the Lump Sum Amount from the Secretary of State.

Compensation during Special Administration

Notwithstanding any other provision of any Transaction Document, if the Company has entered or is continuing to be in Special Administration, the Secretary of State shall pay any amounts payable by

it under the Discontinuation Agreement directly to, or to the order of, the Obligor Security Trustee, for application directly to discharge the Obligor Secured Liabilities in accordance with the Obligor Post-Discontinuation Priority of Payments and, in the case of any Equity Compensation, for application in accordance with "*Senior Debt Compensation and Equity Compensation*" above. Any such payment to, or to the order of, the Obligor Security Trustee shall be a good discharge of the relevant amount due under the Discontinuation Agreement.

Discontinuation Creditor as sole Obligor Secured Creditor

(a) The Discontinuation Creditor shall be the sole Obligor Secured Creditor once the Obligor Secured Liabilities have been paid in full (other than any Obligor Secured Liabilities owed to the Discontinuation Creditor).

(b) If at any time the Secretary of State is the sole Obligor Secured Creditor, it shall be entitled to instruct the Obligor Security Trustee or otherwise itself directly exercise the powers and rights reserved to the Obligor Security Trustee by the STID as though every reference in the STID to the Obligor Security Trustee was a reference to the Secretary of State, *mutatis mutandis*.

Calculation of compensation

(a) The Obligor Security Trustee shall, on behalf of the Obligor Secured Creditors, certify the Senior Debt Liabilities and Senior Debt Compensation as referred to in the Discontinuation Agreement within ten (10) Business Days of the Discontinuation Date and, if applicable, within fifteen (15) Business Days of the Lump Sum Date. Each Party shall provide to the Obligor Security Trustee (with a copy to the Company) promptly upon request such information as the Obligor Security Trustee may reasonably require to enable the Company to comply with its obligations under the Discontinuation Agreement.

(b) The Secretary of State shall be entitled to rely on any certificate provided by the Obligor Security Trustee.

Equity Support

(a) Where any Shareholder (or any fund, partnership or other entity, managed and controlled by any of the Shareholders or their Affiliates) has failed to comply with its equity financing obligations under the Shareholders' Agreement (and such failure has not been remedied within the applicable grace periods, if any, specified in the Shareholders' Agreement), the Company shall promptly, following the later of such failure and the expiry of any applicable grace period, make an effective demand under the Equity Support of that Shareholder (or any fund, partnership or other entity, managed and controlled by any of the Shareholders or their Affiliates) in respect of the relevant shortfall, failing which the Obligor Security Trustee shall, without prejudice to any Loan Event of Default resulting from such failure, direct the Company to make an effective demand under such Equity Support, whereupon the Company shall make such demand forthwith and in any event within three (3) days of such direction.

(b) If at any time:

(i) the issuer of any Equity Support suffers a downgrade such that its credit rating falls below the minimum credit ratings set out in the Shareholders' Agreement and where the Shareholder (or any fund, partnership or other entity, managed and controlled by any of the Shareholders or their Affiliates) responsible for maintaining such Equity Support has not (a) paid in cash the outstanding amount secured by such Equity Support to the Company or (b) procured the provision of replacement Equity Support from an issuer that meets such minimum credit ratings within the applicable grace period specified in the Shareholders' Agreement; or

(ii) a Shareholder (or any fund, partnership or other entity, managed and controlled by any of the Shareholders or their Affiliates) has not replaced or renewed its Equity Support by the date required under the Shareholders' Agreement,

the Company shall promptly claim up to the aggregate amount that it is entitled to claim under such Equity Support in accordance with the terms of such Equity Support, failing which

the Obligor Security Trustee shall, without prejudice to any Loan Event of Default resulting from such failure, direct the Company to make an effective demand under such Equity Support, whereupon the Company shall make such demand forthwith and in any event within three (3) days of such direction.

(c) Upon receipt, the proceeds of any demand under the Equity Support shall be paid into the Company Operating Account.

Refinancing Escrow Accounts

Establishment and Operation of Refinancing Escrow Accounts

The Company is entitled to open an escrow bank account(s) with the Company Account Bank (each a **"Refinancing Escrow Account"**) in respect of any Additional Financial Indebtedness incurred to refinance any existing Authorised Credit Facility and to hold in such account(s) the proceeds of all drawings under such new Authorised Credit Facilities pending application thereof towards the refinancing of the existing Authorised Credit Facilities intended to be so refinanced (such proceeds, **"Refinancing Escrow Amounts"**).

Exclusion of Refinancing Escrow Accounts from Obligor Security

(a) For as long as the Refinancing Escrow Amounts are held in the Refinancing Escrow Accounts and are not yet withdrawn to be applied to refinance any existing Authorised Credit Facility, such Refinancing Escrow Accounts and the Refinancing Escrow Amounts held therein (i) shall not form part of the Obligor Security and (ii) may be charged for the benefit solely of the providers of the Additional Financial Indebtedness the proceeds of which constitute such Refinancing Escrow Amounts (the **"Refinancing Escrow Amount Providers"**), provided always that the Refinancing Escrow Amount Providers shall, notwithstanding their accession to the STID as Additional Obligor Secured Creditors, not be entitled to benefit from the Obligor Security in respect of such Additional Financial Indebtedness until such Refinancing Escrow Amounts have been applied to repay the relevant Authorised Credit Facility.

(b) Nothing in the STID or any other Finance Document shall be deemed (i) to prevent the Company from charging the Refinancing Escrow Accounts and the Refinancing Escrow Amounts for the benefit solely of the Refinancing Escrow Amount Providers or (ii) to require such Refinancing Escrow Amount Providers to share any such security in respect of the Refinancing Escrow Accounts and the Refinancing Escrow Amounts with any other Obligor Secured Creditor.

Guarantee

Pursuant to the terms of the STID, each Guarantor irrevocably and unconditionally:

(a) guarantees to the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors) the punctual performance and observation by the Company of the Company's obligations under the Finance Documents to which the Company is a party;

(b) undertakes with the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors) that whenever the Company does not pay any amount when due under or in connection with any Finance Document, the Guarantor shall immediately on demand by the Obligor Security Trustee pay that amount as if it was the principal obligor; and

(c) agrees with the Obligor Security Trustee (for itself and on behalf of the other Obligor Secured Creditors) that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Obligor Secured Creditors immediately on demand against any cost, loss or liability it incurs as a result of the Company not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay under the guarantee if the amount claimed had been recoverable on the basis of a guarantee.

If the shares in an Obligor are disposed of pursuant to a Distressed Disposal or otherwise in accordance with the STID, the Obligor Security Trustee is authorised to release the guarantee granted by that Obligor being sold, subject as provided in the STID.

Resignation of Guarantors

(a) For purposes of this paragraph "*Resignation of Guarantors*":

(i) **"Qualifying Intra-Group Transfer"** means the transfer of all of the assets of a Guarantor (the **"Disposing Guarantor"**) to another member of the Holdco Group (the **"Acquiring Holdco Group Company"**), where the conditions in paragraphs (C)(i) and (ii) of the definition of "Permitted Disposal" are complied with; and

(ii) **"Third Party Disposal"** means the disposal of a Guarantor to a person that is not a member of the Holdco Group where that disposal is a Permitted Disposal or is made pursuant to an Extraordinary STID Resolution (and the Holdco Group Agent has confirmed this is the case).

(b) The Holdco Group Agent may request that a Guarantor (other than Holdco) ceases to be a Guarantor by delivering to the Obligor Security Trustee a notice to that effect if:

(i) that Guarantor is being disposed of by way of a Third Party Disposal (as defined above) and the Holdco Group Agent has confirmed this is the case;

(ii) where all of the assets of that Guarantor are being transferred to another member of the Holdco Group pursuant to a Qualifying Intra-Group Transfer; or

(iii) the resignation of that Guarantor has been approved pursuant to an Extraordinary STID Resolution.

(c) The Obligor Security Trustee shall accept the resignation of the relevant Guarantor and notify the Holdco Group Agent and the Qualifying Obligor Secured Creditors of such acceptance if:

(i) the Holdco Group Agent has confirmed that no Default is continuing or would result from the acceptance of the resignation of the relevant Guarantor; and

(ii) no payment is due from the relevant Guarantor under the guarantee described under "*Guarantee*" above.

(d) The resignation of that Guarantor shall not be effective until the date of the relevant Third Party Disposal or date of completion of the Qualifying Intra-Group Transfer or, as the case may be, the effective date of the consent referred to in paragraph (b)(iii) above, at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

Modifications, Consents and Waivers – Common Documents

In relation to the Common Documents, the STID contains detailed provisions setting out the voting and instruction mechanics in respect of (a) Ordinary Voting Matters; (b) Extraordinary Voting Matters; (c) Entrenched Rights; and (d) Reserved Matters (as further described in the table below in "*Types of Voting Categories– Voting Thresholds, Quorum Requirements and Decision Periods*").

The STID sets out the procedures for requesting any consent, modification or waiver under any Common Documents.

Any Obligor Secured Creditor (or, where applicable, its Secured Creditor Representative) or any Obligor is entitled to provide the Obligor Security Trustee with written notice requesting any modification, consent or waiver it requires under or in respect of any Common Document (a **"STID Proposal"**). The notice will certify whether such STID Proposal (a) is in respect of a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter, or (b) gives rise to an Entrenched Right and will also specify the period of time within which the approval of the Obligor Security Trustee is sought (the **"Decision Period"**).

If the STID Proposal relates to a Discretion Matter, such STID Proposal shall be accompanied by a certificate signed by any director of the relevant Obligor or two authorised signatories of the relevant Obligor Secured Creditor as the case may be setting out the basis on which the proposer of the STID

Proposal (the **"Proposer"**) believes the Obligor Security Trustee would be entitled to concur in making the proposed modification, giving the proposed consent or granting the proposed waiver and shall attach all such evidence in support of such belief that the Proposer considers to be reasonably necessary. If the STID Proposal gives rise to an Entrenched Right, such STID Proposal shall contain information as to the Obligor Secured Creditors and/or the Issuer Secured Creditors who are affected by such Entrenched Right.

The Obligor Security Trustee will, within five Business Days of receipt of a STID Proposal, send a request (the **"STID Voting Request"**) in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to the Secured Creditor Representative of each Obligor Secured Creditor and to each of the Secured Creditor Representatives of the Issuer (on behalf of the Issuer Secured Creditors).

The determination made by the Proposer of the voting category or whether or not a STID Proposal gives rise to an Entrenched Right shall be binding on the Obligor Secured Creditors (and in the case of the Issuer, the Issuer Secured Creditors), unless challenged in accordance with the STID (as further described pursuant to footnote 1 of the table below in "*Types of Voting Categories – Voting Thresholds, Quorum Requirements and Decision Periods*").

Types of Voting Categories – Voting Thresholds, Quorum Requirements and Decision Periods

Set out below is a brief description of the various voting matters pursuant to the STID, with the quorum requirements, voting thresholds and Decision Periods relating to such voting matters set out in the table below.

Discretion Matters

The Obligor Security Trustee may (but is not obliged to) make modifications to the Common Documents without the consent of any other Obligor Secured Creditors where such modifications, consents or waivers:

(a) in the opinion of the Obligor Security Trustee, are:

  (i) required to correct manifest errors; or

  (ii) required to comply with mandatory provisions of law; or

  (iii) of a formal, minor, administrative or technical nature; or

(b) would not, in the opinion of the Obligor Security Trustee, be materially prejudicial to the interests of any of the Obligor Secured Creditors (where ***materially prejudicial*** means that such modification, consent or waiver would have a material adverse effect on the ability of the Obligors to pay any amounts of principal or interest or any other amounts in respect of the Obligor Secured Liabilities owed or deemed to be owed to the relevant Obligor Secured Creditors on the relevant due date for payment thereof where for purposes of this paragraph (b) the amount deemed to be owed shall be an amount equal to the Outstanding Principal Amount of the relevant Authorised Credit Facility).

Notwithstanding any other provision of the STID, the Obligor Security Trustee shall not be obliged to make any modification, give any consent or grant any waiver to the extent that doing so would, in the opinion of the Obligor Security Trustee, have the effect of increasing its liabilities, obligations or duties or decreasing its rights or protections.

Ordinary Voting Matters

These are all matters which are not designated as (i) Extraordinary Voting Matters, (ii) Discretion Matters or (iii) matters which are the subject of an Enforcement Instruction Notice or Further Enforcement Instruction Notice.

Extraordinary Voting Matters

These are specific matters designated as Extraordinary Voting Matters and have a higher voting threshold than Ordinary Voting Matters.

Entrenched Rights

These are rights that cannot be modified or waived without the consent of the Affected Obligor Secured Creditor(s).

Reserved Matters

Subject to the Common Terms Agreement and STID, an Obligor Secured Creditor is free to exercise every right, power, authority and discretion of any Reserved Matter in accordance with its own debt instrument.

The Company is also permitted to grant additional Reserved Matters to Additional Obligor Secured Creditors, including EIB, provided that such additional Reserved Matters are required by the official policies of such Additional Obligor Secured Creditors.

Termination of Standstill Period

During a Standstill Period, save as provided in the STID, no Enforcement Action may be taken. If it is voted to terminate the Standstill Period (pursuant to a STID Proposal), the Standstill Period will (a) during the first 18 months of the Standstill Period, terminate on the date of such vote or (b) in the case of a Standstill Period that is extended pursuant to the terms of the STID, automatically terminate on the day following the date of such vote.

Emergency Instruction Notices

Notwithstanding any other provision of the STID, and subject to providing the required indemnity and/or security and/or pre-funding to the Obligor Security Trustee pursuant to the STID and to Entrenched Rights and Reserved Matters, any Secured Creditor Representative may, at any time while a Standstill Period is subsisting or a Loan Event of Default is continuing deliver to the Obligor Security Trustee a notice (an **"Emergency Instruction Notice"**) signed by that Secured Creditor Representative:

(a) certifying that, in the reasonable opinion of that Secured Creditor Representative:

  (i) the whole or a substantial part of the Obligor Secured Property is in danger of being seized or sold under any form of distress, attachment, execution or other legal process or is otherwise in jeopardy or it is necessary or reasonably prudent for any reason to take the Enforcement Action specified in such Emergency Instruction Notice in order to preserve or protect the Security or any part thereof; and

  (ii) unless action is taken within the timeframe specified in the Emergency Instruction Notice, the interests of the Obligor Secured Creditors represented by that Secured Creditor Representative would be materially prejudiced; and

(b) requiring the Obligor Security Trustee to take the Enforcement Action specified in such Emergency Instruction Notice.

Enforcement Instruction Notice and Further Enforcement Instruction Notice

The Obligor Security Trustee shall promptly request by notice (**"Enforcement Instruction Notice"**) an instruction from the Qualifying Obligor Secured Creditors through their Secured Creditor Representatives as to whether the Obligor Security Trustee should:

(a) upon termination of a Standstill Period as contemplated in paragraphs a(i) and a(ii) under "*Termination of Standstill*" below:

  (i) deliver a Loan Enforcement Notice to enforce all or any part of the Obligor Security or take any Enforcement Action (excluding those actions described in paragraphs (a), (b) and (f) of the definition of "Enforcement Action", which relate to demanding payment of or accelerating the Obligor Secured Liabilities and initiating certain proceedings, for example, to liquidate an Obligor); and/or

  (ii) consent to or approve any Distressed Disposal; and/or

  (iii) deliver a Loan Acceleration Notice to accelerate all of the Obligor Secured Liabilities or take any actions described in paragraphs (A), (B) and (F) of the definition of "Enforcement Action"; and

(b) during a Standstill Period after receipt of a request from or on behalf of any Obligor Secured Creditor requesting the Obligor Security Trustee to take any action contemplated in paragraphs (i), (ii), or (iii) below, in accordance "*Restrictions during Standstill*" below:

(i) take any enforcement action in relation to Permitted Hedge Terminations;

(ii) deliver a Loan Enforcement Notice to enforce all or any part of the Security granted by JVCo and/or Holdco or take any Enforcement Action in relation to the Security granted by Holdco or JVCo (excluding those actions described in paragraphs (a), (b) and (f) of the definition of Enforcement Action other than as permitted under paragraph (iii) below); and/or

(iii) deliver a Loan Acceleration Notice to accelerate all or part of the Obligor Secured Liabilities to the extent necessary to apply the proceeds of such enforcement of the share charges or any other Security provided by Holdco or JVCo (but only to the extent that such accelerated claims would be discharged out of such proceeds pursuant to the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments).

At any time following the delivery of a Loan Enforcement Notice, the Obligor Security Trustee may request by notice (**"Further Enforcement Instruction Notice"**) an instruction in the form of a resolution from the Qualifying Obligor Secured Creditors through their Secured Creditor Representatives as to whether to take any action described in paragraphs (a)(i)-(iii) and (b)(i)-(iii) above, to the extent not already instructed to do so.

Direction Notice

In respect of any matter that is not the subject of a STID Proposal, Qualifying Obligor Secured Creditor Instruction Notice, Enforcement Instruction Notice, Further Enforcement Instruction Notice or Emergency Instruction Notice and except where expressly provided for in the STID, the Obligor Security Trustee may by notice (a **"Direction Notice"**) request an instruction from the Qualifying Obligor Secured Creditors as to whether it should agree to a consent, waiver or modification or exercise a right or discretion pursuant to the Finance Documents and the manner in which it should do so.

Qualifying Obligor Secured Creditor Instruction Notice

In respect of any matter which is not the subject of a STID Proposal or an Enforcement Instruction Notice or Further Enforcement Instruction Notice and except where expressly provided for otherwise in the STID, the Qualifying Obligor Secured Creditors which are owed Qualifying Obligor Secured Liabilities having an aggregate Outstanding Principal Amount of at least 20 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities may instruct the Obligor Security Trustee (subject to providing the required indemnity pursuant to the STID) to exercise any of the rights granted to the Obligor Security Trustee under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of a Loan Enforcement Notice or a Loan Acceleration Notice) including, without limitation, the rights to challenge a statement(s), calculation(s) or ratio(s) in a Compliance Certificate and to request further information pursuant to and subject to the terms of the Common Terms Agreement in respect of, *inter alia*, Holdco Group covenants.

Outstanding Principal Amount

Outstanding Principal Amount means:

(a) in respect of any Authorised Credit Facility that is a loan, the principal amount (or the Equivalent Amount) of any drawn amounts that are outstanding under such Authorised Credit Facility (as such principal amount shall be adjusted, in the case of any indexed loans, in accordance with the terms of that Authorised Credit Facility);

(b) in respect of each Issuer Hedge Counterparty, the net value (if greater than zero) of all Issuer Hedging Transactions arising under Issuer Hedging Agreements of such Issuer Hedge Counterparty determined in accordance with the STID;

(c) in respect of each Company Hedge Counterparty, the net value (if greater than zero) of all Company Hedging Transactions arising under the Company Hedging Agreements of such Company Hedge Counterparty determined in accordance with the STID; and

(d) in respect of any other Obligor Secured Liabilities, the outstanding principal amount (or the Equivalent Amount) of such debt on such date in accordance with the relevant Finance Document,

in respect of paragraphs (a) and (d), plus, prior to System Acceptance, the aggregate Available Commitments (or undrawn but available principal amounts) under the relevant Authorised Credit Facility or Finance Document for so long as the conditions to utilisation of such Available Commitment (or undrawn but available principal amounts) are satisfied (other than (i) the delivery of a utilisation request, (ii) delivery of any customary conditions precedent in connection with any Bond issue and/or Bond sale by the Issuer, including without limitation, completion of any listing process, confirmation of rating by the Rating Agencies of the Bonds, delivery of the Bonds to the Common Depository or Common Safekeeper in accordance with the Agency Agreement, the entry into any Hedging Agreements required in order to comply with the Hedging Policy and payment of the purchase / subscription price in relation to such Bonds, (iii) other administrative steps or (iv) the passage of time); and

in respect of paragraphs (a) to (d), on the date on which (i) the Qualifying Obligor Secured Creditors have been notified of a STID Voting Request, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice, a Qualifying Obligor Secured Creditor Instruction Notice (or when the Qualifying Obligor Secured Creditors intend to deliver a Qualifying Obligor Secured Creditor Instruction Notice) or a Direction Notice or as otherwise required pursuant to the STID, as the case may be, all as most recently certified or notified to the Obligor Security Trustee, where applicable, pursuant to the STID or, where applicable, the Common Terms Agreement as at the latest practicable date prior to any challenge of a Compliance Certificate.

Secured Creditor Representatives

Each of the Obligor Secured Creditors appoints its Secured Creditor Representative named in the STID or in any Accession Memorandum to act as its representative in the exercise of all rights and obligations of the Obligor Secured Creditors represented by such Secured Creditor Representative under the STID.

The following persons shall act as Secured Creditor Representative in respect of the Issuer:

(a) and any IBLA in respect of Advances which have been made under such IBLA, the Bond Trustee and any successor Bond Trustee in respect of itself and the Bondholders;

(b) and any IBLA in respect of any amount of Available Commitment, the Issuer Security Trustee and any successor Issuer Security Trustee in respect of itself and Deferred Purchasers (or such other party as the Issuer may select to act as agent in respect of the Deferred Purchasers as indicated in the relevant IBLA pertaining to the relevant Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds); and

(c) each Issuer Hedge Counterparty in respect of the Issuer Hedging Agreements entered into by such Issuer Hedge Counterparty.

In relation to the voting of the Deferred Purchasers, please see "*Summary of the Issuer Transaction Documents – Issuer Deed of Charge – Voting of the Deferred Settlement Purchasers*" and Condition 15.1 (*Passing of resolutions by Bondholders, Modifications and Waiver*).

The table below sets out the quorum requirements, voting thresholds and Decision Periods relating to the various voting matters set out therein.

Type[2]	Voting Threshold[3]	Quorum Requirement[4]	Decision Period within which votes must be cast[5]
Discretion Matters	N/A	N/A	N/A
Ordinary Voting Matter	More than 50 per cent.	at least 20 per cent. (or at least 10 per cent. if quorum not met during the initial Decision Period)	Not less than 15 Business Days from the commencement of the Decision Period (which may be extended for a further period of 10 Business Days if the Quorum Requirement is not met within the initial Decision Period).
Extraordinary Voting Matter	At least 66⅔ per cent.	at least 20 per cent. (or at least 10 per cent. if quorum not met during the	Not less than 15 Business Days from the commencement of the Decision Period (which may be extended for a further period of 10 Business Days if

2 In the case of the determination of a matter as an Ordinary Voting Matter or an Extraordinary Voting Matter, Qualifying Obligor Secured Creditors representing at least 10 per cent. of the Outstanding Principal Amount of the Qualifying Obligor Secured Liabilities and, in the case of the determination as to whether a matter gives rise to an Entrenched Right, an Obligor Secured Creditor (acting through its Secured Creditor Representative, including where the Issuer is an Affected Issuer Secured Creditor, the Secured Creditor Representative on behalf of the relevant Issuer Secured Creditors), can challenge the determination of a voting category of a STID Proposal or whether the STID Proposal gives rise to an Entrenched Right, and instruct the Obligor Security Trustee to notify the Proposer in writing within five Business Days of receipt of the relevant STID Proposal by the relevant Secured Creditor Representative that they disagree with the Proposer's determination (**"Dissenting Notice"**). The Proposer and relevant Qualifying Obligor Secured Creditors and/or relevant Obligor Secured Creditors will agree the voting category/whether there is an Entrenched Right within 5 Business Days after receipt of such notice from the Obligor Security Trustee. If a decision is not reached within this time, an appropriate expert will make a decision as to the voting category or whether there is an Entrenched Right, whose decision will be final and binding on each of the parties. If the Obligor Security Trustee is not instructed to serve a Dissenting Notice within 5 Business Days of receipt of the STID Proposal by the relevant Obligor Secured Creditors and/or Issuer Secured Creditors (through their Secured Creditor Representatives), the relevant Qualifying Obligor Secured Creditors or, as the case may be, Obligor Secured Creditors shall be deemed to have consented to the voting category set out in the STID Proposal or, as applicable, agreed as to whether such STID Proposal gives rise to any Entrenched Right affecting an Obligor Secured Creditor or Issuer Secured Creditor.

3 Except in the case of termination of (a) a Standstill Period and (b) Qualifying Obligor Secured Creditor Instruction Notices, expressed as a percentage of the Voted Qualifying Secured Liabilities (i.e. the Outstanding Principal Amount (in the case of Bonds, for the time being outstanding) actually voted thereon by the Qualifying Obligor Secured Creditors). See paragraph "*Outstanding Principal Amount*" above for a description of what constitutes the Outstanding Principal Amount of Bonds. In the case of termination of a Standstill Period, and Qualifying Obligor Secured Creditor Instruction Notices, expressed as a percentage of the total Qualifying Obligor Secured Liabilities.

4 Quorum Requirement in relation to the STID means one or more Participating Qualifying Obligor Secured Creditors representing, in aggregate, the stated percentage of the Outstanding Principal Amount of the Qualifying Obligor Secured Liabilities.

5 The Decision Period shall commence on the expiry of 5 Business Days after receipt of the STID Proposal by the relevant Secured Creditor Representative(s), unless the voting determination of a STID Proposal is challenged, in which event, the Decision Period shall commence on (a) the date on which agreement of the applicable voting category is reached between the Holdco Group Agent and the dissenting creditors; or (b) if the agreement or determination is such that the existing STID Proposal is incorrect, the date of receipt by the Secured Creditor Representatives of an appropriately amended STID Proposal from the Proposer. See Condition 15.1.1(e) of the section titled "*Terms and Conditions – Passing of resolutions by Bondholders, Modification, Waiver and Substitution – Passing of resolutions by Bondholders, Modification, Waiver*".

Type[2]	Voting Threshold[3]	Quorum Requirement[4]	Decision Period within which votes must be cast[5]
		initial Decision Period)	the Quorum Requirement is not met within the initial Decision Period).
Entrenched Rights	Consent of Affected Obligor Secured Creditor(s) required. If the Issuer is an Affected Obligor Secured Creditor, consent must be obtained by: (a) Extraordinary Resolution of each affected Tranche of Bondholders; (b) Extraordinary Resolution of each affected Tranche of Deferred Purchasers; (c) each affected Issuer Hedge Counterparty; (d) each other affected Issuer Secured Creditor, unless, where applicable, the Decision Period set out in the relevant STID Proposal has passed since such Issuer Secured Creditor was notified of such Entrenched Right (at which time, if the Bond Trustee, the Issuer Security Trustee, an Issuer Hedge Counterparty or another Issuer Secured Creditor which is affected by the Entrenched Rights has not responded to the Obligor Security Trustee in relation to the STID Proposal, such person or persons shall be deemed to have consented to the relevant STID Proposal and to have confirmed to the Obligor Security Trustee and the Issuer Security Trustee their approval of the	N/A	Not less than 15 Business Days from the commencement of the Decision Period.

Type[2]	Voting Threshold[3]	Quorum Requirement[4]	Decision Period within which votes must be cast[5]
	relevant modification, consent or waiver).		
Reserved Matters	N/A	N/A	N/A
Termination of Standstill Period			
During first 18 months	66⅔ per cent. or more	N/A	Not less than 15 Business Days from date of delivery of STID Proposal.
Months 19-22	50 per cent. or more	N/A	Not less than 15 Business Days from date of delivery of STID Proposal.
Months 23-24	33⅓ per cent. or more	N/A	Not less than 15 Business Days from date of delivery of STID Proposal.
After 24 months[6]	10 per cent. or more	N/A	Not less than 15 Business Days from date of delivery of STID Proposal.
Emergency Instruction Notice			
Emergency Instruction Notices	At least 66⅔ per cent.	At least 25 per cent.	5 Business Days from date of delivery of Emergency Instruction Notice.
Enforcement Instruction Notice & Further Enforcement Instruction Notice			
First 6 months post Loan Event of Default	66⅔ per cent.	more than 50 per cent.	15 Business Days from date of delivery of Enforcement Instruction Notice or Further Enforcement Instruction Notice.
7-12 months post Loan Event of Default	more than 50 per cent.	33⅓ per cent.	15 Business Days from date of delivery of Enforcement Instruction Notice or Further Enforcement Instruction Notice.
12 months post Loan Event of Default	20 per cent.	10 per cent.	15 Business Days from date of delivery of Enforcement Instruction Notice or Further Enforcement Instruction Notice.
Direction Notice			
Direction Notice	More than 50 per cent.	One or more Participating	Not less than 15 Business Days from request of an instruction.

6 A vote shall be taken on the expiry of each subsequent period of 60 days for so long as the Standstill Period continues.

Type[2]	Voting Threshold[3]	Quorum Requirement[4]	Decision Period within which votes must be cast[5]
		Qualifying Obligor Secured Creditors.	
Qualifying Obligor Secured Creditor Instruction Notice			
Qualifying Obligor Secured Creditor Instruction Notice	20 per cent.	N/A	N/A

Qualifying Obligor Secured Liabilities held by any member of the Holdco Group or an Investor

(a) Subject to paragraph (b) below and without prejudice to the provisions described in "*Purchase of Authorised Credit Facilities*" of "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Purchase of Authorised Credit Facilities*", any Qualifying Obligor Secured Liabilities held by or on behalf of any member of the Holdco Group (other than the Issuer in respect of an IBLA) or any Investor (other than the Secretary of State) shall not be entitled to vote in relation to any STID Proposal, Ordinary STID Resolution or Extraordinary STID Resolution and such Qualifying Obligor Secured Liabilities shall be deemed not to be outstanding for the purposes of determining the Quorum Requirements and voting thresholds.

(b) Notwithstanding paragraph (a) above, any Investor holding directly or indirectly any Qualifying Obligor Secured Liabilities shall be entitled to vote in relation to any STID Proposal, Ordinary STID Resolution or Extraordinary STID Resolution (and such Qualifying Obligor Secured Liabilities shall be deemed to be outstanding for the purposes of determining the Quorum Requirements and voting thresholds) in circumstances where such Investor:

(i) in the normal course of its business, engages in investing in loans, bonds or other financial instruments (whether or not cancelled) on its own behalf or on behalf of others; and

(ii) is subject to appropriate and reasonable arrangements that require information barriers to be imposed between the Investor (or any division, department, officer, director, employee, partner or representative of such Investor) in its capacity as holder of Qualifying Obligor Secured Liabilities and any other Investor (or division, department, officer, director, employee, partner or representative of such Investor) that holds an equity interest in any member of the Holdco Group.

Modifications, Consents and Waivers – Finance Documents

Finance Documents

Subject to the undertakings given by the Obligor Secured Creditors and the Obligors pursuant to the STID, each party to any Finance Document (which is not a Common Document) (each a **"Relevant Finance Document"**) may agree to any modification to, give its consent under or grant any waiver in respect of any breaches or proposed breaches under, any Relevant Finance Document to which it is a party without the consent of the parties to the STID provided that:

(a) if such modification, consent or waiver is inconsistent with any provisions of the Common Terms Agreement or the STID, the provision of the Common Terms Agreement or the STID shall prevail; and

(b) if such modification, consent or waiver:

(i) would have the effect of:

A. increasing the frequency of payments due (including in relation to any repayment or prepayment (mandatory or otherwise)) or change the circumstances in which interest and/or principal becomes due and payable;

B. increasing the amount or rate of interest or fees payable; or

C. increasing the amount of principal due or payable,

under such Relevant Finance Document; or

(ii) would have the effect of changing the definition of Final Maturity Date (or maturity date, however defined) or any termination event applicable to that Relevant Finance Document; or

(iii) changes the currency of any payment obligation under that Relevant Finance Document (excluding any change occasioned as a consequence of the euro being adopted as the lawful currency of the UK),

then that modification, consent or waiver (a **"Relevant Matter"**) will only be permitted if no Event of Default is continuing or would occur as a result of the Relevant Matter.

Consents of the Obligor Security Trustee in respect of the Finance Documents

To the extent that the Obligor Security Trustee is a party to any Finance Document (other than a Common Document), the Obligor Security Trustee will, only if instructed in writing by the relevant Secured Creditor Representative and indemnified and/or secured and/or pre-funded to its satisfaction in accordance with the STID, agree to any proposed amendment, modification or waiver to such Finance Document or take any other action under such Finance Document provided that:

(a) the relevant Secured Creditor Representative confirms that the requisite majority of the relevant Authorised Credit Provider(s) party to the relevant Authorised Credit Facility agrees to such modification, waiver or other action; and

(b) such modification, waiver or other action does not contravene any provision of the Common Documents.

The Obligor Security Trustee shall not be obliged to make any modification, give any consent or grant any waiver to the extent that doing so would, in the opinion of the Obligor Security Trustee, have the effect of increasing the liabilities, obligations or duties or decreasing the rights or protections, of the Obligor Security Trustee.

Qualifying Obligor Secured Liabilities

General

Subject to Entrenched Rights and Reserved Matters, only the relevant Qualifying Obligor Secured Creditors that are owed, or deemed to be owed, Qualifying Obligor Secured Liabilities may vote (through their Secured Creditor Representatives) in respect of a STID Proposal.

Notification of Outstanding Principal Amount of Qualifying Obligor Secured Liabilities

Each Qualifying Obligor Secured Creditor (acting through its Secured Creditor Representative) must certify to the Obligor Security Trustee within:

(a) two Business Days of the date on which either the Qualifying Obligor Secured Creditors have been notified of an Emergency Instruction Notice or the Obligor Security Trustee requests such certification; or

(b) five Business Days of the date on which either the Qualifying Obligor Secured Creditors have been notified of a STID Proposal, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice, a Qualifying Obligor Secured Creditor Instruction Notice, a Direction Notice or that a Standstill Period has commenced or the Obligor Security Trustee requests such certification,

the Outstanding Principal Amount of any debt which constitutes Qualifying Obligor Secured Liabilities held by such Qualifying Obligor Secured Creditor. If any Qualifying Obligor Secured Creditor fails to provide such certification either by itself or through its Secured Creditor Representative within the time prescribed above, then the Obligor Security Trustee will notify the Company of such failure. The Company must (to the extent it is aware of such amount having made diligent enquiry) promptly inform the Obligor Security Trustee of the Outstanding Principal Amount of Qualifying Obligor Secured Liabilities of that Qualifying Obligor Secured Creditor and such notification will be binding on the relevant Qualifying Obligor Secured Creditors except in the case of manifest error.

Participating Qualifying Obligor Secured Creditors

The votes of Participating Qualifying Obligor Secured Creditors will be cast by the applicable Participating Qualifying Obligor Secured Creditors (through their Secured Creditor Representatives on their behalf) (a) in accordance with the provisions below (see "*Tranching of Qualifying Obligor Secured Liabilities and Determination of Voted Qualifying Secured Liabilities*") and (b) subject to, in the case of any Authorised Credit Facility provided other than on a bilateral basis, any minimum quorum and voting majorities specified in the relevant Authorised Credit Facility and otherwise as provided in such Authorised Credit Facility and, in the case of any PP Noteholders, the relevant PP Note SCR Agreement (for which purpose, the relevant Secured Creditor Representative shall provide to the Obligor Security Trustee, and the Obligor Security Trustee shall rely upon, a certificate as to the satisfaction of such matters).

References to **"Qualifying Obligor Secured Creditors"** are references to each Obligor Secured Creditor to which Qualifying Obligor Secured Liabilities are owed.

"Qualifying Obligor Secured Liabilities" comprise:

(a) the Outstanding Principal Amount under each IBLA corresponding to any Tranche of Bonds;

(b) subject to Entrenched Rights which apply at all times, in respect of each *Pari Passu* Issuer Hedge Counterparty and its voting entitlements as described under the heading "*Tranching of Qualifying Obligor Secured Liabilities and Determination of Voted Qualifying Obligor Secured Liabilities*" below, the Outstanding Principal Amount under the Issuer Hedging Transactions arising under a *Pari Passu* Issuer hedging Agreement of that the *Pari Passu* Issuer Hedge Counterparty at such time;

(c) subject to Entrenched Rights which apply at all times, in respect of each *Pari Passu* Company Hedge Counterparty and its voting entitlements as described under the heading "*Voting in respect of Company Hedging Transactions by Company Hedge Counterparties*" below, the Outstanding Principal Amount under the Company Hedging Transactions arising under a *Pari Passu* Company Hedging Agreement of that *Pari Passu* Company Hedge Counterparty at such time; and

(d) the Outstanding Principal Amount under any other Authorised Credit Facility at such time ranking *pari passu* with the above (but excluding for the avoidance of doubt any Liquidity Facilities or any Hedging Transactions arising under a Super Senior Company Hedging Agreement or a Super Senior Issuer Hedging Agreement).

As described under the section "*Types of Voting Categories–Voting Thresholds, Quorum Requirements and Decision Periods - Outstanding Principal Amount*" above, prior to System Acceptance, the Outstanding Principal Amount referred to in paragraphs (a) and (d) above, includes the aggregate available commitments (or undrawn but available principal amounts) under the relevant debt instrument for so long as the conditions to utilisation of such available commitment (or undrawn but available principal amounts) are satisfied (other than the delivery of a utilisation request, delivery of any customary conditions precedent in connection with any Bond issue and/or Bond sale by the Issuer, other administrative steps or the passage of time).

Tranching of Qualifying Obligor Secured Liabilities and Determination of Voted Qualifying Secured Liabilities

Tranching of the Issuer's Vote

As described in the section "*Qualifying Obligor Secured Liabilities*" above, amounts owed to the Issuer by the Company under the IBLA(s) are included in the Qualifying Obligor Secured Liabilities.

However, the Issuer Secured Creditors, as opposed to the Issuer itself, are entitled to vote in respect of such amounts. When the Bond Trustee and/or the Issuer Security Trustee (as the Issuer's Secured Creditor Representative), as the case may be, casts its votes on the Issuer's behalf in respect of the IBLA(s), it will do as instructed by the relevant Issuer Secured Creditors in respect of which it is acting as the relevant Secured Creditor Representative.

In the case of paragraphs (a) and (b) of the Qualifying Obligor Secured Liabilities summary as set out under the heading "*Qualifying Obligor Secured Liabilities*" above the Qualifying Obligor Secured Liabilities owed to the Issuer will be divided into separate voting tranches comprising respectively:

(a) other than when paragraph (c) below applies, a tranche for the holders of each Tranche of Bonds equal to the aggregate Principal Amount Outstanding of such Tranche of Bonds;

(b) subject to Entrenched Rights which apply at all times, only in relation to:

(i) any vote to terminate the Standstill Period pursuant to the STID;

(ii) any vote by the Qualifying Obligor Secured Creditors on whether to take Enforcement Action;

(iii) any Extraordinary Voting Matter to consider any matter arising under paragraphs (b) and/or (c) of that definition; and

(iv) following the taking of Enforcement Action,

a tranche for each *Pari Passu* Issuer Hedge Counterparty equal to:

(i) in relation to any Hedging Transaction arising under a *Pari Passu* Issuer Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant *Pari Passu* Issuer Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant *Pari Passu* Issuer Hedge Counterparty following such termination (as calculated in accordance with the terms of the *Pari Passu* Issuer Hedging Agreement) and/or

(ii) otherwise, the mark-to-market value of any transaction or transactions arising under a *Pari Passu* Issuer Hedging Agreement calculated by the *Pari Passu* Issuer Hedge Counterparty and notified in writing by the *Pari Passu* Issuer Hedge Counterparty to the Obligor Security Trustee to the extent that such value represents an amount which would be payable to the relevant *Pari Passu* Issuer Hedge Counterparty if an Early Termination Date (as defined in the relevant *Pari Passu* Issuer Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period; and

(c) a tranche for the Deferred Purchasers in respect of each Tranche of Deferred Purchase Bonds or Deferred Settlement Bonds equal to the Outstanding Principal Amount of the IBLA in respect of such Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds, as the case may be.

Voting of Bonds by Bondholders and Deferred Purchasers

The votes of the Bondholders or Deferred Purchasers of each Tranche of Bonds in respect of a STID Proposal (other than a STID Proposal which relates to an Entrenched Right as to which the Issuer is an Affected Obligor Secured Creditor) will be cast by the Bondholders or Deferred Settlement Purchasers of such Tranche (through the Bond Trustee or the Issuer Security Trustee, as the case may be) subject to and as required by the STID and the Bond Trust Deed or the Issuer Deed of Charge and/or Deferred Bond Purchase Agreement or Deferred Settlement Agreement (as applicable) as follows:

In the case of Bondholders:

(a) subject to paragraph (c) below, in an amount equal to the aggregate of the Principal Amount Outstanding of each Bond which voted in favour of the relevant STID Proposal, in favour of such STID Proposal both in respect of Quorum Requirements and the requisite majority;

(b) subject to paragraph (c) below, in an amount equal to the aggregate of the Principal Amount Outstanding of each Bond which voted against the relevant STID Proposal, against such STID Proposal both in respect of Quorum Requirements and the requisite majority;

(c) if any of the following circumstances applies to any Tranche of Bonds, paragraphs (a) and (b) above shall not apply to that Tranche of Bonds:

(i) if, in respect of a Tranche of Bonds and a STID Proposal:

A. holders of twenty five (25) per cent. or more of the Principal Amount Outstanding of such Tranche of Bonds cast a vote in relation to such STID Proposal on or before the end of the relevant Decision Period (as extended, if applicable); and

B. holders of seventy five (75) per cent. or more of the Principal Amount Outstanding of the Bonds of such Tranche which so voted, voted the same way,

then the entire Principal Amount Outstanding of such Tranche of Bonds will count as having voted in such way both in respect of Quorum Requirements and the requisite majority;

(ii) in the event that sub-paragraph (i)(A) does apply but sub-paragraph (i)(B) does not apply, then the entire Principal Amount Outstanding of such Tranche of Bonds will count for the purposes of Quorum Requirements but not the requisite majority, for which they will count on a pound for pound basis either for or against the STID Proposal according to their vote in accordance with paragraphs (a) and (b) above; and

(iii) if the Bond Trustee exercises its sole and absolute discretion in respect of a matter which is the subject of a STID Proposal, then the entire Principal Amount Outstanding of the Bonds of such Tranche will count as having voted in such way both in respect of any Quorum Requirement and the requisite majority.

In the case of Deferred Purchasers:

(a) subject to paragraph (c) below, in an amount equal to the aggregate of the principal amount of each Deferred Purchase Bond and/or Deferred Settlement Bond which voted in favour of the relevant STID Proposal, in favour of such STID Proposal both in respect of Quorum Requirements and the requisite majority;

(b) subject to paragraph (c) below, in an amount equal to the aggregate of the principal amount of each Deferred Purchase Bond and/or Deferred Settlement Bond which voted against the relevant STID Proposal, against such STID Proposal both in respect of Quorum Requirements and the requisite majority;

(c) if any of the following circumstances applies to any Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds, paragraphs (a) and (b) above shall not apply to that Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds:

(i) if, in respect of a Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds and a STID Proposal:

A. holders of twenty five (25) per cent. or more of the principal amount of such Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds cast a vote in relation to such STID Proposal on or before the end of the relevant Decision Period (as extended, if applicable); and

B. holders of seventy five (75) per cent. or more of the principal amount of the Deferred Purchase Bonds and/or Deferred Settlement Bonds of such Tranche which so voted, voted the same way,

then the entire principal amount of such Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds will count as having voted in such way both in respect of Quorum Requirements and the requisite majority;

(ii) in the event that sub-paragraph (i)AA does apply but sub-paragraph (i)BB does not apply, then the entire principal amount of such Tranche of Deferred Purchase Bonds and/or Deferred Settlement Bonds will count for the purposes of Quorum Requirements but not the requisite majority, for which they will count on a pound

for pound basis either for or against the STID Proposal according to their vote in accordance with paragraphs (a) and (b) above; and

(iii) if the Issuer Security Trustee exercises its sole and absolute discretion in respect of a matter which is the subject of a STID Proposal, then the entire principal amount of the Deferred Purchase Bonds and/or Deferred Settlement Bonds of such Tranche will count as having voted in such way both in respect of any Quorum Requirement and the requisite majority.

For the purposes of (a), (b) and (c) above, ***principal amount*** of a Deferred Purchase Bond or a Deferred Settlement Bond or of a Tranche of Deferred Purchase Bonds or Deferred Settlement Bonds means the principal amount which the relevant Deferred Bond Purchaser(s) or Deferred Settlement Purchaser(s) have agreed to subscribe or purchase pursuant to the relevant Deferred Bond Purchase Agreement(s) or Deferred Settlement Agreement(s), as the case may be, and in respect of which they are entitled to vote in accordance with the Bond Trust Deed, the Issuer Deed of Charge and/or Deferred Bond Purchase Agreement or Deferred Settlement Agreement (as applicable).

Voting in respect of Company Hedging Transactions by Company Hedge Counterparties

In respect of any matter to be determined by the Qualifying Obligor Secured Creditors pursuant to the STID, subject to Entrenched Rights which apply at all times, each *Pari Passu* Company Hedge Counterparty is only entitled to:

(a) form part of the vote in relation to any resolution on whether to instruct the Obligor Security Trustee to terminate the Standstill Period;

(b) form part of the quorum and vote in relation to any resolution described under the headings "*Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors*" below, on whether to instruct the Obligor Security Trustee to take Enforcement Action;

(c) form part of the quorum and vote in relation to any Extraordinary Voting Matter to consider any matter arising under paragraphs (B) and/or (C) of that definition; and

(d) form part of the quorum and vote in relation to any resolution following the taking of Enforcement Action.

In relation to any vote by the Qualifying Obligor Secured Creditors in respect of any of the matters mentioned in paragraphs (a), (b), (c) and (d) above, voting in respect of the *Pari Passu* Company Hedging Transactions will be made by each *Pari Passu* Company Hedge Counterparty in respect of all *Pari Passu* Company Hedging Transactions arising under a *Pari Passu* Company Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant *Pari Passu* Company Hedging Agreement) has been designated, in the amount (if any) outstanding to the relevant *Pari Passu* Company Hedge Counterparty following such termination (as calculated in accordance with the terms of the *Pari Passu* Company Hedging Agreement) or otherwise, the mark-to-market value of any transaction or transactions arising under a *Pari Passu* Company Hedging Agreement calculated by the *Pari Passu* Company Hedge Counterparty and notified in writing by it to the Obligor Security Trustee to the extent that such value represents an amount which would be payable to the relevant *Pari Passu* Company Hedge Counterparty if an Early Termination Date (as defined in the relevant *Pari Passu* Company Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period.

Voting of Authorised Credit Facilities (other than PP Notes)

If, in respect of any Authorised Credit Facility (other than any PP Notes) provided other than on a bilateral basis, the minimum quorum and voting majorities specified in the relevant Authorised Credit Facility:

(a) are met, then all votes in respect of the relevant Authorised Credit Facility and any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Emergency Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right) will be cast either in favour or against such STID Proposal, Enforcement Instruction Notice, Further

Enforcement Instruction Notice, Emergency Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (both in respect of Quorum Requirements and the requisite majority) in accordance with the voting provisions contained in that Authorised Credit Facility; or

(b) are not met, then votes in respect of the relevant Authorised Credit Facility and any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Emergency Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right) will not count (both in respect of Quorum Requirements and the requisite majority) within any applicable Decision Period.

In respect of any Authorised Credit Facility provided on a bilateral basis, if the Qualifying Obligor Secured Creditor which provides such facility:

(a) casts its vote in respect of such facility, the vote in respect of such Authorised Credit Facility shall be in respect of the entirety of the Outstanding Principal Amount of such facility; or

(b) does not participate in the vote, then the Outstanding Principal Amount in respect of such facility will not count (both in respect of the Quorum Requirements and the requisite majority) within the applicable Decision Period.

Voting of PP Notes

(a) Subject to paragraphs (b) and (c) below, if in respect of PP Notes the minimum quorum specified in a relevant PP Note SCR Agreement is not met in respect of a vote on a particular STID Proposal, no votes in respect of such PP Notes will be taken into account by the Obligor Security Trustee when determining whether the requisite majority for the particular STID Proposal or other matter has been satisfied pursuant to the STID and the Outstanding Principal Amount in respect of such PP Notes shall not be taken into account for the purpose of assessing whether the particular Quorum Requirement is met.

(b) Each Secured Creditor Representative appointed in connection with the issuance of any PP Notes shall notify the Obligor Security Trustee at the time of its appointment whether:

(i) the minimum quorum and voting majorities specified in the relevant PP Note SCR Agreement; or

(ii) the regime set out in paragraph (b) under the heading "*Voting of Authorised Credit Facilities (other than PP Notes)*" above,

will apply when determining the quorum requirements and/or votes cast in respect of the relevant PP Notes for any STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Emergency Instruction Notice, Direction Notice or Qualifying Obligor Secured Creditor Instruction Notice (other than a STID Proposal which relates to an Entrenched Right).

(c) If the relevant PP Note Secured Creditor Representative does not notify the Obligor Security Trustee at the time of its appointment whether paragraphs (b)(i) or (b)(ii) above applies, it shall be deemed to have elected that paragraph (b)(ii) applies.

Voting by Secretary of State

The Secretary of State will form part of the Qualifying Obligor Secured Creditors to the extent that any amount is outstanding under the MDF at the time of the relevant vote. In respect of the MDF, voting in respect of any STID Proposal shall be by the relevant Secured Creditor Representative under the MDF in a single vote by reference to the entire Outstanding Principal Amount of the MDF for or against (as the vote may be) the STID Proposal.

Standstill Period

Commencement of Standstill

Immediately upon the Obligor Security Trustee being notified of the occurrence of a Loan Event of Default (other than, for the avoidance of doubt, an Event of Default as defined in any Hedging Agreement with respect to a Hedge Counterparty) (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Enforcement -Notification of Default*" *below*), a Standstill

Period will commence (unless one is already in existence) and each of the following provisions will apply in relation to any Loan Event of Default.

Restrictions during Standstill

During a Standstill Period:

(a) (other than any action taken in accordance with paragraph (b) below, and, for the avoidance of doubt, Permitted Hedge Terminations), no instructions may be given by or on behalf of any Obligor Secured Creditor to instruct the Obligor Security Trustee to take any Enforcement Action (but without prejudice to the ability of the Obligor Secured Creditors to demand payment of any Obligor Secured Liabilities) in relation to all or part of the Security granted by the Company pursuant to the Obligor Security Documents;

(b) the Security granted by Holdco and by JVCo and the share security over the shares in Holdco, the Issuer and the Company, and any other Obligor owned by Holdco, pursuant to the Obligor Security Documents, may be enforced at any time by the Obligor Security Trustee at the direction of the Qualifying Obligor Secured Creditors pursuant to the provisions set out under the heading "*Enforcement*" below; and

(c) save as provided in paragraphs (a) and (b) above and, for the avoidance of doubt, Permitted Hedge Terminations, no Enforcement Action may be taken.

Permitted Share Pledge Acceleration

Notwithstanding the Standstill Period, the Qualifying Obligor Secured Creditors shall be entitled to accelerate their respective claims to the extent necessary to apply proceeds of enforcement of the share charges or any other Security provided by Holdco and JVCo (the **"Permitted Share Pledge Acceleration"**) but only to the extent that such accelerated claims would be discharged out of such proceeds pursuant to the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments.

No Enforcement or Acceleration of Obligor Secured Liabilities prior to Termination of Standstill Period

Each Obligor Secured Creditor (other than the Obligor Security Trustee) agrees, and each of the Obligors acknowledges that, subject to the sections "*Permitted Share Pledge Acceleration*" and "*Restrictions during Standstill*" above and "*Termination of Standstill*" below and any other action taken in relation to Permitted Hedge Terminations, each Obligor Secured Creditor will not be entitled to (i) deliver a Loan Enforcement Notice to enforce all or any part of the Obligor Security or take any Enforcement Action, (ii) deliver a Loan Acceleration Notice to accelerate any of the Obligor Secured Liabilities or (iii) take any Enforcement Action, in each case prior to the termination of a Standstill Period (and provided that no Subordinated Intragroup Creditor in relation to Subordinated Intragroup Liabilities owed to it and no Subordinated Investor in relation to Subordinated Investor Liabilities owed to it, will be entitled to accelerate any of the Obligor Secured Liabilities).

Cash Management during Standstill

Notwithstanding the section "*Restrictions during Standstill*" above, during a Standstill Period, any moneys received by the Company and all moneys credited to the Accounts, will be applied in accordance with the Common Terms Agreement and, upon application in the discharge of the Obligor Secured Liabilities, in accordance with the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments.

Utilisation of Liquidity Facilities during Standstill

Each party to the STID agrees that the commencement of a Standstill Period will not of itself prevent the Issuer or the Company from drawing under any Liquidity Facility Agreement.

Termination of Standstill

(a) A Standstill Period which has commenced upon the occurrence of a Loan Event of Default will terminate upon the earliest of:

(i) the date on which an order is made for the Special Administration of the Company or any steps are taken to commence Insolvency Proceedings against the Company other than proceedings that are commenced by the Obligor Security Trustee;

(ii) (during the first 18 months of the Standstill Period) the date on which the Secured Creditor Representatives vote (pursuant to a STID Proposal) to terminate the Standstill Period (as further described in the table above in "*Types of Voting Categories– Voting Thresholds, Quorum Requirements and Decision Periods*"). If a STID Proposal relates to the termination of a Standstill Period, then the notice of the STID Proposal must certify that the STID Proposal relates to the termination of a Standstill Period;

(iii) the date on which the Loan Event of Default giving rise to the Standstill Period is waived, remedied or treated as no longer occurring in accordance with the STID and the Common Terms Agreement; and

(iv) the date on which the Obligor Security Trustee notifies the Company and each Obligor Secured Creditor (or its Secured Creditor Representative) that notice by any Obligor Secured Creditor of the occurrence of the relevant Loan Event of Default has been revoked, upon which date, the Loan Event of Default shall be deemed to be no longer subsisting.

(b) Following the termination of a Standstill Period, except by virtue of the matters referred to in paragraphs (a)(iii) or (a)(iv) above, each Obligor Secured Creditor will be entitled to exercise all rights which may be available to it under any Finance Document to which it is a party (other than any Security Document) (including directing the Obligor Security Trustee to take any Enforcement Action) free of the restrictions imposed by certain provisions of the STID and the Obligor Security Trustee will be entitled to enforce any Security Document in accordance with the section "Enforcement Action" below.

Extension of Standstill

In the event that a Standstill Period which has commenced upon the occurrence of a Loan Event of Default in relation to the Company has not been terminated in accordance with paragraph (a)(ii) above during the first 18 months of the Standstill Period, then such Standstill Period shall be automatically extended beyond 18 months as further described in the table above in "*Types of Voting Categories– Voting Thresholds, Quorum Requirements and Decision Periods*".

No Waiver of Rights for Obligors

None of:

(a) the commencement or continuation of a Standstill Period;

(b) the exercise or non-exercise by any person or group of persons of any other rights or remedies;

(c) the doing or refraining from doing of any matter contemplated or referred to in the STID;

(d) the receipt or acceptance of any sum payable under any Finance Document; or

(e) the entry into of the STID or any amendment or supplement to the STID,

does, will or is intended to operate as a permanent or temporary waiver of any Loan Event of Default, Trigger Event, Remedy Event, any of the obligations of any Obligor or, subject to the express terms of this section "Standstill Period", any of the rights or remedies of any Obligor Secured Creditor being reserved. Nothing in this section "Standstill Period" will confer any rights or remedies on any Obligor.

Enforcement

Notification of Default

If any Obligor Secured Creditor (other than the Obligor Security Trustee) becomes aware of the occurrence of a Loan Event of Default which is continuing, it shall forthwith notify the Obligor Security Trustee in writing and the Obligor Security Trustee shall promptly thereafter so notify each other Obligor Secured Creditor (or, where applicable, its Secured Creditor Representative) and the Obligors (through the Holdco Group Agent). Each Obligor expressly consents to each such notification.

Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors

The quorum and voting requirements in respect of an Enforcement Instruction Notice and/or Further Enforcement Instruction Notice described in the table above in "*Types of Voting Categories– Voting Thresholds, Quorum Requirements and Decision Periods*" will apply in respect of a resolution to instruct the Obligor Security Trustee as to whether it should take any of the actions set out in paragraphs (a)(i) to (iii) and (b)(i) to (iii) under the heading "*Enforcement Instruction Notice and Further Enforcement Instruction Notice*" above.

Enforcement Action

After delivery to the Holdco Group Agent on behalf of the Obligors of a Loan Enforcement Notice, the whole or part of the Obligor Security will become enforceable and the Obligor Security Trustee will if directed to do so in accordance with a resolution as described above under the heading "*Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors*" and subject as provided in the STID take any Enforcement Action as it is so directed (subject to being indemnified and/or secured and/or pre-funded to its satisfaction pursuant to the STID), which may include:

(a) enforcing all or any part of the Obligor Security (at the times, in the manner and on the terms as it is so directed) and taking possession of and holding or disposing of all or any part of the Obligor Secured Property;

(b) instituting such proceedings against any Obligor and taking such action as it is so directed to enforce all or any part of the Obligor Security;

(c) appointing or removing any Receiver; and/or

(d) whether or not it has appointed a Receiver, exercising all or any of the rights, powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by the STID or any Obligor Security Document) on mortgagees and by the STID and the Obligor Security Documents on any Receiver or otherwise conferred by law on mortgagees or Receivers.

Permitted Enforcement - Liquidity Facility Agent and Super Senior Hedge Counterparties

Subject to the provisions under the heading "*Standstill Period*" above, if an Obligor has defaulted on any payment obligation under a Liquidity Facility Agreement or a Super Senior Hedging Agreement (after allowing for any applicable notice or grace periods) and the default has continued unwaived, the Liquidity Facility Agent (on behalf of the Liquidity Facility Providers) or the Super Senior Hedge Counterparty (as applicable) may after thirty (30) days from such non-payment and only until such time as the Obligor Security Trustee has given a Loan Enforcement Notice and/or Loan Acceleration Notice under the STID (or notice that any steps are being taken to enforce the Obligor Security) (each a **"Relevant Notice"**), exercise any right it might otherwise have to sue for, commence or join legal or arbitration proceedings against any Obligor to recover any amounts due and payable in respect of or under the Liquidity Facility Agreement or the Super Senior Hedging Agreement (as applicable). For the avoidance of doubt if any such legal or arbitration proceedings have been commenced after the expiry of such thirty (30) day period but prior to the giving of any Relevant Notice, then such proceeding shall be promptly withdrawn or discontinued by the Liquidity Facility Agent or the Super Senior Hedge Counterparty (as applicable) on receipt by such party of the Relevant Notice.

Obligor Priority of Payments prior to the occurrence of a Loan Event of Default

Prior to the occurrence of a Loan Event of Default which is continuing and to the extent that there is a payment shortfall, the Cash Manager shall instruct the Company Account Bank to withdraw amounts from the Obligor Operating Accounts to be applied by the Cash Manager on the dates on which debt service payments are due under the Obligor Secured Liabilities in or towards paying or providing for the payment of the relevant amounts in accordance with the Obligor Pre-Default Priority of Payments. See "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Pre-Default Priority of Payments*" for a detailed description.

Consequences of delivery of Loan Acceleration Notice

Upon the delivery of a Loan Acceleration Notice by the Obligor Security Trustee, acting on the instructions of the Participating Qualifying Obligor Secured Creditors, (i) all of the Obligor Secured

Liabilities (other than those Obligor Secured Liabilities owed to the Secretary of State under the Discontinuation Agreement) shall be accelerated in full, or (ii) in relation to a Permitted Share Pledge Acceleration, all of part of the Obligor Secured Liabilities shall be accelerated to the extent necessary to apply the proceeds of enforcement of the share charges or any other Security provided by JVCo and/or Holdco to the discharge of such claims. For the avoidance of doubt, no Obligor Secured Liabilities (other than as a result of a Permitted Hedge Termination) may be accelerated other than by delivery of a Loan Acceleration Notice or in accordance with the provisions of the STID.

Obligor Priority of Payments following the occurrence of a Loan Event of Default which is continuing and if no Discontinuation has occurred

Subject to certain matters and to certain exceptions, following the occurrence of a Loan Event of Default which is continuing and if no Discontinuation has occurred, all Available Enforcement Proceeds or other moneys held by the Obligor Security Trustee under the STID will be applied by the Obligor Security Trustee in accordance with the Obligor Post-Default Priority of Payments waterfall. See "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Default Priority of Payments*" for a detailed description.

Obligor Priority of Payments following Discontinuation

At any time after a Discontinuation has occurred, all amounts (excluding any amount payable by the Obligor Security Trustee to or to the order of JVCo pursuant to the STID) shall be applied by the Obligor Security Trustee in accordance with the Obligor Post-Discontinuation Priority of Payments waterfall. See "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Discontinuation Priority of Payments*" for a detailed description.

General Provisions applicable to Obligor Post-Default Priority of Payments and Obligor Post-Discontinuation Priority of Payments

Each party to the STID agrees that, in the case of the Obligor Post-Default Priority of Payments following the occurrence of a Loan Event of Default which is continuing and, in the case of the Obligor Post-Discontinuation Priority of Payments following Discontinuation:

(a) if an amount referred to in the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments constitutes Obligor Secured Liabilities, the amount so referred to shall be deemed to include any amount payable by any other Obligor under the Guarantees in respect of such amount; and

(b) if there are insufficient funds to discharge in full amounts due and payable in respect of an item and any other item(s) ranking *pari passu* with such item in the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments, all items which rank *pari passu* with each other shall be discharged to the extent there are sufficient funds to do so and on a *pro rata* basis, according to the respective amounts thereof.

Distressed Disposals

If a Distressed Disposal is being effected pursuant to an instruction contained in a resolution (a **"Distressed Disposal Resolution"**) requested pursuant to either a Qualifying Obligor Secured Creditor Instruction Notice or an Enforcement Instruction Notice or Further Enforcement Instruction Notice and passed in accordance with the section "*Enforcement – Quorum and voting requirements in respect of an Enforcement Instruction Notice or Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors*" above (as detailed in the table above in "*Types of Voting Categories– Voting Thresholds, Quorum Requirements and Decision Periods*") or pursuant to the exercise of any discretion of a Receiver (or any administrator in respect of any Obligor incorporated in a jurisdiction other than England and Wales), the Obligor Security Trustee is irrevocably authorised and instructed subject, if applicable, as provided in the relevant Distressed Disposal Resolution (at the cost of the relevant Obligor and without any consent, sanction, authority or further confirmation from any Obligor Secured Creditor, Subordinated Investor, Subordinated Intragroup Creditor or Obligor):

(a) to release the Obligor Security or any other claim of the Obligor Secured Creditors, Obligors, Subordinated Investors or Subordinated Intragroup Creditors over the relevant asset and

execute and deliver or enter into any release of that Obligor Security or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Obligor Security Trustee, be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of an Obligor, to release:

(i) that Obligor and any Subsidiary of that Obligor from all or any part of its Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities (including any liabilities arising by way of guarantee, indemnity, contribution or subrogation in relation thereto);

(ii) any Obligor Security granted by that Obligor or any Subsidiary of that Obligor over any of its assets; and

(iii) any claim of a Subordinated Investor, Subordinated Intragroup Creditor or another Obligor over that Obligor's assets or over the assets of any Subsidiary of that Obligor,

on behalf of the relevant Obligor Secured Creditors, Subordinated Investors, Subordinated Intragroup Creditors and Obligors;

(c) if the asset which is disposed of consists of shares in the capital of an Obligor or the Holding Company of an Obligor and the Obligor Security Trustee (in accordance with the requirements of the STID) shall dispose of all or any part of the Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities owed by that Obligor or Holding Company or any Subsidiary of that Obligor or Holding Company:

(i) if the Receiver and any transferee of such Obligor Secured Liabilities Subordinated Investor Liabilities or Subordinated Intragroup Liabilities (the Transferee) have agreed that the Transferee should not be treated as an Obligor Secured Creditor, Subordinated Investor or a Subordinated Intragroup Creditor, as applicable, for the purposes of the STID, to execute and deliver or enter into any agreement to dispose of all or part of such Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities provided that notwithstanding any other provision of any Finance Document the Transferee shall not be treated as an Obligor Secured Creditor, Subordinated Investor or a Subordinated Intragroup Creditor, as applicable, for the purposes of the STID; and

(ii) if the Receiver and any Transferee have agreed that the Transferee should be treated as an Obligor Secured Creditor, Subordinated Investor or a Subordinated Intragroup Creditor (as applicable, for the purposes of the STID), to execute and deliver or enter into any agreement to dispose of all (and not part only) of the relevant Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities owed to the relevant Obligor Secured Creditors, Subordinated Investors or Subordinated Intragroup Creditors on behalf of the relevant Obligor Secured Creditors, Subordinated Investors, Subordinated Intragroup Creditors and Obligors;

(d) if the asset which is disposed of consists of shares in the capital of an Obligor or the Holding Company of an Obligor (the Disposed Entity) and the Obligor Security Trustee (in accordance with the requirements of the STID) is instructed to transfer to another Obligor (the Receiving Entity) all or any part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of the Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities owed by that Obligor, to execute and deliver or enter into any agreement to:

(i) agree to the transfer of all or part of the obligations in respect of those Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities on behalf of the relevant Obligor Secured Creditors, Subordinated Investors or Subordinated Intragroup Creditors to which those obligations are owed and on behalf of the Obligors which owe those obligations; and

(ii) to accept the transfer of all or part of the obligations in respect of those Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup

Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Obligor Secured Liabilities, Subordinated Investor Liabilities or Subordinated Intragroup Liabilities are to be transferred.

The net proceeds of each Distressed Disposal shall be paid to, or to the order of, the Obligor Security Trustee for application:

(a) if the Distressed Disposal was approved pursuant to a Distressed Disposal Resolution passed in the manner described under "*Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice-Qualifying Obligor Secured Creditors*", in accordance with the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments (notwithstanding that a Loan Acceleration Notice may not have been served, in which case the relevant Obligor Secured Liabilities shall be deemed to be accelerated to the extent of such net proceeds to be applied in accordance with the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments); or

(b) in each other case, in accordance with the applicable Obligor Priorities of Payments and the STID,

and, to the extent that any transfer of Obligor Secured Liabilities owed by an Obligor has occurred as described in this section "*Distressed Disposals*", as if that transfer of Obligor Secured Liabilities owed by an Obligor had not occurred.

Regardless of whether a Distressed Disposal Resolution has been passed, any Receiver appointed to an Obligor (or any administrator appointed to an Obligor) will have the full right, power and discretion to undertake any Distressed Disposal of a Permitted Business and any shares in any member of the Holdco Group at any time, provided that the net proceeds realised from such Distressed Disposal and any associated transactions undertaken thereto, would be an aggregate amount equal to or in excess of the Obligor Secured Liabilities then outstanding together with any Make-Whole Amount or prepayment fees (if any) payable as a result of a prepayment or repayment of such Obligor Secured Liabilities as a result of the operation of this paragraph, to be applied in accordance with the Obligor Post-Default Priority of Payments or, as the case may be, the Obligor Post-Discontinuation Priority of Payments for the benefit of the Obligor Secured Creditors and, to the extent that any disposal of Obligor Secured Liabilities has occurred as described in this paragraph, as if that disposal had not occurred.

Obligor Priorities of Payment

Obligor Pre-Default Priority of Payments

Subject to the paragraph below entitled "*Voluntary and mandatory permitted prepayments*" and except where expressly provided elsewhere in the STID, each Obligor Secured Creditor agrees and each of the Obligors and the Obligor Security Trustee acknowledges that each Obligor Secured Creditor's claims in respect of any Obligor Secured Liabilities owing to it will, prior to the occurrence of a Loan Event of Default which is continuing, rank in right and priority of payment according to the Obligor Pre-Default Priority of Payments.

Voluntary and mandatory permitted prepayments

The Company will be permitted to make voluntary prepayments under any Authorised Credit Facility in accordance with the terms thereof irrespective of the Obligor Pre-Default Priority of Payments, provided that:

(a) the Company is not otherwise prohibited from making such voluntary prepayments at that time pursuant to the terms of, the Common Terms Agreement, the STID or the Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the Common Terms Agreement and the STID;

(b) no Loan Event of Default has occurred and is continuing, provided that this paragraph (b) will not apply to the extent the Company is pre-paying any Authorised Credit Facility with the proceeds of an Investor Funding Loan made by any Subordinated Investor to Holdco; and

(c) the Cash Manager (acting reasonably) is satisfied that there will be sufficient available amounts in the Obligor Operating Accounts, the Company Debt Service Reserve Account

and/or the Equity Contribution Account to be withdrawn and applied on the immediately succeeding Loan Interest Payment Date in order to satisfy all payments scheduled to be due and payable on that date in accordance with the Obligor Pre-Default Priority of Payments.

The Company will be permitted to make mandatory prepayments under any Authorised Credit Facility in accordance with the terms of such Authorised Credit Facility irrespective of the Obligor Pre-Default Priority of Payments (a) in the event that it becomes unlawful for an Authorised Credit Provider to perform any of its obligations as contemplated by the relevant Authorised Credit Facility or to fund or maintain the relevant Authorised Credit Facility; or (b) if such mandatory prepayment is not otherwise expressly prohibited by the STID, the Common Terms Agreement or the applicable Finance Documents, and provided that, where a mandatory prepayment is required under multiple Authorised Credit Facilities on the same day and unless the Common Terms Agreement or the STID otherwise requires, the funds shall be applied *pro rata* in prepayment of the Obligor Secured Liabilities under the relevant Authorised Credit Facilities (including any related swap termination amounts under any Hedging Agreement, break costs and redemption *premia* payable by the Obligors).

Obligor Pre-Default Priority of Payments

Prior to the occurrence of a Loan Event of Default which is continuing and to the extent that there is a payment shortfall, the Cash Manager shall instruct the Company Account Bank to withdraw amounts from the Obligor Operating Accounts to be applied by the Cash Manager on the dates on which debt service payments are due under the Obligor Secured Liabilities in or towards paying or providing for the payment of the following amounts (including, in each case, where applicable in accordance with the relevant contractual provisions, any amount of or in respect of VAT) in accordance with the applicable order of priority as follows, without double counting:

1. *first*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to the Obligor Security Trustee or any Receiver or any Delegate under any Transaction Document;

(b) to the Issuer by way of the First Facility Fee, the amounts due and payable by the Issuer in respect of:

(i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, the Bond Trustee and other Appointees (if any), other than any Receiver or any Delegate appointed under paragraph (ii) below, appointed by any of them under any Issuer Transaction Document and any costs, charges, Liabilities and expenses incurred by any of the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document and any other amounts payable (other than amounts payable under the Bonds) to the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document, together with interest thereon as provided for therein; and

(ii) the fees and other remuneration and indemnity payments (if any) payable to any Receiver or any Delegate and any costs, charges, Liabilities and expenses incurred by any Receiver or any Delegate under any Issuer Transaction Document, together with interest thereon as provided for therein;

2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to any Facility Agent, the Company Account Bank, the technical adviser and other advisers to the Obligor Secured Creditors;

(b) to the Issuer by way of the Second Facility Fee, the amounts due and payable by the Issuer in respect of:

(i) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;

(ii) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Account Bank attributable to the Issuer under the Issuer Account Bank Agreement;

(iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement;

(iv) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(v) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of any custodian approved by the Issuer to hold any Deferred Purchase Bonds from time to time;

3. *third*, to the Issuer by way of the Third Facility Fee:

(a) payment of amounts due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Bond Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Bond Interest Payment Date, provided that any such amounts (i) represent fees, costs, expenses and other amounts payable by the Issuer on *bona fide* arm's length terms in the ordinary and usual course of trading (ii) do not constitute Financial Indebtedness (as such term is defined as at 24 August 2015) and (iii) otherwise have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere); and

(b) any tax for which the Issuer is liable under the laws of any jurisdiction (other than UK corporation tax in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount);

4. *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) the amount due and payable by any Obligor in respect of all amounts of interest and principal of each Liquidity Facility Provider, due and payable by any Obligor to each such Liquidity Facility Provider under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts); and

(b) to the Issuer by way of the Fourth Facility Fee, the amounts due and payable by the Issuer to each Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement), under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts);

5. *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Company to each Company Hedge Counterparty under any Super Senior Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than a termination payment caused by the occurrence of an Event of Default (as defined in the Company Hedging Agreements) in relation to a Company Hedge Counterparty); and

(b) to the Issuer by way of the Fifth Facility Fee, all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than a termination payment caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty);

6. *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any EIB Finance Contract;

(b) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of the MDF;

(c) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue under any Senior Term Facility Agreement;

(d) to the Issuer all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any IBLA;

(e) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any RCF;

(f) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any PP Notes;

(g) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any other Authorised Credit Facility;

(h) all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Company to each Company Hedge Counterparty under any *Pari Passu* Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than, for the avoidance of doubt, any amounts referred to in paragraph 9(a) below); and

(i) to the Issuer by way of the Sixth Facility Fee, all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than, for the avoidance of doubt, any amounts referred to in paragraph 9(b) below);

7. *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) to the Issuer by way of the Seventh Facility Fee, termination payments, accretion and other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph 9(b) below);

(b) all amounts of principal due or overdue in respect of any EIB Finance Contract and any EIB Breakage Costs;

(c) all amounts of principal due or overdue in respect of any Senior Term Facility Agreements;

(d) all amounts of principal due or overdue in respect of any PP Notes (including any Make-Whole Amount);

(e) all amounts of principal due or overdue in respect of any RCF;

(f) to the Issuer, all amounts of principal due or overdue in respect of any IBLAs (including any Make-Whole Amount);

(g) all amounts of principal due or overdue in respect of any other Authorised Credit Facility (including any Make-Whole Amount);

(h) all amounts of principal due or overdue in respect the MDF; and

(i) termination payments, accretion and other pay as you go payments payable by the Company to each Company Hedge Counterparty under any *Pari Passu* Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than any amounts referred to in paragraph 9(a) below);

8. *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) all Subordinated Liquidity Amounts due and payable by any Obligor under any Liquidity Facility Agreement; and

(b) to the Issuer by way of the Eighth Facility Fee, all Subordinated Liquidity Amounts due and payable by the Issuer under any Liquidity Facility Agreement;

9. *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of:

(a) termination payments due and payable by the Company under any Company Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Company Hedging Agreements) in relation to a Company Hedge Counterparty; and

(b) to the Issuer by way of the Ninth Facility Fee, termination payments due and payable by the Issuer under any Issuer Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty;

10. *tenth*, to the extent cash is available for the purpose, in prepayment of any amount outstanding under the MDF;

11. *eleventh*, to the Issuer by way of the Tenth Facility Fee; and

12. *twelfth*, the balance (if any) in payment or distribution to the Company or any other person otherwise entitled to the equity of redemption in accordance with the terms of the STID.

Obligor Post-Default Priority of Payments

Following the occurrence of a Loan Event of Default which is continuing and so long as no Discontinuation has occurred, all Available Enforcement Proceeds shall be applied (to the extent that it is lawful to do so), on each Distribution Date, in accordance with the following priority of payments (including, in each case, where applicable in accordance with the relevant contractual provisions, any amount of or in respect of VAT) as set out below, without double counting:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to the Obligor Security Trustee or any Receiver or any Delegate under any Transaction Document; and

(b) to the Issuer by way of the First Facility Fee, the amounts due and payable by the Issuer in respect of:

(i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, the Bond Trustee and other Appointees (if any), other than any Receiver or any Delegate appointed under paragraph (ii) below, appointed by any of them under any Issuer Transaction Document and any costs, charges, Liabilities and expenses incurred by any of the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document and any other amounts payable (other than amounts payable under the Bonds) to the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document, together with interest thereon as provided for therein; and

(ii) the fees and other remuneration and indemnity payments (if any) payable to any Receiver or any Delegate and any costs, charges, Liabilities and expenses incurred by any Receiver or any Delegate under any Issuer Transaction Document, together with interest thereon as provided for therein;

2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to any Facility Agent, the Company Account Bank, the technical adviser and other advisers to the Obligor Secured Creditors;

(b) to the Issuer by way of the Second Facility Fee, the amounts due and payable by the Issuer in respect of:

(i) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;

(ii) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Account Bank attributable to the Issuer under the Issuer Account Bank Agreement;

(iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement;

(iv) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(v) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of any custodian approved by the Issuer to hold any Deferred Purchase Bonds from time to time;

3. *third*, to the Issuer by way of the Third Facility Fee:

(a) payment of amounts due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Bond Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Bond Interest Payment Date, provided that any such amounts (i) represent fees, costs, expenses and other amounts payable by the Issuer on *bona fide* arm's length terms in the ordinary and usual course of trading (ii) do not constitute Financial Indebtedness (as such term is defined as at 24 August 2015) and (iii) otherwise have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere); and

(b) any tax for which the Issuer is liable under the laws of any jurisdiction (other than UK corporation tax in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount);

4. *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the amount due and payable by any Obligor in respect of all amounts of interest and principal of each Liquidity Facility Provider, due and payable by any Obligor to each such Liquidity Facility Provider under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts); and

(b) to the Issuer by way of the Fourth Facility Fee, the amounts due and payable by the Issuer to each Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement), under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts);

5. *fifth*, in or *towards* satisfaction, *pari passu* and *pro rata*, of:

(a) all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Company to each Company Hedge Counterparty under any Super Senior Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than any amounts referred to in paragraph 10(a) below); and

(b) to the Issuer by way of the Fifth Facility Fee, all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph 10(b) below);

6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any EIB Finance Contract;

(b) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of the MDF;

(c) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any Senior Term Facility Agreements;

(d) to the Issuer all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any IBLA;

(e) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any RCF;

(f) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any PP Notes;

(g) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any other Authorised Credit Facility;

(h) all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Company to each Company Hedge Counterparty under any *Pari Passu* Company Hedging Agreement between the Company and a Company Hedge Counterparty; and

(i) to the Issuer by way of the Sixth Facility Fee, all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty;

7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) to the Issuer by way of the Seventh Facility Fee, termination payments, accretion and other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph 10(b) below);

(b) all amounts of principal due or overdue in respect of any EIB Finance Contract and any EIB Breakage Costs;

(c) all amounts of principal due or overdue in respect of the MDF;

(d) all amounts of principal due or overdue in respect of any Senior Term Facilities;

(e) all amounts of principal due or overdue in respect of any PP Notes;

(f) all amounts of principal due or overdue in respect of any RCF;

(g) all amounts of principal due or overdue in respect of any IBLAs;

(h) all amounts of principal due or overdue in respect of any other Authorised Credit Facility; and

(i) termination payments, accretion and other pay as you go payments payable by the Company to each Company Hedge Counterparty under any *Pari Passu* Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than any amounts referred to in paragraph 10(a) below);

8. *eighth*, in or towards satisfaction, *pari passu* and *pro rata, of:*

(a) payment of any amount payable in excess of par and accrued interest under any Make-Whole Amount provision in any IBLAs; and

(b) payment of any amount payable in excess of par and accrued interest under any Make-Whole Amount provision in any other Authorised Credit Facility;

9. *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) all Subordinated Liquidity Amounts due by any Obligor under any Liquidity Facility Agreement; and

(b) to the Issuer by way of the Eighth Facility Fee, all Subordinated Liquidity Amounts due by the Issuer under any Liquidity Facility Agreement;

10. *tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) termination payments due and payable by the Company under any Company Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Company Hedging Agreements) in relation to a Company Hedge Counterparty; and

(b) to the Issuer by way of the Ninth Facility Fee, termination payments due and payable by the Issuer under any Issuer Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty;

11. *eleventh*, to the Issuer by way of the Tenth Facility Fee; and

12. *twelfth*, the balance (if any) in payment or distribution to the Company or any other person otherwise entitled to the equity of redemption in accordance with the terms of the STID.

Obligor Post-Discontinuation Priority of Payments

At any time after a Discontinuation has occurred, all amounts (excluding any amount payable by the Obligor Security Trustee to or to the order of JVCo pursuant to the STID) shall be applied (to the extent that it is lawful to do so), on each Distribution Date, in accordance with the following priority of payments (including, in each case, (i) where applicable in accordance with the relevant contractual provisions, any amount of or in respect of VAT and (ii) in accordance with the terms of the relevant Finance Documents as at the date of the Discontinuation) as set out below, without double counting:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to the Obligor Security Trustee or any Receiver or any Delegate under any Transaction Document; and

(b) to the Issuer by way of the First Facility Fee, the amounts due and payable by the Issuer in respect of:

(i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, the Bond Trustee and other Appointees (if any), other than any Receiver or any Delegate appointed under paragraph (ii) below, appointed by any of them under any Issuer Transaction Document and any costs, charges, Liabilities and expenses incurred by any of the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document and any other amounts payable (other than amounts payable under the Bonds) to the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document, together with interest thereon as provided for therein; and

(ii) the fees and other remuneration and indemnity payments (if any) payable to any Receiver or any Delegate and any costs, charges, Liabilities and expenses incurred by any Receiver or any Delegate under any Issuer Transaction Document, together with interest thereon as provided for therein;

2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the fees, other remuneration, indemnity payments, costs, charges and expenses (including interest on any of the foregoing) due and payable by any Obligor to any Facility Agent, the Company Account Bank, the technical adviser and other advisers to the Obligor Secured Creditors;

(b) to the Issuer by way of the Second Facility Fee, the amounts due and payable by the Issuer in respect of:

(i) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;

(ii) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Account Bank attributable to the Issuer under the Issuer Account Bank Agreement;

(iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement;

(iv) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(v) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of any custodian approved by the Issuer to hold any Deferred Purchase Bonds from time to time;

3. *third*, to the Issuer by way of the Third Facility Fee, payment of amounts due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Bond Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Bond Interest Payment Date, provided that any such amounts (i) represent fees, costs, expenses and other amounts payable by the Issuer on *bona fide* arm's length terms in the ordinary and usual course of trading (ii) do not constitute Financial Indebtedness (as such term is defined as at 24 August 2015) and (iii) otherwise have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere);

4. *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) the amount due and payable by any Obligor in respect of all amounts of interest and principal of each Liquidity Facility Provider, due and payable by any Obligor to each such Liquidity Facility Provider under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts); and

(b) to the Issuer by way of the Fourth Facility Fee, the amounts due and payable by the Issuer to each Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement), under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts);

5. *fifth*, in or *towards* satisfaction, *pari passu* and *pro rata*, of:

(a) all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Company to each Company Hedge Counterparty under any Super Senior Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than any amounts referred to in paragraph 9(a) below); and

(b) to the Issuer by way of the Fifth Facility Fee, all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph 9(b) below);

6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any EIB Finance Contract;

(b) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of the MDF;

(c) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any Senior Term Facilities;

(d) to the Issuer all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any IBLA;

(e) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any RCF;

(f) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any PP Notes;

(g) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any other Authorised Credit Facility;

(h) all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Company to each Company Hedge Counterparty under any *Pari Passu* Company Hedging Agreement between the Company and a Company Hedge Counterparty; and

(i) to the Issuer by way of the Sixth Facility Fee, all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty;

7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) to the Issuer by way of the Seventh Facility Fee, termination payments, accretion and other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph 9(b) below); and

(b) all amounts of principal due or overdue in respect of any EIB Finance Contract and any EIB Breakage Costs;

(c) all amounts of principal due or overdue in respect of the MDF;

(d) all amounts of principal due or overdue in respect of any Senior Term Facility Agreements;

(e) all amounts of principal due or overdue in respect of any PP Notes;

(f) all amounts of principal due or overdue in respect of any RCF;

(g) all amounts of principal due or overdue in respect of any IBLAs;

(h) all amounts of principal due or overdue in respect of any other Authorised Credit Facility; and

(i) termination payments, accretion and other pay as you go payments payable by the Company to each Company Hedge Counterparty under any *Pari Passu* Company Hedging Agreement between the Company and a Company Hedge Counterparty (other than any amounts referred to in paragraph 9(a) below);

8. *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) all Subordinated Liquidity Amounts due by any Obligor under any Liquidity Facility Agreement; and

(b) to the Issuer by way of the Eighth Facility Fee, all Subordinated Liquidity Amounts due by the Issuer under any Liquidity Facility Agreement;

9. *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(a) termination payments due and payable by the Company under any Company Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Company Hedging Agreements) in relation to a Company Hedge Counterparty; and

(b) to the Issuer by way of the Ninth Facility Fee, termination payments due and payable by the Issuer under any Issuer Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty;

10. *tenth*,

(a) prior to the payment in full of all Obligor Secured Liabilities which may be payable at any time under paragraphs 1 to 9 above, in payment to the Senior Debt Compensation Account to be applied on the next Distribution Date; and

(b) thereafter, to the Discontinuation Creditor in respect of any amounts owed to it under the Discontinuation Agreement; and

11. *eleventh*, to the Issuer by way of the Tenth Facility Fee.

Obligor Security Documents

Obligor Security Agreements

Security Agreement

Pursuant to the security agreement entered into between Holdco, the Company and the Obligor Security Trustee (the **"Security Agreement"**), each of the Company (as a Restricted Chargor) and Holdco (as an Unrestricted Chargor) covenant with the Obligor Security Trustee (for itself and on behalf of each of the other Obligor Secured Creditors) as primary obligor, and not merely as surety, to, unconditionally and punctually pay and discharge to each of the Obligor Secured Creditors when due and on demand all moneys and liabilities constituting (a), in respect of the Restricted Chargors, the Restricted Secured Liabilities, and (b) in respect of the Unrestricted Chargor, the Unrestricted Secured Liabilities, in the manner provided in the relevant Finance Document (provided that none of the covenants nor the security will extend to or include any liability or sum which would, but for this proviso, cause such covenant or security to be unlawful or prohibited by any applicable law).

Each Restricted Chargor that is party to the Obligor Security Agreement grants fixed and floating security interests in favour of the Obligor Security Trustee as security for the payment, discharge and performance of all of the Restricted Secured Liabilities and each Unrestricted Chargor that is party to the Obligor Security Agreement grants fixed and floating security interests in favour of the Obligor Security Trustee as security for the payment, discharge and performance of all of the Unrestricted Secured Liabilities.

Subject to "*Exceptions to the Security*" below, each Obligor that is a party to the Security Agreement grants the following security:

(a) a charge:

  (i) by way of first legal mortgage in and to the Mortgaged Property in England and Wales vested in it from time to time; and

  (ii) by way of first mortgage in and to all of the shares in any Chargor (other than Holdco) belonging to it and any Related Rights as well as any other shares forming part of the Investments belonging to it from time to time;

(b) first fixed charges over all of its rights, title and interest from time to time, in and to:

  (i) the Mortgaged Property (to the extent not the subject of the legal mortgage referred to above);

  (ii) the Investments (to the extent not the subject of the legal mortgage referred to above);

  (iii) any plant and machinery, vehicles, office equipment, computers and other chattels (excluding any forming part of its stock in trade or work in progress) and all Related Rights;

  (iv) the Security Accounts;

  (v) to the extent not effectively assigned as referred to below, the Insurances and the Assigned Agreements to which it is party;

  (vi) any goodwill and rights in relation to its uncalled capital;

  (vii) the benefit of all consents and agreements held by it in connection with the use of any of its assets;

  (viii) the Intellectual Property;

  (ix) all of its book and other debts, all other moneys due and owing to it and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to these;

  (x) any IBLA and any other intra-group loans to which the Chargor is a party;

  (xi) any beneficial interest, claim or entitlement of it to any assets of any pension fund; and

  (xii) any monetary claims;

(c) an assignment by way of security with full title guarantee or, to the extent not assigned, a charge by way of first fixed security to the Obligor Security Trustee (on trust for itself and the other Obligor Secured Creditors), over:

(i) all its right, title and interest from time to time (if any) in and to each Assigned Agreement to which it is a party subject to netting and set-off provisions contained in any Company Hedging Agreement and the Company Account Bank Agreement; and

(ii) all of its present and future rights under and in respect of the Insurances (but, for the avoidance of doubt, not the contracts comprising the Insurances themselves and excluding motor insurance, employer's liability insurance, directors and officers liability insurance, public/product liability insurance, pension fund trustee liability insurance and any other third party liability insurance) and its present and future rights, title and interest in and to the Insurance Proceeds; and

(d) a first floating charge (being a "qualifying floating charge", for the purposes of paragraph 14 of Schedule B1 to the Insolvency Act 1986), of all its present and future undertaking and assets of whatever type and wherever located.

Exceptions to the Security

Notwithstanding any other provision of the Security Agreement, the Security will not include:

(a) any Excluded Property;

(b) any Protected Land to the extent that, and for so long as, the taking of any such security would contravene the terms of the Licence and any requirement thereunder or the WIA;

(c) any of the Chargors' other assets, property and rights to the extent, and for so long as, taking any such security would contravene the terms of the Licence and any requirement thereunder or the WIA;

(d) any of the Chargors' accounts, to the extent, and for so long as, taking any such security would contravene paragraph "*Exclusion of Refinancing Escrow Accounts from Obligor Security*" above (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Refinancing Escrow Accounts*"); or

(e) any right or interest which is held at will or on sufferance to the extent that any charge (fixed or floating, legal or equitable) will determine such right or interest.

JVCo Share Charge

In addition to the security granted under the Security Agreement described above, JVCo grants by way of first mortgage all its rights, title and interest from time to time in and to the shares in Holdco owned legally or beneficially by it or held by the Obligor Security Trustee or any nominee on its behalf and all Related Rights in favour of the Obligor Security Trustee (for itself and on behalf of the Obligor Secured Creditors) to secure the obligations of each Obligor in respect of the Obligor Secured Liabilities.

The Obligor Security Trustee holds the benefit of the Obligor Security Agreements on trust for itself and each of the other Obligor Secured Creditors.

The Obligor Security Agreements and any non-contractual obligations arising out of or in connection with them will be governed by English law.

Tax Deed of Covenant

The **"Tax Deed of Covenant"** was entered into on the Establishment Date. The parties to the Tax Deed of Covenant are EquityCo and JVCo (the **"Covenantors"**), Holdco and the Company (together with Holdco, the **"Security Group"**), the Issuer (together with Holdco and the Company, the **"Tax Security Group"**), the Obligor Security Trustee, the Issuer Security Trustee and the Bond Trustee, (the Obligor Security Trustee, the Issuer Security Trustee and the Bond Trustee together, the **"Security Trustees"**).

The purpose of the Tax Deed of Covenant is to insulate the Security Group from certain Tax-related risks including risks relating to secondary tax liabilities, group tax matters (including matters relating

to VAT grouping, Group Relief, group payment arrangements, transfer pricing and the worldwide debt cap) and degrouping charges. It is also intended to ensure that other unexpected tax liabilities do not arise in the Security Group and reduce the cash flow available to fund payments on the Bonds, the IBLAs and any Liquidity Facility by providing for (i) various representations and warranties to be given by the Covenantors (in favour of the Tax Security Group and each Security Trustee) and the members of the Security Group (in favour of the Issuer and each Security Trustee) and the Issuer (in favour of each Security Trustee) regarding certain matters (including in particular the tax and accounting position of the members of the Security Group) and (ii) various covenants to be given by the Covenantors to procure that the members of the Security Group are compensated in respect of any secondary and certain other tax liabilities.

The Tax Deed of Covenant contains provisions in respect of the surrenders of Group Relief to ensure that entry into such a transaction by a member of the Security Group does not result in a loss of value to the Security Group.

The Tax Deed of Covenant and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Company Account Bank Agreement

Pursuant to the Company Account Bank Agreement entered into between the Company, Holdco, the Obligor Security Trustee, the Cash Manager and the Company Account Bank on the Closing Date, the Company Account Bank is required to perform certain obligations with respect to the Designated Accounts (including such other Designated Accounts as the Obligors open and maintain as and when required by the Common Terms Agreement), in accordance with the directions of the Cash Manager (as set out in the Company Account Bank Agreement).

If the Company Account Bank ceases to have the Minimum Short Term Rating with any two of the Rating Agencies, then the Obligors will be required to appoint a substitute Company Account Bank. Such substitute Company Account Bank must be rated at least the Minimum Short Term Rating by any two of the Rating Agencies and must enter into an agreement in the form of (and on substantially similar terms as) the Company Account Bank Agreement.

The Company Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Initial Revolving Credit Facility Agreement

The Initial RC Facility under the Initial Revolving Credit Facility Agreement and the total commitments thereunder were voluntarily and irrevocably cancelled by the Company in accordance with the terms of the Initial Revolving Credit Facility Agreement, with effect on and from 10 April 2026.

2026 Revolving Credit Facility Agreement

Under the 2026 Revolving Credit Facility Agreement, the 2026 RCF Lenders have made available to the Company a revolving credit facility of £120,000,000 for the Company's general corporate and working capital purposes, provided that all amounts borrowed under any Blue Loan (as defined therein) must be applied towards certain economic activities and investments that are eligible for financing or refinancing in accordance with the Company's sustainable finance framework dated 17 June 2025 as amended from time to time (the **"Sustainable Finance Framework"** and such eligible activities and investments being **"Eligible Blue Activities"**). The Company may request an increase in the available facility, on two occasions during the life of the facility, provided that the increase does not exceed £80,000,000 in aggregate and any individual increase is in a minimum amount of £20,000,000. Any such increase in the available facility is uncommitted and is at the discretion of the 2026 RCF Lenders and where relevant, any additional lender.

The revolving credit facility made available under the 2026 Revolving Credit Facility Agreement is available to be drawn until the date falling 30 days prior to the Final Maturity Date (being 31 March 2029 or if that is not a Business Day, the preceding Business Day).

The Company may, by notice to the 2026 RCF Agent, request an extension to the Final Maturity Date in relation to the commitments of the 2026 RCF Lenders on up to two occasions, each time by a period of 12 months, save that on the second occasion, an extension to the Final Maturity Date of up to 24 months may be requested of consenting 2026 RCF Lenders that did not previously extend on the first occasion.

The Company may select one interest period in respect of each loan of (a) one, three or six months; or (b) such other period (not exceeding six months) as the Holdco Group Agent and the 2026 RCF Agent (acting on the instructions of the 2026 RCF Lenders) may agree.

The 2026 Revolving Credit Facility Agreement incorporates a "Blue Facility" and "Blue Loan" / "Non-Blue Loan" classification structure. A Blue Loan shall be any Loan (including any Rollover Loan of a Blue Loan) designated as such by the Company in the relevant utilisation request, the proceeds of which must be applied towards Eligible Blue Activities.

The Obligors make representations and warranties, covenants and undertakings to (amongst others) the 2026 RCF Lenders on the terms set out in or otherwise permitted by the Common Terms Agreement (see "*Summary of the Common Documents – Common Terms Agreement – Representations*"). In addition, certain Blue Loan specific representations and warranties and obligations are provided for under "Blue Loan Provisions", including:

(a) representations as to information given in connection with Blue Loans, and in connection with how proceeds of Blue Loans are applied;

(b) obligations relating to the Sustainable Finance Framework and how Eligible Blue Activities are evaluated; and

(c) obligations not to refer to the 2026 Revolving Credit Facility Agreement or any Loan thereunder as "blue" at any time when the facility is classified as a Non-Blue Facility.

In accordance with the terms of the Common Terms Agreement, these additional Blue Loan specific representations and covenants are also incorporated into the Common Terms Agreement through each Accession Memorandum (as defined in the Master Definitions Agreement) to the common documents entered into by each of the 2026 RCF Agent and the 2026 RCF Lenders.

The 2026 RCF Lenders are only obliged to make advances under the 2026 Revolving Credit Facility Agreement if:

(a) save in respect of Rollover Loans, the Repeated Representations are accurate and true in all material respects; and

(b) in respect of Rollover Loans, no Loan Acceleration Notice has been served, and in respect of any other Loan, no Loan Event of Default or Potential Loan Event of Default is continuing or would result from the proposed utilisation of the 2026 RC Facility.

The interest rate under the facility is the sum of a margin (the **"Margin"**) and a compounded daily rate based on SONIA calculated by reference to a lookback period of five RFR Banking Days. A lower Margin will apply to Blue Loans than to Non-Blue Loans, in each case subject to adjustment in accordance with a ratings grid. The Company has regular Blue Loan reporting obligations as to details of Eligible Blue Activities financed or re-financed through Blue Loans.

If an Obligor fails to pay any amount payable by it to a 2026 RCF Finance Party under a 2026 RCF Finance Document on the due date for payment, interest shall accrue on the unpaid sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is higher than the rate which would have been payable if that amount had been a loan under the 2026 Revolving Credit Facility Agreement.

The Loan Events of Default under the Common Terms Agreement will apply in respect of the 2026 Revolving Credit Facility Agreement (see "*Summary of the Common Documents – Common Terms Agreement – General*"). No Loan Event of Default arises solely by reason of an Obligor's failure to comply with, or any misrepresentation made in connection with, any Blue Loan Provision (including any Blue Loan reporting or covenants relating to the Sustainable Finance Framework) under the 2026 Revolving Credit Facility Agreement.

Where Blue Loan reporting contains details of any non-compliance in any material respect with the core components of certain Green Loan Principles, or where an Obligor has failed to comply with, or any misrepresentation is made in connection with, any Blue Loan Provision, a "Declassification Event" shall arise and the 2026 RCF Agent may (and, if directed to do so by the 2026 RCF Lenders) reclassify the Blue Facility and any outstanding Blue Loans as Non-Blue, following which Non-Blue pricing applies and the Blue Loan provisions cease to have effect.

The ability of the 2026 RCF Lenders to accelerate any sums owing to them under the 2026 Revolving Credit Facility Agreement upon or following the occurrence of a Loan Event of Default thereunder is subject to the STID. The occurrence of a Loan Event of Default is not a draw-stop under the 2026 RC Facility for Rollover Loans. However, no further drawings may be made under the 2026 RC Facility following the occurrence of a Loan Event of Default which is continuing.

Subject to the terms of the Common Terms Agreement and the STID, there is a mandatory prepayment of the 2026 RC Facility upon receipt by the Company of the net proceeds of any issue of Bonds or any other term debt incurred under any Authorised Credit Facility (including, for the avoidance of doubt, any PP Notes or Senior Term Facility Agreement) issued for the purpose of refinancing the 2026 RC Facility, in each case after deducting amounts to be prepaid under the MDF.

Upon the occurrence of a Change of Control:

(a) the Company shall promptly notify the 2026 RCF Agent upon becoming aware of that event;

(b) a 2026 RCF Lender must notify the 2026 RCF Agent promptly if it becomes aware that, as a result of a Change of Control and after having complied with its obligations to mitigate the effects of the relevant requirements of applicable law, regulation or any Sanctions regime:

  (i) that 2026 RCF Lender is unable to complete to its satisfaction its "know your customer" procedures; or

  (ii) there is a breach of any law, regulation or Sanctions that are binding on the relevant 2026 RCF Lender,

  provided that in each case the affected 2026 RCF Lender has taken all reasonable steps to satisfy such requirements or comply with any applicable law, regulation or Sanctions regime.

Upon notification under paragraph (b) above:

(a) the 2026 RCF Agent shall notify the Holdco Group Agent and the Company must (subject to the terms of the Common Terms Agreement and the STID and to the extent that the relevant 2026 RCF Lender's participation has not been transferred) repay or prepay the share of that 2026 RCF Lender in each loan made to it on the last day of the then current Interest Period in respect of the relevant loan, or if earlier, the latest date allowed by the relevant law; and

(b) the relevant Commitments of that 2026 RCF Lender shall be immediately cancelled.

The 2026 Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with it is governed by English law.

IBLAs

General

On each Issue Date, the Issuer, the Company, the Issuer Security Trustee and the Obligor Security Trustee will enter into an IBLA. The aggregate proceeds of the issuance by the Issuer of the Bonds (other than any Deferred Purchase Bonds or any Deferred Settlement Bonds) on each Issue Date will be on-lent to the Company under such IBLA. In relation to any Deferred Purchase Bonds and Deferred Settlement Bonds, the IBLA relating to such Deferred Purchase Bonds and Deferred Settlement Bonds will be entered into on the date that the Deferred Bond Purchase Agreement and the Deferred Settlement Agreement are entered into, but the proceeds in respect of any Deferred Purchase Bonds and Deferred Settlement Bonds will only be on-lent by the Issuer to the Company as and when such proceeds are received by the Issuer from the Deferred Bond Purchaser(s) or Deferred Settlement Purchaser(s) on the relevant Investor Settlement Date(s). Each IBLA Advance under the relevant IBLA will be structured so that, *inter alia*, the economic terms of each IBLA Advance match the economic terms of the corresponding Tranche of Bonds taking into account any the Issuer Hedging Transaction and/or Treasury Transactions entered into by the Issuer.

IBLA Advances

All IBLA Advances made or to be made by the Issuer under each IBLA are or will be in amounts and at rates of interest corresponding to amounts and rates applicable to the corresponding Tranche of Bonds and will have interest periods which match the Interest Periods for the corresponding Tranche of Bonds. Interest on each IBLA Advance made under each IBLA will accrue from the date of such IBLA Advance.

Unless otherwise repaid, prepaid or otherwise discharged earlier, the Company shall repay each IBLA Advance on the Final Maturity Date applicable to such IBLA Advance together with (i) all accrued but unpaid interest thereon, (ii) any amount of accrued but unpaid Facility Fees, and (iii) all other amounts payable by the Issuer in connection with the redemption of the Bonds, including but not limited to, any Make-Whole Amount payable and in respect of the repayment or prepayment of any Index-linked Advance, taking account of any adjustments for indexation in respect of the corresponding Bonds in accordance with Condition 7.3 (*Application of the Index Ratio*).

Prepayments

The Company will be entitled to effect a voluntary prepayment of all or any part of any IBLA Advance subject to the giving of the requisite period of notice and subject to the payment of an amount equal to the amount required by the Issuer to pay any accrued interest, any prepayment fees and other break fees, costs and expenses and where applicable any Make-Whole Amounts (and in respect of the repayment or prepayment of any Index-linked Advance, taking account of any adjustments for indexation in respect of the corresponding Bonds in accordance with Condition 7.3 (*Application of the Index Ratio*)), then payable under the relevant IBLA and other relevant Transaction Documents to correspond to the amounts payable by the Issuer in respect of the corresponding early redemption of the corresponding Tranche of Bonds.

In addition, the Company may (and in certain cases will be required to) repay an IBLA Advance if the Issuer has the right to redeem the corresponding Tranche of Bonds for taxation reasons or illegality pursuant to Condition 8.3 (*Redemption for Taxation or Illegality*) or on the occurrence of an Index Event pursuant to Condition 8.4 (*Redemption for Index Events*). Such prepayment by the Company shall be in an amount equal to the Outstanding Principal Amount of such IBLA Advance together with (i) all accrued but unpaid interest thereon, (ii) any amount of accrued but unpaid Facility Fees, and (iii) all other amounts payable by the Issuer in connection with the redemption of the Bonds, including but not limited to, any Make-Whole Amount payable and in respect of the repayment or prepayment of any Index-linked Advance, taking account of any adjustments for indexation in respect of the corresponding Bonds in accordance with Condition 7.3 (*Application of the Index Ratio*), in each case to the date of such prepayment.

The Company may prepay, if the 2026 RC Facility is not outstanding, each IBLA Advance in an amount up to the amount of any Equity Cure Amount which may be applied in prepayment of the IBLAs pursuant to the Common Terms Agreement. See "*Summary of the Common Documents – Common Terms Agreement – Holdco Group Covenants– Financial Covenants -Equity Cure*" above.

Accordingly, it is possible that the Company may elect or may be required to prepay IBLA Advances in whole or in part prior to the Final Maturity Date of such IBLA Advance.

However, in the circumstances permitted by "*Summary of the Common Documents – Common Terms Agreement – Cash Management – Defeasance Account*" above and the STID, the Company may elect to deposit moneys into the Defeasance Account instead of prepaying an IBLA Advance.

See "*Summary of the Common Documents – Common Terms Agreement – Cash Management*".

Company Indemnities

The Company undertakes to indemnify each of the Issuer, the Issuer Security Trustee and/or, as the case may be, the Obligor Security Trustee against, any claim, loss, cost, expense or liability (other than, in respect of the Issuer Security Trustee and the Obligor Security Trustee, any Excluded Tax) it may sustain or incur as a result of, amongst other things, (i) the occurrence of any Loan Event of Default in respect of the Company; (ii) its funding or making arrangements to fund an IBLA Advance requested by the Company (subject to certain carve-outs); (iii) the Issuer making a drawing under any Liquidity Facility Agreement as a result of any shortfall in payments by the Company under an IBLA; (iv) the appointment of any Receiver to the Issuer as a result of a default by the Issuer caused by a breach by the Company of its obligations under the Finance Documents; (v) if not paid under any back-to-back hedging agreement, any termination payment required to be made by the Issuer under any Issuer Hedging Agreement as a result of any failure by the Issuer to comply with its obligations thereunder in circumstances where such failure is caused by breach of the Company of its obligations under the Finance Documents; (vi) any amount payable by the Issuer to either the Bond Trustee under the Bond Trust Deed and/or the Issuer Security Trustee under the Issuer Deed of Charge; or (vii) any amount payable by the Issuer to any Deferred Purchaser pursuant to any Deferred Bond Purchase Agreement and/or Deferred Settlement Agreement (as applicable).

Fees

In consideration for the Issuer agreeing to make the advances available under the IBLAs, the Company will agree to pay to the Issuer the initial and ongoing facility fees set out in the relevant IBLA.

The Company shall (if applicable) pay on behalf of the Issuer by way of the front-end fee, the fees, costs and expenses of the Issuer incurred by the Issuer in connection with the establishment of the Programme and the initial issue of the Tranche of Bonds including, *inter alia*, the upfront fees, costs and expenses of the Bond Trustee, the Issuer Security Trustee, the Agents, the Issuer Cash Manager, the Issuer Account Bank, the Dealers, any Liquidity Facility Providers, the Rating Agencies, any Deferred Purchasers and their respective legal, financial, accounting and other advisors and advisors to the Issuer.

The Company must also pay to the Issuer periodically a fee by way of a facility fee which shall meet the ongoing costs, losses and expenses of the Issuer in respect of amounts owed to, *inter alios*, the Bond Trustee, the Issuer Security Trustee, the Agents, the Issuer Cash Manager, the Issuer Account Bank, the Dealers, any Liquidity Facility Providers, the Rating Agencies, any Deferred Purchasers and their respective legal, financial, accounting and other advisors and advisors to the Issuer and any amounts payable to the Issuer Hedge Counterparties (if any) (in each case to the extent not covered by the up-front fee).

The Company shall pay to the Issuer a fee equal to the commitment fee (if any) payable to each Deferred Purchaser under any Deferred Bond Purchase Agreement and/or Deferred Settlement Agreement on each Loan Interest Payment Date.

Secured obligations

The obligations of the Company under each IBLA will be secured pursuant to the Obligor Security Documents, and such obligations will be guaranteed by each other Obligor in favour of the Obligor

Security Trustee, who will hold the benefit of such security and guarantees on trust for the Obligor Secured Creditors (including the Issuer) on the terms of the STID.

Loan Event of Default

The Issuer's obligations to repay principal and pay interest on the Bonds are intended to be met primarily from the payments of principal and interest received from the Company under the IBLAs and payments received under any related the Issuer Hedging Agreements and/ or Treasury Transactions entered into by the Issuer. Failure of the Company to repay an IBLA Advance under the relevant IBLA on the Final Maturity Date in respect of such IBLA Advance will be a Loan Event of Default, although it will not, of itself, constitute a Bond Event of Default. In the event that an IBLA Advance is not repaid in full on the Final Maturity Date of such IBLA Advance, such IBLA Advance (and the corresponding Tranche of Bonds) will accrue interest at the Applicable Rate. If the Bonds are not redeemed in full on or before their Final Maturity Date, there will be a Bond Event of Default.

Withholding/deductions

The Company agrees to make all payments to the Issuer under the IBLAs free and clear of any deduction or withholding on account of Tax unless such deduction or withholding is required by law, in which case the Company will gross-up such payments.

Governing law

Each IBLA and any non-contractual obligations arising out of or in connection with it will be governed by, and shall be construed in accordance with, English law.

Hedging Agreements

The Issuer and the Company may enter into hedging agreements in accordance with the terms of the hedging policy set out in the CTA (the **"Hedging Policy"**) and the hedging policy agreed with the Secretary of State (the **"Approved Hedging Policy"**). Hedging agreements entered into by the Issuer are referred to as the **"Issuer Hedging Agreements"** and hedging agreements entered into by the Company are referred to as the **"Company Hedging Agreements"**. The Company has entered into Company Hedging Agreements in respect of certain floating and fixed rate obligations under Authorised Credit Facilities.

In order to address cessation of the publication of LIBOR, in November 2021, the Company adhered to the ISDA 2020 IBOR Fallbacks Protocol, which transitioned all of the Company's then outstanding interest rate hedging agreements from LIBOR to adjusted SONIA from the end of 2021, subject to any bilateral arrangements which may be entered into from time to time by the Issuer and any Company Hedge Counterparty.

See "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*", "*Summary of the Government Support Package – Discontinuation Agreement – Approved Hedging Policy*".

The Hedging Agreements and any non-contractual obligations arising out of or in connection with them are governed by English law.

EIB Finance Contract

General overview

The Company and the EIB entered into the 2016 EIB Finance Contract on 12 May 2016, as amended on 8 June 2016 and 29 November 2021.

The EIB has made a credit facility of up to £700,000,000 available to the Company (the **"Credit"**) to enable it to finance construction costs, management costs and financing costs (but not operating costs, real estate costs, financing of reserve accounts, taxes and insurance premiums) in connection with the TTT (the **"Eligible Project Costs"**).

The Credit was available from the date of the 2016 EIB Finance Contract until the earlier of (i) the date falling 8 years from the date of the 2016 EIB Finance Contract and (ii) the date falling 6 months following the Handover Date (the **"Final Availability Date"**). The final drawdown of the available Credit occurred in July 2023.

The EIB shall disburse the Credit in several tranches in the amounts and on the dates set out in the disbursement schedule scheduled to the 2016 EIB Finance Contract, as amended, updated or replaced from time to time. The aggregate amount of tranches disbursed by the EIB under the 2016 EIB Finance Contract, from time to time being outstanding, is the **"Loan"**. Tranches may be indexed (**"Indexed Tranche"**) or not indexed (at the request of the Company). Where tranches are not indexed, either a fixed rate or a floating rate of interest may be applied to the tranche (**"Fixed Rate Tranche"** and **"Floating Rate Tranche"**, respectively). If the relevant index ceases to be published and the EIB determines that there is no appropriate successor index, the EIB may convert a relevant Indexed Tranche into a non-indexed tranche (**"Conversion Event"**). The date of a Conversion Event in respect of an Indexed Tranche is the **"Conversion Date**" applicable to that tranche and any such tranche shall be a **"Non-Indexed Tranche"**.

The interest period in respect of each tranche will be six months. The interest payable will include a risk margin. On the occurrence of an Increased Risk Event, there is an increased risk margin. Any Non-Indexed Tranche shall, as of the Conversion Date, bear an interest rate equal to the aggregate of the Conversion Redeployment Rate and the risk margin (and, if applicable, the increased risk margin), payable on the semi-annual payment date applicable to that Non-Indexed Tranche. From 1 January 2022, the rate of interest on Floating Rate Tranches will be calculated as the sum of the risk margin (and, if applicable, the increased risk margin) and a floating rate based on SONIA.

The Company shall pay a non-utilisation fee, calculated on the daily undrawn un-cancelled balance of the Credit from the first anniversary of the 2016 EIB Finance Contract.

The Company shall repay the Loan in accordance with the terms of the amortisation table scheduled to the 2016 EIB Finance Contract (as amended, updated or replaced from time to time). The amount of principal outstanding of each tranche shall be deemed to be reduced pro rata following each such repayment. The maturity date is 15 January 2051.

The Company's obligations under the 2016 EIB Finance Contract are secured in favour of the EIB by the security interests created under and pursuant to the Obligor Security Documents.

Conditions to utilisation

Initial conditions precedent have already been satisfied. The disbursement of each tranche is subject to the following further conditions being met:

(a) receipt by the EIB on or before the date falling 20 days before the scheduled disbursement date for the proposed tranche of:

  (i) a certificate from the Company in respect of the following matters:

    i. the EIB is an Obligor Secured Creditor, an Additional Obligor Secured Creditor and an Authorised Credit Provider under the Transaction Documents and the requested tranche will constitute Permitted Financial Indebtedness, Secured Debt and an Authorised Credit Facility;

    ii. no Event of Default, Increased Risk Event or Prepayment Event has occurred and is continuing;

    iii. it is in compliance with the financial covenants set out in the Common Terms Agreement (with the most recent Compliance Certificate attached in evidence);

    iv. the ratio of Senior Net Indebtedness to RCV is no greater than 0.70:1 (if applicable);

    v. there has been no material change to the TTT or in respect of which there is a reporting obligation (save as previously notified to the EIB);

    vi. save as disclosed to the EIB, no proceedings are current or (to the Company's knowledge) pending or threatened which have or would reasonably be likely to have a Material Adverse Effect;

    vii. save as disclosed to the EIB, it has obtained all required authorisations; and

    viii. each of the Repeated Representations set out in the Common Terms Agreement is true, accurate and complete in all respects;

(ii) evidence of the authority of the persons authorised to sign the disbursement request and the certificate described above (along with specimen signatures); and

(iii) any other document the EIB (acting reasonably) has notified is necessary;

(b) in the case of each Indexed Tranche and Fixed Rate Tranche only, receipt by the EIB, on or before the date falling 2 Business Days before the scheduled disbursement date for the proposed Fixed Rate Tranche, and in the case of an Indexed Tranche, on or immediately following the pricing date for such tranche, of a copy of the Secretary of State's confirmation that the disbursement of the proposed tranche would be within the Secretary of State's Approved Hedging Policy; and

(c) that on (i) the date of the disbursement request, (ii) the pricing date and (iii) the disbursement date for the proposed tranche:

a. each of the representations and warranties which are expressed to be repeated pursuant to the 2016 EIB Finance Contract are correct in all respects;

b. no Event of Default, Increased Risk or Prepayment Event has occurred and is continuing or would result from the disbursement of the proposed tranche; and

c. prior to System Acceptance, the ratio of Senior Net Indebtedness to RCV is no greater than 0.70:1.

Representations

The representations of the Company contained the Common Terms Agreement are deemed to be incorporated, given and repeated in accordance with the Common Terms Agreement in the 2016 EIB Finance Contract for the benefit of EIB (with the exception of historical representations that are no longer applicable) (see "*Summary of the Common Documents – Common Terms Agreement – Representations*"). In addition, the Company makes and repeats representations as to the following matters to the EIB (subject, in some cases, to materiality thresholds and the Company's best knowledge and belief):

(a) its compliance with all environmental laws and environmental permits;

(b) except as disclosed to the EIB prior to the date of the 2016 EIB Finance Contract, no material environmental claim being current, commenced or threatened against it or any of its subsidiaries or affiliates in connection with the TTT;

(c) no funds invested by it, its controlling entities or any other member of the Holdco Group being of illicit origin; and

(d) its operations having been conducted in compliance with applicable financial record keeping, reporting requirements and money laundering statutes.

Undertakings

The Company agrees to be bound by the covenants set out in the Common Terms Agreement which are deemed to be incorporated into the 2016 EIB Finance Contract for the benefit of EIB (see "*Summary of the Common Documents – Common Terms Agreement – Covenants*"). In addition, the Company gives undertakings in respect of the following matters in favour of the EIB:

(a) the use of the Loan and the availability of other funds;

(b) completion of the TTT;

(c) obtaining finance to fund any excess costs;

(d) expenditure during a Failure Event;

(e) restrictions on indexation swaps;

(f) restrictions on the making of Restricted Payments;

(g) the transfer of interests by: Holdco (or any other person who has interests in the Company); JVCo (or any other person who has an interest in Holdco); EquityCo (or any other person who has an interest in JVCo); or the Shareholders (or any other person who has an interest in EquityCo), to any Unsuitable Person;

(h) restrictions on consenting to the transfer of commitment under the 2026 RC Facility and/or any Liquidity Facility;

(i) compliance with environmental laws and permits and the provision of information to the EIB in respect of environmental claims, non-compliance or the suspension, revocation or modification of any environmental approval;

(j) compliance with anti-money laundering laws and laws and regulations relating to criminal offences; and

(k) certain restrictions on the implementation or entering into of hedging transactions containing a unilateral option or right to terminate, break or otherwise close-out such hedging transaction prior to its scheduled maturity.

Prepayment Events

The Company has the right to prepay tranches on giving at least one month's notice. Prepayment of certain tranches is subject to payment of a prepayment indemnity.

Certain events specified in the 2016 EIB Finance Contract (each a **"Prepayment Event"**) give rise to an obligation on the Company to prepay the Loan. Prepayment Events are as follows:

(a) If the amount of the Credit exceeds 50 per cent. of the total cost of the TTT, the EIB may cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan up to the amount of such excess.

(b) If it becomes unlawful for the EIB to perform any of its obligations under the 2016 EIB Finance Contract or to fund or maintain the Loan, the EIB may immediately suspend or cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan.

(c) If the aggregate amount of the Loan exceeds 100 per cent. of the Eligible Project Costs, the EIB may demand prepayment of the Loan up to the amount of such excess.

(d) If the ratio of the Loan to the other senior indebtedness is greater than 1:1, the Company must prepay the amount of the Loan that is necessary to ensure that such ratio is no greater than 1:1.

(e) If, at any time after the Final Availability Date an Increased Risk Event has occurred and remains outstanding and, if such Increased Risk Event is capable of remedy, it remains unremedied within 20 Business Days of the earlier of: (i) the EIB giving notice; and (ii) the Company becoming aware of the occurrence of the Increased Risk Event, the EIB may demand prepayment of the Loan (but, in the case of an Increased Risk Event occurring as a result of a breach of a representation in respect of environmental claims, only if such claim is or would be reasonably likely to be adversely determined).

Events of Default

Each event specified as a "Loan Event of Default (Obligors other than the Company)" in the Common Terms Agreement shall be an event of default under the 2016 EIB Finance Contract (an **"Event of Default"**) (see "*Summary of the Common Documents – Common Terms Agreement – Loan Events of Default (Obligors other than the Company)*"). Subject to the terms of the STID, following an Event of Default: (a) the EIB may cancel the Credit; (b) the Company shall repay all or part of the Loan (as requested by the EIB) together will all other accrued or outstanding amounts; and (c) the EIB may take such further action as may be available to it pursuant to the Transaction Documents.

Deferment of disbursement

If any of the conditions to disbursement have not been satisfied by the required date, the relevant disbursement will be deferred to a date agreed between the EIB and the Company. The Company may also request the deferment of a tranche which is not subject to indexation in certain circumstances. In each such case, a deferment indemnity will be payable by the Company.

Cancellation and suspension

The Company may cancel, in whole or in part, the undisbursed portion of the Credit except in certain circumstances where a disbursement request has been issued in respect of a tranche.

The EIB may:

(a) suspend the undisbursed portion of the Credit in the event that a Prepayment Event or an Event of Default has occurred and is continuing or an event or circumstance which would with the passage of time or giving of notice under the 2016 EIB Finance Contract constitute a Prepayment Event or Event of Default;

(b) cancel the undisbursed portion of the Credit in the event that a Prepayment Event or Event of Default has occurred and is continuing; and

(c) suspend the undisbursed portion of the Credit in the case a market disruption event occurs and is continuing.

The Company may not submit a disbursement request while the Credit is suspended and any suspension shall continue until the EIB ends the suspension or cancels the suspended amount.

Indemnities for suspensions and/or cancellations by the EIB are payable by the Company in certain circumstances.

Miscellaneous provisions

The 2016 EIB Finance Contract is subject to the terms and conditions of the Common Terms Agreement and the STID. If there is any conflict between the Master Definitions Agreement and/or the Common Terms Agreement and the 2016 EIB Finance Contract, the provisions of the 2016 EIB Finance Contract shall prevail. If there is any conflict between the STID and the 2016 EIB Finance Contract, the provisions of the STID shall prevail.

Initial Liquidity Facilities Agreement

General overview

The Company and the Issuer each entered into a liquidity facilities agreement in the capacity of borrower with, amongst others, Lloyds Bank plc in its capacities as the Initial Liquidity Facility Agent and an Initial Liquidity Facility Provider, and the Company in the additional capacities of Cash Manager and Finco Cash Manager, on 27 September 2024, and as amended and restated pursuant to an amendment and restatement agreement dated 26 September 2025 (the **"First LFA Amendment and Restatement Date"**) with, among others, Royal Bank of Canada as an Initial Liquidity Facility Provider.

The Liquidity Facilities were renewed in accordance with the terms of the Initial Liquidity Facilities Agreement (as described further below in this section) on 14 August 2026.

The Initial Liquidity Facility Providers have made in total committed liquidity facilities of £95,000,000 available, consisting of a liquidity facility of £58,000,000 available to the Company (the **"Company Liquidity Facility"**) and a liquidity facility of £37,000,000 available to the Issuer (the **"Issuer Liquidity Facility"**, and with the Company Liquidity Facility, the **"Liquidity Facilities"** and each a **"Liquidity Facility"**).

During the Availability Period (as defined below), transfers of commitments between the Company Liquidity Facility and the Issuer Liquidity Facility are permitted, subject to conditions including: (i) the relevant Initial Liquidity Facility Provider being a provider under both Liquidity Facilities; (ii) transfers being made on a pro rata basis between providers; (iii) an aggregate cap of £10,000,000 on the aggregate amount of transfers; and (iv) a limit on the frequency of such transfers.

The Company Liquidity Facility may only be used for funding any Company Liquidity Shortfall (including the repayment of outstanding Liquidity Loan Drawings under the Company Liquidity Facility) or making a Standby Drawing under the Company Liquidity Facility.

The Issuer Liquidity Facility may only be used for funding any Issuer Liquidity Shortfall (including the repayment of outstanding Liquidity Loan Drawings under the Issuer Liquidity Facility) or making a Standby Drawing under the Issuer Liquidity Facility.

The interest rate under the Liquidity Facilities is the sum of a margin and a compounded daily rate based on SONIA calculated by reference to a lookback period of five RFR Banking Days.

The Company's obligations under the Initial Liquidity Facilities Agreement are secured for the benefit of the Initial Liquidity Facility Providers by the security interests created under and pursuant to the Obligor Security Documents.

The Issuer's obligations under the Initial Liquidity Facilities Agreement are secured for the benefit of the Initial Liquidity Facility Providers by the security interests created under and pursuant to the Issuer Security Documents.

The Initial Liquidity Facilities Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Availability and conditions to utilisation

The period during which the Company Liquidity Facility and the Issuer Liquidity Facility have been available for drawing (the **"Availability Period"**) commenced from the First LFA Amendment and Restatement Date. Where the relevant Liquidity Facilities are renewed in accordance with the terms of the Initial Liquidity Facilities Agreement (as described further below in this section), a further commencement date to the availability of the Liquidity Facilities for drawing will apply (the **"Further Commencement Date"**, and with the First LFA Amendment and Restatement Date in this section, each the **"Commencement Date"** as the context requires).

The Availability Period will run to the date that is the earlier of the following:

(a) the date that is the date falling 364 days after the Commencement Date of that Liquidity Facility in relation to that Liquidity Facility Provider (or, if such day is not a business day, the business day immediately preceding such date) (the **"Scheduled LF Termination Date"**); or

(b) the date that is the earliest of (the **"LF Termination Date"**):

  (i) in relation to the Company Liquidity Facility only:

    A. the date on which all amounts due in respect of Obligor Secured Liabilities have been repaid or discharged in full;

    B. the date on which the final discharge under the Obligor Security Documents has occurred;

  (ii) in relation to the Issuer Liquidity Facility only:

    A. the date on which all amounts due in respect of Issuer Secured Liabilities have been repaid or discharged in full;

    B. the date on which the final discharge under the Issuer Security Documents has occurred;

  (iii) following an event of default under the Initial Liquidity Facilities Agreement, the date on which all outstanding Liquidity Drawings under that Liquidity Facility are declared immediately due and payable and each of the liquidity facility amount and the available standby amount cancelled in respect of that Liquidity Facility in accordance with the acceleration terms of the Initial Liquidity Facilities Agreement; and

  (iv) the fifth anniversary of the Commencement Date in respect of the Liquidity Facility Provider under the relevant Liquidity Facility.

Repayment

Where either of the Company and/or the Issuer has drawn a Liquidity Loan Drawing, that relevant borrower must repay that Liquidity Loan Drawing on the earlier of (being the **"Payment Date"**): the last day of the next interest period; and the LF Termination Date of the relevant Liquidity Facility. Such repayment may be set off on the payment date against a redrawing of a Liquidity Loan Drawing, subject to the conditions to a Liquidity Drawing being satisfied, including (but not limited to):

(a) no event of default under the Initial Liquidity Facilities Agreement occurring and continuing or would occur as a result of the drawing;

(b) in relation to a Liquidity Loan Drawing (other than a Liquidity Facility Standby Account Drawing (as defined in the Master Definitions Agreement)) the occurrence and continuance of an Issuer Liquidity Shortfall (for the purposes of the Issuer Liquidity Facility) or a Company Liquidity Shortfall (for the purposes of the Company Liquidity Facility); and

(c) other than in respect of a Liquidity Facility Standby Account Drawing, as at the proposed Utilisation Date, the applicable Availability Period has not expired.

While a Standby Drawing is outstanding, any amount funded by way of a Liquidity Facility Standby Account Drawing from the Liquidity Facility Standby Account in the name of the relevant borrower or any amount funded by way of a Liquidity Loan Drawing which was provided by a Standby Liquidity Facility Provider, must be repaid by crediting such amount to the Liquidity Facility Standby Account by the relevant borrower.

Standby Drawings shall be repaid by the relevant borrower to the Liquidity Facility Agent after deducting any amounts that have been withdrawn by that Borrower for the purpose of a Liquidity Facility Standby Account Drawing under the relevant Liquidity Facility which is not yet due, together with accrued interest. In addition, where a Downgraded Liquidity Facility Provider (as defined below) subsequently regains an acceptable credit rating whilst a Standby Drawing remains outstanding, the relevant borrower must repay that Standby Drawing to the Initial Liquidity Facility Agent together with accrued interest.

Renewal

Any of the Company and/or the Issuer may deliver an irrevocable Renewal Request to the Liquidity Facility Provider for the extension of the Scheduled LF Termination Date of a Liquidity Facility Provider's commitment for a further 364 days from the existing applicable Scheduled LF Termination Date (as defined above).

Any Renewal Request will include:

(a) details of the Liquidity Required Amount for the Company and/or the Issuer (as relevant) as at the latest test date and its calculations thereof; and

(b) the projected Liquidity Required Amount for the Company and/or the Issuer (as relevant) for the next two test dates.

If a Liquidity Facility Provider does not accept a Renewal Request, then the relevant borrower (the Company and/or the Issuer) shall use all commercially reasonable endeavours (but not requiring (i) the payment of any additional fees by the Issuer or the Company, or (ii) any change in pricing in relation to the relevant Liquidity Facility) to:

(a) enter into a substitute liquidity facility with one or more substitute liquidity providers having an acceptable credit rating on terms as are agreed by the parties and/or such other liquidity arrangements as are permitted by the Common Terms Agreement; and/or

(b) procure that the non-renewing Liquidity Facility Provider transfers all or part of its relevant commitment to a successor Liquidity Facility Provider.

If a relevant borrower does not enter into a substitute liquidity facility agreement or find a successor liquidity facility, that borrower may, in respect of each non-renewing Liquidity Facility Provider, deliver a notice of Liquidity Drawing for a Standby Drawing:

(a) for the full amount of that non-renewing Liquidity Facility Provider's available commitment (or other amount provided that borrower complies with the covenants in the Common Terms Agreement immediately after receiving such Standby Drawing); and

(b) stipulating a utilisation date from such Liquidity Facility Provider,

the amount of which is to be deposited by the non-renewing Liquidity Facility Provider into the relevant Liquidity Facility Standby Account.

Rating downgrade

If the long term unsecured debt obligations of any Liquidity Facility Provider ceases to be rated at least A- in the case of Fitch, A- in the case of S&P or A3 in the case of Moody's, then notice will be provided by such Liquidity Facility Provider of the downgrade (the **"Downgraded Liquidity Facility Provider"**), and each of the Company and/or the Issuer shall be entitled to (but not obliged to):

(c) deliver a notice of drawing to the Downgraded Liquidity Facility Provider requesting a Standby Drawing in an amount equal to its available commitment under the relevant Liquidity Facility (or such other amount as the relevant borrower may elect, provided that borrower

will remain in compliance with paragraph 4 (Liquidity Facilities) of schedule 3 part B (Holdco Group Covenants – Financial Covenants) of the Common Terms Agreement immediately after receiving such Standby Drawing) into the Liquidity Facility Standby Account in the name of that borrower; or

(d) take steps to replace any Downgraded Liquidity Facility Provider, in which case the Downgraded Liquidity Facility Provider shall use commercially reasonable endeavours to assist the relevant borrower to appoint a substitute or successor Liquidity Facility Provider within 60 calendar days from the earlier of (i) the notice of the downgrade provided by the Downgraded Liquidity Facility Provider to the Borrower and (ii) the date which a borrower becomes aware that it is entitled to receive such notice.

Covenants

The Company covenants on the terms of the covenants as set out in full in schedule 3 (Holdco Group Covenants) of the Common Terms Agreement.

The Issuer provides covenants on the terms of covenants given by the Issuer that are set out in full in the Issuer Deed of Charge.

LF Events of Default

The occurrence of any of the following events will be an event of default under the Initial Liquidity Facilities Agreement:

(a) failure by either the Company and/or the Issuer to pay any sum due;

(b) insolvency proceedings in respect of either the Company and/or the Issuer;

(c) the delivery of a Bond Acceleration Notice or a Loan Acceleration Notice (each as applicable);

(d) the obligations of either the Company and/or the Issuer under the Initial Liquidity Facilities Agreement cease to be legal, valid, binding and enforceable; and

(e) the termination of a Standstill Period (other than pursuant to paragraph (a)(iii) of clause 25.7 (*Termination of Standstill*) of the STID).

Other Authorised Credit Facilities

The Company entered into an Authorised Credit Facility with an institutional investor in April 2017 (the **"April 2017 Authorised Credit Facility"**), under which the institutional investor made available to the Company a committed index-linked term credit facility in an aggregate amount of £100,000,000, which was drawn down by way of a single utilisation on 30 September 2019. Interest is payable under the facility on a six monthly basis, and the loan is repayable in semi-annual instalments, commencing on 31 March 2040 and with a final repayment date on 30 September 2049. The loan may be prepaid by the Company, in which case (except in certain limited circumstances) the amount repayable will be subject to a make-whole provision on similar terms to the make-whole described in Condition 8.2.1(d) of the Conditions.

The Company entered into a Note Agreement in July 2017 (the **"July 2017 Note Agreement"**) with certain US institutional investors under which it issued to such investors £300 million 2.86 per cent. Guaranteed Senior Secured Fixed Rate Notes due 28 September 2032 (the **"2017 US PP Notes"**). The 2017 US PP Notes are repayable in a single instalment on 28 September 2032. Interest is payable on the US PP Notes semi-annually at the rate of 2.86 per cent. per annum. The 2017 US PP Notes may be prepaid by the Company, in whole or in part, in which case the amount repayable will be subject to the detailed provisions in the July 2017 Note Agreement relating to the payment of make-whole and net losses, the calculation of which depend on whether or not the relevant note holder has entered into a cross-currency swap agreement in relation to its notes, which may be a sterling/US dollar cross currency swap agreement or a sterling/Australian dollar cross currency swap agreement.

The Company entered into a Note Agreement in September 2019 (the **"September 2019 Note Agreement"**) with certain US institutional investors under which it issued to such investors £75 million 2.418 per cent. Guaranteed Green Senior Secured Fixed Rate Notes due 6 September 2041 (the **"2019 US PP Notes"**). The 2019 US PP Notes are repayable in a single instalment on 6

September 2041. Interest is payable on the 2019 US PP Notes semi-annually at the rate of 2.418 per cent. per annum. The 2019 US PP Notes may be prepaid by the Company, in whole or in part, in which case the amount repayable will be subject to the detailed provisions in the September 2019 Note Agreement relating to the payment of make-whole and net losses, the calculation of which depend on whether or not the relevant note holder has entered into a sterling/US dollar cross-currency swap agreement in relation to its notes.

The Company entered into a Note Agreement in June 2023 (the **"June 2023 Note Agreement"**) with certain US institutional investors under which it issued to such investors (i) £50,000,000 6.02 per cent. Guaranteed Green Series A Senior Secured Fixed Rate Notes due 11 October 2033 (the **"Series A 2023 US PP Notes"**), (ii) £150,000,000 6.05 per cent. Guaranteed Green Series B Senior Secured Fixed Rate Notes due 11 October 2035 (the **"Series B 2023 US PP Notes"**) and (iii) £50,000,000 6.11 per cent. Guaranteed Green Series C Senior Secured Fixed Rate Notes due 11 October 2038 (the **"Series C 2023 USPP Notes"** and, together with the Series A US PP Notes and the Series B US PP Notes, the **"2023 USPP Notes"** and, together with the 2019 US PP Notes and the 2017 US PP Notes, the **"US PP Notes"**).

Each series of 2023 US PP Notes is repayable in a single instalment (i) with respect to the Series A 2023 US PP Notes, on 11 October 2033, (ii) with respect to the Series B 2023 US PP Notes, on 11 October 2035 and (iii) with respect to the Series C 2023 US PP Notes, on 11 October 2038. Interest is payable on each series of 2023 US PP Notes semi-annually at the rate of (i) with respect to the Series A 2023 US PP Notes, 6.02 per cent. per annum, (ii) with respect to the Series B 2023 US PP Notes, 6.05 per cent. per annum and (iii) with respect to the Series C 2023 US PP Notes, 6.11 per cent. per annum. The 2023 US PP Notes may be prepaid by the Company, in whole or in part, in which case the amount repayable will be subject to the detailed provisions in the June 2023 Note Agreement relating to the payment of make-whole and net losses, the calculation of which depend on whether or not the relevant note holder has entered into a cross-currency swap agreement in relation to its notes, which may be a sterling/US dollar cross currency swap agreement or a sterling/yen cross currency swap agreement.

SUMMARY OF THE ISSUER TRANSACTION DOCUMENTS

Bond Trust Deed

General

The Issuer and the Bond Trustee have entered into the Bond Trust Deed pursuant to which the Bonds will be constituted. The Bond Trust Deed includes the form of the Bonds and contain a covenant from the Issuer to the Bond Trustee to pay all amounts due under the Bonds.

The Bond Trustee holds the benefit of the covenant referred to above on trust for itself and the Bondholders, the Receiptholders and the Couponholders of the relevant Series of Bonds in accordance with their respective interests.

In addition, Deferred Settlement Purchasers (if any) will enter into or accede to the Bond Trust Deed for the purposes of enabling them to vote their respective commitments under the relevant Deferred Settlement Agreement in respect of Voting Matters only and will not have any other rights under the Bond Trust Deed and the Bond Trustee will not owe any fiduciary duties to Deferred Settlement Purchasers. Furthermore, any such Deferred Settlement Purchaser will cease to be party to the Bond Trust Deed following a termination of its rights and commitments under the related Deferred Settlement Agreement or issuance in full of the relevant Deferred Settlement Bonds to such Deferred Settlement Purchaser.

The provisions pursuant to which Deferred Bond Purchasers may vote in respect of amounts equal to the Deferred Purchase Bonds which they have committed to purchase under Deferred Bond Purchase Agreements, are implemented in the Bond Trust Deed through the Issuer being permitted to vote (which it will agree to do in accordance with the instructions of the relevant Deferred Bond Purchaser) in respect of the Deferred Purchase Bonds held on its behalf by the Bond Custodian.

Enforcement

Subject to the terms of the STID, the Issuer Deed of Charge and the Bond Trust Deed, the Bond Trustee may at any time, at its discretion and without notice: (a) take such action, proceedings and/or other steps as it may think fit against or in relation to the Issuer or any other person to enforce the Issuer's obligations under the Bond Trust Deed, the Bonds, the Receipts or the Coupons or any other Issuer Transaction Document to which the Bond Trustee is a party; (b) exercise any of its rights under, or in connection with, the Bond Trust Deed or any other Issuer Transaction Document to which it is a party; and/or (c) give any directions to the Issuer Security Trustee under or in connection with any Issuer Transaction Document to which it is a party. Notwithstanding the provisions of any other Issuer Transaction Document, the Issuer Security shall only become enforceable upon the delivery of an Issuer Security Enforcement Notice in accordance with the Issuer Deed of Charge.

For the avoidance of doubt, the Deferred Purchasers are not entitled to vote or give any direction to the Bond Trustee or the Issuer Security Trustee in relation to the delivery of a Bond Acceleration Notice and/or an Issuer Security Enforcement Notice.

Consent, waiver, authorisation and determination

The Bond Trustee may without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders, the Deferred Purchasers 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 or Potential Bond Event of Default from time to time and at any time (but only if and in so far as any waiver, authorisation or determination is, in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders (where **"materially prejudicial"** means that such waiver, authorisation or determination would have a material adverse effect on the ability of the Issuer to pay any amounts of principal, interest or premium in respect of the Bonds on the relevant due date for payment therefor)) on such terms and subject to such conditions as to it shall seem expedient:

(a) waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions, the Bonds, the Receipts, the Coupons or the Issuer Transaction Documents (subject as provided in the STID in relation to any Common Document) to which it is a party or in respect of which the Issuer Security Trustee holds security or determine that any event which would otherwise constitute a Bond Event of Default or Potential Bond Event of Default shall not be treated as such; or

(b) instruct the Issuer Security Trustee to waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in any Issuer Transaction Document (subject as provided in the STID in relation to any Common Document),

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 (other than any Bondholders, Couponholders and Receiptholders and/or Deferred Purchasers) has given its prior approval of or consent to the Issuer Security Trustee in accordance with the Issuer Deed of Charge or, where any Bondholders and/or Deferred Purchasers are affected Issuer Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such event, matter or thing in accordance with the Bond Trust Deed or, where applicable, the time for giving such approval or consent has otherwise lapsed in accordance with the Issuer Deed of Charge and provided further that the Bond Trustee shall not exercise such powers in contravention of any express direction given by an Extraordinary Resolution of the Bondholders and/or Deferred Purchasers or of a request in writing made by holders of not less than 25 per cent. in aggregate of the principal amount of the 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 waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding on the Bondholders, Receiptholders, Couponholders and/or Deferred Purchasers.

Modification

The Bond Trustee may without the consent or sanction of the Bondholders, the Receiptholders, the Couponholders, the Deferred Purchasers and (subject as provided below) without the consent of the other Issuer Secured Creditors (other than any Issuer Secured Creditor which is party to the relevant documents), at any time and from time to time concur with the Issuer and any other person, or direct the Issuer Security Trustee to concur with the Issuer and any other person, in making any modification to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Issuer Transaction Documents ((other than a Basic Terms Modification) subject (i) as provided in the STID in relation to any Common Documents and (ii) as provided in the Issuer Deed of Charge in relation to any Issuer Transaction Document) or other document to which it is a party or in respect of which the Issuer Security Trustee holds security, which in the opinion of the Bond Trustee is:

(a) not materially prejudicial to the interests of the Bondholders (where **"materially prejudicial"** means that such modification would have a material adverse effect on the ability of the Issuer to pay any amounts of principal, interest or premium in respect of the Bonds on the relevant due date for payment therefor), provided that if any such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent to the Issuer Security Trustee in accordance with the Issuer Deed of Charge or, where any Tranche of Bondholders and/or any Tranche of Deferred Purchasers are affected Issuer Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such modification in accordance with the Bond Trust Deed or, where applicable, the time for giving such approval or consent has otherwise lapsed in accordance with the Issuer Deed of Charge; or

(b) is of a formal, minor, administrative or technical nature, or required to correct a manifest error or is required to comply with mandatory provisions of law.

Any such modification may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine and shall be binding upon the Bondholders, Receiptholders, Couponholders and/or Deferred Purchasers.

The Bond Trust Deed provides that, subject to the STID and the Issuer Deed of Charge, in connection with the exercise by it of any of its rights, trusts, powers, authorities or discretions under the Bond Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Issuer Transaction Document, the Bond Trustee shall have regard to the general interests of the Bondholders as a class.

In addition, the Issuer may, subject to Condition 6.3.4 (*Benchmark Discontinuation*) and Condition 6.3.6 (*SOFR*), vary or amend the Conditions, the Bond Trust Deed and the Agency Agreement to give effect to any Benchmark Amendments as described in Condition 6.3.4 (*Benchmark Discontinuation*) and any Benchmark Replacement Conforming Changes as described in Condition 6.3.6 (*SOFR*), without any requirement for the consent or approval of Bondholders or Couponholders, and the Bond Trustee and the Agents shall concur with the Issuer in effecting any such Benchmark Amendments and Benchmark Replacement Conforming Changes, as the case may be, on the basis set out in Condition 6.3.4 (*Benchmark Discontinuation*) and Condition 6.3.6 (*SOFR*).

Pursuant to the terms of the Bond Trust Deed, the Bond Trustee is authorised by each Bondholder and/or Deferred Purchaser to execute and deliver on its behalf all documentation required to implement, or direct the Issuer Security Trustee to implement, any waivers, authorisations, modification or consents which have been granted by the Bond Trustee in respect of the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Issuer Transaction Documents ((other than a Basic Terms Modification) (subject as provided in the STID in relation to any Common Documents)) or other document to which it is a party or in respect of which the Issuer Security Trustee holds security and such execution and delivery by the Bond Trustee shall bind each Bondholder and/or Deferred Purchaser as if such documentation had been duly executed by it.

Action, proceedings and indemnification

The Bond Trustee shall not be bound to take any actions, proceedings, or steps in relation to the Bond Trust Deed, the Bonds, the Receipts, the Coupons or any other Issuer Transaction Document unless respectively directed or requested to do so in writing by the Bondholders, Receiptholders or Couponholders together, holding or representing 25 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds (or Bonds of the relevant Tranche as the context may be), the Receipts and/or the Coupons then outstanding or directed by Extraordinary Resolution, and then only if it shall be indemnified and/or secured and /or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

Subject to the terms of the STID and the Issuer Deed of Charge, (a) only the Bond Trustee may enforce the provisions of the Bond Trust Deed or the other Issuer Transaction Documents to which it is party; and (b) no Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or any other person to enforce the performance of any of the provisions of the Bond Trust Deed, the Issuer Deed of Charge or any other Issuer Transaction Document unless the Bond Trustee having become bound as aforesaid to take proceedings fails to do so within a reasonable period and such failure is continuing.

Issuer representations

The Issuer makes representations (subject to detailed carve-outs, exceptions and qualifications set forth in the Bond Trust Deed) in the Bond Trust Deed as at the date of the Bond Trust Deed and at each Issue Date, including as to:

(a) its corporate status, power and authority and certain other legal matters;

(b) subject to the Reservations, the Bonds and the other Transaction Documents to which it is a party being legal, binding, valid and enforceable obligations of the Issuer;

(c) non-conflict with (i) any law or regulation or judicial or official order applicable to it, (ii) its constitutional documents, (iii) any document or agreement which is binding upon it or (iv) (to an extent which has, or is reasonably likely to have, a material adverse effect (as defined in the Bond Trust Deed)) any licence that is required for the carrying on of its business;

(d) no current litigation against the Issuer or its assets save as disclosed in this Prospectus which, if adversely determined, would reasonably be expected to have a material adverse effect (as defined in the Bond Trust Deed);

(e) no Security Interest on any of its assets other than pursuant to the Issuer Security, any other Security Interests permitted or contemplated by the Issuer Transaction Documents, Security Interests created with the prior written consent of the Issuer Security Trustee or Security Interests which may arise by operation of law;

(f) no winding up or insolvency event in relation to it;

(g) no Bond Event of Default or Potential Bond Event of Default has occurred or is continuing;

(h) no outstanding Financial Indebtedness other than under and pursuant to the Issuer Transaction Documents to which it is a party;

(i) its centre of main interests; and

(j) consents, licences, authorisations and approvals to be obtained and complied with.

Issuer covenants

The covenants given by the Issuer in the Bond Trust Deed (subject to detailed carve-outs, exceptions and qualifications) include, but are not limited to, the following:

(a) to keep proper books of account and upon reasonable request and reasonable notice allow the Bond Trustee and any person appointed by the Bond Trustee, to whom the Issuer shall have no reasonable objection, free access to such books of account and records at all reasonable times during normal business hours;

(b) at all times to maintain separate books, records and accounts;

(c) to not commingle its assets with the assets of other entities;

(d) to carry on and conduct its affairs in its own name;

(e) to pay its own Liabilities out of its own funds (or funds that it is otherwise permitted to obtain);

(f) to maintain an arm's length relationship with other entities, provided that transactions with any member of the Holdco Group which are not otherwise prohibited by the terms of the Issuer Transaction Documents and the Transaction Documents shall not be in breach of this provision;

(g) use reasonable endeavours to correct any known misunderstanding regarding its separate identity of which it is aware;

(h) to use its own stationery, invoice and cheques;

(i) not to amend its articles of association without the prior consent of the Bond Trustee in a way which would be reasonably likely to have a material adverse effect (as defined in the Bond Trust Deed);

(j) so far as permitted by applicable law and subject to any binding confidentiality restrictions to give or procure to be given to the Bond Trustee such documents reasonably required to discharge or exercise its rights, duties, trusts, powers, authorities and discretions under the Bond Trust Deed or by operation of law;

(k) not to grant, create or permit to subsist any Security Interest (unless arising by operation of law) over its assets other than pursuant to the Issuer Transaction Documents or with the prior written consent of the Issuer Security Trustee;

(l) not to have any subsidiary undertaking (as defined in the Companies Act) or any employees or premises;

(m) not to acquire any leasehold, freehold or heritable property;

(n) not dispose of assets save for any Permitted Security or as otherwise permitted by the Issuer Transaction Documents;

(o) not merge or legally consolidate save as permitted by the Issuer Transaction Documents;

(p) not to incur any Financial Indebtedness save as permitted by the Issuer Transaction Documents;

(q) not to pay any dividend or make any distributions to its shareholders save as permitted by the Issuer Transaction Documents;

(r) subject to the Reservations, not to permit the validity or effectiveness of the Issuer Transaction Documents to be impaired;

(s) to procure that the Principal Paying Agent or the Registrar (as applicable) notify the Bond Trustee in the event they do not receive payment of the full amount due on all Bonds, Receipts or Coupons;

(t) if the relevant Final Terms or Drawdown Prospectus indicate that the Bonds are to be listed on a relevant Stock Exchange, use its reasonable endeavours to maintain the quotation or listing on the relevant Stock Exchange of those of the Bonds which are quoted or listed on the relevant Stock Exchange;

(u) to send to the Bond Trustee and obtain its approval, prior to the date on which any such notice is to be given, the form of every notice to be given to the Bondholders;

(v) to notify the Bond Trustee if payments by the Issuer become subject to withholding;

(w) to deliver to the Bond Trustee a certificate setting out the total number and aggregate nominal amount of the Bonds which:

(i) up to and including the date of such certificate have been purchased by the Issuer or the Company or any other member of the Holdco Group and cancelled; and

(ii) are at the date of such certificate held by, or on behalf of, or for the benefit of the Shareholder (or any fund, partnership or other entity, managed and controlled by any of the Shareholders or their Affiliates), Investor and/or Affiliate, the Issuer, any Subsidiary of the Issuer, any Obligor or any other Subsidiary of any such Obligor, including those held by the Bond Custodian, save as contemplated in the STID (see paragraph (b) of "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Types of Voting Categories – Voting Thresholds, Quorum Requirements and Decision Periods – Qualifying Obligor Secured Liabilities held by any member of the Holdco Group or an Investor*");

(x) to minimise any costs arising in connection with its payment obligations; and

(y) to give notice to the Bond Trustee of the occurrence of any Bond Event of Default or Potential Bond Event of Default.

The Bond Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

Agency Agreement

Pursuant to the Agency Agreement entered into between the Issuer, the Principal Paying Agent, the Agent Bank, the Registrar, the Transfer Agent and the Bond Trustee, provision is made for, amongst other things, payment of principal and interest in respect of the Bonds.

The Issuer may, with the prior written approval of the Bond Trustee, revoke the appointment of the Principal Paying Agent, the Agent Bank, the Transfer Agent and the Registrar upon not less than 45 days' prior written notice to the Principal Paying Agent, the Agent Bank, the Transfer Agent or the Registrar (as applicable) and the Bond Trustee. The appointment of the Principal Paying Agent will terminate immediately upon the occurrence of certain insolvency-related events or if in the reasonable opinion of the Issuer such Agent becomes incapable of acting. In addition, the Principal Paying Agent, the Agent Bank, the Transfer Agent and the Registrar may resign from its role under the Agency Agreement upon not less than 45 days' prior written notice to the Issuer and the Bond Trustee. The termination of the appointment of the Principal Paying Agent, the Agent Bank, the Transfer Agent or the Registrar (whether by the Issuer or by resignation) shall not be effective unless upon the expiry of the relevant notice there is a successor in place (other than in the case of insolvency).

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Issuer Deed of Charge

General

The Issuer has entered into the Issuer Deed of Charge with the Issuer Security Trustee, the Bond Trustee for itself and on behalf of the Bondholders, the Issuer Cash Manager, the Issuer Account

Bank, the Registrar, the Principal Paying Agent, the Agent Bank, the Transfer Agent, any receiver or other appointee and any other creditor of the Issuer which accedes to the Issuer Deed of Charge (including for the avoidance of doubt, any Deferred Purchasers or the Bond Custodian (if applicable)) (together the **"Issuer Secured Creditors"**).

Issuer Security

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

(a) an assignment by the Issuer by way of first fixed security of its right, title and interest and benefit, present and future, into and under the Issuer Charged Documents without prejudice to, and after giving effect to, any set-off or netting provisions contained in any Issuer Hedging Agreement;

(b) a first fixed charge over the Issuer Accounts (and any other bank account in which the Issuer may at any time acquire any rights other than the Issuer Refinancing Escrow Accounts and any custody account in which the Deferred Purchase Bonds are held on behalf of the Issuer) and all interest paid or payable in relation to those amounts and all debts represented by those amounts;

(c) a first fixed charge of all its rights in respect of each Cash Equivalent Investment of the Issuer and all interest, moneys and proceeds paid or payable in relation to those Cash Equivalent Investments;

(d) a first fixed charge of all its rights in respect of the benefit of all authorisations (statutory or otherwise) held in connection with use of the assets charged under the Issuer Deed of Charge and any compensation which may be payable to it in respect of those authorisations; and

(e) a first floating charge over the whole of the Issuer's assets (including, without limitation, its uncalled capital) other than the Deferred Purchase Bonds, the Bond Custody Agreement and any custody account in which the Deferred Purchase Bonds are held on behalf of the Issuer and any assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under the Issuer Deed of Charge,

(the **"Issuer Security"**).

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

Restrictions on the exercise of rights

The Issuer Deed of Charge will contain certain restrictions on the Issuer Secured Creditors on the exercise of their rights. These will include that, each of the Issuer Secured Creditors (other than, in the case of item (c) below, the Bond Trustee and the Issuer Security Trustee) agrees with the Issuer and the Issuer Security Trustee that (a) only the Issuer Security Trustee may enforce the Issuer Security in accordance with the terms of the Issuer Deed of Charge; (b) it will not take or join any person in taking against the Issuer any bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceedings (except for the taking of any enforcement action by the Issuer Security Trustee under the Issuer Deed of Charge, including the appointment of a Receiver pursuant to the terms of the Issuer Deed of Charge); and (c) it will not take or join any person in taking any other steps or action against the Issuer or in relation to the Issuer Secured Property for the purpose of recovering any of the Issuer Secured Liabilities (including by exercising any rights of set-off) or enforcing any rights arising out of the Issuer Transaction Documents against the Issuer or take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Issuer Secured Property, provided that, if the Issuer Security Trustee has failed to enforce the Issuer Security, in each case, within a reasonable period and that failure is continuing, then the Bond Trustee, acting on behalf of the Bondholders will be entitled to take any steps or proceedings against the Issuer for the purpose of recovering any Issuer Secured Liabilities or enforcing any rights arising out of the Issuer Transaction Documents as it considers necessary other than any steps or proceedings (i) in respect of procuring the bankruptcy, winding up, re-organisation, insolvency or liquidation of the Issuer; and/or (ii) which would result in the breach of any term of the Issuer Transaction Documents. Notwithstanding the above, if the Issuer has defaulted on any

payment obligations under any Liquidity Facility Agreement or any Super Senior Issuer Hedging Agreement (after allowing for any applicable notice or grace periods) and the default has continued unwaived, any Liquidity Facility Agent (on behalf of any Liquidity Facility Providers) and the Super Senior Hedge Counterparties may, upon the expiry of a period of 30 days from such non-payment and only until such time as the Bond Trustee has delivered an Issuer Security Enforcement Notice or the Issuer Security Trustee has given notice that any steps are being taken to enforce the Issuer Security, exercise any right it might otherwise have to sue for, commence or join legal or arbitration proceedings against the Issuer to recover any amounts due and payable in respect of or under any Liquidity Facility Agreement or the relevant Super Senior Issuer Hedging Agreement, as the case may be (other than any steps or proceedings (a) in respect of procuring the bankruptcy, winding up, re-organisation, insolvency or liquidation of the Issuer; and/or (b) which would result in the breach of any term of the Issuer Transaction Documents).

Enforcement of the Issuer Security

The Issuer Security Trustee shall be required to give an Issuer Security Enforcement Notice to the Issuer and take enforcement steps in relation to the Issuer Security if (i) the Bond Trustee provides the Issuer Security Trustee with a copy of a Bond Acceleration Notice given to the Issuer; and (ii) the Issuer Security Trustee is directed to do so by Qualifying Issuer Creditors (other than the Deferred Purchasers and/or the Issuer) holding at least 25 per cent. of the aggregate Qualifying Issuer Debt then outstanding (including the Bond Trustee acting on the directions of the Bondholders) subject, in each case, to the Issuer Security Trustee being indemnified and/or secured and/or prefunded to its satisfaction in relation to any Liability.

For the avoidance of doubt, the Deferred Purchasers are not entitled to give any instruction to the Issuer Security Trustee in relation to the delivery of an Issuer Security Enforcement Notice.

With immediate effect from the time when the Issuer Security Trustee gives an Issuer Security Enforcement Notice to the Issuer, the whole of the Issuer Security shall become enforceable.

Issuer priority of payments upon acceleration

The Issuer Cash Manager (or any substitute cash manager appointed by the Issuer Security Trustee to act on its behalf) shall (to the extent that such funds are available) apply all moneys received or recovered by the Issuer Security Trustee (or any Receiver appointed hereunder) following the service of a Bond Acceleration Notice and for so long as no Discontinuation has occurred, other than amounts standing to the credit of any Issuer Liquidity Facility Standby Accounts (which are to be paid directly and only to the relevant Liquidity Facility Provider(s) in accordance with the relevant Liquidity Facility Agreement), in accordance with the following Issuer priority of payments (the **"Issuer Post-Acceleration Priority of Payments"**) including in each case where applicable in accordance with the relevant contractual provisions any amount of or in respect of VAT payable thereon without double counting:

(a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:

  (i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, the Bond Trustee and other Appointees (if any), other than any Receiver or any Delegate appointed under paragraph (a)(ii) below, appointed by any of them under any Issuer Transaction Document and any costs, charges, Liabilities and expenses incurred by any of the Issuer Security Trustee and the Bond Trustee under any Issuer Transaction Document and any other amounts payable (other than amounts payable under the Bonds) to the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document, together with interest thereon as provided for therein; and

  (ii) the fees and other remuneration and indemnity payments (if any) payable to any Receiver or any Delegate and any costs, charges, Liabilities and expenses incurred by any Receiver or any Delegate under any Issuer Transaction Document, together with interest accrued thereon as provided for therein;

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

(i) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;

(ii) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Account Bank attributable to the Issuer under the Issuer Account Bank Agreement;

(iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of any Issuer Corporate Services Provider under any Issuer Corporate Services Agreement;

(iv) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(v) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of any custodian approved by the Issuer to hold any Deferred Purchase Bonds from time to time;

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

(i) payment of amounts due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Bond Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Bond Interest Payment Date, provided that any such amounts (i) represent fees, costs, expenses and other amounts payable by the Issuer on *bona fide* arm's length terms in the ordinary and usual course of trading (ii) do not constitute Financial Indebtedness (as such term is defined as at 24 August 2015) and (iii) otherwise have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere); and

(ii) any tax for which the Issuer is liable under the laws of any jurisdiction (other than UK corporation tax in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount);

(d) *fourth*, in or towards satisfaction, pari passu and pro rata, of all amounts due and payable by the Issuer to each Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement) under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts);

(e) *fifth,* in or towards satisfaction, pari passu and pro rata, of all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph (j) below);

(f) *sixth,* in or towards satisfaction, pari passu and pro rata, of:

(i) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any Bonds; and

(ii) all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty;

(g) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) termination payments, accretion and other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph (j) below); and

(ii) all amounts of principal due or overdue in respect of any Bonds;

(h) *eighth*, in or towards payment of any amount payable in excess of par and accrued interest under any Make-Whole Amount provision in any Bonds;

(i) *ninth*, in or towards satisfaction, pari passu and pro rata, of all Subordinated Liquidity Amounts due and payable by the Issuer under any Liquidity Facility Agreement;

(j) *tenth*, in or towards satisfaction, pari passu and pro rata, of termination payments due and payable by the Issuer under any Issuer Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty;

(k) *eleventh*, in or towards satisfaction of all amounts in respect of principal and interest due and payable by the Issuer to an Obligor under a Permitted Loan; and

(l) *twelfth*, after retaining the Issuer Profit Amount (which the Issuer may, after meeting any UK corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer), any remaining amount, to the maximum extent possible, by way of a rebate of the Facility Fees to the Company under the IBLA.

Issuer priority of payments upon Discontinuation

The Issuer Cash Manager (or any substitute cash manager appointed by the Issuer Security Trustee to act on its behalf) shall (to the extent that such funds are available) apply all moneys received or recovered by the Issuer Security Trustee (or any Receiver appointed hereunder) following a Discontinuation, other than amounts standing to the credit of any Issuer Liquidity Facility Standby Accounts (which are to be paid directly and only to the relevant Liquidity Facility Provider(s) in accordance with the relevant Liquidity Facility Agreement), in accordance with the following Issuer priority of payments (the **"Issuer Post-Discontinuation Priority of Payments"**) including in each case where applicable in accordance with the relevant contractual provisions any amount of or in respect of VAT payable thereon, without double counting:

(a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:

(i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, the Bond Trustee and other Appointees (if any), other than any Receiver or any Delegate appointed under paragraph (a)(ii) below, appointed by any of them under any Issuer Transaction Document and any costs, charges, Liabilities and expenses incurred by any of the Issuer Security Trustee and the Bond Trustee under any Issuer Transaction Document and any other amounts payable (other than amounts payable under the Bonds) to the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document, together with interest thereon as provided for therein; and

(ii) the fees and other remuneration and indemnity payments (if any) payable to any Receiver or any Delegate and any costs, charges, Liabilities and expenses incurred by any Receiver or any Delegate under any Issuer Transaction Document, together with interest accrued thereon as provided for therein;

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

(i) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;

(ii) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Account Bank attributable to the Issuer under the Issuer Account Bank Agreement;

(iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of any Issuer Corporate Services Provider under any Issuer Corporate Services Agreement;

(iv) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

(v) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of any custodian approved by the Issuer to hold any Deferred Purchase Bonds from time to time;

(c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of payment of amounts due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Bond Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Bond Interest Payment Date, provided that any such amounts (i) represent fees, costs, expenses and other amounts payable by the Issuer on *bona fide* arm's length terms in the ordinary and usual course of trading (ii) do not constitute Financial Indebtedness (as such term is defined as at 24 August 2015) and (iii) otherwise have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere);

(d) *fourth,* in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer to each Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement) under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts);

(e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata* of all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph (i) below);

(f) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any Bonds; and

(ii) all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Issuer to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty;

(g) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) termination payments, accretion and other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph (i) below); and

(ii) all amounts of principal due or overdue in respect of any Bonds;

(h) *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all Subordinated Liquidity Amounts due and payable by the Issuer under any Liquidity Facility Agreement;

(i) *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, termination payments due and payable by the Issuer under any Issuer Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty; and

(j) *tenth*, after retaining the Issuer Profit Amount (which the Issuer may, after meeting any UK corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer), any remaining amount, to the maximum extent possible, by way of a rebate of the Facility Fees to the Company under the IBLA.

Modification, Authorisation, Waiver and Consent

Subject to the paragraph "*Issuer Secured Creditor Entrenched Rights*" below, the Issuer Security Trustee shall (i) concur with the Issuer or any other person in making any modification to any Issuer Transaction Document or (ii) waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions of any Issuer Transaction Documents or (iii) give its consent or approval to any event, matter or thing relating to an Issuer Transaction Document, only if so directed in writing by the Bond Trustee acting in accordance with the provisions set out in the Bond Trust Deed.

Issuer Secured Creditor Entrenched Rights

No modification, authorisation, waiver, consent or approval described above which would give rise to an Issuer Secured Creditor Entrenched Right shall be effective unless and until each Issuer Secured Creditor (other than the Bondholders and/or Deferred Settlement Purchasers) which is affected by such Issuer Secured Creditor Entrenched Right (a) has confirmed in writing to the Issuer Security Trustee its approval of or consent to the relevant modification, authorisation, waiver, consent or approval (or, in the case of the Bondholders and/or Deferred Settlement Purchasers, the Bondholders and/or Deferred Settlement Purchasers have sanctioned such modification, authorisation, waiver, consent or approval in accordance with the voting provisions of the Bond Trust Deed) or, (b) where applicable 15 Business Days have elapsed or such longer period as may be specified in a STID Voting Request since such Issuer Secured Creditor was notified of such Issuer Secured Creditor Entrenched Right and during that period it has not notified the Issuer Security Trustee that it does not approve or consent to the relevant modification, authorisation, waiver, consent or approval.

Voting of the Deferred Settlement Purchasers

In respect of any Deferred Settlement Purchaser STID Decision Matter or any Deferred Settlement Purchaser STID Direction Matter, the Issuer Security Trustee, acting as the Secured Creditor Representative of the Issuer in relation to any Deferred Settlement Bonds, will provide its instructions on the votes cast or instructions given by Deferred Settlement Purchasers in accordance with the voting provisions of the Issuer Deed of Charge (which are of similar effect to the voting provisions in Condition 15.1.2 (*STID Decision Matters*) and Condition 15.1.3 (*STID Direction Matters*)) to the Obligor Security Trustee in accordance with the provisions of the STID to reflect the instructions or votes by it from any Deferred Settlement Purchasers in accordance with the voting provisions of the Issuer Deed of Charge.

Within two Business Days of (a) a Deferred Settlement Purchaser Voting Notice being sent to the Deferred Settlement Purchasers by the Issuer or the Issuer Security Trustee (and copied to the Issuer), or (b) following a request by the Issuer Security Trustee following receipt of an instruction from a Deferred Settlement Purchaser in respect of a Deferred Settlement Purchaser STID Direction Matter, the Issuer shall deliver a certification to the Issuer Security Trustee as to whether such Deferred Settlement Purchaser is a Defaulting Purchaser and accordingly whether or not a Deferred Settlement Purchaser is entitled to give any instruction and/or direction to the Issuer Security Trustee in respect of any Deferred Settlement Purchaser STID Decision Matter or Deferred Settlement Purchaser STID Direction Matter.

Pursuant to the voting provisions of the Issuer Deed of Charge, in respect of any Deferred Settlement Purchaser STID Decision Matter or Deferred Settlement Purchaser STID Direction Matter, each Deferred Settlement Purchaser will instruct the Issuer Security Trustee in writing (certifying (i) that it is a Deferred Settlement Purchaser, (ii) the principal amount of the Bonds that it is committed to purchase, and (iii) that the relevant conditions precedent under the Deferred Settlement Agreement (other than the listing of the Deferred Settlement Bonds) are satisfied) in relation to its vote or instruction. For the purposes of these voting provisions the **"principal amount"** of a Deferred Settlement Bond or of a Tranche of Deferred Settlement Bonds means the aggregate purchaser commitments of the Deferred Settlement Purchaser(s) in respect of any such Deferred Settlement

Bonds or Tranche (as the case may be) for so long as the conditions precedent (other than the listing of the Deferred Settlement Bonds) to the subscription of the relevant Deferred Settlement Bonds under the relevant Deferred Settlement Agreement are satisfied.

In respect of any other Voting Matter, the Bond Trustee, will act as the Secured Creditor Representative of the Issuer in relation to any Deferred Settlement Bonds in accordance with the voting provisions set out in Conditions 15.1.3(b) (*STID Direction Matters*), 15.1.4 (*Other Voting Matters*) and 15.1.5 (*Bondholder/Deferred Settlement Purchaser Voting*) and the Bond Trust Deed.

For the avoidance of doubt, where Deferred Purchasers are Defaulting Purchasers, such Defaulting Purchaser will not be entitled to vote on any voting matter or be counted towards the calculation of the requirements in relation to quorum or voting thresholds.

Binding on Issuer Secured Creditors

Any such modification, authorisation, waiver, consent or approval so granted will be binding on all of the Issuer Secured Creditors.

Directions, Duties and Liabilities

The Issuer Security Trustee will not be liable or responsible for any liabilities or inconvenience which may result from anything done or omitted to be done by it in accordance with the provisions of the Issuer Deed of Charge, except where the Issuer Security Trustee has failed to show the required degree of care and due diligence.

The Issuer Deed of Charge and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

Issuer Cash Management Agreement

General

The Issuer has appointed the Company as the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement entered into between the Issuer, the Issuer Cash Manager and the Issuer Security Trustee. Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager will undertake certain cash administration functions on behalf of the Issuer.

Cash management functions

As part of its duties under the Issuer Cash Management Agreement, the Issuer Cash Manager will, *inter alia*, (a) operate the Issuer Accounts and effect payments to and from the Issuer Accounts in accordance with the provisions of the relevant Issuer Transaction Documents provided that such moneys are at the relevant time available to the Issuer, (b) invest funds not immediately required by the Issuer in Cash Equivalent Investments in accordance with the provisions of the Issuer Cash Management Agreement, (c) make determinations and perform certain obligations on behalf of the Issuer as set out in, and in accordance with, the provisions of any Liquidity Facility Agreement including directing the Issuer to make drawings (or making drawings on behalf of the Issuer) under any Liquidity Facility Agreement, (d) carry out financing and treasury management functions including, arranging the holding of the Deferred Purchase Bonds with the Bond Custodian, arranging the delivery of the Deferred Purchase Bonds and/or Deferred Settlement Bonds to the relevant Deferred Bond Purchaser(s) and/or Deferred Settlement Purchaser(s) pursuant to any Deferred Bond Purchase Agreement and/or Deferred Settlement Agreement and/or arranging of the Treasury Transactions in line with the Hedging Policy (and the Approved Hedging Policy (if applicable)), (e) apply or cause to be applied amounts standing to the credit of the Issuer Transaction Account in accordance with the applicable Issuer Payment Priorities, and (f) perform any other functions which the Issuer and the Issuer Cash Manager agree from time to time.

Liquidity facilities

Allowing sufficient time to deliver any relevant drawdown notice under any Liquidity Facility Agreement (including the Initial Liquidity Facilities Agreement) or to make a drawing from any Issuer Liquidity Standby Account, as applicable, the Issuer Cash Manager shall determine the amount of any anticipated Issuer Liquidity Shortfall on the relevant Bond Interest Payment Date after taking into account the amounts standing to the credit of the Issuer Debt Service Reserve Account (if any) which will be available to the Issuer to reduce any such shortfall arising on the next Bond Interest Payment

Date. Any amounts standing to the credit of the Issuer Debt Service Reserve Account (if any) will be applied to decrease the amount which would otherwise constitute an Issuer Liquidity Shortfall by applying such amount towards payment of items 1 to 6 (inclusive) of the Issuer Pre-Acceleration Priority of Payments (excluding any termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty). The Issuer, or the Issuer Cash Manager on its behalf, will issue a notice of drawing to the liquidity facility agent under any Liquidity Facility Agreement to cover any such liquidity shortfall.

Issuer Pre-Acceleration Priority of Payments

Prior to the service of a Bond Acceleration Notice by the Bond Trustee in accordance with Condition 11.2 (*Delivery of Bond Acceleration Notice*) and prior to a Discontinuation, amounts standing to the credit of the Issuer Transaction Account (save as expressly provided in the Issuer Deed of Charge) will be applied by the Issuer on each Bond Interest Payment Date (provided that payments may be made from the Issuer Transaction Account other than on a Bond Interest Payment Date) (a) in connection with a redemption of Bonds in accordance with Conditions 8.2 (*Optional Redemption*), 8.3 (*Redemption for Taxation or Illegality*), 8.4 (*Redemption for Index Events*) or 8.5 (*Early Redemption on Prepayment of an IBLA*), or (b) to satisfy liabilities in paragraph (a)(ii) below in making payment or provision of any amounts then due and payable in the following order of priority (the **"Issuer Pre-Acceleration Priority of Payments"**) including in each case where applicable in accordance with the relevant contractual provisions any amount of or in respect of VAT payable thereon without double counting:

(a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:

  (i) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, the Bond Trustee and other Appointees (if any), other than any Receiver or any Delegate appointed under paragraph (a)(ii) below, appointed by any of them under any Issuer Transaction Document and any costs, charges, Liabilities and expenses incurred by any of the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document and any other amounts payable (other than amounts payable under the Bonds) to the Issuer Security Trustee or the Bond Trustee under any Issuer Transaction Document, together with interest thereon as provided for therein; and

  (ii) the fees and other remuneration and indemnity payments (if any) payable to the Receiver or any Delegate and any costs, charges, Liabilities and expenses incurred by the Receiver or any Delegate under any Issuer Transaction Document, together with interest thereon as provided for therein;

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

  (i) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Agents incurred under the Agency Agreement or a Calculation Agency Agreement;

  (ii) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Account Bank attributable to the Issuer under the Issuer Account Bank Agreement;

  (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of any Issuer Corporate Services Provider under any Issuer Corporate Services Agreement;

  (iv) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of the Issuer Cash Manager incurred under the Issuer Cash Management Agreement; and

  (v) the fees, other remuneration, indemnity payments, costs, charges, Liabilities and expenses of any custodian approved by the Issuer to hold any Deferred Purchase Bonds from time to time;

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

(i) payment of amounts due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments), or to become due and payable to any third party creditors of the Issuer (other than those creditors otherwise specifically provided for in this priority of payments) prior to the next Bond Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Bond Interest Payment Date, provided that any such amounts (i) represent fees, costs, expenses and other amounts payable by the Issuer on *bona fide* arm's length terms in the ordinary and usual course of trading (ii) do not constitute Financial Indebtedness (as such term is defined as at 24 August 2015) and (iii) otherwise have been incurred without breach by the Issuer of the Issuer Transaction Documents to which it is a party (and for which payment has not been provided elsewhere); and

(ii) any tax for which the Issuer is liable under the laws of any jurisdiction (other than UK corporation tax in respect of the Issuer Profit Amount, which shall be met out of the Issuer Profit Amount);

(d) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable by the Issuer to each Liquidity Facility Provider (and any facility agent and arranger under the Liquidity Facility Agreement), under any Liquidity Facility Agreement (other than Subordinated Liquidity Amounts);

(e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata* of all scheduled amounts, termination payments and accretion or other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph (i) below);

(f) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) all amounts of interest, fees, costs and other amounts (other than principal amounts or Make-Whole Amounts) due or overdue in respect of any Bonds; and

(ii) all scheduled amounts (but excluding termination payments and accretion or other pay as you go payments) payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than, for the avoidance of doubt, any amounts referred to in paragraph (i) below);

(g) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(i) termination payments, accretion and other pay as you go payments payable by the Issuer to each Issuer Hedge Counterparty under any *Pari Passu* Issuer Hedging Agreement between the Issuer and an Issuer Hedge Counterparty (other than any amounts referred to in paragraph (i) below); and

(ii) all amounts of principal due or overdue in respect of any Bonds (including any Make-Whole Amount);

(h) *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all Subordinated Liquidity Amounts due and payable by the Issuer under any Liquidity Facility Agreement;

(i) *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of termination payments due and payable by the Issuer under any Issuer Hedging Agreement caused by the occurrence of an Event of Default (as defined in the Issuer Hedging Agreements) in relation to an Issuer Hedge Counterparty;

(j) *tenth*, in or towards satisfaction of all amounts in respect of principal and interest due and payable by the Issuer to an Obligor under a Permitted Loan; and

(k) *eleventh*, after retaining the Issuer Profit Amount (which the Issuer may, after meeting any UK corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer), any remaining amount, to the maximum extent possible, by way of a rebate of the Facility Fees to the Company under the IBLA.

Termination of the appointment of the Issuer Cash Manager

If any of the following events occur:

(a) default is made by the Issuer Cash Manager in the performance or observance of any of its material covenants and material obligations under the Issuer Cash Management Agreement which, in the case of a default that is remediable, continues unremedied for a period of ten Business Days after the earlier of the Issuer Cash Manager becoming aware of such default and receipt by the Issuer Cash Manager of written notice from the Issuer or the Issuer Security Trustee requiring the same to be remedied;

(b) an Insolvency Event in relation to the Issuer Cash Manager; or

(c) an Issuer Security Enforcement Notice is given and the Issuer Security Trustee is of the opinion that the continuation of the appointment of the Issuer Cash Manager is materially prejudicial to the interests of the Issuer Secured Creditors,

then the appointment of the Issuer Cash Manager shall terminate forthwith under the Issuer Cash Management Agreement and the Issuer (with the prior written consent of the Issuer Security Trustee) or (following the delivery of an Issuer Security Enforcement Notice) the Issuer Security Trustee itself shall appoint a successor Issuer Cash Manager in its place, but without prejudice to any then existing rights and liabilities of the parties to the Issuer Cash Management Agreement. Termination of the appointment of the Issuer Cash Manager under the circumstances will not be effective until a substitute Issuer Cash Manager approved in writing by the Issuer Security Trustee and which satisfies the requirements set out below has been appointed and the Issuer agrees to use all reasonable endeavours to appoint such a substitute Issuer Cash Manager.

The Issuer Cash Manager may resign from its appointment under the Issuer Cash Management Agreement only upon giving not less than 30 days' prior written notice to each of the Issuer and the Issuer Security Trustee, provided that (i) a substitute Issuer Cash Manager approved in writing by the Issuer Security Trustee and which satisfies the requirements set out below shall be appointed, such appointment to be effective not later than the effective date of such resignation and (ii) such substitute Issuer Cash Manager enters into an agreement on the terms described below.

The Issuer, with the prior written consent of the Issuer Security Trustee, or, following the delivery of an Issuer Security Enforcement Notice, the Issuer Security Trustee may at any time upon giving not less than 30 days' prior written notice terminate the appointment of the Issuer Cash Manager, provided that (i) a substitute Issuer Cash Manager approved in writing by the Issuer Security Trustee and which satisfies the requirements set out below shall be appointed, such appointment to be effective not later than the effective date of such termination and (ii) such substitute Issuer Cash Manager enters into an agreement on the terms described below.

The requirements for any substitute Issuer Cash Manager is that it enters into an agreement which provides for such substitute Issuer Cash Manager to be remunerated at such a rate as is agreed between it and the Issuer, but which does not exceed the rate then commonly charged by providers of services of the kind described in the Issuer Cash Management Agreement and is otherwise on substantially the same terms as the relevant provisions of the Issuer Cash Management Agreement or on such terms as are satisfactory to the Issuer and the Issuer Security Trustee, and the Issuer Cash Manager shall not be released from its obligations under the relevant provisions of the Issuer Cash Management Agreement until such substitute Issuer Cash Manager has entered into such new agreement and the rights of the Issuer under such agreement are assigned in favour of the Issuer Security Trustee on terms satisfactory to the Issuer Security Trustee.

The Issuer Cash Management Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

The Issuer Account Bank Agreement

Pursuant to the Issuer Account Bank Agreement entered into between the Issuer, the Issuer Security Trustee, the Issuer Cash Manager and the Issuer Account Bank, the Issuer Account Bank will maintain the Issuer Transaction Account and any Issuer Liquidity Facility Standby Account or any Issuer Debt Service Reserve Account opened with the Issuer Account Bank pursuant to the terms of

any Liquidity Facility Agreement (together, the **"Issuer Accounts"**), all such accounts in the name of the Issuer, but subject to the control of the Issuer Security Trustee.

If the Issuer Account Bank ceases to be rated at least the Minimum Short Term Rating then the Issuer will be required to arrange for the transfer of such accounts to a bank willing to accept its appointment as account bank on terms which, following the appointment of such account bank, would not result in a downgrade of the then credit rating of any Bonds in issue (from at least two Rating Agencies).

The Issuer Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Liquidity Facility Agreement

The Issuer and the Company may enter into one or more Liquidity Facility Agreements, including the Initial Liquidity Facilities Agreement which the Issuer and the Company entered into on 27 September 2024, as amended and restated on 26 September 2025, which when taken together with any amounts standing to the credit of the Debt Service Reserve Account will be equal to the Liquidity Required Amount.

The terms of any such Liquidity Facility Agreement, including the Initial Liquidity Facilities Agreement, will follow the terms of such liquidity facilities of this nature having regard to the then requirements of the Rating Agencies. The terms of the Initial Liquidity Facilities Agreement include, and the terms of any other Liquidity Facility Agreement are likely to include:

(a) an ability to renew the facility at the end of its initial term and a right to make a Standby Drawing if such facility is not renewed or replaced;

(b) an ability to redraw amounts drawn by the Issuer and/or the Company once repaid to the Liquidity Facility Provider; and

(c) a minimum long term rating requirement in respect of the Liquidity Facility Providers and an ability to make a Standby Drawing if the rating of a Liquidity Facility Provider falls below the minimum long term rating requirement and such Liquidity Facility Provider is not replaced.

For further details of the terms of the liquidity facility available to the Issuer under the Initial Liquidity Facilities Agreement, see the section entitled "*Summary of the Finance and Hedging Documents – Initial Liquidity Facilities Agreement*".

Deferred Purchase Arrangements

Under the Issuer Transaction Documents the Issuer may issue Deferred Purchase Bonds and Deferred Settlement Bonds.

In respect of Deferred Purchase Bonds, the Issuer will enter into a Deferred Bond Purchase Agreement pursuant to which Deferred Bond Purchaser(s) will agree to purchase Deferred Purchase Bonds from the Issuer, on the Investor Settlement Date(s) as specified in the relevant Deferred Bond Purchase Agreement at the relevant bond purchase price specified therein. In connection therewith, the Issuer may enter in a Bond Custody Agreement pursuant to which the Bond Custodian will hold the Deferred Purchase Bonds on the Issuer's behalf pending sale of the Deferred Purchase Bonds to the Deferred Bond Purchaser(s).

The Issuer has entered into Deferred Bond Purchase Agreements with a number of institutional investors in respect of various Series of Deferred Purchase Bonds.

If the Issuer issues Deferred Settlement Bonds, it will enter into a Deferred Settlement Agreement pursuant to which Deferred Settlement Purchaser(s) will agree to subscribe for Deferred Settlement Bonds, on the Investor Settlement Date(s) as specified in the Deferred Settlement Agreement at the relevant bond purchase price specified therein.

SUSTAINABLE FINANCE FRAMEWORK

The below is intended as a summary of the Sustainable Finance Framework (as defined below) only. None of the Issuer, the Lead Manager, the Dealers or any of the parties to the transaction or any of their respective affiliates assumes any obligation or responsibility to release any update or revision to the Sustainable Finance Framework to reflect events or circumstances after the date of publication of the Sustainable Finance Framework. The Sustainable Finance Framework may be amended, supplemented or updated from time to time without the consent of the Bondholders and investors should refer to the Sustainable Finance Framework in full, as published at https://www.tideway.london.

In connection with the issuance of Green Bonds (including where such Bonds are labelled as "Blue Bonds") under the Programme, the Company has published a sustainable finance framework which follows the Green Bond Principles published by the Executive Committee of the Green Bond Principles with the support of the International Capital Markets Association (ICMA) (the **"Sustainable Finance Framework"**). The Sustainable Finance Framework is not incorporated in, and does not form part of, this Prospectus. The Sustainable Finance Framework is also aligned with the Loan Market Association Green Loan Principles and with the Loan Market Association Sustainability Linked Loan Principles. The Green Bonds constitute Secured Green Standard Bonds as defined in Appendix I of the ICMA Green Bond Principles.

Management of Proceeds

The net proceeds arising from each issue of Green Bonds will be appropriately managed by the Company's Treasury team in accordance with the Company's investment management policy and the Sustainable Finance Framework. Funds from the net proceeds are disbursed to pay for Allowable Project Spend, as defined in the Licence, which is the cumulative expenditure incurred with the Thames Tideway Tunnel and that will constitute the regulatory capital value or to refinance Green Bonds previously disbursed to pay for Allowable Project Spend.

Proceeds applied to the finance or refinance of the Allowable Project Spend have a benefit for the natural environment and fall within eligible categories, which include (but are not limited to) (i) 'pollution prevention and control' and (ii) 'sustainable water and wastewater management', as published by the ICMA in 2023.

Reporting in respect of Green Bonds

Allocation Reporting will be provided to investors within one year from the date of a Green Bond issuance until full allocation of proceeds. The proceeds will be allocated to finance or refinance Allowable Project Spend and will be drawn to fund the design and construction of the tunnel. Reporting on such allocation of proceeds will be contained within Tideway's annual Sustainable Finance Report.

Impact reporting will cover the construction and acceptance and the operational phases of the project. The Company will report at least annually as part of integrated reporting or in a separate report that will be published on its website.

External Review

The Issuer has appointed S&P Global Ratings to issue a green second party opinion (the **"Green Second Party Opinion"**) of the Green Bonds issued under the Programme and may from time to time appoint other consultants and/or institutions with recognised expertise for this purpose. The purpose of the S&P Green Second Party Opinion is to provide investors with an independent, point-in-time analysis of a sustainable finance instrument, program, or framework, backed by S&P Global Ratings' Shades of Green approach. The Green Second Party Opinion is not a recommendation to buy, sell or hold the Green Bonds. None of the Green Second Party Opinion or any other opinion, report or certification from any other consultant or institution is, nor shall it be deemed to be, incorporated in, or form part of, this Prospectus.

The Green Second Opinion was updated in June 2025 and confirmed as Dark Green; it has been published at: https://www.spratings.com.

Green Bonds and Blue Bonds

The International Capital Market Association (ICMA) Green Bond Principles state that Blue Bonds are also Green Bonds as long as they align with the four Core Components of the Green Bond Principles. The Company's assets and activities fall into the Green Bond Principles use of proceeds for 'pollution prevention and control' and ‘sustainable water and wastewater management'. ICMA's "A Practitioner’s Guide – Bonds to Finance the Sustainable Blue Economy" 2023 require that wastewater management projects must be within 100 km of the coast, which is the case of the TTT.

USE OF PROCEEDS

The net proceeds from each issue of Bonds under the Programme (or, in the case of Deferred Purchase Bonds, the net proceeds of the sale of these Bonds to third parties) will be on-lent to the Company under the terms of the IBLAs by way of Advances.

The Company will apply the proceeds of the Advances under the relevant IBLA:

(a) to finance the design, construction, management, maintenance and other expenditure (including fees and incidental costs and expenses) in relation to the TTT;

(b) to refinance any existing or future indebtedness relating to the TTT;

(c) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the above; and

(d) for general corporate purposes of the Holdco Group.

Green Bonds and Blue Bonds

Where Bonds are designated as "Green Bonds" or "Blue Bonds" in the applicable Final Terms, (each such Bonds being **"Green Bonds"**), the Company will apply the proceeds of the Advances under the relevant IBLA to finance or refinance Allowable Project Spend. Allowable Project Spend is the cumulative expenditure incurred in connection with the TTT and is used to calculate the RCV. Allowable Project Spend is certified by the Independent Technical Assessor and reported by the Company on at least an annual basis until System Acceptance. Pending the use of the net proceeds to finance or refinance Allowable Project Spend, the Company shall maintain net proceeds in cash or Cash Equivalent Investments (as permitted under the CTA). The Issuer is expected to issue reports on the application of the proceeds of the Green Bonds to finance or refinance Allowable Project Spend as part of its on-going reporting.

Deferred Purchase Bonds

In relation to the Deferred Purchase Bonds, prior to the proceeds being on-lent by the Issuer pursuant to the IBLA the Deferred Purchase Bonds will be held in custody by the Bond Custodian (for and on behalf of the Issuer).

TERMS AND CONDITIONS

References herein to the Bonds shall be references to the Bonds of a Series or Tranche and shall mean:

(a) in relation to a Global Bond, units of each Specified Denomination in the Specified Currency;

(b) any Global Bond;

(c) any Definitive Bonds issued in exchange for a Global Bond in bearer form; and

(d) Registered Bonds (whether or not issued in definitive form and whether or not in exchange for a Global Bond in registered form).

Bazalgette Finance plc (the **"Issuer"**) has established a Bond programme (the **"Programme"**) for the issuance of bonds (the **"Bonds"**). Bonds issued under the Programme which have identical terms in all respects (other than their respective Issue Dates, Interest Commencement Dates, Indexation Commencement Dates and/or Issue Price) comprise a Tranche of the Bonds (each, a **"Tranche"**). Any Tranche of Bonds issued under the Programme together with any further Tranches of Bonds which are (i) expressed to be consolidated and form a single series and are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, Indexation Commencement Dates and/or Issue Prices shall form a (**"Series"**). The aggregate nominal amount from time to time outstanding of Tranches of the Bonds shall not exceed the Programme Limit.

Each Series of Bonds may be denominated in different currencies or have different interest rates, maturity dates or other terms. Each Series of the Bonds may be fixed rate (**"Fixed Rate Bonds"**), floating rate (**"Floating Rate Bonds"**) or index-linked (**"Index-linked Bonds"**) depending on the method of calculating interest payable in respect of such Bonds and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law or regulation.

The terms and conditions applicable to the Bonds are these terms and conditions (the **"Conditions"**) as may be (a) completed by Part A of a set of final terms in relation to each Tranche of the Bonds (**"Final Terms"**) or (b) modified and completed as set out in a prospectus relating to a Tranche of Bonds (the portions of such prospectus modifying and completing these terms and conditions being referred to as a **"Drawdown Prospectus"**). In the event of any inconsistency between these Conditions and the relevant Final Terms or the Drawdown Prospectus, as the case may be, the relevant Final Terms or Drawdown Prospectus shall prevail.

The Bonds will be constituted by a bond trust deed dated the Establishment Date as amended, supplemented, restated and/or novated from time to time (the **"Bond Trust Deed"**), between the Issuer and Deutsche Trustee Company Limited as trustee for the Bondholders (the **"Bond Trustee"**, which expression includes the trustee or trustees for the time being of the Bond Trust Deed).

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented, restated and/or novated from time to time, the **"Agency Agreement"**) dated the Establishment Date (to which, among others, the Issuer, the Bond Trustee, the Principal Paying Agent and the other Paying Agents or the Transfer Agent and the Registrar are party). As used herein, each of **"Principal Paying Agent"**, **"Paying Agents"**, **"Agent Bank"**, **"Transfer Agent"** and/or **"Registrar"** means, in relation to the Bonds, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agent and/or Registrar, respectively, and, in each case, any successor to such person in such capacity and any additional persons appointed in such capacity under the Agency Agreement. The Bonds may also have the benefit (to the extent applicable) with respect to Floating Rate Bonds and Index-linked Bonds of a calculation agency agreement in respect of the Bonds (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. **"Agents"** shall mean the Principal Paying Agent, the Paying Agents, the Transfer Agent, the Registrar, the Agent Bank and any Calculation Agent.

On the Establishment Date, the Issuer entered into a deed of charge (the **"Issuer Deed of Charge"**) with Deutsche Trustee Company Limited (in this capacity the **"Issuer Security Trustee"**) as security trustee, pursuant to which the Issuer grants certain fixed and floating charge security (the **"Issuer Security"**) to the Issuer Security Trustee for itself and the other Issuer Secured Creditors.

The Issuer has entered into a dealership agreement (as amended or amended and restated from time to time, the **"Dealership Agreement"**) with the dealers party thereto from time to time, (the **"Dealers"**) in respect of the Programme, pursuant to which any of the Dealers may enter into subscription agreements (each a **"Subscription Agreement"**) in relation to each Tranche of Bonds issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Bonds. In any Subscription Agreement relating to a Tranche of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Tranche of Bonds.

The Issuer may enter into Liquidity Facility Agreements (with certain initial Liquidity Facility Providers) pursuant to which the Liquidity Facility Providers agree to make certain facilities available to the Issuer.

The Issuer may enter into Deferred Bond Purchase Agreements prior to the delivery of the Deferred Purchase Bonds. Such Deferred Purchase Bonds will be held by a custodian pursuant to a custody agreement. The Issuer may also enter into Deferred Settlement Agreements.

The Issuer may enter into certain currency, Index-linked and interest rate hedging agreements (together, the **"Issuer Hedging Agreements"**) with certain hedge counterparties (together, the **"Issuer Hedge Counterparties"**) in respect of certain Tranches of Bonds.

On 24 August 2015, the Issuer entered into a common terms agreement with amongst others, the Obligors and the Obligor Secured Creditors (as amended or amended and restated from time to time, the **"CTA"**) and a security trust and intercreditor deed between amongst others, the Obligors and the other Obligor Secured Creditors (as amended or amended and restated from time to time, the **"STID"**).

The Bond Trust Deed, the Bonds (including the applicable Final Terms or Drawdown Prospectus), the Issuer Deed of Charge, the Agency Agreement, any Liquidity Facility Agreements with the Issuer, any Issuer Hedging Agreements, each IBLA, any Deferred Bond Purchase Agreement, any Deferred Settlement Agreement, the STID, the CTA, the Issuer Cash Management Agreement, the master definitions agreement between, among others, the Issuer and the Company dated 24 August 2015 and acceded to by, amongst others, the Bond Trustee on the Establishment Date, as amended from time to time (the **"Master Definitions Agreement"** or **"MDA"**), 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, any Issuer Corporate Services Agreement and any other document designated as such by the Bond Trustee and the Issuer are, in relation to the Bonds, together referred to as the **"Issuer Transaction Documents"**.

In these Conditions, words denoting the singular number only shall include the plural number also and *vice versa*. Capitalised terms not otherwise defined in these Conditions and in Condition 21 (*Definitions*) shall bear the meanings given to them in the MDA and these Conditions shall be construed in accordance with the principles of construction set out in the MDA provided however that for the purposes of these Conditions all references to **"Finco"** and **"Borrower"** in the MDA shall be construed as references to the **"Issuer"** and the **"Company"** respectively.

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 Drawdown Prospectus or in the Bond Trust Deed, the STID, the CTA or the Issuer Deed of Charge. Copies of the Bond Trust Deed, the STID, the CTA, the MDA and the Issuer Deed of Charge 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 Agent and the Registrar (in the case of Registered Bonds) and the offices of the Issuer (see section entitled "*Listing and General Information*").

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the Issuer Deed of Charge, the STID, the CTA and the relevant Final Terms or Drawdown Prospectus and to have notice of those provisions of the Agency Agreement and the other Issuer Transaction Documents applicable to them. In the event of any inconsistency between these Conditions and the terms set out in the STID, the Issuer Deed of Charge and the CTA, the terms of the STID, the Issuer Deed of Charge or the CTA (as the case may be) shall prevail.

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.

1. Form, Denomination and Title

1.1 Form and Denomination

1.1.1 The Bonds are in bearer form (**"Bearer Bonds"**) or in registered form (**"Registered Bonds"**) as specified in the applicable Final Terms or Drawdown Prospectus and, in the case of Definitive Bonds, serially numbered, in the minimum denomination of €100,000, or not less than the equivalent of €100,000 in the currency of denomination of the Bonds as at the date of issue of the relevant Bonds (or such other amount required by applicable law from time to time as stated in the applicable Final Terms or Drawdown Prospectus) and 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 or Drawdown Prospectus. 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.

1.1.2 So long as the Bonds are represented by a Global Bond and the relevant clearing system(s) so permit, the Bonds shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

1.1.3 The Bonds may be Fixed Rate Bonds, Floating Rate Bonds or Index-linked Bonds, as specified in the applicable Final Terms or Drawdown Prospectus.

1.1.4 Bearer Bonds are issued with Coupons (and, where appropriate, a Talon) 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 (and, where appropriate, a Talon) attached thereto.

1.2 Title

1.2.1 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.

1.2.2 In these Conditions, subject as provided below, each reference to Bondholder (in relation to a Bond, Coupon, Receipt or Talon), holder and Holder means (a) in relation to a Bearer Bond, the bearer of any Bearer Bond, Coupon, Receipt or Talon (as the case may be) and (b) in relation to a Registered Bond, the person in whose name a Registered Bond is registered in the Register, as the case may be. Unless the context otherwise requires, the expressions Bondholder, holder and Holder include the holders of instalment receipts (**"Receipts"**) appertaining to the payment of principal by instalments (if any) attached to such Bearer Bonds (the **"Receiptholders"**), the holders of the coupons (**"Coupons"**) (if any) appertaining to Bearer Bonds (the **"Couponholders"**), and the expression Couponholders or Receiptholders includes the holders of talons (**"Talons"**) in relation to Coupons or Receipts as applicable.

1.2.3 The Holder of any Bond, Coupon, Receipt or Talon 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 in respect thereof) and no person will be liable for so treating the holder.

1.2.4 Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. References to 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 Drawdown Prospectus.

1.3 **Further Bonds**

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 Bonds of a Tranche in all respects (or in all respects except for the first payment of interest, issue date and/or issue price). Accordingly, a Series of Bonds may comprise a number of Tranches in addition to the initial Tranche. Such further Tranches of the same Series of Bonds will be consolidated and form a single Series with the prior Tranches.

2. **Exchanges of Bearer Bonds for Registered Bonds and Transfers of Registered Bonds**

2.1 **Exchange of Bonds**

Subject to Condition 2.5 (*Closed Periods*), Bearer Bonds may, if **"Exchangeable Bearer Bonds"** is specified in the relevant Final Terms or Drawdown Prospectus, be exchanged at the expense of the transferor Bondholder for the same aggregate principal amount of Registered Bonds at the request in writing of the relevant Bondholder and upon surrender of the Bearer Bond to be exchanged together with all unmatured Coupons, Receipts and Talons (if any) relating to it at the specified office of the Registrar or any Transfer Agent or Paying Agent. Where, however, a Bearer Bond is surrendered for exchange after the Record Date for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Bonds may not be exchanged for Bearer Bonds.

2.2 **Transfer of Registered Bonds**

Subject to Condition 2.5 (*Closed Periods*), a Registered Definitive Bond may be transferred upon the surrender of the relevant Registered Definitive Bond, 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 Definitive Bond may not be transferred unless (a) the principal amount of Registered Definitive Bonds proposed to be transferred and (b) the principal amount of the balance of Registered Definitive 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 Definitive Bonds represented by a Registered Definitive Bond, a new Registered Definitive Bond 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.

2.3 **Delivery of New Registered Definitive Bonds**

Each new Registered Definitive Bond to be issued upon exchange of Bearer Bonds or transfer of Registered Definitive 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 Registered Definitive Bond 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 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 following the due date for such payment.

2.4 **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 by the Bondholder of (or the giving of such indemnity by the Bondholder as the Issuer, Transfer Agent or the Registrar may require in respect of) any Tax which may be imposed in relation to it.

2.5 **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, or Redemption Amount on that Bond.

2.6 **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

3.1 **Status of the Bonds**

The Bonds, Coupons, Talons and Receipts (if any) are direct and (subject to Condition 19 (*Limited Recourse*)) unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security, Priority and Relationship with the Issuer Secured Creditors*) and rank *pari passu* without any preference or priority among themselves.

4. Security, Priority and Relationship with the Issuer Secured Creditors

4.1 **Security**

4.1.1 As continuing security for the payment or discharge of the Issuer Secured Liabilities (including all moneys payable in respect of the Bonds, Coupons and Receipts and otherwise under the Bond Trust Deed, the Issuer Deed of Charge (including the remuneration, expenses and other claims of the Bond Trustee, the Issuer Security Trustee and any Receiver appointed under the Issuer Deed of Charge)), the Issuer has entered into the Issuer Deed of Charge to create as far as permitted by and subject to compliance with any applicable law, the following security (among other things), in favour of the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors:

(a) an assignment by the Issuer by way of a first fixed security of its right, title, interest and benefit, present and future, in, to and under the Issuer Charged Documents;

(b) a first fixed charge over the Issuer Accounts (other than any Issuer Refinancing Escrow Accounts and any custody account in which the Deferred Purchase Bonds are held on behalf of the Issuer), and amounts standing to the credit of the Issuer Accounts and charges over investments;

(c) a first fixed charge over all the rights of the Issuer in respect of all investments in Cash Equivalent Investments of the Issuer; and

(d) a first floating charge over all the Issuer's assets, including, without limitation, the Issuer's uncalled capital other than the Deferred Purchase Bonds, the Bond Custody Agreement and any custody account in which the Deferred Purchase Bonds are held on behalf of the Issuer and any

assets at the time otherwise effectively charged or assigned by way of the first fixed charge or assignment above,

all as more particularly set out in the Issuer Deed of Charge (such security interests being the **"Issuer Security"**).

4.1.2 All Bonds issued by the Issuer under the Programme will share in the Issuer Security, upon and subject to the terms of the Issuer Deed of Charge.

4.2 **Relationship among Bondholders and with other Issuer Secured Creditors**

4.2.1 The Bondholders from time to time are Issuer Secured Creditors. The Bond Trustee is an Issuer Secured Creditor on its own behalf and on behalf of the Bondholders from time to time.

4.2.2 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*)).

4.3 **Enforceable Security**

In the event of the Issuer Security becoming enforceable as provided in the Issuer Deed of Charge, the Issuer Security Trustee shall, if instructed by the Qualifying Issuer Creditors (other than the Deferred Purchasers and/or the Issuer) (in accordance with the terms of the Issuer Deed of Charge) 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 Issuer Secured Creditor, provided that the Issuer Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured and/or prefunded to its satisfaction.

4.4 **Application After Enforcement**

After enforcement of the Issuer Security, the Issuer Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts (other than amounts standing to the credit of (i) the Issuer Liquidity Facility Standby Accounts, which are to be paid directly and only to the relevant Liquidity Facility Provider(s) in accordance with the relevant Liquidity Facility Agreement; and/or (ii) the Issuer Refinancing Escrow Accounts which are to be paid directly and only to the relevant provider of finance for such refinancing or of any Issuer Secured Creditor whose financing is being repaid, or otherwise) and proceeds of the enforcement of the Issuer Security to make payments in accordance with the Issuer Post-Acceleration Priority of Payments (provided no Discontinuation has occurred, in which case payments will be made in accordance with the Issuer Post-Discontinuation Priority of Payments) (as set out in the Issuer Deed of Charge).

4.5 **The Issuer Security Trustee not liable for security**

The Issuer Security Trustee will not make, and will not be liable for any failure to make, any investigations 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 Issuer Security 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 Issuer Security Trustee shall have no responsibility for the value of any such Issuer Security.

5. **The Issuer Covenants**

The Issuer has agreed to comply with the covenants as set out in the Bond Trust Deed.

6. Interest and other Calculations

6.1 Interest Rate and Accrual

6.1.1 Each Bond bears interest on its Principal Amount Outstanding from the Interest Commencement Date at the Interest Rate, such interest being payable in arrear (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) on each Bond Interest Payment Date.

6.1.2 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.

6.1.3 If any maximum rate of interest or minimum rate of interest is specified in the relevant Final Terms or Drawdown Prospectus, 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.

6.2 Business Day Convention

If any date referred to in these Conditions or the relevant Final Terms or Drawdown Prospectus 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, then if the business day convention specified in the relevant Final Terms or Drawdown Prospectus is:

(a) the **"Following Business Day Convention"**, such date shall be postponed to the next day which is a Business Day;

(b) 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

(c) the **"Preceding Business Day Convention"**, such date shall be brought forward to the immediately preceding Business Day.

6.3 Floating Rate Bonds

6.3.1 *Provisions for Floating Rate Bonds:* This Condition 6.3 is applicable only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Floating Rate Bonds.

6.3.2 *Screen Rate Determination:* If "Screen Rate Determination" is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, and "LIBOR" or "EURIBOR" is specified as the Relevant Rate, the Interest Rate applicable to the Bonds for each Bond Interest Period will be determined by the Calculation Agent on the following basis:

(a) if the Page displays a rate which is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Relevant Rate as the rate which appears on the Page as of the Relevant Time on the relevant Interest Determination Date;

(b) subject as provided in paragraph (c) below, in any other case, the Calculation Agent will determine the arithmetic mean of the Relevant Rates which appear on the Page as of the Relevant Time on the relevant Interest Determination Date provided that, if five or more offered quotations are available on the relevant Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the

arithmetic mean (rounded in accordance with Condition 6.6 (*Rounding*) of the offered quotations);

(c) if, in the case of (a) above, such rate does not appear on that Page or, in the case of (b) above, fewer than two such rates appear on that Page or if, in either case, the Page is unavailable, the Calculation Agent will:

(i) request the principal Relevant Financial Centre office of each of the Issuer Reference Banks to provide a quotation of the Relevant Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre interbank market (or, if appropriate, money market) in an amount that is representative for a single transaction in that market at that time; and

(ii) subject as provided in paragraph (d) below, determine the arithmetic mean of such quotations; and

(d) if fewer than two such quotations are provided as requested in Condition 6.3.2(c), the Calculation Agent will determine the arithmetic mean of the rates (being the rates nearest to the Relevant Rate as determined by the Calculation Agent) quoted by the Issuer Reference Banks at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the relevant Interest Determination Date for loans in the Relevant Currency to leading European banks, for a period equal to the relevant Bond Interest Period and in the Representative Amount,

and the Interest Rate for such Bond Interest Period shall be the sum of the rate or (as the case may be) the arithmetic mean so determined and the Margin. However, if the Calculation Agent 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 Bond Interest Period, the Interest Rate applicable to the Bonds during such Bond 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 Bond Interest Period.

6.3.3 *ISDA Determination:* If **"ISDA Determination"** is specified in the relevant Final Terms or Drawdown Prospectus as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Bonds for each Bond Interest Period will be the sum of the ISDA Rate and the Margin where **"ISDA Rate"** in relation to any Bond Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent and notified to the Agent Bank under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms or Drawdown Prospectus;

(b) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration; and

(c) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on LIBOR, the first day of that Bond Interest Period, (2) if the relevant Floating Rate Option is based on EURIBOR, the first day of that Bond Interest Period or (3) in any other case, as specified in the relevant Final Terms or Drawdown Prospectus.

6.3.4 *Benchmark Discontinuation*: Notwithstanding the provisions of Condition 6.3.2 and other than in the case of a U.S. dollar-denominated floating rate Bond for which the Relevant Rate is specified in the relevant Final Terms or Drawdown Prospectus as being "SOFR", if the Issuer determines that a Benchmark Event has occurred

when any Interest Rate (or the relevant component part thereof) remains to be determined by such Relevant Rate (the **"Original Relevant Rate"**), then the following provisions of this Condition 6.3.4 shall apply:

(a) the Issuer shall notify the Calculation Agent and use reasonable endeavours to select and appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **"Determination Cut-off Date"**), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Relevant Rate (as defined below) for purposes of determining the Interest Rate (or the relevant component part thereof) applicable to the Bonds;

(b) if the Issuer is unable to select and appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Relevant Rate prior to the Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Relevant Rate;

(c) if a Successor Rate or, failing which, an Alternative Relevant Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Relevant Rate (as applicable) shall be the Relevant Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6.3.4); **provided, however, that** if sub-paragraph (b) above applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Relevant Rate prior to the relevant Interest Determination Date, the Interest Rate applicable to the next succeeding Interest Period shall be equal to the Interest Rate last determined in relation to the Bonds in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Interest Rate) (subject, where applicable, to substituting where a different Margin or maximum rate of interest or minimum rate of interest is to be applied to the relevant Interest Period from that which applied to the preceding Interest Period, the Margin or maximum rate of interest or minimum rate of interest relating to the relevant Interest Period in place of the Margin or maximum rate of interest or minimum rate of interest relating to that preceding Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (c) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6.3.4;

(d) if the Independent Adviser or the Issuer (as applicable) determines a Successor Rate or, failing which, an Alternative Relevant Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may (acting in good faith and in a commercially reasonable manner) also specify changes to these Conditions, the Bond Trust Deed and the Agency Agreement, including but not limited to the Day Count Fraction, relevant Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Relevant Rate applicable to the Bonds, and the method for determining the fallback rate in relation to the Bonds, which are necessary in order to ensure the proper operation of such Successor Rate or the Alternative Relevant Rate (as applicable), which changes shall apply to the Bonds for all future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6.3.4). If the

Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Relevant Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Relevant Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Relevant Rate (as applicable) will apply without an Adjustment Spread (each of the changes described above, a **"Benchmark Amendment"** and together, the **"Benchmark Amendments"**). For the avoidance of doubt, the Bond Trustee and the Agents shall, at the request and expense of the Issuer, without any requirement for the consent or approval of the Bondholders but subject to receipt by the Bond Trustee and the Agents of a certificate signed by an authorised signatory of the Issuer pursuant to sub-paragraph (e) below, concur with the Issuer in effecting any Benchmark Amendments to the Bond Trust Deed, the Agency Agreement and these Conditions as the Issuer determines and certifies to the Bond Trustee may be required in order to give effect to this Condition 6.3.4 (regardless of whether or not giving effect to such Benchmark Amendments would constitute a Basic Terms Modification) **provided, however, that** neither the Bond Trustee nor any Agent (as applicable) shall be obliged to concur if, in the sole opinion of the Bond Trustee or the Agents (as applicable), doing so would (i) expose the Bond Trustee and/or the Agents (as applicable) to any additional liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend its rights and/or the protective provisions afforded to it in the Bond Trust Deed and/or these Conditions and/or the Agency Agreement (as applicable) (including, for the avoidance of doubt, any supplemental trust deed or agency agreement) in any way. For the avoidance of doubt, none of the Bond Trustee, the Agents or the Calculation Agent will be responsible for determining whether or not a Benchmark Event has occurred; and

(e) the Issuer shall promptly, but in any event no later than the Determination Cut- Off Date, following the determination of any Successor Rate or Alternative Relevant Rate (as applicable) or Adjustment Spread, give notice thereof and of any changes pursuant to sub-paragraph (d) above to the Bond Trustee, the Agents and the Bondholders, which shall specify the effective date(s) for such Successor Rate or Alternative Relevant Rate or Adjustment Spread (as applicable) and any Benchmark Amendments necessary to be made to these Conditions, the Bond Trust Deed and/or the Agency Agreement. No later than notifying the Bond Trustee and the Agents of the same, the Issuer shall deliver to the Bond Trustee and the Agents a certificate signed by an authorised signatory of the Issuer confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or Alternative Relevant Rate (as applicable), (iii) where applicable, any Adjustment Spread and (iv) where applicable, the terms of any changes pursuant to sub-paragraph (d) above and certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Relevant Rate and/or any Adjustment Spread.

The Bond Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence

thereof. The Successor Rate or Alternative Relevant Rate and (in either case) the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Relevant Rate and (in either case) the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Bond Trustee's or the Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the Agents and the Bondholders. Notwithstanding any provision of the Conditions, if in an Agent's sole opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation provided for by the terms of a Benchmark Amendment, the relevant Agent shall promptly notify the Issuer thereof and the Issuer shall, following consultation with the Independent Adviser (if one has been appointed) to the extent reasonably practicable in the circumstances, direct the relevant Agent in writing as to which alternative course of action to adopt. If the relevant Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the relevant Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

For the purposes of this Condition 6.3.4:

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines (acting in good faith and in a commercially reasonable manner) is required to be applied to the relevant Successor Rate or the relevant Alternative Relevant Rate (as applicable) in order 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 Relevant Rate with the Successor Rate or the Alternative Relevant Rate (as applicable) and is the spread, formula or methodology which:

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

(B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Relevant Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Relevant Rate where such rate has been replaced by the Successor Rate or the Alternative Relevant Rate (as applicable); or

(C) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"Alternative Relevant Rate" means the rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines in accordance with this Condition 6.3.4 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) in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or, if the Independent Adviser

or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Relevant Rate;

"Benchmark Event" means:

(A) the Original Relevant Rate has ceased to be published on the relevant Page as a result of such benchmark ceasing to be calculated or administered; or

(B) 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

(C) 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

(D) 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; or

(E) a public statement by the supervisor of the administrator of the relevant Original Relevant Rate that, in the view of such supervisor, such Relevant Rate is no longer representative of an underlying market; or

(F) it has become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Bondholder using the Original Relevant Rate.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense;

"Relevant Nominating Body" means, in respect of a reference rate or screen rate (as applicable):

(A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate or screen page (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or screen page (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate or screen rate (as applicable) relates,

(ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or screen rate (as applicable),

(iii) a group of the aforementioned central banks or other supervisory authorities, or

(iv) the International Swaps and Derivatives Association, Inc. or any part thereof; and

"Successor Rate" means the rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Relevant Rate which is formally recommended by any Relevant Nominating Body.

6.3.5 *SONIA*

(a) This Condition 6.3.5 is applicable to the Bonds only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Floating Rate Bonds and specify "SONIA" as the Relevant Rate.

(b) Where "SONIA" is specified as the Relevant Rate in the Final Terms or Drawdown Prospectus, the Interest Rate for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms or Drawdown Prospectus) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

(c) For the purposes of this Condition 6.3.5:

"Compounded Daily SONIA", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONI_{i-pLBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

"d" means the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period;

"d_0" means the number of London Banking Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation 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:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

"Interest Determination Date" means, in respect of any Interest Period, the date falling p London Banking Days prior to the Interest Payment Date

for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Bonds are due and payable).

"London Banking Day" or **"LBD"** means any day (excluding Saturday or Sunday) 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 or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"Observation Period" means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Bonds become due and payable);

"p" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or Drawdown Prospectus;

"SONIA Relevant Rate" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (**"SONIA"**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the relevant Page (or if the relevant Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"SONIA*i*" means the SONIA Relevant Rate for:

(A) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or

(B) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus; the relevant London Banking Day "i";

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Relevant Rate in respect of any London Banking Day. The SONIA Relevant Rate applied to a day that is not a London Banking Day will be taken by applying the SONIA Relevant Rate for the previous London Banking Day but without compounding.

(C) If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the SONIA Relevant Rate is not available on the relevant Page or has not otherwise been published by the relevant authorised distributors, such SONIA Relevant Rate shall:

(i) be the sum of (1) the Bank of England's Bank Rate (the **"Bank Rate"**) prevailing at close of business on the relevant London Banking Day; plus (2) the mean of the spread of the SONIA Relevant Rate to the Bank Rate over the previous five London Banking Days on which a

SONIA Relevant Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(ii) subject to Condition 6.3.4 (*Benchmark Discontinuation*), if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, be the SONIA Relevant Rate published on the relevant Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Relevant Rate was published on the relevant Page (or otherwise published by the relevant authorised distributors).

(D) Subject to Condition 6.3.4 (*Benchmark Discontinuation*), if the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 6.3.5, the Issuer shall give notice thereof to the Agents, the Bond Trustee and the Bondholders in accordance with Condition 17 (*Notices*) no later than the Determination Cut-off Date and the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or maximum rate of interest or minimum rate of interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or maximum rate of interest or minimum rate of interest relating to the relevant Interest Period, in place of the Margin or maximum rate of interest or minimum rate of interest relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the 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 Margin and any maximum rate of interest or minimum rate of interest applicable to the first Interest Period).

6.3.6 *SOFR*

(a) This Condition 6.3.6 is applicable to the Bonds only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Floating Rate Bonds and specify "SOFR" as the Relevant Rate.

(b) Where "SOFR" is specified as the Relevant Rate in the Final Terms or Drawdown Prospectus, the Interest Rate for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Final Terms or Drawdown Prospectus) the Margin, all as determined by the Calculation Agent.

(c) For the purposes of this Condition 6.3.6:

"Benchmark" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7(l).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily

SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions of Condition 6.3.6(d) below will apply.

"Business Day" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"Compounded SOFR" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula as determined by the Calculation Agent on each Interest Determination Date (and the resulting percentage will be rounded, if necessary, to the nearest one hundred- thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_{i-LBP}\times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

"d" is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period.

"d_0" is the number of U.S. Government Securities Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period.

"i" is a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period,

to and including the last US Government Securities Business Day in such period;

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense;

"Interest Determination Date" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Bonds are due and payable);

"ni" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day (**"i+1"**);

"Observation Period" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Bonds become due and payable);

"p" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or Drawdown Prospectus;

"SOFR" with respect to any U.S. Government Securities Business Day, means:

(a) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **"SOFR Determination Time"**); or

(b) if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, or any successor source; and

"SOFR*i*" means the SOFR for:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms or Drawdown Prospectus, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant U.S. Government Securities Business Day "i"; and

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(d) Notwithstanding any other provision to the contrary in these Conditions, if the Issuer or, at the Issuer's request, the Independent Adviser, determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below) have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Bonds in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time. If the Issuer exercises its right to make Benchmark Replacement Conforming Changes at any time, at the request and expense of the Issuer, but subject to receipt by the Bond Trustee and the Agents of a certificate signed by an authorised signatory of the Issuer pursuant to the below, the Bond Trustee, without any requirement for the consent or approval of the Bondholders, and the Agents shall concur with the Issuer in effecting any Benchmark Replacement Conforming Changes required to these Conditions, the Bond Trust Deed and/or the Agency Agreement (regardless of whether or not the effecting of such Benchmark Amendments constitute a Basic Terms Modification) and neither the Bond Trustee nor the Agents shall be liable to any party for any consequences thereof. Notwithstanding the above, neither the Bond Trustee nor any Agent shall be obliged so to concur if in its reasonable opinion doing so would have the effect of (i) exposing the Bond Trustee and/or the Agents (as applicable) to any additional liabilities against which it has not been indemnified and/or prefunded and/or secured to their satisfaction or (ii) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend the rights and/or protective provisions afforded to it in these Conditions, the Bond Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or agency agreement) in any way.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of 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:

(A) will be conclusive and binding absent manifest error;

(B) if made by the Issuer, will be made in the sole discretion of the Issuer;

(C) if made by the Independent Adviser, will be made after consultation with the Issuer, and the Independent Adviser will not make any such determination, decision or election to which the Issuer reasonably objects; and

(D) notwithstanding anything to the contrary in the documentation relating to the Bonds, shall become effective without consent from the holders of the Bonds or any other party.

"Benchmark" means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to

Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(A) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;

(B) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or

(C) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

(A) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(A) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," (a) the date of the public statement or publication of information referenced therein and (b) the date on

which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(B) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"Determination Cut-off Date" means, in respect of any Interest Period, the Business Day falling five Business Days prior to the Interest Determination Date for such Interest Period;

"ISDA Definitions" has the meaning given in Condition 21 (*Definitions*);

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR,

the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(e) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 6.3.6 will be notified promptly, but in any event no later than the Determination Cut-off Date for the relevant Interest Period, by the Issuer to the Bond Trustee, the Agents and, in accordance with Condition 17 (*Notices*), the Bondholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Bond Trustee and the Agents of the same, the Issuer shall deliver to the Bond Trustee and the Agents a certificate signed by an authorised signatory of the Issuer:

(A) confirming (x) that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 6.3.6; and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

The Bond Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Benchmark Replacement and the Benchmark Replacement Conforming Changes (if any) specified in such certificate will (in the absence of manifest error and without prejudice to the Bond Trustee's or the Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the Agents and the Bondholders.

(f) If the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 6.3.6, the Issuer shall give notice thereof to the Principal Paying Agent, the Calculation Agent, the Bond Trustee and the Bondholders in accordance with Condition 17 (*Notices*) no later than the Determination Cut- off Date and the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or maximum rate of interest or minimum rate of interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or maximum rate of interest or minimum rate of interest relating to the relevant Interest Period, in place of the Margin or maximum rate of interest or minimum rate of interest relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the 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 Margin and any maximum

rate of interest or minimum rate of interest applicable to the first Interest Period).

6.3.7 *€STR*

(a) This Condition 6.3.7 is applicable to the Bonds only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Floating Rate Bonds and specify "€STR" as the Relevant Rate.

(b) Where "€STR" is specified as the Relevant Rate in the Final Terms or Drawdown Prospectus, the Interest Rate for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the relevant Final Terms or Drawdown Prospectus) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

(c) For the purposes of this Condition 7(m):

"Compounded Daily €STR" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{€STR_i \times n_i}{D}\right)-1\right]\times\frac{D}{d}$$

where:

"d" means the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period;

"D" means the number specified as such in the relevant Final Terms or Drawdown Prospectus (or, if no such number is specified, 360);

"d_0" means the number of TARGET Settlement Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period;

the **"€STR reference rate**", in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate (**"€STR"**) for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the relevant Page or, if the relevant Page is unavailable, as otherwise published by such authorised distributors) on the TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or

determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"€STR*i*" means the €STR reference rate for:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant TARGET Settlement Day "i".

"i" is a series of whole numbers from one to "d_0", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms or Drawdown Prospectus, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such period;

"Interest Determination Date" means, in respect of any Interest Period, the date falling p Target Settlement Days prior to the Interest Payment Date for such Interest Period (or the date falling p Target Settlement Days prior to such earlier date, if any, on which the Bonds are due and payable).

"ni" for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Settlement Day "i" up to (but excluding) the following TARGET Settlement Day;

"Observation Period" means, in respect of any Interest Period, the period from (and including) the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Period (and the final Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "p" TARGET Settlement Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Bonds become due and payable;

"p" for any Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or Drawdown Prospectus; and

"Target Settlement Day" means a day on which the Trans-European Automated Real- time Gross Settlement Express Transfer (TARGET2) System, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

(d) Subject to Condition 6.3.4 (*Benchmark Discontinuation*), if, where any Interest Rate is to be calculated pursuant to this Condition 6.3.7, in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the relevant Page or has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR

reference rate for the first preceding TARGET Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

(e) Subject to Condition 6.3.4 (*Benchmark Discontinuation*), if the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 6.3.7, the Issuer shall give notice thereof to the Principal Paying Agent, the Calculation Agent, the Bond Trustee and the Bondholders in accordance with Condition 17 (*Notices*) no later than the Determination Cut-off Date and the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or maximum rate of interest or minimum rate of interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or maximum rate of interest or minimum rate of interest relating to the relevant Interest Period, in place of the Margin or maximum rate of interest or minimum rate of interest relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes 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 Margin and any maximum rate of interest or minimum rate of interest applicable to the first Interest Period).

6.3.8 *SONIA Compounded Index and SOFR Compounded Index*

Where "Index Determination" is specified in the Final Terms or Drawdown Prospectus as being applicable, the Interest Rate for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{Compounded\ Index\ End}{Compounded\ Index\ Start} - 1\right) \times \frac{Numerator}{d}$$

to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, as applicable, where:

"Compounded Index" shall mean either SONIA Compounded Index or SOFR Compounded Index, as specified in the Final Terms or Drawdown Prospectus;

"d" is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

"End" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or 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);

"Index Days" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"Numerator" means, in the case of the SONIA Compounded Index, 365 and, in the case of the SOFR Compounded Index, 360, or as otherwise specified in the Final Terms or Drawdown Prospectus;

"Relevant Decimal Place" shall, unless otherwise specified in the Final Terms or Drawdown Prospectus, be the fifth decimal place in the case of the SONIA

Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

"Relevant Number" is as specified in the applicable Final Terms or Drawdown Prospectus, but, unless otherwise specified, in the case of the SONIA Compounded Index shall be five and in the case of the SOFR Compounded Index shall be two;

"SOFR Compounded Index" means the Compounded Daily SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source;

"SONIA Compounded Index" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source; and

"Start" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

Provided that a Benchmark Event has not occurred in respect of the relevant Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Final Terms or Drawdown Prospectus and as if Compounded Daily SONIA or Compounded Daily SOFR (as defined in Condition 6.3.5 (*SONIA*) and Condition 6.3.6 (*SOFR*) respectively) had been specified instead in the Final Terms or Drawdown Prospectus and where "p" for the purposes of that definition in Condition 6.3.5 (*SONIA*) and Condition 6.3.6 (*SOFR*) respectively shall be deemed to be the same as the Relevant Number specified in the Final Terms or Drawdown Prospectus and where, in the case of Compounded Daily SONIA, the relevant Page will be determined by the Issuer. If a Benchmark Event has occurred in respect of the relevant Compounded Index, the provisions of Condition 6.3.4 (*Benchmark Discontinuation*) shall apply.

6.4 **Fixed Rate Bonds**

6.4.1 This Condition 6.4 is applicable only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Fixed Rate Bonds.

6.4.2 The Interest Rate applicable to the Bonds for each Bond Interest Period will be the Interest Rate specified in the relevant Final Terms or Drawdown Prospectus.

6.5 **Index-linked Bonds**

6.5.1 This Condition 6.5 is applicable only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Index-linked Bonds.

6.5.2 Payment of principal on, and the interest payable in respect of, the Bonds will be subject to the adjustment for indexation and to the extent set out in Condition 7.3 (*Application of the Index Ratio*).

6.5.3 The Interest Rate applicable to the Bonds for each Bond Interest Period will be the Interest Rate specified in the relevant Final Terms or Drawdown Prospectus.

6.6 **Rounding**

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

(a) 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);

(b) all figures (other than percentages) will be rounded to seven significant figures (with halves being rounded up); and

(c) 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.

6.7 **Calculations**

The amount of interest payable in respect of any Bond for each Bond Interest Period shall be calculated by applying the Interest Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Bond divided by the Calculation Amount and, in the case of Index-linked Bonds only, adjusted according to the indexation set out in Condition 7.3 (*Application of the Index Ratio*), unless a Bond Interest Amount is specified in respect of such period in the relevant Final Terms or Drawdown Prospectus, in which case the amount of interest payable in respect of such Bond for such Bond Interest Period will equal such Bond Interest Amount.

6.8 **Determination and Publication of Interest Rates, Bond 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 Calculation Agent may be required to calculate any Redemption Amount or the amount of an instalment of scheduled principal (an **"Instalment Amount"**), obtain any quote or make any determination or calculation, the Calculation Agent will determine the Interest Rate and calculate the amount of interest payable (the **"Bond Interest Amounts"**) in respect of each Specified Denomination of Bonds for the relevant Bond Interest Period (including, for the avoidance of doubt any applicable Index Ratio to be calculated in accordance with Condition 7.3 (*Application of the Index Ratio*)), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Bond Interest Amounts for each Bond Interest Period and the relevant Bond 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 relevant Stock Exchange as soon as possible after its determination but in no event later than (i) (in case of notification to the relevant Stock Exchange) the commencement of the relevant Bond Interest Period, if determined prior to such time, in the case of an Interest Rate and Bond Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Bond Interest Amounts and the Bond 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 Bond Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant 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 Bond Interest Amount so calculated need be made unless otherwise required by the Bond Trustee.

6.9 **Determination or Calculation by Bond Trustee**

If the Calculation Agent does not at any time for any reason determine any Interest Rate, Bond Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Bond Trustee shall (without liability to any person for so doing) determine such Interest Rate, Bond 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 (a) any minimum interest rate or maximum interest rate specified in the applicable Final Terms or Drawdown Prospectus; and (b) 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 each such determination or calculation shall be deemed to have been made by the Calculation Agent. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute) and any costs in relation thereto shall be met by the Issuer.

6.10 **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 Calculation Agent shall (in the absence of fraud, wilful default, 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 any Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

7. Indexation

This Condition 7 is applicable only if the relevant Final Terms or Drawdown Prospectus specify the Bonds as Index-linked Bonds.

7.1 **Definitions**

"affiliate" means in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls directly or indirectly, that person or any entity, directly or indirectly under common control with that person and for this purpose **"control"** means control as defined in the Companies Act 2006;

"Base Index Figure" means (subject to Condition 7.4(a) (*Change in base*)) (i) the base index figure as specified in the relevant Final Terms or Drawdown Prospectus, or, if none (ii) the Index Figure applicable to the Indexation Commencement Date;

"Calculation Date" means any date when a payment of interest or, as the case may be, principal falls due;

"Index" or **"Index Figure"** means, in relation to any month (subject as provided in Condition 7.4(b) (*Delay in publication of Index*) and Condition 7.4(a) (*Change in base*)), (i) if UK Retail Price Index is specified in the relevant Final Terms or Drawdown Prospectus, the UK Retail Price Index (**"UK RPI"**) (for all items) published in that month by the Office of National Statistics (January 1987 = 100) and appearing on its website (http://www.ons.gov.uk/) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Indexation Reference Gilt; or (ii) if UK Consumer Price Index is specified in the relevant Final Terms or Drawdown Prospectus, the UK Consumer Price Index (**"UK CPI"**) (for all items) published in that month by the Office of National Statistics (2015 = 100) and appearing on its website (http://www.ons.gov.uk/) or any comparable index which may replace the Consumer Price Index, for the purpose of calculating the amount payable on repayment of the Indexation Reference Gilt, or (iii) if UK

Consumer Price Index including owner occupiers' housing costs is specified in the relevant Final Terms or Drawdown Prospectus, the UK Consumer Price Index including owner occupiers' housing costs (**"UK CPIH"**) (for all items) published in that month by the Office of National Statistics (2015 = 100) and appearing on its website (http://www.ons.gov.uk/) or any comparable index which may replace the Consumer Price Index including owner occupiers' housing costs, for the purpose of calculating the amount payable on repayment of the Indexation Reference Gilt.

Where UK RPI is specified as the Index in the relevant Final Terms or Drawdown Prospectus, any reference to the "Index Figure applicable" to a particular Index Calculation Date shall, subject as provided in Condition 7.4 (*Changes in Circumstances Affecting the Index*) and 7.6 (*Cessation of or Fundamental Changes to the Index*), be calculated in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(\text{Day of Index Calculation Date} - 1)}{(\text{Days in month of Index Calculation Date})} (RPI_{m-2} - RPI_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

"IFA" means the Index Figure applicable to such Index Calculation Date;

"RPIm–3" means the Index Figure for the month that is three months prior to the month in which the Index Calculation Date falls; and

"RPIm–2" means the Index Figure for the month that is two months prior to the month in which the Index Calculation Date falls.

Where UK CPI is specified as the Index in the relevant Final Terms or Drawdown Prospectus, any reference to the "Index Figure applicable" to a particular Index Calculation Date shall, subject as provided in Condition 7.4 (*Changes in Circumstances Affecting the Index*) and 7.6 (*Cessation of or Fundamental Changes to the Index*), be calculated in accordance with the following formula:

$$IFA = CPI_{m-3} + \frac{(\text{Day of Index Calculation Date} - 1)}{(\text{Days in month of Index Calculation Date})} (CPI_{m-2} - CPI_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

"IFA" means the Index Figure applicable to such Index Calculation Date;

"CPI(m–3)" means the Index Figure for the month that is three months prior to the month in which the Index Calculation Date falls; and

"CPI(m–2)" means the Index Figure for the month that is two months prior to the month in which the Index Calculation Date falls.

Where UK CPIH is specified as the Index in the relevant Final Terms or Drawdown Prospectus, any reference to the "Index Figure applicable" to a particular Index Calculation Date shall, subject as provided in Condition 7.4 (*Changes in Circumstances Affecting the Index*) and 7.6 (*Cessation of or Fundamental Changes to the Index*), be calculated in accordance with the following formula:

$$IFA = CPIH_{m-3} + \frac{(\text{Day of Index Calculation Date} - 1)}{(\text{Days in month of Index Calculation Date})} (CPIH_{m-2} - CPIH_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

"IFA" means the Index Figure applicable to such Index Calculation Date;

"CPIH (m–3)" means the Index Figure for the month that is three months prior to the month in which the Index Calculation Date falls; and

"CPIH (m–2)" means the Index Figure for the month that is two months prior to the month in which the Index Calculation Date falls.

"Index Calculation Date" means any Calculation Date and (where the Base Index Figure is not specified in the Final Terms) the Indexation Commencement Date;

"Index Ratio" applicable to any Calculation Date means, (a) for any Calculation Date falling on or prior to the Indexation Commencement Date, 1; and (b) for any Calculation Date falling after the Indexation Commencement Date the Index Figure applicable to such Calculation Date divided by the Base Index Figure;

"Indexation Commencement Date" means the date specified as such in the relevant Final Terms or Drawdown Prospectus;

"Indexation Reference Gilt" means the UK government stock specified as such in the relevant Final Terms or Drawdown Prospectus, for so long as such stock is in issue and thereafter such issue of index-linked UK government stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Bond Trustee (an **"Indexation Adviser"**);

"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, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor, it shall be deemed to be equal to such Minimum Indexation Factor;

"Limited Indexation Month" means any month specified in the relevant Final Terms or Drawdown Prospectus for which a Limited Indexation Factor is to be calculated;

"Limited Index-linked Bonds" means Index-linked Bonds to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms or Drawdown Prospectus) applies;

"Maximum Indexation Factor" means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus; and

"Minimum Indexation Factor" means the indexation factor specified as such in the relevant Final Terms or Drawdown Prospectus.

7.2 **Determination of Base Index Figure**

In relation to the determination of the Base Index Figure (to the extent the Base Index Figure is not specified in the relevant Final Terms or Drawdown Prospectus), the Calculation Agent shall, at least 10 Business Days prior to the relevant Investor Settlement Date:

(a) determine the Index Figure applicable to the Indexation Commencement Date (which determination shall be conclusive and binding); and

(b) notify the Issuer and the Bond Trustee of the Base Index Figure (as contemplated in (a) above).

7.3 **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 Calculation Date for such payment or, in the case of Limited Index-linked Bonds, multiplied by the Limited Index Ratio applicable to the month in which such Calculation Date falls, in each case and rounded in accordance with Condition 6.6 (*Rounding*).

7.4 **Changes in Circumstances Affecting the Index**

(a) *Change in base*: If at any time and from time to time the Index is changed by the substitution of a new base for it, then with effect from the calendar month from and including that in which such substitution takes effect:

(i) the definition of **"Index"** and **"Index Figure"** in Condition 7.1 (*Definitions*) shall be deemed to refer to the new date, month and/or year (as applicable) in substitution for January 1987 (where UK RPI is specified as the Index in the relevant Final Terms or Drawdown Prospectus) or 2015 (where UK CPI or UK CPIH is specified as the Index in the relevant Final Terms or Drawdown Prospectus) (or, as the case may be, to such other date or month as may have been substituted for it); and

(ii) the definition of Base Index Figure in Condition 7.1 shall be amended to mean 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.

(b) *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 applicable for any date is not published on or before the fourteenth business day before the date on which any payment of interest or principal of the Bonds 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 or payments on the Indexation 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 on or before the seventh day before the date for payment, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 7.4(b)(1)) before such seventh day.

7.5 **Application of Changes**

Where the provisions of Condition 7.4(b) (*Delay in publication of Index*) apply, the determination by the Calculation Agent (acting on the advice of the Indexation Adviser) as to the Index Figure applicable to the month in which the Calculation Date falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7.4(b)(2), the Index Figure relating to the relevant month is subsequently published while a Bond is still outstanding, then:

(a) 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 7.4(b)(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

(b) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

7.6 **Cessation of or Fundamental Changes to the Index**

(a) If (1) the Bond Trustee has been notified by the Issuer or the Calculation Agent 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.

(b) 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.

(c) If any payment in respect of the Bonds is due to be made after the cessation or changes referred to in Condition 7.6(a) 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 7.4(a) (*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 7.4(b)(1) and the Bond Trustee (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 7.6 (*Cessation of or Fundamental Changes to the Index*), then:

(i) 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 Bond Interest Amount payable on the Bonds on the Bond 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 amount which would have been paid on the Bonds if such adjustment or substituted index had been in effect on that date; or

(ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(d) 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 the notification referred to in paragraph 7.6(a) above and binding upon the Issuer, the other Issuer Secured Creditors, the Bond Trustee and the Bondholders, and the Issuer shall give notice to the Bondholders in accordance with Condition 17 (*Notices*) of such amendments as promptly as practicable following such agreement.

8. Redemption, Purchase and Cancellation

8.1 Final Redemption

If the Bonds of a Tranche have not previously been redeemed in full, or purchased and cancelled, the Bonds of such Tranche will be finally redeemed at the then Principal Amount Outstanding (in the case of Index-linked Bonds as adjusted in accordance with Condition 7.3 (*Application of the Index Ratio*)) plus accrued but unpaid interest on the Final Maturity Date as specified in the relevant Final Terms or Drawdown Prospectus for such Tranche of Bonds.

8.2 Optional Redemption

8.2.1 Subject as provided below, and provided that there is no Bond Event of Default or Loan Event of Default or Potential Loan Event of Default then outstanding, upon giving not more than 60 nor less than 5 days' prior written notice (which notice shall be irrevocable) to the Bond Trustee, the Issuer Secured Creditors and the Bondholders, the Issuer may (prior to the Final Maturity Date applicable to a particular Tranche of Bonds) redeem any Tranche of Bonds in whole or in part (but on a *pro rata* basis only) on any date at their Redemption Amount, as follows:

(a) In respect of Fixed Rate Bonds denominated in sterling, the Redemption Amount will be an amount equal to the higher of (i) their Principal Amount Outstanding and (ii) the amount associated with the price determined by a financial adviser in London (selected by the Issuer and approved by the Bond Trustee) as being the price at which the Gross Redemption Yield on such Bonds on the Reference Date is equal to the sum of:

(1) the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt; and

(2) the number of basis points specified in the relevant Final Terms or Drawdown Prospectus,

together with, in either case, accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this Condition 8.2.1(a), **"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 and 16 March 2005 (and as further updated, supplemented, amended or replaced from time to time), page 5 or any replacement therefor and **"Reference Gilt"** means the UK government stock specified in the relevant Final Terms or Drawdown Prospectus, or if such security is no longer in issue or if no such security is specified, 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.

(b) In respect of Fixed Rate Bonds denominated in euro, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to the higher of (i) their Principal Amount Outstanding and (ii) the present value at the Reference Date of (A) their Principal Amount Outstanding plus (B) all required interest payments due on the Bonds (excluding accrued but unpaid interest to the date on which the Bonds are to be redeemed (the **"Redemption Date"**)), computed using a discount rate equal to sum of the Bund Rate as of the Reference Date and 50 basis points together with, in either case, accrued but unpaid interest to the Redemption Date.

For the purposes of this Condition 8.2.1(b), **"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 Drawdown Prospectus 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 Final Maturity 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 Final Maturity Date provided, however, that if the period from such Redemption Date to the Final Maturity 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 German Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; **"German Financial Adviser"** means a financial adviser in Frankfurt (selected by the Issuer and approved by the Bond Trustee); **"Reference German Bund Dealer"** means any dealer of German Bundesanleihe securities nominated by the German 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 German 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 German Financial Adviser by such Reference German Bund Dealer at or about 3:30 p.m. (Frankfurt, Germany time) on the Reference Date.

(c) In respect of Fixed Rate Bonds denominated in U.S. dollars, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be an amount equal to (1) the Principal Amount Outstanding of such Fixed Rate Bonds plus (2) the accrued but unpaid interest on the Principal Amount Outstanding, plus the greater of (i) one per cent. of the Principal Amount Outstanding and (ii) the excess of: (A) the present value as of the Reference Date of the redemption price of the Tranche of Bonds at the Final Maturity Date, plus all required interest

payments, that would otherwise be due to be paid on the Tranche of Bonds during the period between such Reference Date and the Final Maturity Date, excluding accrued but unpaid interest, computed using a discount rate equal to the sum of the Treasury Rate at such Reference Date and 50 basis points, over (B) the Principal Amount Outstanding on such Reference Date.

For the purposes of this Condition 8.2.1(c), **"Treasury Rate"** means, with respect to any Reference Date, (a) 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 Final Maturity 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 (b) 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 specified in the relevant Final Terms or Drawdown Prospectus or, if no such security is specified, selected by any Reference Treasury Dealer as having a maturity comparable to the remaining term of the Bonds from the Reference Date to the Final Maturity 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 Final Maturity Date;

"Comparable Treasury Price" means, with respect to any redemption date, if clause (b) 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 nominated 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 asked 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 5:00 p.m., New York City time, on the third Business Day immediately preceding such redemption date.

(d) In respect of Index-linked Bonds denominated in sterling, the Redemption Amount will (unless otherwise specified in the relevant Final Terms or Drawdown Prospectus) be the higher of (i) the Principal Amount

Outstanding and (ii) the amount associated with the price determined (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 is equal to the sum of:

(1) the Gross Real Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt edged market, (selected by the Issuer and approved by the Bond Trustee), determine to be appropriate; and

(2) 50 basis points or, where UK CPI or UK CPIH is specified as the Index in the relevant Final Terms or Drawdown Prospectus, such other rate as specified in the relevant Final Terms or Drawdown Prospectus,

plus, in either case, accrued but unpaid interest (as adjusted in accordance with Condition 7.3 (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this Condition 8.2.1(d), **"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 and 16 March 2005 (and as further updated, supplemented, amended or replaced from time to time), page 4 or any replacement therefor and **"Reference Gilt"** means the UK government stock specified in the relevant Final Terms or Drawdown Prospectus, or if such security is no longer in issue or if no such security is specified, 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.

(e) In respect of Floating Rate Bonds, the Redemption Amount will, unless otherwise specified in the relevant Final Terms or Drawdown Prospectus, be the Principal Amount Outstanding plus any accrued but unpaid interest on the Principal Amount Outstanding.

8.2.2 In any case, prior to giving any such notice, the Issuer must certify (as further specified in the Issuer Transaction Documents) to the Bond Trustee that it will have the funds, not subject to any interest (other than under the Issuer Security) of any other person, required to redeem the Bonds as aforesaid and the Bond Trustee shall be entitled to rely on such certificate without liability to any person.

8.2.3 In the case of a partial redemption of a Tranche of Bonds represented by a Global Bond pursuant to this Condition, the Bonds to be redeemed (the **"Redeemed Bonds"**) will be redeemed on a *pro rata* basis in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a nominal reduction or as a pool factor, at the discretion of Euroclear and Clearstream, Luxembourg). In the case of Redeemed Bonds in definitive form, a list of the serial numbers of such Redeemed Bonds will be published in accordance with Condition 17 (*Notices*) not less than 15 days (or such shorter period as is specified in the applicable Final Terms or Drawdown Prospectus) prior to the date fixed for redemption.

8.3 **Redemption for Taxation or Illegality**

8.3.1 In addition, if at any time after the Initial Issue Date the Issuer satisfies the Bond Trustee:

(a) that the Issuer would become obliged to deduct or withhold from any payment of interest or principal in respect of the Bonds, any amount for or on account of Taxes by the laws or regulations of the UK or any political subdivision thereof, or any other authority thereof by reason of any change in or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction),

(b) that, 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, the Issuer is no longer a "securitisation company" (as defined in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (for the purposes of this Condition 8.3.1(b), the *Regulations*)) or is otherwise no longer able to qualify for the modified corporation Tax treatment prescribed under the Regulations and is unable to claim a Tax treatment in the UK that would prevent a material increase in the Tax liabilities of the Issuer compared to the treatment previously provided to the Issuer under the Regulations;

(c) 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 the Company would be required to make any withholding or deduction for or on account of any Taxes from payments in respect of a IBLA;

(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 results in the Issuer or the Issuer Hedge Counterparty being required to make any withholding or deduction for or on account of any Taxes from payments in respect of an Issuer Hedging Agreement; or

(e) 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 it is or it will become unlawful for the Issuer to perform any of its obligations under any IBLA or to fund or to maintain its participation in the IBLA Advances,

then the Issuer may, but is not obliged to, (i) 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 IBLA upon satisfying the conditions for substitution of the Issuer as set out in Condition 15 (*Passing of resolutions by Bondholders, Modification, Waiver and Substitution*) or (ii) exchange any Bearer Bonds into Registered Bonds in accordance with Condition 2.1 (*Exchange of Bonds*) if such exchange will be effective to avoid the relevant deduction, material increase in Tax liabilities, withholding or illegality.

8.3.2 If the Issuer satisfies the Bond Trustee immediately before giving the notice referred to below, that one or more of the events described in Condition 8.3.1 above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may, on any date having given not more than 60 nor less than 15 days' notice (which notice shall be irrevocable), (or, in the case of an event described in Condition 8.3.1(d) above, such shorter period expiring on or before the latest date permitted by relevant law) 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 affected Tranche(s) of Bonds on any date at its Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index-linked Bonds, in accordance with Condition 7.3 (*Application of the Index*

Ratio)). Prior to giving any notice of redemption pursuant to this Condition 8.3 (*Redemption for Taxation or Illegality*), the Issuer shall deliver to the Bond Trustee (A) a certificate signed by an authorised signatory of the Issuer stating that (x) one or more of the events described in Condition 8.3.1 above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it; and (y) the Issuer will have the necessary funds to pay all principal and interest due, if any, in respect of the Bonds on the relevant date and to discharge all other amounts required to be paid by it on the relevant date in priority to, or *pari passu* with, the Bonds under the Issuer Payment Priorities; and (B) if required by the Bond Trustee, an opinion (in form and substance satisfactory to the Bond Trustee) of independent legal advisors of recognised standing opining on the relevant event described in Condition 8.3.1. The Bond Trustee shall be entitled, without further enquiry to accept such certificate and (if applicable) opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (x) and (y) above, and it shall be conclusive and binding on the Bondholders.

8.4 **Redemption for Index Events**

8.4.1 Upon the occurrence of any Index Event, the Issuer may, upon giving not more than 15 nor less than 5 Business Days' prior written notice to the Bond Trustee, the Issuer Secured Creditors and the holders of the relevant Index-linked Bonds in accordance with Condition 17 (*Notices*), redeem all (but not some only) of the relevant Index-linked Bonds of all Tranches of Bonds on any date at the Principal Amount Outstanding plus accrued but unpaid interest (adjusted in accordance with Condition 7.3 (*Application of the Index Ratio*)). No single Tranche of Index-linked Bonds may be redeemed in these circumstances unless all the other Tranches of Indexed Bonds linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Bond Trustee and the Issuer Secured Creditors a certificate signed by an authorised signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem, have occurred and (b) confirming that the Issuer will have sufficient funds on such date to effect such redemption.

"*Index Event*" means the event which occurs if any of the following occur (i) the relevant Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7.4(b) (*Delay in publication of Index*), or (ii) the Bond Trustee has been notified by the Issuer (or the Calculation Agent) that publication of the relevant Index has ceased, or (iii) where RPI is specified as the relevant Index in the relevant Final Terms or Drawdown Prospectus, 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 Indexation Reference Gilt, and (in each case) no adjustment or substitution of the Index has been agreed between the Bond Trustee and the Issuer or determined by the Expert pursuant to Condition 7.6 (*Cessation of or Fundamental Changes to the Index*) and such circumstances are continuing.

8.5 **Early Redemption on Prepayment of an IBLA**

8.5.1 If:

(a) the Company gives notice to the Issuer under an IBLA that it intends to voluntarily prepay all or part of any advance made under such IBLA or the Company is required to prepay all or part of any advance made under any IBLA; and

(b) in each case, such advance was funded by the Issuer from the proceeds of a Tranche of Bonds,

the Issuer shall, upon giving not more than 10 days' nor less than 3 Business Days' notice (which notice shall be irrevocable) to the Bond Trustee, the Issuer Secured

Creditors and the Bondholders in accordance with Condition 17 (*Notices*), (where such advance is being prepaid in whole) redeem all of the relevant Tranche of Bonds or (where part only of such advance is being prepaid) the proportion of the relevant Tranche of Bonds which the proposed prepayment amount bears to the amount of the relevant advance, to be applied on a *pro rata* basis.

8.5.2 Other than where a prepayment or redemption is being effected as contemplated by Condition 8.1 (*Final Redemption*), Condition 8.3 (*Redemption for Taxation or Other Reasons*), Condition 8.4 (*Redemption for Index Events*), Condition 8.6 (*Early redemption following Loan Enforcement Notice*) or Condition 8.8 (*Redemption by Instalments*), any early redemption of the relevant Tranche of Bonds as a result of a prepayment of a IBLA Advance will be effected at its Redemption Amount determined in accordance with Condition 8.2 (*Optional Redemption*) together with accrued but unpaid interest on the relevant Tranche of Bonds up to the date of redemption.

8.6 **Early redemption following Loan Enforcement Notice**

If the Issuer receives (or is to receive) any moneys from any Obligor following the service of a Loan Enforcement Notice in repayment of all or any part of the IBLA Advance, the Issuer shall, upon giving not more than 60 nor less than 5 Business Days' notice (which notice shall be irrevocable) to the Bond Trustee, the Issuer Secured Creditors and the Bondholders in accordance with Condition 17 (*Notices*) apply such moneys to redeem the then outstanding relevant Tranche of Bonds corresponding to the IBLA Advance which is prepaid at their Principal Amount Outstanding plus accrued but unpaid interest (adjusted for indexation in the case of Index-linked Bonds) on the next Bond Interest Payment Date (or, if sooner, Final Maturity Date) in accordance with the relevant Issuer Payment Priorities. In the event that there are insufficient moneys to redeem all of the particular outstanding Tranche of Bonds, the Tranche of Bonds shall be redeemed in part on a *pro rata* basis in the proportion which the moneys available to redeem such Tranche of Bonds bears to the Principal Amount Outstanding of such Tranche of Bonds.

8.7 **Purchase of Bonds**

8.7.1 Provided that no Bond Event of Default has occurred and is continuing, the Issuer, the Company and any other member of the Holdco Group will be permitted, subject, in the case of the Company and any other member of the Holdco Group to the terms of the CTA, to purchase any of the Bonds (together with all unmatured Receipts and Coupons) in the open market or otherwise, at any price and, to the extent such Bonds have not been cancelled, may resell such Bonds in the open market or otherwise at any price.

8.7.2 Any Bond purchased by or on behalf of or for the benefit of the Shareholders, Investors and/or Affiliates, the Issuer, any Subsidiary of the Issuer, any Obligor or any other Subsidiary of such Obligor shall, for so long as it is held by, of or for the benefit of such person, cease to have any voting rights attributed thereto and shall be excluded from any quorum or voting calculations set out in the Conditions, the Bond Trust Deed, the Issuer Deed of Charge or the STID, as the case may be, save where any such person in the normal course of its business, engages in investing in loans, bonds or other financial instruments (whether or not cancelled) on its own behalf or on behalf of others and save that, in respect of any Bonds which are held by the Bond Custodian on behalf of the Issuer, such Bonds shall be deemed to remain outstanding notwithstanding the foregoing proviso, for so long as the conditions precedent (other than the listing of the Deferred Settlement Bonds) to the sale of any Deferred Purchase Bonds are satisfied.

8.8 **Redemption by Instalments**

Unless previously redeemed or purchased and cancelled as provided in this Condition 8 (*Redemption, Purchase and Cancellation*), each Bond which provides for Instalment Dates (as specified in the relevant Final Terms or Drawdown Prospectus) and Instalment Amounts

(as specified in the relevant Final Terms or Drawdown Prospectus) will be partially redeemed on each Instalment Date at the applicable Instalment Amount. In the case of any early redemption in part in accordance with Condition 8.2, the principal amount redeemed shall reduce pro rata the principal amount of each Instalment Amount falling due after the relevant redemption date.

8.9 **Cancellation**

Any Bearer Bonds or Registered Bonds which are: (a) redeemed by the Issuer; (b) purchased or held by or on behalf of the Issuer or any other person specified in Condition 8.7 (*Purchase of Bonds*) following a Loan Event of Default; or (c) purchased by or on behalf of the Issuer or an Obligor, to cure a Trigger Event in accordance with the CTA, shall, in each case, 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 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

9.1 **Bearer Bonds**

9.1.1 Payments to the Bondholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest 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, save as specified in Condition 9.6 (*Unmatured Coupons and Receipts and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 9.6 (*Unmatured Coupons and Receipts and Unexchanged Talon*)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Bonds in definitive form only) a cheque payable in that currency drawn on, a bank in (a) the principal financial centre 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.

9.1.2 No payment of principal and/or interest in respect of a Bearer Bond with an original maturity of more than 1 year 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 9.3 (*Payments in the United States of America*).

9.2 **Registered Bonds**

9.2.1 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 9.1 (*Bearer Bonds*).

9.2.2 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 9.1 (*Bearer Bonds*) above and annotation of such payment on the Register and the relevant Bond certificate.

9.2.3 Interest on Registered Bonds payable on any Bond Interest Payment Date will be paid to the person who is 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 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.

9.2.4 A record of each payment so made will be endorsed on the schedule to the relevant Global Bond by or on behalf of the Principal Paying Agent or the Registrar, as the case may be, which endorsement shall be prima facie evidence that such payment has been made.

9.3 **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:

(a) 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;

(b) 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

(c) 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.

9.4 **Payments subject to fiscal laws; payments on Global Bonds**

9.4.1 Without prejudice to Condition 10 (*Taxation*), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws, regulations and agreements to which the Issuer or its Agents agrees to be subject and the Issuer shall not be liable to Bondholders, Couponholders or Receiptholders for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Bondholders, Couponholders or Receiptholders (if any) in respect of such payments. All payments are also subject to any withholding or deduction required pursuant to an agreement described in section 1471(B) of the U.S. Internal Revenue Code of 1986 (the **"Code"**) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto (**"FATCA"**).

9.4.2 The holder of a Global Bond shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest on that Global Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond in respect of each amount paid.

9.5 **Appointment of the Agents**

The Agents appointed by the Issuer (and their respective specified offices) are listed in the Agency Agreement. Any Calculation Agent will be listed in the relevant Final Terms or Drawdown Prospectus and will be appointed pursuant to a Calculation Agency Agreement.

The Agents act solely as agents of the Issuer (and, in the circumstances set out in the Agency Agreement, the Bond Trustee) 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 (a) a Principal Paying Agent (in the case of Bearer Bonds), (b) a Registrar (in the case of Registered Bonds), (c) a Calculation Agent, which may be the Agent Bank (as specified in the relevant Final Terms or Drawdown Prospectus) (in the case of Floating Rate Bonds or Index-linked Bonds), and (d) if and for so long as the Bonds are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system. Notice of any such variation, termination or appointment will be given in accordance with Condition 17 (*Notices*).

9.6 **Unmatured Coupons and Receipts and Unexchanged Talons**

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) If the due date for redemption of any Bond is not a Bond Interest Payment Date, interest accrued from the preceding Bond Interest Payment Date or the Interest Commencement Date, as the case may be, or the Bond Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Bond and Coupon.

9.7 **Payment Business Days**

9.7.1 *Bearer Bonds*: If the due date for payment of any amount in respect of any Bearer Bond or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

9.7.2 *Registered Bonds*: Where payment is to be made by transfer to an account, payment instructions (for value on the due date, or, if the due date is not Payment Business Day, for value on the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (a) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Bond is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (b) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Bond shall

not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for a payment not being a Payment Business Day or (ii) a cheque mailed in accordance with this Condition 9.7 (*Payment Business Days*) arriving after the due date for payment or being lost in the mail.

9.8 **Talons**

On or after the Bond 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 or the Bond Trustee) free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes unless such withholding or deduction is required by applicable law. In that event, the Issuer, such Paying Agent, the Registrar or the Bond Trustee, as the case may be, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, any Paying Agent, the Registrar or the Bond Trustee will be obliged to make any additional payments to the Bondholders, Receiptholders or the Couponholders in respect of such withholding or deduction. The Issuer, any Paying Agent, the Registrar or the Bond Trustee may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from, or for the purposes of compliance with, any applicable tax laws. For the avoidance of doubt, the reference to "law" in this paragraph includes FATCA.

11. Bond Events of Default

11.1 **Bond Event of Default**

Each and any of the following events shall be treated as a **"Bond Event of Default"**:

(a) *Non payment*: default is made by the Issuer for a period of five (5) Business Days in the payment of interest or principal on any Tranche of the Bonds when due in accordance with these Conditions;

(b) *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 Condition 11.1(a) (*Non Payment*)) and, except where in the opinion of the Bond Trustee such default is not capable of remedy, such default continues for a period of 30 Business Days and, in either case, provided that the Bond Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Bondholders;

(c) *Issuer Insolvency Event*: an Issuer Insolvency Event occurs;

(d) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Issuer Transaction Documents; or

(e) *Security*: the Issuer Security ceases to be in full force and effect, or ceases to be first ranking Security or becomes unenforceable unless replacement security is provided.

11.2 **Delivery of Bond Acceleration Notice**

If any Bond Event of Default occurs and is continuing, the Bond Trustee (a) may, at any time, at its discretion and (b) shall, upon being so directed in writing by the Bondholders of at least 25 per cent. of the aggregate Principal Amount Outstanding of all of the Bonds then outstanding or if so directed by an Extraordinary Resolution, deliver a notice (a **"Bond Acceleration Notice"**) to the Issuer declaring all of the Bonds immediately due and payable provided that, in either case, it is indemnified and/or secured and/or prefunded to its satisfaction. Upon the delivery of a Bond Acceleration Notice, the Bonds shall become immediately due and payable at their Principal Amount Outstanding together with accrued and unpaid interest.

For the avoidance of doubt, the Deferred Purchasers are not entitled to vote or give any direction in relation to the delivery of a Bond Acceleration Notice.

11.3 **Enforcement of the Issuer Security**

11.3.1 Subject to the Issuer Deed of Charge, at any time after the service of a Bond Acceleration Notice by the Bond Trustee in accordance with Condition 11.2 (*Delivery of Bond Acceleration Notice*) above, the Issuer Security Trustee at its absolute discretion may, and if so directed in writing by the Qualifying Issuer Creditors (other than the Deferred Purchasers and/or the Issuer) holdings at least 25 per cent. of the aggregate Qualifying Issuer Debt then outstanding, shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Issuer Deed of Charge) take enforcement steps in relation to the Issuer Security.

11.3.2 Under the terms of the Issuer Deed of Charge, if the Issuer Security Trustee is directed to take enforcement steps in relation to the Issuer Security, the Issuer Security Trustee is required to give a notice (the **"Issuer Security Enforcement Notice"**) to the Issuer declaring the whole of the Issuer Security to be enforceable.

11.4 **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 (and at any other time on request of the Bond Trustee), that no Bond Event of Default or Potential Bond Event of Default has occurred or, if any Bond Event of Default or Potential Bond Event of Default has occurred during the relevant period covered by the certificate, specifying the same.

12. **Enforcement against the Issuer**

12.1.1 No Bondholder, Receiptholder, Couponholder or other Issuer Secured Creditor is entitled to take any action against the Issuer or any other member of the Holdco Group or against any assets of the Issuer or any other member of the Holdco Group to enforce its rights in respect of the Bonds or to enforce any of the Issuer Security unless the Bond Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

12.1.2 None of the Bond Trustee, the Issuer Security Trustee, the Bondholders, the Receiptholders, the Couponholders or the other Issuer Secured Creditors may institute against, or join any person in instituting against, the Issuer or any other member of the Holdco Group any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding (except for the taking of any enforcement action by the Issuer Security Trustee under the Issuer Deed of Charge including 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 Final Maturity Date on which any Tranche of Bonds 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 such Bonds, Receipts or, as the case may be, Coupons are presented for payment in accordance with Condition 9 (*Payments*) within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Bond Relevant Date.

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 (in the case of listed Bonds), 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.

15. Passing of resolutions by Bondholders, Modification, Waiver and Substitution

15.1 Passing of resolutions by Bondholders, Modifications and Waiver

15.1.1 General

(a) No physical meeting will be required in respect of any STID Decision Matter, STID Direction Matter or (subject to the Bond Trust Deed) Voting Matter.

(b) Other than in respect of Conditions 15.1.2(c) and 15.1.3(a), for purposes of this Condition 15.1 (*Passing of resolutions by Bondholders, Modifications and Waiver*), **"Principal Amount Outstanding"** of a Deferred Settlement Bond or of a Tranche of Deferred Settlement Bonds means the aggregate purchaser commitments of the related Deferred Settlement Purchaser(s) for so long as the conditions precedent (other than the listing of the Deferred Settlement Bonds) to the subscription of the relevant Deferred Settlement Bonds under the relevant Deferred Settlement Agreement are satisfied.

(c) Within two Business Days of the Voting Notice (as defined in Condition 15.1.5(a) below) being sent to the Bondholders and/or Deferred Settlement Purchasers by the Issuer or the Bond Trustee (and copied to the Issuer), the Issuer shall deliver a certification to the Bond Trustee as to whether such Deferred Settlement Purchaser is a Defaulting Purchaser and accordingly whether or not a Deferred Settlement Purchaser is entitled to give any instruction and/or direction to the Bond Trustee in respect of any Voting Matter.

(d) A Bondholder may only Vote in respect of any STID Decision Matter or Voting Matter by means of a Block Voting Instruction.

(e) Where a STID Voting Request is given by notice to the Bondholders, Bondholders are deemed to have received such STID Voting Request on the date that such STID Voting Request is delivered to the clearing systems, provided that such delivery occurs prior to 13h00, otherwise the date of receipt shall be deemed to be the following Business Day.

(f) For the avoidance of doubt, no Block Voting Instruction is required in relation to a Vote of any Deferred Settlement Purchaser. Instead Deferred Settlement Purchasers will provide instructions in writing to the Bond Trustee (certifying (i) that it is a Deferred Settlement Purchaser, (ii) the Principal Amount Outstanding of the Bonds that it is committed to purchase, and (iii) that the relevant conditions precedent under the Deferred Settlement Agreement (other than the listing of the Deferred

Settlement Bonds) are satisfied) in relation to its Vote, not later than 24 hours before the Voting Date.

(g) In addition to the provisions regarding voting set out in the Bond Trust Deed, the Bond Trustee may, without the consent of the Issuer or the Bondholders and/or Deferred Purchasers, prescribe such further regulations regarding voting by the Bondholders and/or Deferred Purchasers in respect of all Voting Matters (but not, for the avoidance of doubt, any STID Decision Matter or STID Direction Matter) as the Bond Trustee may in its sole discretion think fit, including the calling of one or more meetings of Bondholders and/or Deferred Purchasers in order to approve any resolution to be put to the Bondholders and/or Deferred Purchasers where the Bond Trustee, in its sole discretion, considers it to be appropriate to hold a meeting.

15.1.2 STID Decision Matters

(a) On receipt of a STID Voting Request from the Obligor Security Trustee in respect of any STID Decision Matter, the Bond Trustee (as Secured Creditor Representative of the Issuer as Qualifying Obligor Secured Creditor under any IBLA relating to the Bonds) shall promptly send a copy of such notice to the Bondholders in accordance with Condition 17 (*Notices*).

(b) In respect of any STID Decision Matter, each Bondholder may only vote by way of Block Voting Instruction.

(c) For the purposes of determining the Votes cast in respect of any STID Decision Matter by a Bondholder, each Bondholder shall have one vote in respect of each £1 (or its equivalent expressed in sterling on the basis of the Exchange Rate) of the Principal Amount Outstanding of Bonds held by it, subject to the provisions regarding voting in respect of Tranches of Bonds set out in the STID.

(d) Each Bondholder must vote on or prior to the time specified by the Principal Paying Agent or, as the case may be, the Paying Agent and/or relevant clearing system in order to enable the Principal Paying Agent or, as the case may be, a Paying Agent to issue a Block Voting Instruction on the Voting Date, provided that if a Bondholder does not vote in sufficient time to allow the Principal Paying Agent, or, as the case may be, a Paying Agent to issue a Block Voting Instruction in respect of its Bonds prior to the end of the Voting Period, the Votes of such Bondholder may not be counted.

(e) In respect of a STID Decision Matter, the Bond Trustee shall vote as the Secured Creditor Representative of the Issuer in respect of the Bondholders of the relevant Tranche(s) by notifying the Obligor Security Trustee, the Issuer and the Issuer Security Trustee, in accordance with the STID promptly following the receipt by it of such Votes (and in any case not later than the Business Day following receipt of each such Vote), of each Vote comprised in a Block Voting Instruction received by it from a Paying Agent on or prior to the Voting Date (subject as provided in the STID).

(f) A STID Decision Matter duly approved by the Qualifying Obligor Secured Creditors in accordance with the STID shall be binding on all Bondholders (unless such STID Decision Matter also constitutes an Entrenched Right STID Proposal in respect of one or more Tranches of Bonds, in which case the provisions of Condition 15.1.4 (*Other Voting Matters*) shall also need to be complied with in respect of such Tranches).

(g) The Issuer shall, following receipt from the Holdco Group Agent of the result of any Vote in respect of a STID Decision Matter, promptly notify the Bondholders in accordance with Condition 17 (*Notices*).

(h) The STID provides that no Votes will be counted in respect of an Ordinary STID Resolution or an Extraordinary STID Resolution after the Voting Closure Date.

15.1.3 STID Direction Matters

(a) The Bond Trustee shall notify the Obligor Security Trustee, the Issuer and the Issuer Security Trustee, in accordance with the STID of any instruction it receives from a Bondholder (other than the Issuer in respect of paragraphs (iii) and (iv) below) whether in writing (certifying (i) that it is a Bondholder and (ii) the Principal Amount Outstanding of the Bonds that it holds) or by way of a Vote, which in either case requests the Obligor Security Trustee to:

(i) deliver a Determination Dissenting Notice to the Proposer with respect to any STID Proposal in accordance with the STID;

(ii) exercise any of the rights granted to it under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of a Loan Enforcement Notice or a Loan Acceleration Notice), pursuant to and in accordance with the STID;

(iii) take the Enforcement Action specified in an Emergency Instruction Notice, pursuant to and in accordance with the STID; and/or

(iv) take any action specified in a Distressed Disposal Resolution pursuant to and in accordance with the STID.

(b) The Bond Trustee shall if directed to do so by Bondholders and/or Deferred Settlement Purchasers representing not less than 10 per cent. of the Principal Amount Outstanding of the Bonds or relevant Tranche of Bonds whether in writing (certifying (i) that it is a Bondholder or Deferred Settlement Purchaser, (ii) the Principal Amount Outstanding of the Bonds that it holds or is committed to purchase (as applicable), and (iii) in relation to the Deferred Settlement Purchaser, that the relevant conditions precedent under the Deferred Settlement Agreement (other than the listing of the Deferred Settlement Bonds) are satisfied) or by way of a Vote instruct the Obligor Security Trustee to deliver an Entrenched Right Dissenting Notice to the Holdco Group Agent with respect to any STID Proposal in accordance with the STID.

(c) Any such notification or instruction shall be made promptly following the receipt by the Bond Trustee of such written instruction or Vote, as the case may be (and in any case not later than the Business Day following receipt of each such written instruction or Vote).

15.1.4 Other Voting Matters

(a) The Issuer or the Bond Trustee may at any time, and the Bond Trustee must if:

(i) it receives an Entrenched Right STID Proposal; or

(ii) directed to do so by Bondholders and/or the Deferred Settlement Purchasers representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Bonds or relevant Tranche of Bonds,

request that a Voting Matter be considered by the Bondholders and/or the Deferred Settlement Purchasers.

(b) Any Voting Matter shall be passed by the Bondholders and/or Deferred Settlement Purchasers if approved by an Ordinary Resolution in accordance with the Bond Trust Deed, save that the following matters may only be approved by the Bondholders and/or Deferred Settlement Purchasers if they are approved by the passing of an Extraordinary Resolution:

(i) any compromise or arrangement proposed to be made between the Issuer, the Bond Trustee, the Issuer Security Trustee, any Appointee and the Bondholders and/or Deferred Settlement Purchasers or any of them;

(ii) any abrogation, modification, compromise or arrangement in respect of the rights of the Bond Trustee, the Issuer Security Trustee, any Appointee, the Bondholders and/or Deferred Settlement Purchasers or the Issuer or against any other or others of them or against any of their property whether such rights shall arise under this Bond Trust Deed, the Issuer Deed of Charge or otherwise;

(iii) any authority or sanction which under the provisions of this Bond Trust Deed, the Issuer Deed of Charge or any other Issuer Transaction Document is required to be given by an Extraordinary Resolution;

(iv) appointment of any persons (whether Bondholders and/or Deferred Settlement Purchasers or not) as a committee or committees to represent the interests of the Bondholders and/or Deferred Settlement Purchasers and to confer upon such committee or committees any powers or discretions which the Bondholders and/or Deferred Settlement Purchasers could themselves exercise by an Extraordinary Resolution;

(v) discharge or exoneration of the Bond Trustee, the Issuer Security Trustee and/or any Appointee from all liability in respect of any act or omission for which the Bond Trustee, the Issuer Security Trustee and/or such Appointee may have become or may become responsible under this Bond Trust Deed of the Issuer Deed of Charge;

(vi) authorisation of the Bond Trustee, the Issuer Security Trustee and/or any Appointee to (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(vii) any scheme or proposal for the exchange or sale of the Bonds for or the conversion of the Bonds into or the cancellation of the Bonds in consideration of shares, stock, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, notes, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Bondholders and/or Deferred Settlement Purchasers to execute an instrument of transfer of the Bonds held by them in favour of the persons with or to whom the Bonds are to be exchanged or sold respectively;

(viii) without prejudice to clause 26 (*Substitution*) of the Bond Trust Deed, the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under this Bond Trust Deed;

(ix) an Entrenched Right STID Proposal;

(x) approval of any Basic Terms Modification.

(c) Any vote of the Bondholders and/or Deferred Settlement Purchasers that is required to approve any Extraordinary Resolution or any Ordinary Resolution shall be carried out in accordance with the provisions of Condition 15.1.5 (*Bondholder/Deferred Settlement Purchaser voting*).

15.1.5 Bondholder/Deferred Settlement Purchaser voting

(a) Promptly on receipt of any request that any Voting Matter be considered by Bondholders and/or Deferred Settlement Purchasers or any Tranche of Bondholders and/or Deferred Settlement Purchasers, the Issuer or the Bond Trustee (as applicable) shall send a notice (a **"Voting Notice"**) to the Bondholders and/or Deferred Settlement Purchasers, or the Bondholders and/or Deferred Settlement Purchasers of each affected Tranche(s) of Bonds in accordance with Condition 17 (*Notices*).

(b) Each Voting Notice shall give at least 10 Business Days' notice (exclusive of the day on which the notice is given and the Voting Date) specifying the Voting Date to the Bondholders and/or Deferred Settlement Purchasers of the relevant Tranche(s). Such Voting Notice, which shall be in the English language, shall state the Voting Matter(s) including the terms of any resolution to be proposed.

(c) For the purposes of determining the Votes cast in respect of a Voting Matter by each relevant Tranche of Bondholders and/or Deferred Settlement Purchasers, each Bondholder and/or Deferred Settlement Purchaser of the relevant Tranche(s) shall have one vote in respect of each £1 (or its equivalent expressed in Sterling on the basis of the Exchange Rate) of Principal Amount Outstanding of the Bonds of the relevant Tranche(s) held or committed to be purchased or represented by it.

(d) Each Bondholder of the relevant Tranche(s) must vote prior to the close of business (London time) 24 hours prior to the Voting Date so that his votes can be included in a Block Voting Instruction which needs to be deposited at least 24 hours before the Voting Date as further set out in the Bond Trust Deed.

(e) In order for an Ordinary Resolution to be approved by the Bondholders and/or Deferred Settlement Purchasers of the relevant Tranche(s), one or more Bondholders and/or Deferred Settlement Purchasers of the relevant Tranche(s) representing 25 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds of the relevant Tranche(s) who for the time being are entitled to receive notice of a Voting Matter need to participate in any initial Vote.

(f) In order for an Extraordinary Resolution to be approved by the Bondholders and/or Deferred Settlement Purchasers of the relevant Tranche(s) (subject as provided below), including where such Extraordinary Resolution involves the consideration and approval of a Basic Terms Modification, one or more Bondholders and/or Deferred Settlement Purchasers of the relevant Tranche(s) representing 50 per cent. or more of the aggregate Principal Amount Outstanding of the Bonds of the relevant Tranche(s), who for the time being are entitled to receive notice of a Voting Matter, need to participate in any initial Vote.

(g) The above percentage requirements of Bondholders and/or Deferred Settlement Purchasers who need to participate in a particular Voting Matter are referred to herein as the **"quorum requirements"**.

(h) If, on a Voting Date, the quorum requirements are not satisfied for the transaction of any particular business then, subject and without prejudice to the transaction of the business (if any) for which the quorum requirements are satisfied, such Voting Date shall be postponed to the same day in the next week (or if such day is a public holiday the next succeeding business day) (an **"Adjourned Voting Date"**) except where an Extraordinary Resolution is to be proposed in which case the Adjourned Voting Date shall be a day (being a business day) during the period, being not less than 5 clear Business Days nor more than 10 clear Business Days, subsequent to such Voting Date, and approved by the Bond Trustee. On any Adjourned Voting Date, Bondholders and/or Deferred Settlement Purchasers of the relevant Tranche(s) exercising one or more Votes (whatever the Principal Amount Outstanding of the Bonds of the relevant Tranche then outstanding so held or represented by them) shall (subject as provided below) form a quorum and shall have the power to pass any Extraordinary Resolution or Ordinary Resolution and to decide upon all matters which could properly have been dealt with through the original Vote had the requisite quorum requirements been met, **provided that** on any Adjourned Voting Date the quorum requirements for the consideration and approval of transaction of a Basic Terms Modification shall be at least 25 per cent. of the aggregate Principal Amount Outstanding of the Bonds of the relevant Tranche(s), who for the time being are entitled to receive notice of a Voting Matter.

(i) Notice of any Adjourned Voting Date at which an Extraordinary Resolution is to be voted upon shall be given in the same manner as a Voting Notice but as if 5 clear Business Days', or not less than 5 clear Business Days nor more than 10 clear Business Days, as applicable, notice were substituted for 10 clear Business Days' notice in paragraph (h) above and such notice shall state the relevant quorum. Subject as aforesaid it shall not be necessary to give any notice of an Adjourned Voting Date.

(j) Subject to Condition 15.1.6 (*Voting Matters and Tranche(s) of Bonds*) below, any resolution approved by the Bondholders and/or Deferred Settlement Purchasers in accordance with the terms hereof shall be binding upon all the Bondholders and/or Deferred Settlement Purchasers whether or not voting and each of them shall be bound to give effect thereto accordingly and the approval of any such resolution shall be conclusive evidence that the circumstances justify the approval thereof and shall be binding on all the Bondholders and/or Deferred Settlement Purchasers.

(k) Notice of the result of the voting on any resolution duly approved by Bondholders and/or Deferred Settlement Purchasers shall be published in accordance with Condition 17 (*Notices*) by the Principal Paying Agent on behalf of the Issuer within 7 days of such result being known, **provided that** the non-publication of such notice shall not invalidate such result.

15.1.6 Voting Matters and Tranche(s) of Bonds

(a) If and whenever the Issuer shall have issued and have outstanding more than one Tranche of Bonds (which for these purposes does not include Deferred Settlement Bonds) (for the purposes of this Condition 15.1.6 (*Voting Matters and Tranche(s) of Bonds*), a **"Relevant Tranche"**) the foregoing provisions of this Condition 15 (*Passing of resolutions by*

Bondholders, Modification, Waiver and Substitution) shall have effect subject to the following modifications:

(i) subject to paragraph (v) below, a resolution which in the opinion of the Bond Trustee affects only one Tranche of Bonds shall be deemed to have been duly approved if approved through a separate Vote of the holders of the Relevant Tranche;

(ii) subject to paragraph (v) below, a resolution which in the opinion of the Bond Trustee affects holders of more than one Tranche but does not give rise to a conflict of interest between the holders of any of the Relevant Tranches so affected shall be deemed to have been duly approved if approved through a Vote of the holders of all the Relevant Tranches so affected voting together;

(iii) subject to paragraph (v) below, a resolution which in the opinion of the Bond Trustee affects more than one Tranche and gives or may give rise to a conflict of interest between the holders of one Tranche so affected and the holders of another Tranche so affected shall be deemed to have been duly approved only if approved through separate Votes of the holders of each such Tranche;

(iv) subject to all such approvals, all the preceding provisions of this Condition 15 (*Passing of resolutions by Bondholders, Modification, Waiver and Substitution*) shall apply *mutatis mutandis* as though references therein to the Bonds and Bondholders were references to the Relevant Tranche in question or to the holders of such Relevant Tranche, as the case may be;

(v) no Extraordinary Resolution involving a Basic Terms Modification (other than a Basic Terms Modification of the kind specified in limbs (a) (b) and (c) of the definition thereof, which must be passed by the holders of each affected Tranche in accordance with (vi) below) that is approved by the holders of one Tranche of Bonds shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each other Tranche of Bonds (to the extent that there are Bonds outstanding in such other Tranches); and

(vi) an Extraordinary Resolution involving a Basic Terms Modification of the kind specified in limbs (a), (b), (c) and (d) of the definition thereof must be approved by the holders of each Tranche of Bonds adversely affected by such Basic Terms Modification (but need not be approved by the holders of Tranches of Bonds which are not adversely affected thereby).

(b) For the avoidance of doubt, if the Bond Trustee determines that all holders of Bonds can vote together per (ii) above, Deferred Settlement Purchasers shall vote with all other holders of Bonds, otherwise the Deferred Settlement Purchasers of a Relevant Tranche shall have a separate Vote from any other Tranche of Bonds.

15.2 **Modification, waiver and substitution**

15.2.1 The Bond Trustee may, without the consent or sanction of the Bondholders, Couponholders, the Receiptholders, the Deferred Purchasers or (subject as set out in the Bond Trust Deed and the Issuer Deed of Charge) any other Issuer Secured Creditor (other than any Issuer Secured Creditor which is party to the relevant documents), concur with the Issuer and any other person or direct the Issuer Security Trustee to concur with the Issuer and any other person in making:

(a) any modification to the Bond Trust Deed, these Conditions, the Bonds, the Receipts, the Coupons and/or the other Issuer Transaction Documents (other than a Basic Terms Modification) (subject (i) as provided in the STID in relation to any Common Documents and (ii) as provided in the Issuer Deed of Charge in relation to any Issuer Transaction Document) or other document to which it is a party or in respect of which it or the Issuer Security Trustee holds security provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders (where **"materially prejudicial"** means that such modification would have a material adverse effect on the ability of the Issuer to pay any amounts of principal or interest, or premium in respect of the Bonds on the relevant due date for payment therefor) and provided further that if any such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors (other than any Bondholders, Couponholders, Receiptholders and/or Deferred Purchasers) has given its prior approval or consent or, where any Bondholders and/or Deferred Purchasers are affected Issuer Secured Creditors, the holders of each Tranche of the Bonds affected thereby have sanctioned such modification in accordance with the Bond Trust Deed or, where applicable, the time for giving such approval or consent has otherwise lapsed in accordance with the Issuer Deed of Charge; and

(b) any modification to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons or the other Issuer Transaction Documents (subject (i) as provided in the STID in relation to any Common Documents and (ii) as provided in the Issuer Deed of Charge in relation to any Issuer Transaction Document) or other documents to which it is a party or in respect of which the Issuer Security Trustee holds security which is, in the opinion of the Bond Trustee, of a formal, minor, administrative or technical nature, to correct a manifest error or is required to comply with mandatory provisions of law. Any such modification may be made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding upon the Bondholders, the related Receiptholders and/or the Couponholders and/or the Deferred Purchasers and, unless the Bond Trustee agrees otherwise, shall be notified by the Issuer to the Bondholders and the Deferred Purchasers in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

15.2.2 The Bond Trustee may, without the consent or sanction of the Bondholders and/or Deferred Purchasers (subject as set out in the Bond Trust Deed and the Issuer Deed of Charge) or any other Issuer Secured Creditor and without prejudice to its rights in respect of any subsequent breach or Bond Event of Default or Potential Bond Event of Default, from time to time and at any time but only if and in so far as any waiver, authorisation or determination is, in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders (where **"materially prejudicial"** means that such waiver, authorisation or determination would have a material adverse effect on the ability of the Issuer to pay any amounts of principal, interest or premium in respect of the Bonds on the relevant due date for payment therefor), waive or authorise (or instruct the Issuer Security Trustee to waive or authorise) any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions, the Bonds, the Receipts, the Coupons or any Issuer Transaction Document (subject as provided in the STID in relation to any Common Document) to which it is a party or in respect of which the Issuer Security Trustee holds security or determine that any event which would otherwise constitute a Bond Event of Default or Potential 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 approval or consent or, where any Bondholders and/or Deferred Purchasers are affected

Issuer Secured Creditors, the holders of each Tranche of Bonds affected thereby have sanctioned such event, matter or thing in accordance with the Bond Trust Deed or, where applicable, the time for giving such approval or consent has otherwise lapsed in accordance with the Issuer Deed of Charge and provided further that the Bond Trustee shall not exercise such powers in contravention of any express direction given by an Extraordinary Resolution (or of a request in writing made by, holders of not less than one quarter in aggregate of the principal amount of the 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.

15.2.3 Any such modification, waiver, authorisation or determination shall be binding on the Bondholders and/or Deferred Purchasers of each relevant Tranche of Bonds 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 and the Deferred Purchasers as soon as practicable thereafter.

15.2.4 Notwithstanding that none of the Bond Trustee, the Bondholders, the Deferred Purchasers or the other Issuer Secured Creditors shall have any right of recourse against the Rating Agency in respect of any Ratings Confirmation given by them and relied upon by the Bond Trustee. The Bond Trustee shall be entitled to assume without liability, 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 any Rating Agency has provided a Ratings Confirmation. The Bond Trustee and the Bondholders agree and acknowledge that being entitled to rely on the fact that the Rating Agency has delivered a Rating Confirmation does not impose or extend any actual or contingent liability for such Rating Agency to the Bond Trustee, the Bondholders, any other Issuer Secured Creditor or any other person or create any legal relations between such Rating Agency and the Bond Trustee, the Bondholders, any other Issuer Secured Creditor or any other person whether by way of contract or otherwise.

15.2.5 As more fully set forth in the Bond Trust Deed (and subject to the conditions and qualifications therein), the Bond Trustee may, without reference to and without the consent of the Bondholders or any other Issuer Secured Creditor, also agree with the Issuer to the substitution of any holding company of the Issuer or any Subsidiary of such holding company or any Subsidiary of the Issuer in place of the Issuer as principal debtor in respect of the Bond Trust Deed and the Bonds.

15.2.6 In addition, the Issuer may, subject to Condition 6.3.4 (*Benchmark Discontinuation*) and Condition 6.3.6 (*SOFR*), vary or amend these Conditions, the Bond Trust Deed and the Agency Agreement to give effect to any Benchmark Amendments as described in Condition 6.3.4 (*Benchmark Discontinuation*) and any Benchmark Replacement Conforming Changes as described in Condition 6.3.6 (*SOFR*), without any requirement for the consent or approval of Bondholders or Couponholders, and the Bond Trustee and the Agents shall concur with the Issuer in effecting any such Benchmark Amendments and Benchmark Replacement Conforming Changes, as the case may be, on the basis set out in Condition 6.3.4 (*Benchmark Discontinuation*) and Condition 6.3.6 (*SOFR*).

The provisions of this Condition 15 (*Passing of resolutions by Bondholders, Modifications and Waiver*) are subject to the provisions of the STID, the Bond Trust Deed and the Issuer Deed of Charge.

16. Bond Trustee Protections

16.1 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 authorised signatory of the Issuer, the Obligors (or any of them) or any other party to any the Issuer Transaction Document to the effect that any particular dealing, transaction, step or thing is in the opinion of the person 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.

16.2 Bond Trustee considerations

Subject to the STID and the Issuer Deed of Charge, where the Bond Trustee is required to have regard to the interests of the Bondholders in exercising its rights, it shall have regard to the interests of the Bondholders as a whole and, in particular but without prejudice to the generality of the foregoing shall not have regard to, or be in any way liable for, the interests arising from circumstances particular to individual Bondholders (whatever their number) and in particular but without limitation shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Bond Trustee, the Issuer Security Trustee or any other person, any indemnification or other payment in respect of any consequence (including any tax or stamp duty consequence) of any such exercise upon individual Bondholders.

16.3 Exercise of rights by Bond Trustee

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, and any Issuer Transaction Documents in accordance with the directions of the relevant Bondholders or Tranche of Bondholders, but the Bond Trustee shall not be bound to take any such action unless it has (a) (i) been so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Bonds or (ii) been so directed by an Extraordinary Resolution of the Bondholders or the relevant Tranche of Bondholders and (b) been indemnified and/or secured and/or prefunded to its satisfaction.

17. Notices

17.1.1 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. Notices to other Bondholders will be valid if published in a leading daily newspaper having general circulation in the UK (which is expected to be the Financial Times) and shall be deemed to have been given on the date of such publication or, if published more than once, 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 (*Notices*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations (if any) of the relevant Stock Exchange.

17.1.2 Notwithstanding Condition 17.1.1, so long as any Bonds are represented by Global Bonds, notices in respect of those Bonds may be given only by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any other relevant clearing system as specified in the relevant Final Terms or Drawdown Prospectus for communication by them to entitled account holders instead of posting or publication in accordance with Condition 17.1.1. Such notices shall be deemed to have been given on the day of delivery to such clearing systems.

17.1.3 The Issuer will provide the 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 except to the extent that such notices, information or reports, contain information confidential to third parties.

18. Indemnification of the Bond Trustee and the Issuer Security Trustee

18.1 Indemnification

18.1.1 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 and/or any other person unless indemnified and/or secured and/or prefunded to its satisfaction. The Issuer Deed of Charge contains provisions for indemnification of the Issuer Security Trustee and for its relief from responsibility, including provisions relieving it from enforcing the Issuer Security unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

18.1.2 The Bond Trust Deed and the Issuer Deed of Charge also contain provisions pursuant to which the Bond Trustee and the Issuer Security Trustee and their related companies are entitled, amongst other things, to (a) enter into business transactions with the Issuer and/or any other party to any of the Issuer Transaction Documents and to act as trustees for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Issuer Transaction Documents, (b) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18.2 Directions, Duties and Liabilities

The Bond Trustee, in the absence of its own wilful default, gross negligence or fraud 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 these Conditions, any Issuer Transaction Document or any ancillary document.

19. Limited Recourse

19.1.1 Notwithstanding any other Condition or any provision of any Issuer Transaction Document, all obligations of the Issuer to the Bondholders are limited in recourse to the property, assets and undertakings of the Issuer that are the subject of any security created by the Issuer Security Documents (the **"Issuer Secured Property"**). If, following any Bond Event of Default (whether on a Final Maturity Date or before) and the delivery of an Issuer Security Enforcement Notice, all sums due under the Bonds have not been repaid in full and:

(a) there is no Issuer Secured Property remaining which is capable of being realised or otherwise converted into cash;

(b) all amounts available from the Issuer Secured Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and

(c) there are insufficient amounts available from the Issuer Secured Property to pay in full, in accordance with the provisions of the Issuer Deed of Charge, all amounts outstanding under the Bonds (including payments of principal and interest),

then the Bondholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and/or premium (if any) and/or interest in respect of the Bonds) and such unpaid amounts shall be discharged in full and any relevant payment rights shall be deemed to cease.

20. Miscellaneous

20.1 Governing Law

The Bond Trust Deed, the Issuer Deed of Charge, the Bonds, the Coupons, the Receipts, the Talons and the other Issuer Transaction Documents and all non-contractual or other obligations arising from or in connection with such documents are governed by, and shall be construed in accordance with, English law.

20.2 Jurisdiction

The courts of England and Wales 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 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 and/or the Issuer Transaction Documents may be brought in such courts and the Issuer has in each of the Issuer Transaction Documents to which it is a party submitted to the jurisdiction of such courts.

20.3 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.

20.4 Clearing System Accountholders

20.4.1 References in the Conditions of the Bonds to **"Bondholder"** are references to the bearer of the relevant Bearer Global Bond or the registered holder of a Registered Global Bond.

20.4.2 Each of the persons shown in the records of 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 (each an **"Accountholder"**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer, to such Accountholder and in relation to all other rights arising under the Global Bond. The extent to which, and the manner in which, accountholders may require the relevant Bondholder to exercise any rights arising under a Global Bond will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system (as the case may be) from time to time. For so long as the relevant Bonds are represented by a Global Bond, Accountholders shall have no claim directly against the Issuer.

21. Definitions

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

"24 hours" shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid.

"Basic Terms Modification" means any Voting Matter the business of which includes any of the following matters:

(A) to change any date fixed for payment of principal or interest in respect of any Tranche of Bonds, to reduce or cancel the amount of principal or interest payable on any date in respect of any Tranche of Bonds or (other than in accordance with Condition 7 (*Indexation*) and Condition 8 (*Redemption, Purchase and Cancellation*)) to alter the method of calculating the amount of any payment in respect of any Tranche of Bonds on redemption or maturity;

(B) to effect the exchange, conversion or substitution of any Tranche 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;

(C) to change the currency in which amounts due in respect of any Tranche of Bonds are payable;

(D) to alter any of the Issuer Payment Priorities insofar as such alteration would adversely affect the Bonds (or any Tranche thereof);

(E) to change the quorum required or the majority required to pass an Extraordinary Resolution;

(F) to release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge); or

(G) to amend the definition of Basic Terms Modification.

"Block Voting Instruction" means:

(A) in relation to voting by the holders of Bearer Bonds, a document in the English language issued by a Paying Agent:

  (i) certifying that the Deposited Bonds have been deposited with such Paying Agent (or to its order at a bank or other depositary) or blocked in an account with a clearing system and will not be released until the earlier of:

    (A) close of business (London time) on the Voting Date; and

    (B) the surrender to such Paying Agent, not less than 24 hours before the Voting Date of the receipt for the Deposited Bonds and notification thereof by such Paying Agent to the Bond Trustee;

  (ii) certifying that the depositor of each Deposited Bond or a duly authorised person on its behalf has instructed the relevant Paying Agent that the Votes attributable to such Deposited Bond are to be cast in a particular way on a Voting Matter and that, until the end of the Voting Date, such instructions may not be amended or revoked;

  (iii) listing the aggregate principal amount and (if in definitive form) the serial numbers of the Deposited Bonds, distinguishing between those in respect of which instructions have been given to Vote for, and those in respect of which instructions have been given to Vote against such Voting Matter; and

  (iv) authorising the Bond Trustee to vote in respect of the Deposited Bonds in connection with such Voting Matter in accordance with such instructions and the provisions of the Bond Trust Deed; and

(B) in relation to voting by the holders of Registered Bonds, a document in the English language issued by the Paying Agent:

(i) certifying:

(A) (where the Bonds are represented by a Global Bond) that certain specified Bonds (each a **"Blocked Bond"**) have been blocked in an account with a clearing system and will not be released until close of business (London time) on the Voting Date and that the holder of each Blocked Bond or a duly authorised person on its behalf has instructed the Paying Agent that the Votes attributable to such Blocked Bond are to be cast in a particular way on a Voting Matter; or

(B) (where the Bonds are represented by Definitive Bonds) that each registered holder of certain specified Bonds (each a **"Relevant Bond"**) or a duly authorised person on its behalf has instructed the Paying Agent that that Votes attributable to each Relevant Bond held by it are to be cast in a particular way on such Voting Matter; and

in each case that, until the end of the Voting Period, such instructions may not be amended or revoked;

(ii) listing the aggregate principal amount of the Blocked Bonds and the Relevant Bonds, distinguishing between those in respect of which instructions have been given to Vote for, or against, such Voting Matter; and

(iii) authorising the Bond Trustee to vote in respect of the Blocked Bonds and the Relevant Bonds in connection with such Voting Matter in accordance with such instructions and the provisions of the Bond Trust Deed.

"Bond Interest Payment Date" means the date(s) specified as such in, or determined in accordance with, the relevant Final Terms or Drawdown Prospectus.

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

"Bond Relevant Date" means, in respect of any 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 Index-linked Bonds in accordance with Condition 7.3 (*Application of the Index Ratio*)) has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Bondholders in accordance with Condition 17 (*Notices*).

"Bondholders" means the several persons who are holders of any outstanding Bonds from time to time (excluding the Deferred Purchasers) (being, in the case of Bearer Bonds, the bearers thereof and, in the case of Registered Bonds, the several persons whose names are entered in the register of holders of the Registered Bonds as the holders thereof) save that, in respect of any Bonds of any Tranche, for so long as such Bonds or any part thereof are represented by Global Bond deposited with a common depositary (in the case of a CGB) or common safekeeper (in the case of a NGB or a Regulation S Global Bond held under the NSS) for Euroclear and Clearstream, Luxembourg or, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Bonds of such Tranche shall be deemed to be the holder of such principal amount of such Bonds (and the holder of the relevant Global Bond shall be deemed not to be the holder) for all purposes of the Bond Trust Deed other than with respect to the payment of principal or interest on such nominal amount of such Bonds

and, the rights to which shall be vested, as against the Issuer and the Bond Trustee, solely in such common depositary, common safekeeper or its nominee and for which purpose such common depositary, common safekeeper or its nominee shall be deemed to be the holder of such nominal amount of such Bonds in accordance with and subject to its terms and the provisions of the Bond Trust Deed and the Conditions; and the expressions **"Bondholder"**, **"holder"** and **"holder of the Bonds"** and related expressions shall (where appropriate) be construed accordingly.

"Business Day" means:

(A) in relation to any sum payable in sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in London;

(B) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

(C) in relation to any sum payable in a currency other than euro or sterling, a day on which commercial banks and foreign exchange markets settle payments generally in London and in the principal financial centre of the currency in which such amount is due (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 in the relevant Final Terms or Drawdown Prospectus; and

(D) otherwise, a day (other than a Saturday or Sunday) on which banks are open for general business in London.

"Business Day Convention" means the business day convention specified in the Final Terms or Drawdown Prospectus which shall be one of the business day conventions set out in paragraphs (a), (b) and (c) of Condition 6.2 (*Business Day Convention*).

"Calculation Agent" means, in relation to any Series of Bonds, the Agent Bank or, if another person has been appointed as calculation agent in respect of any Series of Bonds pursuant to a Calculation Agency Agreement, the person appointed pursuant to such agreement and specified as such in the relevant Final Terms or Drawdown Prospectus.

"Calculation Amount" means the amount specified as such in the relevant Final Terms or Drawdown Prospectus.

"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 a Bond Interest Period, the **"Calculation Period"**):

(A) if **"Actual/Actual ICMA"** is specified:

(i) 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

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

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

(B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year,

where:

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

"Bond Determination Date" means, the date specified as such in the Final Terms or Drawdown Prospectus or, if none is so specified the Bond Interest Payment Date;

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

(C) if **"Actual/365 (Fixed)"** is specified, the actual number of days in the Calculation Period divided by 365;

(D) if **"Actual/360"** is specified, the actual number of days in the Calculation Period divided by 360;

(E) 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 months of 30 days (unless (i) 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 (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); and

(F) 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 months of 30 days, 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).

"Deferred Bond Purchase Agreement" means any agreement pursuant to which, *inter alia*, the Issuer agrees to sell the Bonds to one or more purchasers in accordance with agreed commitments, and such persons agree to purchase such Bonds from the Issuer, on a date(s) specified in such agreement at the relevant bond purchase price (whether or not subject to conditions precedent).

"Deferred Bond Purchaser" means any person which has entered into a Deferred Bond Purchase Agreement with the Issuer and any transferee of the bond purchase obligation who accedes to the Deferred Bond Purchase Agreement in accordance with its terms and **"Deferred Bond Purchasers"** shall be construed accordingly.

"Deferred Purchase Bonds" means any Bonds issued by the Issuer which are held by or on behalf of the Issuer and in respect of which the Issuer has entered into one or more Deferred Bond Purchase Agreements pursuant to which it has agreed to sell such Bonds to one or more Deferred Bond Purchasers.

"Deferred Settlement Agreement" means any agreement pursuant to which one or more persons agree with the Issuer to subscribe for Deferred Settlement Bonds to be issued by the Issuer and subscribed by it/them on a future date or date(s) as specified in such agreement (whether or not subject to conditions precedent);

"Deferred Settlement Bonds" means any Bonds agreed to be issued by the Issuer to Deferred Settlement Purchaser(s) pursuant to a Deferred Settlement Agreement;

"Deferred Settlement Purchaser" means any person which has entered into a Deferred Settlement Agreement with the Issuer and any transferee of the bond subscription obligation

who accedes to the Deferred Settlement Agreement in accordance with its terms and **"Deferred Settlement Purchasers"** shall be construed accordingly;

"Deposited Bond" means Bearer Bonds which have been deposited with a Paying Agent (or to its order at a bank or other depositary) or blocked in an account with a clearing system, for the purposes of the issuance of a Block Voting Instruction.

"Entrenched Right STID Proposal" means any STID Proposal the business of which gives rise to an Entrenched Right in relation to which the Issuer is an Affected Obligor Secured Creditor and the Bondholders and/or Deferred Settlement Purchasers (or the holders of any Tranche thereof) are affected.

"EURIBOR" means the Euro-zone interbank offered rate.

"euro" means the lawful currency of the Participating Member States.

"Final Maturity Date" means the date specified in, or determined in accordance with, the relevant Final Terms or Drawdown Prospectus as the final date on which the principal amount of the Bond is due and payable.

"Interest Commencement Date" means, in respect of each Tranche of Bonds, in the case of interest bearing Bonds, the date specified in the applicable Final Terms or Drawdown Prospectus from (and including) which such Bonds bear interest, which may or may not be the Issue Date.

"Interest Determination Date" means:

(A) (other than in respect of Bonds for which SONIA, SOFR, €STR or any related index is specified as the Relevant Rate in the relevant Final Terms) with respect to an Interest Rate and a Bond Interest Period, the date specified as such in, or determined in accordance with, the relevant Final Terms or Drawdown Prospectus (as adjusted in accordance with any Business Day Convention) or, if none is so specified or can so be determined, the day falling two Business Days in London prior to the first day of such Bond Interest Period (or if the Specified Currency is sterling the first day of such Bond Interest Period);

(B) in respect of Bonds for which SONIA or any related index is specified as the Relevant Rate in the relevant Final Terms, has the meaning given thereto in Condition 6.3.5;

(C) in respect of Bonds for which SOFR or any related index is specified as the Relevant Rate in the relevant Final Terms, has the meaning given thereto in Condition 6.3.6; and

(D) in respect of Bonds for which €STR or any related index is specified as the Relevant Rate in the relevant Final Terms, has the meaning given thereto in Condition 6.3.7.

"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 the relevant Final Terms or Drawdown Prospectus.

"Investor Settlement Date" means each date specified in the Deferred Bond Purchase Agreement on which the Deferred Bond Purchasers are obliged to purchase the Deferred Purchase Bonds from the Issuer or each date specified in the Deferred Settlement Agreement on which the Deferred Settlement Purchasers are obliged to subscribe for the Deferred Settlement Bonds.

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Bonds as published by the International Swaps and Derivatives Association, Inc.).

"Issue Date" means, for the purposes of these Conditions, the date specified as such in the relevant Final Terms or Drawdown Prospectus.

"Issuer Cash Manager" means the Company, or such successor Issuer Cash Manager as may be appointed pursuant to the Issuer Cash Management Agreement.

"Issuer Insolvency Event" means:

(A) save as permitted in the STID, a moratorium is declared in respect of any indebtedness of the Issuer;

(B) save as permitted in the STID, the cessation or suspension of payment of its debts generally or a public announcement by such person of an intention to do so;

(C) the commencement of negotiations by the Issuer with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer;

(D) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to a merger, amalgamation, reorganisation or reconstruction, the terms of which have previously been approved by the Bond Trustee in writing or by an Extraordinary Resolution of the Bondholders then outstanding;

(E) the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any part of the undertaking of the Issuer;

(F) an encumbrancer (excluding, the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) taking possession of the whole or any part of the undertaking or assets of the Issuer;

(G) the making of an arrangement, composition or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditors of the Issuer as part of a general arrangement, composition or compromise affecting the Issuer's creditors generally; or

(H) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer (excluding by the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days.

"Issuer Reference Banks" means the institutions specified as such in the Final Terms or Drawdown Prospectus or, if none is so specified, 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.

"LIBOR" means the London interbank offered rate for a currency.

"Margin" means the rate per annum (expressed as a percentage) specified as such in the relevant Final Terms or Drawdown Prospectus.

"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 Drawdown Prospectus, 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 and, in the absence of such nomination, as nominated by the Issuer (acting on the advice of a leading investment bank).

"Participating Member State" means a member state of the European Union that adopts and continues to adopt the euro as its lawful currency under the legislation of the European Union for European Monetary Union.

"Payment Business Day" means:

(A) if the currency of payment is euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or

(B) if the currency of payment is not euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Relevant Financial Centre.

"Principal Amount Outstanding" means in relation to a Bond or a Tranche, the original face value thereof less any repayment of principal made to the relevant Bondholders in respect of such Bond or Tranche.

"Qualifying Issuer Creditors" means the holders of the Bonds and each Issuer Hedge Counterparty that is party to an Issuer Hedging Agreement in respect of the Bonds.

"Qualifying Issuer Debt" means the sum of (a) the Principal Amount Outstanding of the Bonds and (b) the marked-to-market value of all transactions arising under any Issuer Hedging Agreements in respect of the Bonds to the extent that such value represents an amount which would be payable to the relevant Issuer Hedge Counterparties if an early termination date was designated at relevant date in respect of such transactions as determined by the relevant Issuer Hedge Counterparty in accordance with the Issuer Hedging Agreements, as certified by the relevant Issuer Hedge Counterparty to the Bond Trustee.

"Redemption Amount" means the amount provided under Condition 8.2 (*Optional Redemption*), unless otherwise specified in the relevant Final Terms or Drawdown Prospectus.

"Relevant Currency" means the Specified Currency or, if none is specified, the currency in which the Bonds are denominated.

"Reference Date" means the date which is three Business Days prior to the date of deemed delivery (under Condition 17 (*Notices*)) of the notice of redemption under Condition 8.2 (*Optional Redemption*) or Condition 8.5 (*Early Redemption on Prepayment of an IBLA*), as the case may be.

"Relevant Financial Centre" means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus or, if none is so specified, the financial centre with which the Relevant Rate is most closely connected as determined by the Calculation Agent.

"Relevant Rate" means EURIBOR, LIBOR, SONIA, SOFR or €STR as specified in the relevant Final Terms or Drawdown Prospectus, where applicable, for a Representative Amount of the Relevant Currency for a period (if applicable) equal to the Specified Duration (or such other rate as shall be specified in the relevant Final Terms or Drawdown Prospectus) and **"Relevant Rates"** shall be construed accordingly.

"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 Drawdown Prospectus 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 as determined by the Issuer on the advice of an investment bank.

"Representative Amount" means, with respect to any rate to be determined on an Interest Determination Date, the amount specified in the relevant Final Terms or Drawdown Prospectus as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Currency" has the meaning given to it in the applicable Final Terms or Drawdown Prospectus.

"Specified Denomination" has the meaning given to it in the applicable Final Terms or Drawdown Prospectus.

"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 Drawdown Prospectus or, if none is specified, a period of time equal to the relative Bond Interest Period.

"STID Decision Matter" means for the purposes of the Bond Trust Deed any instruction, resolution or approval sought from the Qualifying Obligor Secured Creditors through their Secured Creditor Representatives pursuant to the STID (other than an Entrenched Right STID Proposal) including, without limitation, in connection with:

(A) any Ordinary Voting Matter;

(B) any Extraordinary Voting Matter;

(C) any Direction Notice from the Qualifying Obligor Secured Creditors;

(D) any Enforcement Instruction Notice;

(E) any Further Enforcement Instruction Notice;

(F) any resolution in respect of an Emergency Instruction Notice (**"Emergency STID Resolution"**) pursuant to the STID;

(G) any Distressed Disposal Resolution; or

(H) any STID Proposal relating to a vote to terminate a Standstill Period pursuant to the STID,

save that, for so long as the Issuer holds any Bonds it shall not be entitled to vote on the matters contemplated in paragraphs (D), (E), (F), (G) and (H) of this definition.

"STID Direction Matter" means any matter on which the Bond Trustee may be instructed pursuant to the voting provisions of the Bond Trust Deed.

"STID Discretion Matter" means any Discretion Matter.

"Vote" means an instruction from a Bondholder and/or Deferred Settlement Purchaser to the Bond Trustee to vote on its behalf in respect of a Voting Matter or a STID Decision Matter (as applicable), such instructions to be given in accordance with the Bond Trust Deed and **"Voting"** shall be construed accordingly.

"Voting Closure Date" means:

(A) in relation to an Ordinary STID Resolution, the date on which the Obligor Security Trustee has received votes sufficient to pass such Ordinary STID Resolution pursuant to clause 22 (*Ordinary Voting Matters*) of the STID; and

(B) in relation to an Extraordinary STID Resolution, the date on which the Obligor Security Trustee has received votes sufficient to pass such Extraordinary STID Resolution pursuant to clause 23 (*Extraordinary Voting Matters*) of the STID.

"Voting Date" means:

(A) in respect of a STID Decision Matter:

  (i) in respect of a Decision Period, the Business Day immediately preceding the last day of such Decision Period; and

  (ii) in respect of a Decision Period that is extended in accordance with clause 22.2 (*Quorum Requirement for an Ordinary Voting Matter*) or clause 23.2 (*Quorum Requirement for an Extraordinary Voting Matter*) of the STID (as applicable), the Business Day immediately preceding the last date of such extended Decision Period; and

(B) in respect of any other Voting Matter, the date set out in the relevant Voting Notice.

"Voting Matter" means any matter (other than a STID Decision Matter) which is required to be approved by the Bondholders and/or the Deferred Settlement Purchasers including, without limitation:

(A) any Entrenched Right STID Proposal;

(B) any matter which requires confirmation of the relevant Secured Creditor Representative that the requisite majority of the relevant Authorised Credit Provider(s) party to the relevant Authorised Credit Facility agrees to any amendment, modification or waiver to any Finance Document to which the Obligor Security Trustee is a party (other than a Common Document) proposed pursuant to and in accordance with the provisions of the STID;

(C) any other directions required or entitled to be given by Bondholders pursuant to the Issuer Transaction Documents (including, without limitation, with respect to any modification, consent or waiver to be granted with respect thereto including pursuant to the Bond Trust Deed); and

(D) any other matter which requires the approval of or consent of the Bondholders.

"Voting Period" means the period ending on the relevant Voting Date or, if earlier, the relevant Voting Closure Date.

FORMS OF THE BONDS

Bonds may, subject to all applicable legal and regulatory requirements, be issued in Series comprising either Bearer Bonds or Registered Bonds, as specified in the relevant Final Terms or Drawdown Prospectus. The Bonds may comprise one or more Tranches.

Bearer Bonds

Each Tranche of Bonds initially issued in bearer form will be issued either as a Temporary Bearer Global Bond, without Receipts, Coupons or Talons attached, or a Permanent Bearer Global Bond, without Receipts, Coupons or Talons attached, in each case as specified in the relevant Final Terms or Drawdown Prospectus. Each Temporary Bearer Global Bond or, as the case may be, Permanent Bearer Global Bond (each a **"Bearer Global Bond"**) which is not intended to be issued in new global bond (**"NGB"**) form, as specified in the relevant Final Terms or Drawdown Prospectus, will be delivered on or prior to the Issue Date of the relevant Tranche 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 Tranche of Bonds. Each Bearer Global Bond which is intended to be issued in NGB form, as specified in the relevant Final Terms or Drawdown Prospectus, will be delivered on or prior to the Issue Date of the relevant Tranche of the Bonds to a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Where the Bearer Global Bonds issued in respect of any Tranche are in NGB form, the applicable Final Terms will also indicate whether or not such Bearer Global Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Bonds are to be so held does not necessarily mean that the Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NGBs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

In the case of each Tranche of Bonds in bearer form the relevant Final Terms or Drawdown Prospectus will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or substantially identical successor United States Treasury Regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **"TEFRA C Rules"**) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or substantially identical successor United States Treasury Regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **"TEFRA D Rules"**) are applicable in relation to the Bonds or, if the Bonds do not have a maturity of more than 1 year, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Bearer Global Bond exchangeable for Permanent Bearer Global Bond

If the relevant Final Terms or Drawdown Prospectus specify the form of Bonds as being represented by "Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond", then the Bonds will initially be in the form of a Temporary Bearer Global Bond which will be exchangeable, in whole or in part, for interests in a Permanent Bearer Global Bond, without Receipts, Coupons or Talons attached, not earlier than 40 days after the Issue Date of the relevant Tranche of the Bonds upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Bearer Global Bond unless exchange for interests in the Permanent Bearer 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 Bearer Global Bond is to be exchanged for an interest in a Permanent Bearer Global Bond, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Bearer Global Bond, duly authenticated, to the bearer of the Temporary Bearer Global Bond or (in the case of any subsequent exchange) an

increase in the principal amount of the Permanent Bearer Global Bond in accordance with its terms against:

(i) presentation and (in the case of final exchange) surrender of the Temporary Bearer Global Bond at the specified office of the Principal Paying Agent; and

(ii) 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 Bearer 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 Bearer Global Bond exceed the aggregate initial principal amount of the Temporary Bearer Global Bond and any Temporary Bearer Global Bond representing a fungible Tranche of Bonds with the Tranche of Bonds represented by the first Temporary Bearer Global Bond.

The Permanent Bearer Global Bond will be exchangeable in whole, but not in part, for Bonds in definitive form (each, a **"Definitive Bond"**):

(i) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; or

(ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two directors of the Issuer has been given to the Bond Trustee.

Whenever the Permanent Bearer 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 or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Bearer Global Bond to the bearer of the Permanent Bearer Global Bond against the surrender of the Permanent Bearer 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 Bearer Global Bond exchangeable for Definitive Bonds

If the relevant Final Terms or Drawdown Prospectus specify the form of Bonds as being "Temporary Bearer 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 Bearer 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 Tranche of the Bonds.

If the relevant Final Terms or Drawdown Prospectus specifies the form of Bonds as being "Temporary Bearer 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 Bearer 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 Tranche 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 Bearer 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 or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Temporary Bearer Global Bond so exchanged to the bearer of the Temporary Bearer Global Bond against the presentation (and in the case of final exchange, surrender) of the Temporary Bearer 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 of such Bonds.

If the relevant Final Terms or Drawdown Prospectus specify the form of Bonds as being "Temporary Bearer Global Bond exchangeable for Definitive Bonds", such Temporary Bearer Global Bonds and such Definitive Bonds may only be issued and traded in denominations equal to the Specified Denomination and integral multiples thereof.

Permanent Bearer Global Bond exchangeable for Definitive Bonds

If the relevant Final Terms or Drawdown Prospectus specifies the form of Bonds as being "Permanent Bearer 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 Bearer Global Bond which will be exchangeable in whole, but not in part, for Definitive Bonds:

(i) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; or

(ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two directors of the Issuer has been given to the Bond Trustee.

Whenever the Permanent Bearer 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 or Drawdown Prospectus), in an aggregate principal amount equal to the principal amount of the Permanent Bearer Global Bond to the bearer of the Permanent Bearer Global Bond against the surrender of the Permanent Bearer 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 or Drawdown Prospectus 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*" below.

Legend concerning United States persons

Global Bonds and Definitive Bonds having a maturity of more than 1 year and any Receipts, Coupons and Talons appertaining thereto will bear a legend to the following effect unless the relevant Final Terms or Drawdown Prospectus specifies 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.

Bonds issued in bearer form will only be transferable in accordance with the procedures of the Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system (as applicable).

Registered Bonds

Any Registered Bond will be represented on issue by one or more Regulation S Global Bonds of each Tranche.

Each Regulation S Global Bond will be deposited on or about the Issue Date with either: (a) a common depositary for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, in the case of a Regulation S Global Bond which will not be held under the new safekeeping structure (**"New Safekeeping Structure"** or **"NSS"**), and registered in the name or a nominee of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; or (b) a common safekeeper for Euroclear and/or Clearstream Luxembourg, in the case of a Regulation S Global Bond to be held under the New Safekeeping Structure, and registered in the name of a nominee of the common safekeeper.

Where the Regulation S Global Bonds issued in respect of any Tranche are held under the NSS, the applicable Final Terms will also indicate whether or not such Regulation S Global Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Regulation S Global Bonds are to be so held does not necessarily mean that the Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NSSs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Beneficial interests in a Regulation S Global Bond may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. See "*Book-Entry Clearance Procedure*".

Beneficial interests in Regulation S Global Bonds will be subject to certain restrictions on transfer set out in this Prospectus, in the relevant Final Terms or Drawdown Prospectus, and in the Agency Agreement, and such Regulation S Global Bonds will bear the applicable legends regarding the restrictions set out in the relevant Final Terms or Drawdown Prospectus.

Except in the limited circumstances described below, owners of beneficial interests in Regulation S Global Bonds will not be entitled to receive physical delivery of certificated Bonds.

Exchange for Registered Definitive Bonds

Each Regulation S Global Bond 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 definitive bonds in fully registered form (**"Registered Definitive Bonds"**):

(i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available; and

(ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds in definitive form and a certificate to such effect from two directors of the Issuer has been given to the Bond Trustee.

The Registrar will not register the transfer of, or exchange of interests in, a Regulation S Global Bond for Registered Definitive Bonds for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the relevant Tranche of Bonds.

If only one of the Regulation S Global Bonds (the **"Exchanged Regulation S Global Bond"**) becomes exchangeable for Registered Definitive Bonds in accordance with the above paragraphs, transfers of Bonds may not take place between, on the one hand, persons holding Registered Definitive Bonds issued in exchange for beneficial interests in the Exchanged Regulation S Global Bond and on the other hand, persons wishing to purchase beneficial interests in the other Regulation S Global Bond.

"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 Regulation S Global Bond shall be exchanged in full for Registered Definitive Bonds 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 Registered Definitive Bonds to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders. A person having an interest in a Regulation S Global Bond must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Registered Definitive Bonds.

Legends and Transfers

The holder of a Registered Definitive Bond 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 a Registered Definitive Bond or upon specific request for removal of the legend on a Registered Definitive Bond, the Issuer will deliver only Registered Definitive Bonds 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.

Provisions Relating to the Bonds while in Global Form

Global Bonds will contain provisions that apply to the Bonds which they represent, some of which modify the effect of the Conditions of the Bonds as set out in this Prospectus. The following is a summary of certain of those provisions:

(i) Cancellation:

Cancellation of any Bond represented by a Global Bond that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Bond.

(ii) Notices:

So long as any Bonds are represented by a Global Bond and such Global Bond is held on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system, notices to the Bondholders may be given, subject always to listing requirements, by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other relevant clearing system for communication by it to entitled accountholders in substitution for publication as provided in the Conditions. Such notices shall be deemed to have been received by the Bondholders on the date of delivery to such clearing systems.

(iii) Record date:

Each payment in respect of a Regulation S Global Bond will be made to the person shown as the Holder in the Register on the Clearing System Business Day before the due date for such payment where **"Clearing System Business Day"** means a day on which each clearing system for which the Regulation S Global Bond is being held is open for business.

(iv) Payments:

All payments in respect of the Global Bonds which, according to the Conditions, require presentation and/or surrender of a Bond or Coupon, will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Bond to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bonds. On each occasion on which a payment of principal or interest is made in respect of the Global Bonds,

the Issuer shall procure that the payment is noted in a schedule thereto and the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

(v) Payment Business Day:

Notwithstanding the definition of "Payment Business Day" in Condition 21 (*Definitions*), while all the Bonds are represented by a Permanent Bearer Global Bond (or by a Permanent Bearer Global Bond and/or a Temporary Bearer Global Bond) or a Regulation S Global Bond and the Permanent Bearer Global Bond is (or the Permanent Bearer Global Bond and/or the Temporary Bearer Global Bond are), or the Regulation S Global Bond is deposited with a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "Payment Business Day" means:

(a) if the currency of payment is euro, any day on which the TARGET2 system is open; 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 principal financial centre of the currency of payment (which shall be specified as the Relevant Financial Centre in the applicable Final Terms or Drawdown Prospectus).

(vi) Redemption at the Option of the Issuer:

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Bonds to be redeemed will be required under Condition 8.2 (*Optional Redemption*) in the event that the Issuer exercises its option pursuant to Condition 8.2 (*Optional Redemption*) in respect of less than the aggregate principal amount of the Bonds outstanding at such time. In such event, the partial redemption will be effected *pro rata* in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg.

BOOK-ENTRY CLEARANCE PROCEDURE

The information set out below has been obtained from Euroclear or Clearstream, Luxembourg (together, the **"Clearing Systems"***). 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 the Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

Euroclear and Clearstream, Luxembourg

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each Series of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. Euroclear and Clearstream, Luxembourg each 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. Investors may hold their interests in Global Bonds 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.

Book-entry ownership

Each Bearer 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 or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg (as applicable). Each Regulation S Global Bond 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 or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg (as applicable).

Payments and relationship of participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Bond represented by a Global Bond must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Bonds represented by a Global Bond, the common 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 as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Bond held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Bond in respect of each amount so paid.

Settlement and transfer of Bonds

Subject to the rules and procedures of each applicable Clearing System, purchases of Bonds held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Bonds on the Clearing System's records. The 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. Transfers of ownership interests in Bonds held within the Clearing

System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Bonds, unless and until interests in any Global Bond held within a Clearing System are exchanged for Bearer Definitive Bonds or Registered Definitive Bonds.

PRO FORMA FINAL TERMS

EU MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **"EU MiFID II"**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **"distributor"**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional Investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**"COBS"**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law (**"UK MiFIR"**) by virtue of the European Union (Withdrawal) Act 2018, as amended (**"EUWA"**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. *[Consider any negative target market*]. Any 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.]

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 EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded) (the **"Insurance Distribution Directive"**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. 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.

Prohibition of sales to UK retail investors – The Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (**"UK"**). For these purposes, a "retail investor" means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**"EUWA"**); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (**"DISC"**) for offering, selling or distributing the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

Final Terms dated [•]

Bazalgette Finance plc

Legal entity identifier (LEI): 213800ZGSE4AQTG77U19

Issue of [Tranche [•]] [Aggregate Nominal Amount of Tranche] [Fixed Rate] [Floating Rate] [Index-linked] [Green] [Blue] Bonds under the 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 [•] 2026 [and the supplemental or drawdown prospectus dated [•] 2026 which [together]] constitute[s] a base prospectus (the **"Base Prospectus"**) for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the **"PRM"**). This document constitutes the Final Terms of the Bonds described herein for the purposes of the PRM and must be read in conjunction with such Base 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 Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental/drawdown Prospectus] [is] [are] available for viewing at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the specified offices of the Paying Agents.

1.	(i)	Issuer:	Bazalgette Finance plc
	(ii)	Series Number:	[•]
	(iii)	Tranche Number:	[•]
	(iv)	Date on which the Bonds will be consolidated and form a single Tranche:	[Not Applicable] [The Bonds shall be consolidated, form a single tranche and be interchangeable for trading purposes with [•] on [the Issue Date/exchange of the Temporary Bearer Global Bond for interests in the Permanent Bearer Global Bond, as referred to in paragraph [19] below, which is expected to occur on or about [•]].]
2.	Specified Currency or Currencies:		[•]
3.	Aggregate Nominal Amount of Bonds admitted to trading:		[•]
	(i) Series:		[•]
	(ii) Tranche:		[•]
4.	Issue Price:		[•]
5.	(i)	Specified Denominations:	[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]/ [•] and integral multiples of [•] in excess thereof up to and including [•]]. No Bonds in definitive form will be issued with a denomination of integral multiples above [€199,000/[•]].
	(ii)	Calculation Amount:	[€/£/$] [•]
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[•] [Issue Date] [Not Applicable]

7.	Final Maturity Date:	[•]
8.	Instalment Date:	[Not Applicable] [•]
9.	Interest Basis:	[[•] per cent. Fixed Rate] [[Floating Rate][+]/[-] [•] per cent.] [Index-linked Interest]
10.	Redemption/Payment Basis:	[Redemption at par] [Index-linked Redemption] [Instalment]
11.	Call Options:	Optional Redemption - Conditions 8.2, 8.3 and 8.4 apply
12.	Date [Board] approval for issuance of Bonds obtained:	[•]
13.	Percentage of Deferred Purchase Bonds:	[[•] Deferred Purchase Bonds]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Bond Provisions:		[Applicable/Not Applicable]
	(i)	Interest Rate:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] [in arrear] on each Bond Interest Payment Date]
	(ii)	Representative Amount:	[•]
	(iii)	Interest Determination Date:	[•] in each year
	(iv)	Bond Interest Payment Date(s):	[•] [and [•]] in each year
	(v)	First Bond Interest Payment Date:	[•]
	(vi)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(vii)	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]

	(viii)	Reference Gilt:	[[•] per cent. Treasury Stock due [•]] [Not Applicable]
	(ix)	Comparable German Bund Issuer:	[[•] per cent. German Bundesanleihe Security due [•]] [Not Applicable]
	(x)	Comparable United States Treasury Securities:	[[•] per cent. US Treasury Security due [•]] [Not Applicable]
	(xi)	Additional city/cities:	[•] [Not Applicable]
15.	Floating Rate Bond Provisions:		[Applicable/Not Applicable]
	(i)	Bond Interest Payment Dates:	[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in paragraph (iii) below]
	(ii)	First Bond Interest Payment Date:	[•]
	(iii)	Business Day Convention:	[Following Business Day/Modified Following Business Day/Preceding Business Day]
	(iv)	Relevant Rate:	[EURIBOR/SONIA/SOFR/€STR]
	(v)	Manner in which the Interest Rate(s) is/are to be determined if the Relevant Rate is EURIBOR:	[Screen Rate Determination/ISDA Determination]
	(vi)	Manner in which Interest Rate(s) is/are to be determined if the Relevant Rate is SONIA, SOFR or €STR:	[SONIA in accordance with Condition 6.3.5][SOFR in accordance with Condition 6.3.6][€STR in accordance with Condition 6.3.7][Index Determination in accordance with Condition 6.3.8]
	(vii)	Bond Interest Amount:	[•] [Not Applicable]
	(viii)	Party responsible for calculating the Interest Rate(s), Bond Interest Amount(s) and Redemption Amount (if not the Agent Bank):	[Not Applicable] / [[•] as Calculation Agent]
	(ix)	Screen Rate Determination:	[Applicable/Not Applicable]
		- Interest Determination Date(s):	[•]
		- Page:	[•]

	- Relevant Time:	[•]
(x)	ISDA Determination:	[Applicable/Not Applicable]
	- Floating Rate Option:	[•]
	- Specified Duration (if other than the relevant Bond Interest Period):	[•]/[Not Applicable]
	- Reset Date:	[•]
(xi)	SONIA in accordance with Condition 6.3.5:	[Applicable/Not Applicable]
	- Observation Method:	[Lag/Observation Shift]
	- Lag Period:	[[ ] London Banking Days] / [Not Applicable]
	- Observation Shift Period:	[[ ] London Banking Days] / [Not Applicable]
	- Page:	[•]
(xii)	SOFR in accordance with Condition 6.3.6:	[Applicable/Not Applicable]
	- Observation Method:	[Lag/Observation Shift]
	- Lag Period:	[[ ] U.S. Government Securities Business Days] / [Not Applicable]
	- Observation Shift Period:	[[ ] U.S. Government Securities Business Days] / [Not Applicable]
(xiii)	€STR in accordance with Condition 6.3.7:	[Applicable/Not Applicable]
	- Observation Method:	[Lag/Observation Shift]
	- Lag Period:	[[ ] TARGET Settlement Days] / [Not Applicable]
	- Observation Shift Period:	[[ ] TARGET Settlement Days] / [Not Applicable]
	- D:	[•]
	- Page:	[•]

	(xiv)	Index Determination in accordance with Condition 6.3.8:	[Applicable/Not Applicable]
		- Compounded Index:	[SONIA Compounded Index] [SOFR Compounded Index]
		- Relevant Decimal Place:	[fifth decimal place with 0.000005 being rounded upwards] / [seventh decimal place with 0.00000005 being rounded upwards] / [[ ] decimal place with [ ] being rounded upwards]
		- Relevant Number:	[five] / [two] / [ ]
	(xv)	Margin(s):	[+/-] [•] per cent. per annum
	(xvi)	Minimum Rate of Interest:	[[•] per cent. per annum] [Not Applicable]
	(xvii)	Maximum Rate of Interest:	[[•] per cent. per annum] [Not Applicable]
	(xviii)	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]
	(xix)	Additional city/cities:	[•] [Not Applicable]
	(xx)	Bond Determination Date:	[•]
	(xxi)	Representative Amount:	[•]
	(xxii)	Issuer Reference Banks:	[•]
16.	Index-linked Bond Provisions:		[Applicable/Not Applicable]
	(i)	Index/Formula:	[UK RPI] / [UK CPI] / [UK CPIH]
	(ii)	Interest Rate:	[•] per cent. per annum
	(iii)	Party responsible for calculating the Rate(s) of Interest, Bond Interest Amount and Redemption Amount(s) (if not the Agent Bank):	[Not Applicable] / [[•] as Calculation Agent]
	(iv)	Provisions for determining Interest in the event of changes in circumstances, disruptions, cessation of or	Applicable – Conditions 7.4 to 7.6

	fundamental changes to the Index:	
(v)	Interest or calculation period(s):	[•]
(vi)	Bond Interest Payment Dates:	[•] in each year[, (subject to adjustment in accordance with the Business Day Convention set out in paragraph (ix) below)]
(vii)	First Bond Interest Payment Date:	[•]
(viii)	Bond Interest Amount:	[•] / [Not Applicable]
(ix)	Business Day Convention:	[Following Business Day /Modified Following Business Day /Preceding Business Day]
(x)	Minimum Indexation Factor:	[Not Applicable] / [•]
(xi)	Maximum Indexation Factor:	[Not Applicable] / [•]
(xii)	Base Index Figure:	[•] / [The Index Figure applicable to the Indexation Commencement Date]
(xiii)	Indexation Commencement Date:	[Issue Date] / [any other date]
(xiv)	Limited Indexation Month(s):	[•] / [Not Applicable]
(xv)	Indexation Reference Gilt:	[•]
(xvi)	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]
(xvii)	Additional city/cities:	[•] / [Not Applicable]
(xviii)	Rate for purposes of Condition 8.2.1(d) where the Index is UK CPI or UK CPIH:	[•] / [Not Applicable]

PROVISIONS RELATING TO REDEMPTION

17.	Optional Redemption:	[Applicable in accordance with Conditions 8.2, 8.3 and 8.4] / [Not Applicable]
(i)	Redemption Amount(s) of each Bond:	[Calculated in accordance with Conditions 8.2, 8.3 and 8.4 (as applicable)]

	(ii)	Number of basis points for the purposes of Condition 8.2.1(a)(2):	[•] basis points
	(iii)	If redeemable in part, notice period (if other than as set out in the Conditions):	[•] / [Not Applicable]
18.	Redemption Amount of each Bond:		[Determined in accordance with Conditions 8.2.1, 8.3.2 and 8.4.1 (as applicable)]
	In cases where the Redemption Amount is Index-linked:		
	(i)	Index:	[UK RPI] / [UK CPI] / [UK CPIH]
	(ii)	Party responsible for calculating the Redemption Amount (if not the Agent Banks):	[Not Applicable] / [[•] as Calculation Agent]
	(iii)	Provisions for determining Redemption Amount where calculated by reference to the Index:	The Redemption Amount of each Bond shall be determined in accordance with Conditions 8.2.1(d), 8.3.2 and 8.4.1 (as applicable)
	(iv)	Provisions for determining Redemption Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted:	Applicable – Condition 7.4 and 7.6

GENERAL PROVISIONS APPLICABLE TO THE BONDS

19.	**Form of Bonds:**		
	(i)	If issued in Bearer form or Exchangeable Bearer Form:	[Bearer/ Registered/ Exchangeable Bearer] [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (TEFRA C Rules apply).] [Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (TEFRA D Rules apply).]

		[Temporary Bearer Global Bond exchangeable for a Permanent Bearer Global Bond which is exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply).] [Temporary Bearer Global Bond exchangeable for Definitive Bonds on [•] days' notice (TEFRA C Rules apply).] [Temporary Bearer Global Bond exchangeable for Definitive Bonds on [•] days' notice (TEFRA D Rules apply).] [Temporary Bearer Global Bond exchangeable for Definitive Bonds on [•] days' notice (Neither TEFRA C Rules nor TEFRA D Rules apply).] [Permanent Bearer Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (TEFRA C Rules apply).] [Permanent Bearer Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (TEFRA D Rules apply).] [Permanent Bearer Global Bond exchangeable for Definitive Bonds in the limited circumstances specified in the Permanent Bearer Global Bond (Neither TEFRA C Rules nor TEFRA D Rules apply).]
	(ii) If Registered Bonds:	[Regulation S Global Bond registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Registered Definitive Bonds on [•] days' notice in the circumstances specified in the Regulation S Global Bond]
20.	New Global Bond:	[Yes] [No]
21.	Relevant Financial Centre(s):	[•]
22.	Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature):	[No] [Yes]

23.	Details relating to Bonds repayable in instalments:		[Not Applicable]
	(i)	Instalment Date:	[•]
	(ii)	Instalment Amount:	[•]
24.	New Safekeeping Structure:		[Yes] [No]

Signed on behalf of the Issuer:

By: ……..

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing:	London
(ii)	Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's Main Market and listing on the Official List of the FCA with effect from [•].] [Application 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 Main Market and listing on the Official List of the FCA and this is expected to be effective from [•].] [Not Applicable]
(iii)	Estimate of total expenses related to admission to trading:	[•]

2. RATINGS

Ratings:	The Bonds to be issued [have been] [are expected to be] rated: [Fitch Ratings Ltd (**"Fitch"**): [•]] [Moody's Investors Service Limited (**"Moody's"**): [•]]

3. GREEN / BLUE BONDS

Green Bonds:	[Applicable] [Not Applicable]
Blue Bonds:	[Applicable] [Not Applicable]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[•]/[Save as discussed in "*Subscription and Sale*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.]

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i)	Reasons for the offer:	[The net proceeds from the issue of the Bonds will be on-lent to the Company under the terms of the relevant IBLA by way of Advances. The Company will apply the proceeds of the Advances under the relevant IBLA: (a) to finance the design, construction, management, maintenance and other

expenditure (including fees and incidental costs and expenses) in relation to the TTT;

(b) to refinance any existing or future indebtedness relating to the TTT;

(c) towards fees, costs, expenses, stamp, registration and other taxes incurred in connection with the above; and

(d) for general corporate purposes of the Holdco Group.]

[The net proceeds from the issue of the Bonds will be on-lent to the Company under the terms of the relevant IBLA by way of Advances. The net proceeds of the Bonds on-lent to the Company will be used to finance or refinance Allowable Project Spend. Allowable Project Spend is the cumulative expenditure incurred in connection with the TTT and is used to calculate the RCV.

Allowable Project Spend is certified by the Independent Technical Assessor and reported by the Company on at least an annual basis.

Pending the use of the net proceeds to finance or refinance Allowable Project Spend, the Company shall maintain net proceeds in cash or Cash Equivalent Investments (as permitted under the CTA).

The Issuer is expected to issue reports on the application of the proceeds of the Bonds to finance or refinance Allowable Project Spend as part of its on-going reporting.]

(ii) Estimated net proceeds: [•]

(iii) Estimated total expenses: [•]

6. **[FIXED RATE BONDS ONLY - YIELD**

(i) Indication of yield: [•]]

7. **[FLOATING RATE BONDS ONLY – HISTORIC INTEREST RATES**

Details of historic [EURIBOR/SONIA/SOFR/€STR] rates can be obtained from [Reuters].]

8. **[PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX**

(i) Name of underlying index: [U.K. Retail Price Index (UK RPI) / U.K. Consumer Price Index (UK CPI) / U.K. Consumer Price Index including owner occupier's housing costs (UK CPIH)] (all items) published by the Office of National Statistics

(ii)	Information about the Index, its volatility and past and future performance can be obtained from:	Information on [UK RPI / UK CPI / UK CPIH / comparable index which may replace UK RPI / UK CPI / UK CPIH] can be found at [http://www.ons.gov.uk/ relevant replacing website]]

9. **OPERATIONAL INFORMATION**

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable] [•]
Delivery:	Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s):	[•]
Names and addresses of additional Paying Agent(s) (if any):	[•]
Name and address of Agent Bank (if any):	[•]
Name and address of Calculation Agent (if any):	[•]
Name and address of Dealers:	[•]
Date of Subscription Agreement:	[•]
ISIN Code:	[•]
Common Code:	[•]
CFI:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available] *(If the CFI is not required or requested, it should be specified to be "Not Applicable")*
FISN:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available] *(If the FISN is not required or requested, it should be specified to be "Not Applicable")*
Method of Distribution:	[Syndicated/Non Syndicated]
Stabilising Manager (if any):	[•] [Not Applicable]
Relevant Benchmark[s]:	[[[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does

	not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) No. 20161/1011 as it forms part of domestic law by virtue of the EUWA (the **"UK Benchmarks Regulation"**)]/ [As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of Regulation (EU) No. 20161/1011 as it forms part of domestic law by virtue of the EUWA (the **"UK Benchmarks Regulation"**)]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) No. 20161/1011 as it forms part of domestic law by virtue of the EUWA (the **"UK Benchmarks Regulation"**) apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence)]/ [Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]. Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
Trade date:	[ ]

DESCRIPTION OF THE COMPANY HEDGE COUNTERPARTIES

The Company Hedge Counterparties at the date hereof are Lloyds Bank Corporate Markets plc, Royal Bank of Canada, Sumitomo Mitsui Banking Corporation, Canadian Imperial Bank of Commerce, London Branch and Scottish Widows Limited. The following information has been provided to the Issuer by the relevant Company Hedge Counterparty.

Lloyds Bank Corporate Markets plc

Lloyds Bank Corporate Markets plc (**"Lloyds Bank Corporate Markets"**) (LEI 213800MBWEIJDM5CU638) 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 requires the separation of certain commercial banking activities and international operations from the rest of the Lloyds Banking Group.

Lloyds Bank Corporate Markets provides a range of banking and financial services through its UK and overseas branches and offices, with operations in the UK, the Crown Dependencies, the United States, and Germany. These products and services form an integral part of the client service proposition of the Lloyds Banking Group.

Additional information on Lloyds Bank Corporate Markets, and Lloyds Banking Group's approach to ring-fencing, is available from Investor Relations, Lloyds Banking Group, 33 Old Broad Street, London EC2N 1HZ or from the following internet website address: http://www.lloydsbankinggroup.com. The information on this website does not form part of this Prospectus.

Royal Bank of Canada

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 the ultimate parent company of RBC Europe Limited.

Royal Bank is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 105,000+ employees who leverage their imaginations and insights to bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our more than 19 million clients in Canada, the U.S. and 27 other countries.

Royal Bank had, on a consolidated basis, as at July 31, 2026, total assets of C$2,498.8 billion (approximately US$1,781.7 billion [7]), equity attributable to shareholders of C$145 billion (approximately US$103.4 billion[23]) and total deposits of C$1,644.6 billion (approximately US$1,172.6 billion[23]). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank's unaudited Interim Condensed Consolidated Financial Statements included in its quarterly Report to Shareholders for the fiscal period ended July 31, 2026.

The senior long-term debt[8] of Royal Bank has been assigned ratings of A (stable outlook) by S&P Global Ratings, A1 (stable outlook) by Moody's Investors Service and AA- (stable outlook) by Fitch

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7 As at July 31, 2026: C$1.00 = US$0.713

8 Includes senior long-term debt which is subject to conversion under the Canadian Bank Recapitalization (Bail-in) regime.

Ratings. The long-term non-bail-inable senior unsecured debt[9] of Royal Bank has been assigned ratings of AA- by S&P Global Ratings, Aa1 by Moody's Investors Service and AA+ by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol "RY." Its preferred shares are listed on the Toronto Stock Exchange.

On written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Prospectus is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, South Tower, Toronto, Ontario, M5J 2J5, Canada, or by calling 416-842-2000, or by visiting rbc.com/investorrelations[10].

The delivery of this Prospectus does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

Sumitomo Mitsui Banking Corporation

Sumitomo Mitsui Banking Corporation (**"SMBC"**) is a joint stock company incorporated with limited liability under the laws of Japan. SMBC is one of the world's largest commercial banks with ¥303 trillion in consolidated total assets as of 31 March 2026. SMBC Group, which includes SMBC as its main banking subsidiary, is one of the three largest banking groups in Japan, with an established presence across all of the consumer and corporate banking sectors. SMBC's parent Sumitomo Mitsui Financial Group, Inc. (**"SMFG"**) had consolidated total assets of ¥329 trillion as of 31 March 2026. Other SMBC Group companies include SMBC Trust Bank Ltd. (**"SMBC Trust Bank"**) in the commercial banking business, Sumitomo Mitsui Finance and Leasing Company, Limited (**"SMFL"**) in the leasing business, SMBC Nikko Securities Inc. (**"SMBC Nikko Securities"**) in the securities business, and Sumitomo Mitsui Card Company, Limited (**"Sumitomo Mitsui Card"**) and SMBC Consumer Finance Co., Ltd. (**"SMBC Consumer Finance"**) in the consumer finance business as well as The Japan Research Institute, Limited (**"JRI"**) and Sumitomo Mitsui DS Asset Management Company, Limited (formerly known as Sumitomo Mitsui Asset Management) (**"SMDAM"**).

SMBC provides an extensive range of corporate and consumer banking services in Japan and wholesale banking services overseas. In Japan, SMBC has solid franchises in both corporate and consumer banking. SMBC has long-standing and close business relationships with many companies listed on the Prime Market of the Tokyo Stock Exchange and long historical relationships with Sumitomo group and Mitsui group companies. Its strong, well-established relationships with its customers have helped us to build a significant commercial banking base that has the highest domestic loan-to-deposit interest spread and the lowest overhead ratio among Japan’s three largest banking groups. For the fiscal year ended 1 March 2026, SMBC's non-consolidated domestic loan-to-deposit interest spread was 1.14 per cent. SMBC recorded net income of ¥1,412 billion on a non-consolidated basis in the fiscal year ended 31 March 2026.

SMBC's domestic loan portfolio is well diversified among small-sized companies, mid-sized companies, large corporations and individuals, and it is increasing its geographic diversity by investing in its overseas operations. SMBC has maintained a sound loan portfolio, managed interest rate fluctuation risks and maintained stability of funding through its large domestic deposit base, as demonstrated by its NPL ratio of 0.71 per cent., its average yen-bond duration of 3.9 years, and the loan-to-deposit ratio of 59.1 per cent., all on a non-consolidated basis as of 31 March 2026. SMBC is also expanding and diversifying its non-yen funding in order to develop its international business. SMFG's Common Equity Tier 1 risk-weighted capital ratio was 12.41 per cent. as of 31 March 2026.

SMBC plans to continue promoting its business collaborations with other SMBC Group companies and affiliates, including SMBC Trust Bank, SMFL, SMBC Nikko Securities, JRI and SMDAM in the corporate solutions business and SMBC Trust Bank, SMBC Nikko Securities, Sumitomo Mitsui Card, SMBC Consumer Finance and SMDAM in providing financial consulting services to individuals.

Canadian Imperial Bank of Commerce, London Branch

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9 Excluded from the Bail-in regime.

10 This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Prospectus.

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. CIBC is incorporated and domiciled in Canada, with our registered and principal business offices located at CIBC SQUARE, Toronto, Ontario.

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 throughout Canada 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. Through its four strategic business units (SBUs) – 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 our personal banking, business, public sector and institutional clients in Canada, the United States (U.S.) and around the world.

As at 31 October 2025, CIBC had total assets of C$1,116.938 billion, total deposits of C$808.124 billion and common shareholders' equity of C$57.760 billion. The short term senior unsecured and unguaranteed obligations of CIBC are, as at the date of this Prospectus, rated P-1 by Moody's, A-1 by Standard & Poor's USA and F1+ by Fitch and the long term senior unsecured and unguaranteed obligations of CIBC are rated A2 by Moody's, A- by Standard & Poor's USA and AA- by Fitch.

CIBC, as Hedge Counterparty to the Issuer, acts through its London Branch (**"CIBC, London Branch"**). CIBC is regulated by the Office of the Superintendent of Financial Institutions in Canada and CIBC, London Branch is authorised by the PRA and is subject to regulation by the FCA and limited regulation by the PRA.

The principal place of business of CIBC, London Branch is 150 Cheapside, London EC2V 6ET. CIBC, London Branch is engaged in commercial and investment banking to both Canadian and European clients.

Scottish Widows Limited

Scottish Widows Limited (LEI: 549300ZT0RVWCG8T4L55) is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, **"Lloyds Banking Group"**). Scottish Widows was incorporated under the laws of England and Wales on 2 May 1996 (registration number 03196171) and is authorised by the PRA and regulated by the FCA and the PRA. Scottish Widows' registered office is at 25 Gresham Street, London EC2V 7HN.

Scottish Widows primarily engages in long-term insurance and savings in the UK, offering products like annuities, pensions, and term life insurance through directs sales, independent financial advisors, and the Lloyds Banking Group network.

Additional information on Scottish Widows, and Lloyds Banking Group's approach to financial services, is available from Investor Relations, Lloyds Banking Group, 33 Old Broad Street, London EC2N 1HZ or from the following internet website address: www.scottishwidows.co.uk. The information on this website does not form part of this Prospectus.

THE BOND TRUSTEE, ISSUER SECURITY TRUSTEE AND OBLIGOR SECURITY TRUSTEE

The following information has been provided to the Issuer by Deutsche Trustee Company Limited.

Deutsche Trustee Company Limited

Deutsche Trustee Company Limited (**"DTCL"**) is a company incorporated in England and Wales under company number 338230 and is an indirectly wholly owned subsidiary of Deutsche Bank AG. Its registered office is at 21 Moorfields, London, EC2Y 9DB, United Kingdom. DTCL is a trust corporation and is authorised and regulated by the FCA and PRA. DTCL acts as a trustee for debt capital markets instruments ranging from conventional debt structures and Eurobond issues, through to forms of highly complex financing structures, loan capital issues and equity-linked structures.

THE PRINCIPAL PAYING AGENT AND AGENT BANK

The following information has been provided to the Issuer by Deutsche Bank AG, London Branch.

Deutsche Bank AG, London Branch

Deutsche Bank Aktiengesellschaft (**"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 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.

THE REGISTRAR AND TRANSFER AGENT

The following information has been provided to the Issuer by Deutsche Bank Luxembourg S.A.

Deutsche Bank Luxembourg S.A.

Deutsche Bank Luxembourg S.A. is a public limited liability company incorporated in Luxembourg, registered with the Register of Commerce and Companies in Luxembourg, under number B 9164, having its registered office at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg.

TAXATION

United Kingdom Taxation

The following, which applies only to persons who are beneficial owners of the Bonds, is a summary of the Issuer's understanding of current law and HM Revenue and Customs practice in the UK as at the date of this Prospectus relating to the withholding tax treatment of interest paid on the Bonds and to stamp duty in respect of the Bonds. It does not deal with any other UK taxation implications of acquiring, holding or disposing of the Bonds. Prospective Bondholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

UK Withholding Tax on UK source interest

(a) The Bonds issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the **"Act"**) as long as 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 or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of section 987 of the Act). 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 included in the Official List (within the meaning of Part 6 of the Financial Services and Markets Act 2000) 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 by the Issuer on the Bonds may be made without withholding or deduction for or on account of UK income tax.

(b) Interest on the Bonds may also be paid by the Issuer without withholding or deduction for or on account of UK income tax where the Bonds have a maturity date less than 365 days from the date of issue (and the Bonds are not issued under arrangements, the effect of which is to render such Bonds part of a borrowing with a total term of 365 days or more).

(c) In other cases an amount must generally be withheld from payments of interest on the Bonds that have a UK source on account of UK income tax at the basic rate (currently 20 per cent.) or, from 6 April 2027, at the savings basic rate (which is set to be 22 per cent. from 6 April 2027), subject to:

  (i) any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty; or

  (ii) where the withholding obligation is disapplied (unless HM Revenue and Customs direct otherwise) in respect of payments to a Bondholder whom the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) is either a UK resident company or a non-UK resident company carrying on a trade in the UK through a permanent establishment which is within the charge to corporation tax as respects such payments, or fall within various categories enjoying a special tax status (including charities and pension funds), or is a partnership consisting of such persons.

(d) Where Bonds are issued on terms that a premium is or may be payable on redemption, as opposed to being issued at a discount, then it is possible that any such element of premium may constitute a payment of interest. Payments of interest are subject to withholding on account of UK income tax as outlined in paragraphs (a) to (c) above.

(e) Where Bonds are issued at an issue price of less than 100 per cent. of their principal amount (i.e. at a discount), any payments in respect of the accrued discount element on such Bonds will not be made subject to any withholding or deduction for or on account of UK income tax as long as they do not constitute payments of interest.

Other rules relating to UK Withholding Tax

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 15.1 (*Passing of resolutions by Bondholders, Modifications and Waiver*) of the Bonds and does not consider the tax consequences of any such substitution.

Stamp Duty and SDRT

No stamp duty or stamp duty reserve tax is payable on issue of the Bonds or on a transfer of the Bonds by delivery.

U.S. Foreign Account Tax Compliance Act Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **"FATCA"**, a "foreign financial institution" may be required to withhold on certain payments it makes (**"foreign passthru payments"**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**"IGAs"**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply to foreign passthru payments made prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register, and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations definition foreign passthru payments are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding, in either case unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Bonds (as described under "*Terms and Conditions – Further Bonds*") that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Dealership Agreement

Bonds may be sold from time to time by the Issuer to any one or more of the Dealers and any other dealer appointed from time to time 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 on or around the Establishment Date, as may be amended and/or restated from time to time, made between, amongst others, the Issuer and the Dealers (as amended and/or restated from time to time, the **"Dealership Agreement"**). The arrangements under which a particular Tranche 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 and/or Placement Agreements (as applicable) relating to each Tranche of Bonds. In addition, any Deferred Bond Purchase Agreements and/or Deferred Settlement Agreements may be entered into by the Issuer (as further detailed below). Any such agreement will, inter alia, make provision for 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 or Tranche of Bonds.

In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any further update of the Programme and the issue of Bonds under the Dealership Agreement and each of the Obligors and the Issuer has agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Dealers may, directly or indirectly through affiliates, have provided investment and/or commercial banking, financial advisory and other services to the Obligors and their affiliates from time to time for which they have received monetary compensation. The Dealers may from time to time also enter into swap and other derivative transactions with the Obligors and their affiliates, including in relation to the Bonds. In addition, the Dealers may engage in the future in investment banking, commercial banking, financial or other advisory services with the Issuer, the Obligors or their affiliates.

Deferred Bond Purchase Agreements and Deferred Settlement Agreements

Pursuant to the terms of a Subscription Agreement, the Issuer will agree to issue the Deferred Purchase Bonds to the Lead Manager on the relevant Issue Date. The Deferred Purchase Bonds will be subscribed for and paid by the Lead Manager on the relevant Issue Date. Immediately following the purchase of the Deferred Purchase Bonds by the Lead Manager, the Issuer shall repurchase the Deferred Purchase Bonds from the Lead Manager on the Issue Date and the Lead Manager shall transfer the Deferred Purchase Bonds to the Bond Custodian (for and on behalf of the Issuer). Pursuant to the terms of a Deferred Bond Purchase Agreement, the Issuer agrees to sell the Deferred Purchase Bonds to the Deferred Bond Purchasers and the Deferred Bond Purchasers agree to purchase such Deferred Purchase Bonds from the Issuer, on each Investor Settlement Date at the relevant bond purchase price. The Deferred Bond Purchasers will be obliged to purchase the relevant Deferred Purchase Bonds from the Issuer on each Investor Settlement Date in the principal amounts equal to the commitments specified under the Deferred Bond Purchase Agreement, subject to the satisfaction of any condition precedents thereunder. The Programme does not provide for the issue of partly paid Bonds, and any Deferred Purchase Bonds will be issued on a fully paid basis. In respect of any Tranche of Bonds which includes Deferred Purchase Bonds, all the Bonds of such Tranche shall be subject to the same deferred purchase arrangements.

Pursuant to the terms of a Deferred Settlement Agreement, the Deferred Settlement Purchaser(s) agree with the Issuer to subscribe for the Deferred Settlement Bonds on Investor Settlement Date(s) as specified in the Deferred Settlement Agreement in the principal amounts equal to the commitments specified under the Deferred Settlement Agreement, subject to the satisfaction of any condition precedents thereunder. Deferred Settlement Bonds will not be issued by the Issuer at or around the time the Deferred Settlement Agreement is entered into. Rather, Deferred Settlement Bonds will only be issued on the relevant Investor Settlement Date(s). It will be a condition precedent to the obligation of the Deferred Settlement Purchaser(s) to subscribe for the Bonds that the Bonds

are to be admitted to the Official List on or around the applicable Investor Settlement Date. The Programme does not provide for the issue of partly paid Bonds, and any Deferred Settlement Bonds will be issued on a fully paid basis. In respect of any Tranche of Bonds which includes Deferred Settlement Bonds, all the Bonds of such Tranche shall be subject to the same deferred settlement arrangements.

The Deferred Bond Purchaser(s) and the Deferred Settlement Purchaser(s) are not permitted to assign their rights or obligations under the Deferred Bond Purchase Agreement or the Deferred Settlement Agreement (as the case may be), without the consent of the Issuer, subject to certain agreed exclusions (if any) set out in the Deferred Bond Purchase Agreement and/or Deferred Settlement Agreement (as applicable).

Once the Deferred Purchase Bonds and/or Deferred Settlement Bonds have been purchased/subscribed for by the relevant Deferred Purchaser(s), such Deferred Purchaser(s) shall become Bondholders for all purposes pursuant to all of the Issuer Transaction Documents.

United States of America

The Bonds have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, delivered or transferred in the United States or to U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. 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 of 1986, as amended and the U.S. Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

In respect of Bearer Bonds where the applicable Final Terms specify that TEFRA D Rules apply, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Bearer Bonds to a person who is within the United States or its possessions or to a United States person; and (ii) it has not delivered and shall not deliver within the United States or its possessions definitive Bearer Bonds that are sold during the restricted period;

(b) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Bonds are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

(c) if such Dealer is a United States person, it represents that it is acquiring the Bearer Bonds for purposes of resale in connection with their original issuance and if it retains Bearer Bonds for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code);

(d) with respect to each affiliate that acquires from such Dealer Bearer Bonds for the purpose of offering or selling such Bonds during the restricted period, each Dealer either (i) repeats and confirms the representations contained in Clauses (a), (b) and (c) on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in Clauses (a), (b) and (c); and

(e) it will obtain for the benefit of the Issuer the representations and agreements contained in clauses (a), (b), (c), (d) and this clause (e) from any person other than its affiliates with whom it enters into a written contract, as defined in U.S. Treasury Regulation § 1.163- 5(c)(2)(i)(D)(4) (or any successor

rules in substantially the same form for the purposes of section 4701 of the Code), for the offer or sale during the restricted period of Bearer Bonds.

Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the TEFRA D Rules.

In respect of Bearer Bonds where the applicable Final Terms specify that TEFRA C Rules apply, such Bearer Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance, and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that: (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Bonds within the United States or its possessions in connection with their original issuance; and (b) in connection with the original issuance of such Bearer Bonds, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Bonds. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the TEFRA C Rules.

The Bonds will be offered, sold and delivered only outside the United States to persons who are not U.S. Persons in "offshore transactions" (as defined in and in reliance on Regulation S).

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Bonds on a syndicated basis, the relevant lead manager, of all Bonds of the Tranche of which such Bonds are a part, within the United States or to, or for the account or benefit of, U.S. Persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Until 40 days after the later of completion of the offering of any series of Bonds and, in respect of such series of Bonds, the relevant Issue Date of such series of Bonds, an offer or sale of such Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of index-linked Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Bonds, which additional selling restrictions shall be set out in the applicable Subscription Agreement or in a drawdown prospectus applicable to a particular Tranche of Bonds.

Unless otherwise expressly agreed with the Issuer, each purchaser of the Bonds in making its purchase will be deemed to represent, warrant, agree and acknowledge as follows:

(a) it is outside the United States and acquiring the Bonds in an "offshore transaction" meeting the requirements of Regulation S and it is not a U.S. Person or acting for the account or benefit of a U.S. Person;

(b) the Bonds have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, delivered or transferred in the United States or to U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States;

(c) it is acquiring the Bonds for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to any distribution of the Bonds in any manner that would violate the Securities Act or any other applicable securities laws;

(d) if it is acquiring any Bonds as a fiduciary or agent for one or more investment accounts, it has sole investment discretion with respect to each such account and has full power to make, and does make, the representations, warranties, agreements and acknowledgements contained herein on behalf of each such account; and

(e) the Issuer and others will rely on the truth and accuracy of, and compliance with, the representations, warranties, agreements and acknowledgements contained herein and that if any such representations, warranties, agreements or acknowledgements are no longer accurate or have not been complied with, it shall promptly notify the Issuer.

Due to the restrictions set forth above, 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.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Bonds which have a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Bonds other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or

(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) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) 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.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Obligors, the Issuer Security Trustee, the Obligor Security Trustee or any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Obligors, the Issuer Security Trustee, the Obligor Security Trustee and the Dealers represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

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 paragraphs 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 or in a Drawdown Prospectus applicable to a particular Tranche of Bonds.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or

(ii) a customer within the meaning of (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 EU MiFID II; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Bonds which are the subject of this Prospectus as completed by the relevant Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is either one (or both) of the following:

(iii) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; and

(iv) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to buy or subscribe for the Bonds.

LISTING AND GENERAL INFORMATION

Authorisation

The establishment of the Programme and the granting of the Issuer Security were duly authorised by resolutions of the board of directors of the Issuer passed at a meeting of the board held on 18 May 2016. The updating of the Programme and the issue of this Prospectus were duly authorised by resolutions of the board of directors of the Issuer passed on 22 September 2026.

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 Bonds issued under the Programme from time to time.

Clearing and settlement

The Bonds have been accepted for clearing through Clearstream, Luxembourg and Euroclear. The appropriate common code and ISIN for each Tranche of Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Bonds are to clear through an additional or alternative clearing system 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 and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

Yield

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. 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, the Company or Holdco is aware) during the last twelve months, which may have, or have had in the recent past, significant effects upon the Issuer's, the Company's, Holdco's or the Holdco Group's financial position or profitability.

Significant or Material Change

There has been no material adverse change in the financial position or prospects of the Issuer since the date of its last published audited financial statements. There has been no material adverse change in the prospects of each of the Company, Holdco or the Holdco Group since the date of its last published audited financial statements. There has been no significant change in the financial performance or financial position of the Issuer since the end of the last financial period for which audited financial information has been published. There has been no significant change in the financial performance or financial position of each of the Company, Holdco or the Holdco Group since the end of the last financial period for which audited financial information has been published or, in the case of Holdco, since the end of the last financial period for which interim financial information has been published, whichever is most recent.

Charges and Guarantees

Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or given any charge or guarantee.

Underlying Assets

The IBLAs have characteristics that demonstrate capacity to produce funds to service any payments due and payable under the Bonds.

Documents Available

For so long as the Programme remains in effect or any Bonds shall be outstanding, copies of the following documents may (when published) be inspected during normal business hours at the

specified offices of the Issuer at Part Level 7, Riverside House, 2a Southwark Bridge Road, London, United Kingdom, SE1 9HA and at the offices of the Principal Paying Agent during usual business hours:

(a) the memorandum and articles of association of the Issuer, the Company and Holdco;

(b) a copy of this Prospectus;

(c) each Final Terms relating to Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;

(d) each Investor Report;

(e) copies of the following documents:

- the Common Terms Agreement;
- the STID;
- the Obligor Security Agreements;
- the Master Definitions Agreement;
- each IBLA;
- the Bond Trust Deed;
- the Issuer Deed of Charge;
- the Agency Agreement;
- the Issuer Account Bank Agreement;
- the Issuer Hedging Agreements (if any);
- the Initial Liquidity Facilities Agreement; and
- the Tax Deed of Covenant;

(f) the most recently published audited annual financial statements of the Issuer, the Company and Holdco;

(g) the 2016 Terms and Conditions;

(h) the 2017 Terms and Conditions;

(i) the 2018 Terms and Conditions;

(j) the 2019 Terms and Conditions;

(k) the 2022 Terms and Conditions; and

(l) the 2025 Terms and Conditions.

In addition to the above, the Prospectus and the Final Terms relating to each Tranche of Bonds which is admitted to the Official List and to trading on the London Stock Exchange's Main Market, are available for viewing at www.londonstockexchange.com/exchange/news/market-news/market-newshome.html.

The Issuer and the Company currently prepare audited unconsolidated financial statements on an annual basis. Holdco currently prepares audited consolidated financial statements on an annual basis. The Holdco Group will publish consolidated, unaudited Semi-Annual Financial Statements of the Holdco Group.

Auditors

The auditor of the Issuer, the Company and Holdco is PricewaterhouseCoopers LLP, of One Station Hill, Gerrard Street, Reading RG1 1NR (**"PwC LLP"**), which is a member firm of the Institute of Chartered Accountants in England and Wales.

Audited Financial Statements

The audited financial statements of the Issuer for the years ended 31 March 2025 and 31 March 2026, the audited financial statements of the Company for the years ended 31 March 2025 and 31

March 2026 and the audited financial statements of Holdco for the years ended 31 March 2025 and 31 March 2026 have been audited by PwC LLP.

Information in respect of the Bonds and the underlying collateral

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 admitted to trading or the performance of the underlying collateral except for the Investor Report which will be prepared by the Holdco Group Agent on at least a semi-annual basis and published on the designated website of the Holdco Group Agent, being www.tideway.london and which will also be made available at the specified office of the Principal Paying Agent.

Other Activities of the Dealers

The Dealers and their respective affiliates (i) have provided, and may in the future provide, investment banking, commercial lending, consulting and financial advisory services to, (ii) have entered into and may, in the future enter into, other related transactions with, and (iii) have made or assisted or advised any party to make, and may in the future make or assist or advise any party to make, acquisitions and investments in or related to, the Issuer or the Obligors and their respective subsidiaries and affiliates or other parties that may be involved in or related to the transactions contemplated in this Prospectus, in each case in the ordinary course of business. The Dealers and their respective affiliates may, in the future, act as Hedge Counterparties.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform financial advisory and other services for the Issuer, the HoldCo Group and their respective affiliates in the ordinary course of business. Certain of the Dealers may from time to time also enter into swap and other derivative transactions with the Issuer and/or the HoldCo Group and their respective affiliates.

DEFINITIONS

The following terms used in this Prospectus have the meaning assigned to them below (unless the context requires otherwise):

"2016 EIB Finance Contract" means the agreement dated 12 May 2016, as amended from time to time, entered into between the Company and the European Investment Bank;

"2026 RCF Agent" has the meaning given to the term "RCF Agent" in the 2026 Revolving Credit Facility Agreement;

"2026 RCF Arrangers" has the meaning given to the term "RCF Arrangers" in the 2026 Revolving Credit Facility Agreement;

"2026 RC Facility" or **"2026 RCF"** means the revolving credit facility made available to the Company for the working capital purposes of the Holdco Group pursuant to the 2026 Revolving Credit Facility Agreement and includes any Ancillary Facility defined therein;

"2026 RCF Finance Parties" means the 2026 RCF Lenders, the 2026 RCF Agent and the 2026 RCF Arrangers;

"2026 RCF Lenders" has the meaning given to the term "RCF Lenders" in the 2026 Revolving Credit Facility Agreement;

"2026 Revolving Credit Facility Agreement" means the revolving credit facility entered into on 31 March 2026 between, amongst others, the Company, the 2026 RCF Agent, the 2026 RCF Arrangers and the 2026 RCF Lenders, as amended from time to time;

"AAPS Cap" means the cap on Additional Allowable Project Spend allowed by Ofwat under the relevant IAR Overrun Application;

"Acceleration of Liabilities" or **"Acceleration"** means an acceleration of any Secured Debt or termination of a commitment (or equivalent action) including:

(A) the early termination of any hedging obligations by any Hedge Counterparty (whether by reason of an event of default, termination event or other right of early termination) under a Hedging Agreement; or

(B) the taking of any steps to recover any payment due in respect of any Secured Debt, which has matured for repayment and is overdue, by an Obligor Secured Creditor pursuant to the terms of the applicable Finance Document and in accordance with the STID;

"Acceptable Bank" means:

(A) a bank or financial institution which has a rating for its long term unsecured and non-credit enhanced debt obligations of A- or higher by S&P or Fitch or A3 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency; or

(B) any other bank or financial institution approved by the Obligor Security Trustee and the Holdco Group Agent;

"Accession Memorandum" means each memorandum entered into pursuant to the relevant provisions of the STID and/or the CTA, whereby such party accedes to the STID, MDA and/or the CTA (as applicable);

"Account" means any bank account of any Obligor or the Issuer;

"Account Bank" means the Issuer Account Bank or the Company Account Bank, as applicable;

"Accounting Principles" means generally accepted accounting principles in the UK or IFRS as at the date of this Prospectus;

"Accounting Reference Date" means 31 March in each year, except as adjusted in accordance with the Common Terms Agreement;

"Additional Allowable Project Spend" means expenditure above the Threshold Outturn incurred or to be incurred by the Infrastructure Provider in connection with the Project prior to 1 April following the Post Construction Review, but (unless otherwise determined by the Authority as part of the Ex-Post Approach, if applicable) excluding any Excluded Project Spend;

"Additional Financial Indebtedness" means Financial Indebtedness incurred by the Company after the Closing Date under an Authorised Credit Facility and provided by an Obligor Secured Creditor in accordance with the terms of the Common Terms Agreement and the STID;

"Additional Obligor" means any member of the Holdco Group wishing or required to become an Obligor who accedes to the Common Terms Agreement and the STID;

"Additional Obligor Secured Creditor" means any person not already an Obligor Secured Creditor which becomes an Obligor Secured Creditor in accordance with the STID, including as the case may be:

(A) any STF Lenders;

(B) any STF Agent;

(C) any STF Arrangers;

(D) each Liquidity Facility Provider, each LF Arranger and the Liquidity Facility Agent under any Liquidity Facility Agreement in respect of amounts owed to each of them by the Company from time to time;

"Administrative Penalty End Date" means the date which is 18 months following the Planned System Acceptance Date;

"Administrative Receiver" means an administrative receiver as defined in Section 29(2) of the Insolvency Act 1986;

"Affected Obligor Secured Creditor" means each Obligor Secured Creditor (and where the Issuer is the relevant Affected Obligor Secured Creditor, each Issuer Secured Creditor (the **"Affected Issuer Secured Creditor"**)) who is affected by an Entrenched Right;

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company (other than in any Hedging Agreement when used in relation to the Hedge Counterparty, where Affiliate has the meaning given to it in that Hedging Agreement);

"Agency Agreement" means the agreement dated the Establishment Date, as amended and/or supplemented and/or restated from time to time, pursuant to which the Issuer appoints the Principal Paying Agent, the other Paying Agents, the Registrar, the Agent Bank and Transfer Agents in relation to all or any Tranches of Bonds, and any other agreement for the time being in force appointing further or other Paying Agents or Transfer Agents or other Principal Paying Agent, Agent Bank or Registrar in relation to all or any Tranches of Bonds, or in connection with their duties, unless permitted under the Agency Agreement, where necessary with the prior written approval of the relevant Bond Trustee, together with any agreement for the time being in force amending or modifying any such agreements;

"Agent" means each of the Principal Paying Agents, the Transfer Agents, the Calculation Agent, the Agent Bank, the Registrars or any other agent appointed by the Issuer pursuant to any Agency Agreement or a Calculation Agency Agreement, and **"Agents"** means all of them;

"Aggregate Available Liquidity" means on any Test Date the sum of the aggregate commitments under any Liquidity Facility Agreement and the balances (if any) on the Debt Service Reserve Account and any Liquidity Facility Standby Account at such Test Date;

"all of its rights" means:

(A) the benefit of all covenants, undertakings, representations, warranties and indemnities;

(B) all powers and remedies of enforcement and/or protection;

(C) all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and

(D) all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case in respect of the relevant Issuer Secured Property;

"Alliance" means the alliance between Thames Water, the Company, the Main Works Contractors and the System Integrator Contractor as outlined in the Alliance Agreement;

"Alliance Agreement" means the alliance agreement executed by Thames Water, the Company, the Main Works Contractors and the System Integrator Contractor and dated 24 August 2015, as amended from time to time;

"Allowable Project Spend" has the meaning given to that term in the Licence;

"Allowed Revenue" means the revenue for the Company calculated in accordance with the Licence from time to time;

"Amber Infrastructure" means Amber Infrastructure Group Holdings Limited;

"Ancillary Facilities" has, in relation to the 2026 Revolving Credit Facility Agreement, the meaning given to it in the 2026 Revolving Credit Facility Agreement or, in relation to any other Revolving Credit Facility Agreement, the meaning given to it in that Revolving Credit Facility Agreement;

"Annual Financial Statements" means the audited annual financial statements delivered pursuant to paragraph (a)(i) in the section "*Summary of the Common Documents – Common Terms Agreement – Covenants – Information Covenants – Financial Statements*";

"Annual Regulatory Baselines" means the amounts set out in Annex A to Appendix 1 of the Licence in respect of each Charging Year, as adjusted in accordance with Appendix 1 of the Licence;

"Applicable Rate" means in respect of any advance under an IBLA the rate of interest in respect of the corresponding Bonds in accordance with Condition 6 (*Interest and other Calculations*);

"Appointee" means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Issuer Security Trustee under the Issuer Deed of Charge or by any Bond Trustee under any Bond Trust Deed (as applicable);

"Approved Tunnel Completion Plan" means, following the identification of a Predicted Overrun, the detailed expenditure plan for the Company in relation to the completion of the TTT as approved by the Secretary of State under the Shareholders Direct Agreement;

"Assigned Agreements" means, in respect of each Chargor:

(A) each TTT Document to which it is a party;

(B) any agreement specified as such in the Security Agreement; and

(C) any other agreement designated as an Assigned Agreement by the Holdco Group Agent and the Obligor Security Trustee,

and (in each case) all Related Rights.

"Auditors" means a reputable firm of accountants which may be appointed by the Company as its auditors with the prior approval of the Obligor Security Trustee;

"Authorisations" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

"Authorised Credit Facility" or **"Authorised Credit Facilities"** means any credit agreement entered into by the Company and any other agreement under which the Company incurs any Financial Indebtedness with one or more persons as permitted by the Common Terms Agreement, the providers of which are parties to or have acceded to the STID, the Common Terms Agreement and the Master Definitions Agreement, including any IBLA, the 2026 Revolving Credit Facility Agreement and any subsequent RCFs, any STF Facilities, any Liquidity Facilities, any PP Notes, the MDF, any EIB Finance Contracts and any fee letter or commitment letter entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities or agreements, which in each case (other than any Liquidity Facility Agreement or any Hedging Agreement to the extent that they rank senior) ranks *pari passu* with any IBLA and has been designated as a document that should be deemed to be an Authorised Credit Facility for the purposes of this definition by the parties thereto but excluding the Discontinuation Agreement;

"Authorised Credit Provider" means a lender or other provider of credit or financial accommodation under any Authorised Credit Facility;

"Available Commitments" has the meaning given to it:

(A) in relation to a Liquidity Facility Provider, in any Liquidity Facility Agreement;

(B) in relation to the 2026 RC Facility, in the 2026 Revolving Credit Facility Agreement;

(C) in relation to any STF Facility, in that Senior Term Facility Agreement; and

(D) in relation to any other Authorised Credit Facility, in that Authorised Credit Facility;

"Available Enforcement Proceeds" means, on any date, all moneys received or recovered by the Obligor Security Trustee (or any Receiver or Administrative Receiver or administrator appointed by it) in respect of the Obligor Security and under the guarantees from the Obligors (but excluding (i) any amounts standing to the credit of or recovered by the Obligor Security Trustee from the Defeasance Account, Refinancing Escrow Account or holding account and any Liquidity Facility Standby Account, (ii) any amount payable by the Obligor Security Trustee to or to the order of JVCo pursuant to the STID, and, for the avoidance of doubt, any Company Hedge Replacement Premium in respect of a Hedging Transaction);

"Base Currency" means pounds sterling;

"Basic Terms Modification" has the meaning given to it in the Conditions;

"Bearer Bond" means those Bonds which are for the time being in bearer form;

"Bearer Definitive Bond" means any Bearer Bond in definitive form issued or, as the case may require, agreed to be issued (whether or not subject to conditions precedent) by the Issuer in accordance with the provisions of any Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and the relevant Dealer(s) or Deferred Purchasers, the Agency Agreement and the Bond Trust Deed in exchange for either a Temporary Bearer Global Bond or part thereof or a Permanent Bearer Global Bond or part thereof (all as indicated in the applicable Final Terms or Drawdown Prospectus), such Bearer Bond in definitive form with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s) and having the Conditions endorsed thereon or, if permitted by the relevant stock exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms or Drawdown Prospectus and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms or Drawdown Prospectus endorsed thereon or attached thereto and having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue;

"Bearer Global Bond" means a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond, as the context may require;

"Bond" means any Bond issued or agreed to be issued (whether or not subject to conditions precedent) pursuant to the Programme and denominated in such currency or currencies as may be agreed between the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) which has such maturity and denomination as may be agreed between the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) and issued or to be issued by the Issuer pursuant to any Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) relating to the Programme, the Agency Agreement and which shall, in the case of a Bearer Bond, either (i) initially be represented by, and comprised in, a Temporary Bearer Global Bond which may (in accordance with the terms of such Temporary Bearer Global Bond) be exchanged for a Bearer Definitive Bond or a Permanent Bearer Global Bond which Permanent Bearer Global Bond may (in accordance with the terms of such Permanent Bearer Global Bond) in turn be exchanged for a Bearer Definitive Bond or (ii) be represented by, and comprised in, a Permanent Bearer Global Bond which may (in accordance with the terms of such Permanent Bearer Global Bond) be exchanged for a Bearer Definitive Bond (all as indicated in the applicable Final Terms or Drawdown Prospectus) and which may, in the case of the Registered Bonds, either be in definitive form or be represented by, and comprised in, one or more Regulation S Global Bonds each of which may (in accordance with the terms of such Regulation S Global Bond) be exchanged for Registered Definitive Bonds (all as indicated in the applicable Final Terms or Drawdown Prospectus) and includes any replacements for

a Bond (whether a Bearer Bond or a Registered Bond, as the case may be) issued pursuant to the Conditions and **"Bonds"** shall be construed accordingly, including any Deferred Purchase Bonds and/or Deferred Settlement Bonds where the context so requires;

"Bond Acceleration Notice" has the meaning given to that term in the Conditions;

"Bond Documents" means the Bond Trust Deed (including the Conditions), the Agency Agreement, any Dealership Agreement, any Deferred Bond Purchase Agreement or Deferred Settlement Agreement and the Issuer Security Documents;

"Bond Event of Default" means any of the events of default set out in the Conditions;

"Bond Interest Payment Date" means, in respect to each Tranche of Bonds, the Bond Interest Payment Date as specified in the relevant Final Terms or Drawdown Prospectus;

"Bond Trust Deed" means any bond trust deed to be entered into between the Issuer and the Bond Trustee in respect of any Bonds to be issued;

"Bond Trustee" means Deutsche Trustee Company Limited or any other or additional trustee appointed pursuant to any Bond Trust Deed, to act as bond trustee for and on behalf of the Bondholders, the Receiptholders and the Couponholders;

"Bondholders" means the several persons who are holders of any outstanding Bonds from time to time (excluding the Deferred Purchasers) (being, in the case of Bearer Bonds, the bearers thereof and, in the case of Registered Bonds, the several persons whose names are entered in the register of holders of the Registered Bonds as the holders thereof) save that, in respect of any Bonds of any Tranche, for so long as such Bonds or any part thereof are represented by Global Bond deposited with a common depositary (in the case of a CGB) or common safekeeper (in the case of a NGB or a Regulation S Global Bond held under the NSS) for Euroclear and Clearstream, Luxembourg or, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Bonds of such Tranche shall be deemed to be the holder of such principal amount of such Bonds (and the holder of the relevant Global Bond shall be deemed not to be the holder) for all purposes of the Bond Trust Deed other than with respect to the payment of principal or interest on such nominal amount of such Bonds and, the rights to which shall be vested, as against the Issuer and the Bond Trustee, solely in such common depositary, common safekeeper or its nominee and for which purpose such common depositary, common safekeeper or its nominee shall be deemed to be the holder of such nominal amount of such Bonds in accordance with and subject to its terms and the provisions of the Bond Trust Deed and the Conditions; and the expressions **"Bondholder"**, **"holder"** and **"holder of the Bonds"** and related expressions shall (where appropriate) be construed accordingly;

"Breakage Costs" means the costs of early termination of any DA Approved Hedging payable by the Company to secured creditors as a result of the notional termination of DA Approved Hedging, its termination on the Secretary of State electing to cease paying by instalments, termination where the Secretary of State is in breach of its payment obligations or the occurrence of certain permitted hedge termination events;

"Business Day" means:

(A) in relation to any sum payable in sterling, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in London;

(B) in relation to any sum payable in euro, a Target Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London, and in respect of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus;

(C) in relation to any sum payable in a currency other than euro or sterling, a day on which commercial banks and foreign exchange markets settle payments generally in London, and in the principal financial centre of the currency in which such financial indebtedness is denominated (which in the case of a payment in US dollars shall be New York) and, in respect

of the Bonds, in each (if any) additional city or cities specified in the relevant Final Terms or Drawdown Prospectus; and

(D) for any other purpose, means a day (other than a Saturday or a Sunday) on which banks are open for general business in London,

provided that when **"Business Day"** is used in relation to any Hedging Agreement, **"Business Day"** has the meaning given to it in that Hedging Agreement;

"BWACC" means 2.497 per cent., being the weighted average cost of capital applied in accordance with Appendix 1 of the Licence for the period up to and including 31 March 2030;

"Calculation Agency Agreement" means an agreement in or substantially in the form set out in the relevant Agency Agreement;

"Calculation Agent" means, in relation to any Tranche of Bonds, the person appointed as calculation agent in relation to such Tranche of Bonds by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of such Tranche of Bonds;

"Capital Expenditure" means expenditure which, in accordance with the Accounting Principles, is treated as capital expenditure;

"Cash" means cash in hand or credit balances or amounts on deposit with any Acceptable Bank which is:

(A) accessible by an Obligor within 30 days; and

(B) where there is no Security Interest over that cash except under the Obligor Security Documents or any Permitted Security constituted by a netting or set-off arrangement entered into by the Company or other Obligor in the ordinary course of their banking arrangements;

"Cash Available to the Company" means, in respect of any date (as determined on or prior to such date by the Cash Manager or, in the absence of determination by the Cash Manager, the Company), the funds available for drawing from the Obligor Operating Accounts and the Debt Service Reserve Account on such date;

"Cash Available to the Issuer" means, in respect of any date (as determined on or prior to such date by the Issuer Cash Manager or, in the absence of determination by the Issuer Cash Manager, the Issuer), the sum of (i) the funds available for drawing from the Issuer Transaction Accounts and the Issuer Debt Service Reserve Account on such date; and (ii) any amounts to be paid to the Issuer on or before such date which will be available for the Issuer to make payments on such date;

"Cash Equivalent Investments" means at any time:

(A) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;

(B) any investment in transferable debt obligations issued or guaranteed by the government of:

  (i) the United States of America; or

  (ii) the United Kingdom, any member state of the European Economic Area, any Participating Member State, Canada, Australia or Switzerland which has a credit rating of either A-1 or higher by Standard & Poor's or F-1 or higher by Fitch or P-1 or higher by Moody's, or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(C) commercial paper not convertible or exchangeable to any other security:

  (i) for which a recognised trading market exists;

  (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area, any Participating Member State, Canada, Australia or Switzerland;

  (iii) which matures within one year after the relevant date of calculation; and

(iv) which has a credit rating of A-1 or higher by Standard & Poor's, or F-1 or higher by Fitch or P-1 or higher by Moody's or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(D) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);

(E) transferable debt obligations not convertible or exchangeable to any other security:

(i) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area, any Participating Member State, Canada, Australia or Switzerland;

(ii) which matures within 24 months after the relevant date of calculation; and

(iii) which has a credit rating of A- or higher by Standard & Poor's, or A- or higher by Fitch or A3 or higher by Moody's or, if no rating is available in respect of the transferable debt obligations, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(F) time deposits with any Acceptable Bank maturing within one year after the relevant date of calculation;

(G) any investment in money market funds which (i) have a credit rating of A-1 or higher by Standard & Poor's, or F-1 or higher by Fitch or P-1 or higher by Moody's (ii) invest substantially all their assets in securities of the types described in paragraphs (A) to (F) above and (iii) can be turned into cash on not more than thirty (30) days' notice;

(H) any Qualifying Repurchase Transaction and any Underlying Security related to any Qualifying Repurchase Transaction; and

(I) in the case of the Obligors, any other debt security approved by the Obligor Security Trustee in accordance with the STID and in the case of the Issuer, any other debt security approved by the Issuer Security Trustee in accordance with the Issuer Deed of Charge,

in each case, to which any member of the Holdco Group is alone (or together with other members of the Holdco Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Holdco Group or any of its Affiliates or subject to any Security Interest (other than in the case of the Obligors), a Security Interest arising under the Obligor Security Documents and in the case of the Issuer, a Security Interest arising under the Issuer Security Documents;

"Cash Manager" means the Company, or following a Loan Event of Default which is continuing, the Obligor Security Trustee or a professional cash manager appointed by the Obligor Security Trustee (including any substitute appointed by the Obligor Security Trustee);

"CGB" means a Temporary Bearer Global Bond or a Permanent Bearer Global Bond, in either case where the applicable Final Terms or Drawdown Prospectus specify that the Bonds are in CGB form;

"CH2M Hill UK" means CH2M HILL United Kingdom;

"Change in Tax Law" means (i) the coming into effect, amendment, supplement, termination, repeal, replacement or withdrawal of or to, or a change in the interpretation or application by HM Revenue & Customs or any other competent authority of, any law, subordinate legislation or guidance of any competent authority, or (ii) the amendment of any generally accepted accounting principles and policies adopted in the water industry, in each case, directly affecting the tax treatment of the Company and occurring after Licence Award and, in each case, save to the extent arising out of, or in connection with, a breach or default under or with respect to that law, subordinate legislation, guidance or accounting principles and policies by the Company or any of its representatives;

"Change of Control" means any person or group of persons acting in concert gains Control of the Company (where "acting in concert" means a group of persons who pursuant to an agreement or understanding (whether formal or informal) actively co-operate either directly or indirectly);

"Charging Year" means a calendar year commencing on 1 April of one calendar year and ending on 31 March of the immediately following calendar year, save that the first Charging Year commenced on 24 August 2015 and ended on 31 March 2016;

"Chargor" means each of Holdco and the Company and any person who has acceded to the Security Agreement as a Chargor (i) by executing a deed of accession, and (ii) in accordance with the STID;

"Clearing Systems" means the rules, regulations and procedures for Clearstream, Luxembourg, and Euroclear;

"Closing Date" means the date on which all conditions precedent to the Common Terms Agreement were satisfied or waived (as the case may be), which occurred on 24 August 2015;

"CMA" means the Competition and Markets Authority, or any such entity which succeeds or replaces the same;

"Code" means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated and rulings issued thereunder;

"Commissioning" means the process following completion of construction in which physical separation between the TTT and the Lee Tunnel is removed, flows are progressively allowed into the TTT, and the system is then tested in a range of storm conditions;

"Commitment" has the meaning given to such term:

(A) in relation to any Liquidity Facility, in that relevant Liquidity Facility Agreement;

(B) in relation to the 2026 RC Facility, in the 2026 Revolving Credit Facility Agreement;

(C) in relation to any STF Facility, in that Senior Term Facility Agreement; and

(D) in relation to any other Authorised Credit Facility, in that Authorised Credit Facility;

"Common Documents" means the Obligor Security Documents, the Common Terms Agreement, the Master Definitions Agreement, the STID and the Tax Deed of Covenant;

"Common Terms Agreement" means the common terms agreement entered into between, among others, the Obligors, the Cash Manager, the Issuer and the Obligor Security Trustee on 24 August 2015, as amended from time to time;

"Companies Act" means the Companies Act 2006;

"Company" means Bazalgette Tunnel Limited;

"Company Account Bank" means Lloyds Bank plc (or any successor account bank appointed pursuant to the Company Account Bank Agreement);

"Company Account Bank Agreement" means the account bank agreement dated on 24 August 2015 between the Company, the Company Account Bank and the Obligor Security Trustee;

"Company Charge" means the Company's calculation of the allowed revenue made in accordance with paragraph 5.1 of condition B of the Licence;

"Company Hedge Counterparty" means any counterparty to any Company Hedging Agreement who is a Hedge Counterparty under the STID and the Common Terms Agreement, and **"Company Hedge Counterparties"** shall be construed accordingly;

"Company Hedge Replacement Premium" means a premium or upfront payment received by the Company from a replacement hedge counterparty under a replacement hedge agreement entered into with the Company to the extent of any termination payment due to a Company Hedge Counterparty under a Company Hedging Agreement;

"Company Hedging Agreement" means each ISDA Master Agreement entered into by the Company and a Company Hedge Counterparty in accordance with the Hedging Policy and which governs the Company Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the Company Hedging Transactions entered into under such ISDA Master Agreement;

"Company Hedging Transaction" means any Treasury Transaction governed by a Company Hedging Agreement and entered into with the Company in accordance with the Hedging Policy;

"Company Liquidity Shortfall" means after taking into account Cash Available to the Company, with respect to any date (as determined on or prior to such date by the Cash Manager or, in the

absence of determination by the Cash Manager, the Borrower), there will be insufficient funds to pay on such date any of the amounts to be paid in respect of items 1 to 7 (inclusive) (excluding (i) any principal payable under the 2026 RC Facility or any other RCF and (ii) all amounts payable under any IBLA (including any Facility Fees)) of the Obligor Pre-Default Priority of Payments;

"Company Liquidity Shortfall Amount" means with respect to any date the amount determined on or prior to such date by the Cash Manager or, in the absence of determination by the Cash Manager, the Company, by which the Cash Available to the Company (excluding any amounts available pursuant to a Liquidity Facility Agreement) is or is expected to be less than an amount equal to the aggregate of any amounts scheduled to be paid on such date in respect of items 1 to 7 (inclusive) (excluding (i) any principal payable under the 2026 RCF Facility or any other RCF and (ii) all amounts payable under any IBLA (including any Facility Fees)) of the Obligor Pre-Default Priority of Payments;

"Company Owned Structures" means the deep tunnels and shafts (and other related elements) constructed as part of the Company Works;

"Company Works" means any works or activities that the Company is required to perform for the TTT, including the construction of the tunnels and shafts, certain ancillary works required to connect the TTT to the Sewer Network and the installation of system-wide control and data acquisition system but, for the avoidance of doubt, excluding the Thames Water Works;

"Compliance Certificate" means a certificate substantially in the form set out in the Common Terms Agreement. See "*Summary of the Common Documents – Common Terms Agreement – Covenants – Information Covenants – Compliance Certificate*";

"Conditions" means in relation to any Bonds of any Tranche, the terms and conditions endorsed on or incorporated by reference into the Bonds constituting such Tranche, in such form, having regard to the terms of the Bonds of the relevant Tranche, as may be agreed between the Issuer, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s) as completed by the Final Terms or Drawdown Prospectus applicable to the Bonds of the relevant Tranche, in each case as from time to time modified in accordance with the provisions of the Bond Trust Deed and any reference in the Bond Trust Deed to a particular specified Condition or paragraph of a Condition shall be construed accordingly;

"Consumer Price Index" or **"CPI"** means the all items consumer prices index for the UK published by the Office for National Statistics and appearing on its website (at http://www.ons.gov.uk/) or if the consumer prices index ceases to exist, such other indexation procedure as the Obligor Security Trustee may approve on recommendation of the Holdco Group Agent;

"Contingent Equity Commitment Period" means the period from and including the date of any contingent equity commitment request to and including the earliest of:

(A) 1 April following the Post Construction Review;

(B) the date on which the Secretary of State ceases to be a holder of Junior Capital invested in accordance with the Contingent Equity Support Agreement; and

(C) the date (if any) of withdrawal by Holdco of a request for contingent equity pursuant to the Contingent Equity Support Agreement (provided that no other requests for contingent equity are outstanding and the Secretary of State is not the holder of any Junior Capital).

"Contingent Equity Support Agreement" or "CESA" means the contingent equity support agreement entered into between the Secretary of State, the Company and Holdco on 24 August 2015 in the form approved by the Initial RCF Arrangers prior to the Closing Date;

"Contribution Notice" means a contribution notice issued by the Pensions Regulator under section 43 of the Pensions Act 2004;

"Control" means, with respect to an entity, the power to direct the management and policies of that entity whether by virtue of legal or beneficial ownership, share capital, contract or otherwise;

"Conversion Redeployment Rate" means, in respect of a Non-Indexed Tranche, the floating rate, expressed as the Cumulative Compounded RFR Rate (where for such purposes references to a "Floating Rate Reference Period" shall be deemed to refer to each six month Interest Period relating to such Non-Indexed Tranche, and references to an "RFR Floating Rate Tranche" shall be deemed to refer to such Non-Indexed Tranche), plus a spread in effect on the date the Conversion

Redeployment Rate is calculated (such spread, for the avoidance of doubt, not to include the Risk Margin or, if applicable, the Increased Risk Margin), on the basis of which the Bank would make an offer to a borrower for a GBP loan (not index-linked) of a principal amount equal to the Non-Indexed Principal Amount of the relevant Non-Indexed Tranche (as determined in accordance with Article 5.09(b)) disbursed on the Conversion Date, which shall have the same terms for the payment of interest and principal as the relevant Non-Indexed Tranche;

"Coupon" means an interest coupon appertaining to a Bearer Definitive Bond, such coupon being:

(A) if appertaining to a Fixed Rate Bond, in the form or substantially in the form set out in the relevant Bond Trust Deed or in such other form, having regard to the terms of issue of the Bonds of the relevant Tranche, as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s); or

(B) if appertaining to a Floating Rate Bond, in the form or substantially in the form set out in the relevant Bond Trust Deed or in such other form, having regard to the terms of issue of the Bonds of the relevant Tranche, as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s); or

(C) if appertaining to a Bearer Definitive Bond which is neither a Fixed Rate Bond nor a Floating Rate Bond, in such form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to the Conditions;

"Couponholders" means the several persons who are, for the time being, holders of the Coupons and includes, where applicable the Talonholders;

"CRA" means a credit rating agency;

"Criminal Offence" means any of the following as applicable: fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism;

"CSO" means combined sewer overflows (being the points at which sewage from the Sewer Network may be discharged into the Thames);

"DA Approved Hedging" means hedging transactions that have been entered into in compliance with conditions set out in the Discontinuation Agreement unless otherwise agreed with the Secretary of State;

"DCO" means the development consent order pursuant to the Planning Act 2008 for the TTT granted on 12 September 2014, as amended from time to time;

"Dealers" means each of the initial Dealers appointed at the relevant Issue Date, any New Dealer (as defined in any Dealership Agreement) appointed in accordance with the relevant provisions of any Dealership Agreement and excludes any entity whose appointment has been terminated pursuant to the relevant provisions of any Dealership Agreement and references in any Dealership Agreement to the relevant Dealer shall, in relation to any Bond, be references to the Dealer or Dealers with whom the Issuer has agreed the initial issue and purchase of such Bond;

"Dealership Agreement" means the agreement entered into between the Issuer, Holdco, the Company and the Dealers named therein (or deemed named therein) concerning the purchase of any Bonds to be issued pursuant to the Programme;

"Debt Maturity Principles" has the meaning given to it in the Discontinuation Agreement;

"Debt Service Reserve Account" means:

(A) in respect of the Company, the Company Debt Service Reserve Account; and

(B) in respect of the Issuer, the Issuer Debt Service Reserve Account;

"Decision Period" means the period of time within which the approval of the Obligor Security Trustee is sought as specified in relation to each type of voting matter in the STID as such period may be extended in accordance with the provisions of the STID;

"Default" means:

(A) a Loan Event of Default; or

(B) a Potential Loan Event of Default;

"Deferred Bond Purchase Agreement" means any agreement pursuant to which, *inter alia*, the Issuer agrees to sell the Bonds to one or more purchasers in accordance with agreed commitments, and such persons agree to purchase such Bonds from the Issuer, on a date(s) specified in such agreement at the relevant bond purchase price (whether or not subject to conditions precedent);

"Deferred Bond Purchaser" means any person which has entered into a Deferred Bond Purchase Agreement with the Issuer and any transferee of the bond purchase obligation who accedes to the Deferred Bond Purchase Agreement in accordance with its terms and **"Deferred Bond Purchasers"** shall be construed accordingly;

"Deferred Purchase Bonds" means any Bonds issued pursuant to the Programme by the Issuer which are held by or on behalf of the Issuer and in respect of which the Issuer has entered into one or more Deferred Bond Purchase Agreements pursuant to which it has agreed to sell such Bonds to one or more Deferred Bond Purchases;

"Deferred Purchaser" means the Deferred Bond Purchaser(s) and/or the Deferred Settlement Purchaser(s);

"Deferred Settlement Agreement" means any agreement pursuant to which one or more persons agree with the Issuer to subscribe for Deferred Settlement Bonds to be issued by the Issuer and subscribed by it/them on a future date or date(s) as specified in such agreement (whether or not subject to conditions precedent);

"Deferred Settlement Bonds" means any Bonds agreed to be issued pursuant to the Programme by the Issuer to Deferred Settlement Purchaser(s) pursuant to a Deferred Settlement Agreement;

"Deferred Settlement Purchaser" means any person which has entered into a Deferred Settlement Agreement with the Issuer and any transferee of the bond subscription obligation who accedes to the Deferred Settlement Agreement in accordance with its terms and **"Deferred Settlement Purchasers"** shall be construed accordingly;

"Deferred Settlement Purchaser STID Decision Matter" means for the purposes of the Issuer Deed of Charge, any instruction, resolution or approval sought from the Qualifying Obligor Secured Creditors through their Secured Creditor Representatives pursuant to the STID (other than an Entrenched Right STID Proposal) including, without limitation, in connection with:

(A) any Ordinary Voting Matter;

(B) any Extraordinary Voting Matter; or

(C) any Direction Notice from the Qualifying Obligor Secured Creditors;

but excluding:

(D) any Enforcement Instruction Notice;

(E) any Further Enforcement Instruction Notice;

(F) any resolution in respect of an Emergency Instruction Notice pursuant to the STID;

(G) any Distressed Disposal Resolution; and

(H) any STID Proposal relating to a vote to terminate a Standstill Period pursuant to the STID;

"Deferred Settlement Purchaser STID Direction Matter" means any matter on which the Issuer Security Trustee may be instructed pursuant to the voting provisions of the Issuer Deed of Charge;

"Deferred Settlement Purchaser Voting Notice" means the notice to be sent by the Issuer or the Issuer Security Trustee to the relevant Deferred Settlement Purchasers in accordance with the Issuer

Deed of Charge, if the Issuer or the Issuer Security Trustee requests that any Deferred Settlement Purchaser STID Decision Matter or Deferred Settlement Purchaser STID Direction Matter be considered by the relevant Deferred Settlement Purchasers in accordance with the provisions of the Issuer Deed of Charge;

"Definitive Bond" means a Bearer Definitive Bond and/or, as the context may require, a Registered Definitive Bond;

"Delegate" means any delegate, agent, attorney or co-trustee appointed by the Obligor Security Trustee, the Issuer Security Trustee or any Bond Trustee;

"Delivery Documents" means the:

(A) Liaison Agreement;

(B) Interface Agreement;

(C) Alliance Agreement;

(D) ITA Deed;

(E) Operation and Maintenance Agreement;

(F) Project Management Contract;

(G) System Integrator Contract;

(H) Main Works Contracts;

(I) Revenue Agreement;

(J) the Property Documents; and

(K) the System Acceptance Contracts;

"Designated Accounts" means the Obligor Operating Accounts, the Company CESA Account, the Company Debt Service Reserve Account, the Company Defeasance Accounts, the Liquidity Facility Standby Account, the MDF Account, the Senior Debt Compensation Account, the Equity Compensation Account, any Defeasance Account, the SCA Proceeds Account, the Equity Contribution Account and the Holdco CESA Account;

"Designation Notice" means the notice designating the Company as infrastructure provider for the TTT in accordance with Regulation 8(1) of the SIP Regulations;

"Determination Date" means in respect of any Liquidity Facilities, the date which is two (2) Business Days prior to each LF Interest Payment Date;

"Determination Dissenting Notice" means a notice issued in accordance with the terms of the STID by the Obligor Security Trustee acting on the instructions of Qualifying Obligor Secured Creditors (acting through their respective Secured Creditor Representatives, if any, including in the case of the Issuer, any Secured Creditor Representative of the Issuer on behalf of the relevant Issuer Secured Creditors) representing at least ten (10) per cent. of the Outstanding Principal Amount of the Qualifying Obligor Secured Liabilities informing the relevant Proposer in writing that the relevant Qualifying Obligor Secured Creditors disagree with the determination of voting category made in a STID Proposal;

"Direction Notice" means, in respect of any matter which is not the subject of a STID Proposal, Qualifying Obligor Secured Creditor Instruction Notice, Enforcement Instruction Notice, Further Enforcement Instruction Notice or Emergency Instruction Notice and except where expressly provided for otherwise in the STID, a notice from the Obligor Security Trustee requesting an instruction from the Qualifying Obligor Secured Creditors as to whether the Obligor Security Trustee should agree to a consent, waiver or exercise a right or discretion pursuant to the Finance Documents and the manner in which it should do so;

"Disallowed Expenditure" means any capital expenditure (other than Excluded Project Spend) identified in any IAR Overrun Application which has not been included in the AAPS Cap determined by Ofwat in accordance with the Licence (and in the event of an appeal to the Competition and Markets Authority, subject to the outcome of that appeal) and which is in accordance with the Approved Tunnel Completion Plan;

"Discontinuation" means the exercise or deemed exercise by the Secretary of State of its rights to issue a Discontinuation Notice and **"Discontinue"** shall be construed accordingly;

"Discontinuation Agreement" means the discontinuation agreement entered into between the Secretary of State, the Company, Holdco and the Obligor Security Trustee on 24 August 2015, in the form approved by the Initial RCF Arrangers prior to the Closing Date;

"Discontinuation Creditor" means the Secretary of State at all times during which the Secretary of State is under any actual or contingent obligation or liability, or any obligation or liability of any Obligor to the Secretary of State is owed or outstanding, in each case under or in respect of the Discontinuation Agreement;

"Discontinuation Date Adjusted RCV" means the RCV assigned by Ofwat at the end of the preceding Charging Year plus any Allowable Project Spend and Additional Allowable Project Spend incurred by the Company since the end of the preceding Charging Year and the Discontinuation date and, if this amount exceeds the original base case forecast, as adjusted to reflect the accrued incentive penalty to be applied to the RCV at Post Construction Review, as determined in accordance with the Discontinuation Agreement;

"Discontinuation Notice" has the meaning given to it in the Discontinuation Agreement;

"Discretion Matter" means a matter in which the Obligor Security Trustee may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any Obligor Secured Creditor, the Issuer Secured Creditor or any of their Secured Creditor Representatives;

"Distressed Disposal" means a disposal of an asset of a member of the Holdco Group which is:

(A) being approved or consented to by way of Qualifying Obligor Secured Creditors pursuant to the STID in circumstances where the Obligor Security has become enforceable; or

(B) being effected by enforcement of the Obligor Security;

"Distribution Date" means each day on which Available Enforcement Proceeds are available to be applied by or on behalf of the Obligor Security Trustee (or any Receiver) in or towards satisfaction of the Obligor Secured Liabilities in accordance with the Obligor Post-Default Priority of Payments;

"Early Termination Date" has the meaning given to that term in the relevant Hedging Agreement;

"EIB" means The European Investment Bank;

"EIB Breakage Costs" means any amounts that EIB is entitled to receive in respect of any deferment of drawdown, an event of early repayment or a cancellation of any loan or facility made available to the Company under an EIB Finance Contract;

"EIB Finance Contract" means each finance contract with the EIB pursuant to which any facility is made available to the Company;

"Eighth Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Emergency" means the disruption of the normal service of the provision of wastewater services which is treated as an emergency under the Company's policies, standards and procedures for emergency planning manual;

"Enforcement Action" means any step (other than the exercise of any rights of inspection of any asset or other immaterial actions) that an Obligor Secured Creditor is entitled to take to enforce its rights against an Obligor under a Finance Document following the occurrence of a Loan Event of Default, including:

(A) demanding payment of any Obligor Secured Liabilities;

(B) accelerating any of the Obligor Secured Liabilities or otherwise declaring any Obligor Secured Liabilities prematurely due and payable or payable on demand or the premature termination or close-out of any Obligor Secured Liabilities under a Company Hedging Agreement (other than such a close out on a voluntary basis which would not result in a breach of the Common Terms Agreement or the STID);

(C) enforcing any Obligor Secured Liabilities by attachment, set-off, execution, diligence, arrestment or otherwise;

(D) crystallising, or requiring the Obligor Security Trustee to crystallise, any floating charge in the Obligor Security Documents;

(E) enforcing, or requiring the Obligor Security Trustee to enforce, any Obligor Security;

(F) initiating or supporting or taking any action or step with a view to:

(i) any insolvency, bankruptcy, liquidation, reorganisation, winding up, judicial composition or dissolution proceedings or any analogous proceedings in relation to any Obligor in any jurisdiction;

(ii) any voluntary arrangement, scheme of arrangement or assignment for the benefit of creditors; or

(iii) any similar proceedings involving any Obligor whether by petition, convening a meeting, voting for a resolution or otherwise;

(G) bringing or joining any legal proceedings against any Obligor (or any of its Subsidiaries) to recover any Obligor Secured Liabilities;

(H) exercising any right to require any insurance proceeds to be applied in reinstatement of any asset subject to any Obligor Security; or

(I) otherwise exercising any other remedy for the recovery of any Obligor Secured Liabilities or the preservation of any Obligor Secured Property;

"Enforcement Order" means an enforcement order, a final enforcement order or a provisional enforcement order, in each case, made by Ofwat or the Secretary of State in accordance with the WIA;

"Entrenched Right Dissenting Notice" means a notice issued in accordance with the terms of the STID by the Obligor Security Trustee acting on the instructions of an Obligor Secured Creditor (acting through its Secured Creditor Representative, if any, including in the case of the Issuer, any Secured Creditor Representative on behalf of the relevant Issuer Secured Creditors) informing the relevant Proposer in writing that such Obligor Secured Creditor disagrees with the determination of whether a STID Proposal gives rise to an Entrenched Right affecting such Obligor Secured Creditor (and/or where the Issuer is an Affected Obligor Secured Creditor, such Issuer Secured Creditors).

"Entrenched Rights" are matters which:

(A) would have the effect of changing any of the Obligor Priorities of Payments or application thereof in respect of an Obligor Secured Creditor or would otherwise affect the application of any proceeds of enforcement of the Obligor Security Documents;

(B) would have the effect of changing any rights of enforcement set out in the STID;

(C) would change or would have the effect of changing (i) any of the following definitions in the Master Definitions Agreement: Qualifying Obligor Secured Creditors, Qualifying Obligor Secured Liabilities, STID Proposal, Discretion Matter, Ordinary Voting Matter, Extraordinary Voting Matter, Voted Qualifying Obligor Secured Liabilities, Senior RAR; (ii) those matters expressly requiring the consent, approval or agreement of, or directions or instructions from, or waiver by an Obligor Secured Creditor or the Obligor Security Trustee; or (iii) the

percentages of the Qualifying Obligor Secured Liabilities required to terminate a Standstill Period pursuant to the STID (see "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Standstill Period - Termination of Standstill" and "Summary of the Common Documents – Security Trust and Intercreditor Deed – Standstill Period - Extension of Standstill*");

(D) would have the effect of changing any Entrenched Rights or the Reserved Matters set out in the STID;

(E) would have the effect of delaying the date fixed for payment of, or payment of amounts in the nature of, principal, interest or Make-Whole Amount in respect of the relevant Obligor Secured Creditor's debt or would reduce the amount of, or amount in the nature of, principal, interest or Make-Whole Amount payable in respect of such debt;

(F) would bring forward the date fixed for payment of, or payment of amounts in the nature of, principal, interest or Make-Whole Amount in respect of the relevant Obligor Secured Creditor's debt or would increase the amount of, or amount in the nature of, principal, interest or Make-Whole Amount on any date in respect of such debt;

(G) would result in the exchange of the relevant Obligor Secured Creditor's debt for, or the conversion of such debt into, shares, Bonds or other obligations of any other person;

(H) would have the effect of changing the currency of payment due under the relevant Obligor Secured Creditor's debt (other than due to the UK becoming one of the countries participating in the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended (the "**Treaty**") or otherwise participating in European economic and monetary union in a manner with similar effect to such third stage);

(I) would have the effect of changing the rights of the relevant debt provider to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, taxes, damages, proceedings, claims and demands in relation to any Transaction Document to which it is a party;

(J) would change or have the effect of changing the terms or effect of the Supplemental Compensation Agreement, the MDF, the Contingent Equity Support Agreement or the Discontinuation Agreement (including by delaying payment of any amounts payable thereunder or reducing any amount payable in respect of the TTT or the Obligor Secured Liabilities) unless such change is permitted in accordance with the terms of the Common Documents; or

(K) would have the effect of changing any existing obligations of an Obligor to gross up any payment in respect of the relevant Obligor Secured Creditor's debt in the event of the imposition of withholding taxes (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);

(L) in respect of EIB, would change or would have the effect of changing:

(i) any provision of the EIB Finance Contract;

(ii) any Common Document in a manner that would lead to a breach by any Obligor party to the EIB Finance Contract of that EIB Finance Contract;

(iii) any Common Document in a manner that would have or be reasonably likely to have a material adverse effect on the interests of the EIB;

(iv) any of the following definitions: "Authorised Credit Facility", "Criminal Offence", "Decision Period", "Environment", "Environmental Claim", "Environmental Law", "Environmental Permit", "Finance Documents", "Minimum Long Term Rating", "Minimum Short Term Rating", "Obligor Secured Creditors" or "Quorum Requirement";

(v) the percentage of the Voted Qualifying Obligor Secured Liabilities or Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities specified in respect of Ordinary Voting Matters and Extraordinary Voting Matters as set out in the table above in "*Summary of the Common Documents – Security Trust and Intercreditor*

Deed -Types of Voting Categories – Voting Thresholds, Quorum Requirements and Decision Periods";

(vi) the nature and scope of the Obligor Security or would release any of the Obligor Security (unless equivalent security is taken at the same time) or such Obligor Security is released in accordance with the STID;

(vii) the provisions in the STID relating to releasing the Obligor Security and paragraph "*Distressed Disposals*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed -Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors- Distressed Disposals*";

(viii) certain representations made in relation to anti-money laundering laws, anti-bribery law and sanctions in the Common Terms Agreement;

(ix) paragraphs (a)(xiv), (a)(xv), (c), (d) or (e) of the section "*Summary of the Common Documents – Common Terms Agreement –Covenants – Information Covenants – Obligor Information*";

(x) certain covenants relating to the maintenance of licences and authorisation, compliance with anti-money laundering laws, anti-bribery law and sanctions, compliance with laws and regulations relating to Criminal Offences and compliance with European Union directives under the Common Terms Agreement; or

(b) before the earlier of:

(i) the System Acceptance; and

(ii) the date on which the aggregate of the Outstanding Principal Amount and Available Commitments of the 2026 RC Facility providers and any other Revolving Credit Facility providers constitutes 40 per cent. or less of the aggregate Qualifying Obligor Secured Liabilities (other than those under paragraphs (b) or (c) of that definition);

(M) in respect of each Hedge Counterparty:

(i) would change or would have the effect of changing any of the following definitions: "Company Hedge Replacement Premium", "Issuer Hedge Replacement Premium", "Hedging Agreement" or "Issuer Secured Creditor Entrenched Right";

(ii) would change or would have the effect of changing the limits specified in the paragraphs "*Offsetting Transactions*", "*Currency Risk Principles*" and "*Interest Rate Risk Principles*" described in the section "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*";

(iii) would change or have the effect of changing the definition of "Permitted Hedge Termination" or any of the Hedge Counterparties' rights to terminate the Hedging Agreements as set out in the Hedging Policy;

(iv) would change or have the effect of changing clause 8.1 (*Loan Events of Default*) of the Common Terms Agreement;

(v) would change or have the effect of changing the definitions of "Loan Acceleration Notice" or "Loan Enforcement Notice" or would change or have the effect of changing paragraphs "*Consequences of delivery of Loan Acceleration Notice*" and "*Obligor Post-Default Priority of Payments*" and "*Obligor Post-Discontinuation Priority of Payments*" described in the sections "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors - Consequences of delivery of Loan Acceleration Notice*", "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Default Priority of Payments*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Post-Discontinuation Priority of Payments*"; or

(vi) would change or have the effect of changing the purpose of any Liquidity Facility so as to result in it no longer being available to service payments due under the Hedging Agreements;

(N) in respect of the Secretary of State:

(i) would change or have the effect of changing the conditions precedent to the Common Terms Agreement;

(ii) would change or have the effect of changing the nature and scope of the Obligor Security or would release any of the Obligor Security (unless equivalent security is taken at the same time) or such Obligor Security is released in accordance with the STID;

(iii) would change or have the effect of changing the provisions in relation to the voting mechanics or thresholds set out in the Common Documents or paragraph "*Discontinuation Creditor*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Discontinuation Creditor*";

(iv) would change or have the effect of changing the provisions in respect of the payment of moneys into and the application of moneys from the MDF Account, the Company CESA Account, the Holdco CESA Account, the SCA Proceeds Account, the Senior Debt Compensation Account and the Equity Compensation Account;

(v) would change or have the effect of changing any of the following provisions:

(a) paragraph "*Negative pledge*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Negative pledge*" or the definition of "Permitted Security";

(b) paragraph "*Restricted Payments*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Restricted Payments*" and the definitions of "Restricted Payment", "Restricted Payment Condition", "Permitted Payments" and "Permitted Transaction" and "No Restricted Payments" as described in the section "*Summary of the Common Documents – Common Terms Agreement – Trigger Events- No Restricted Payments*";

(c) paragraph "*Financial Indebtedness*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Financial Indebtedness*", the definition of "Permitted Financial Indebtedness" or "Additional Financial Indebtedness";

(d) paragraph "*Corporate Structure of the Obligors*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Corporate Structure of the Obligors" or paragraph "Resignation of Guarantors*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Resignation of Guarantors*";

(e) paragraph "*Qualifying Obligor Secured Liabilities held by any member of the Holdco Group or an Investor*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – Types of Voting Categories – Common Documents- Qualifying Obligor Secured Liabilities held by any member of the Holdco Group or an Investor*" or sub-paragraph (aaa) of paragraph "*Purchase of Authorised Credit Facilities" as described in the section "Summary of the Common Documents – Common Terms Agreement – General Covenants – Purchase of Authorised Credit Facilities*";

(f) paragraph "*Incurrence of Additional Financial Indebtedness*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Incurrence of Additional Financial Indebtedness*";

(g) paragraph "*Drawings under MDF*" as described in the sections "*Summary of the Common Documents – Common Terms Agreement – Trigger Events – Drawings under MDF*" and "*Summary of the Common Documents – Common Terms Agreement – Trigger Events –Trigger Event Remedies-Drawings under MDF*";

(h) paragraphs "*Hedging Policy*" and "*Cash Management*" as described in the sections "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" and "*Summary of the Common Documents – Common Terms Agreement – Cash Management*" and paragraph "*Treasury Transactions*" as described in the section "*Summary of the Common Documents – Common Terms Agreement – General Covenants – Treasury Transactions*";

(i) the mandatory prepayment provisions of the MDF;

(j) the exercise of rights and remedies under the Government Support Package;

(k) any provision relating to any term of the Government Support Package;

(l) the provision in the STID pursuant to which each Obligor undertakes that it will not enter into any arrangements which are prejudicial to the Secretary of State as a class of investor in Holdco as distinct from a shareholder generally;

(m) paragraph "*Voting by Secretary of State*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Qualifying Obligor Secured Liabilities-Voting by Secretary of State*";

(n) sub-paragraph (ss) of paragraph "*Incurrence of Additional Financial Indebtedness" as described in the section "Summary of the Common Documents – Common Terms Agreement – General Covenants – Incurrence of Additional Financial Indebtedness*";

(o) the Secretary of State's status as an Obligor Secured Creditor;

(p) rights of the Secretary of State to receive information as an Obligor Secured Creditor or Finance Party;

(q) certain construction provisions as they relate to the Secretary of State;

(r) the definition of "Discontinuation Creditor";

(s) paragraph (o) of the definition of "Finance Documents";

(t) the provision in the STID pursuant to which each Obligor Secured Creditor undertakes not to take Enforcement Action against the Obligors, to the extent that this provision relates to the exercise of rights by the MDF Provider and the Discontinuation Creditor;

(u) paragraph "*Discontinuation*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed-Discontinuation*";

(v) paragraph "*Equity Support*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Equity Support*";

(w) the provision in the Common Terms Agreement which provides that the Secretary of State may disclose to such other government departments or government officials as the Secretary of State deems reasonably necessary or in accordance with the Discontinuation confidential information Agreement;

(x) the provision in the Common Terms Agreement which provides that the Secretary of State does not need to inform the Holdco Group Agent (a) of

any confidential information it has disclosed to any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation; and (b) upon becoming aware that confidential information has been disclosed in breach of the Common Terms Agreement;

(y) the provision in the Security Agreement which provides that the Obligor Security shall be enforceable and the power of sale and other powers conferred by section 101 of the Law of Property Act 1925 (as varied and extended by this Security Agreement) and all other powers conferred on a mortgagee by law shall be exercisable on the appointment of a Receiver; or

(z) provisions in the STID relating to releasing the Obligor Security and paragraph "*Distressed Disposals*" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed -Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction Notice – Qualifying Obligor Secured Creditors- Distressed Disposals*"; or

(vi) following Discontinuation would increase the amounts payable by the Secretary of State pursuant to the Discontinuation Agreement;

"Environment" means the following, insofar as they affect human health and social wellbeing:

(A) flora and fauna;

(B) soil, water, air, climate and the landscape; and

(C) cultural heritage and the built environment,

and includes occupational and community health and safety;

"Environment Agency" is the environmental regulator for England;

"Environmental Claim" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law;

"Environmental Contaminant" means any substance (whether a solid, liquid, gas or vapour and whether or not combined with any one or more other substances), activity or other phenomenon which alone or in combination with other things is capable of causing harm or damage to property or to man or to the Environment or any other organism supported by the Environment including any hazardous or toxic substances, pollutants or contaminants;

"Environmental Law" means any applicable law or regulation which relates to:

(A) EU law, including principles and standards;

(B) UK laws and regulations; and

(C) applicable international treaties,

of which a principal objective is the preservation, protection or improvement of the Environment;

"Environmental Monitoring Plans" means the environmental monitoring plans required to be developed pursuant to the Thames Water Utilities Limited (Thames Tideway Tunnel) Order 2014(SI 2384/2014);

"Equity Compensation" has the meaning given to it in the Discontinuation Agreement;

"Equity Support" has the meaning given to it in the Discontinuation Agreement;

"Equity Transfer Amount" means an amount determined by the Obligor Security Trustee to be the amount which would be required as of the Discontinuation Date to prepay a principal amount of Relevant Obligor Senior Liabilities and if required to terminate Hedge Agreements, so that after such prepayment and termination, the Government Debt Payments would be sufficient to pay the remaining Relevant Obligor Secured Liabilities as they fall due;

"EquityCo" means Bazalgette Equity Limited;

"Equivalent Amount" means in respect of any amount which is not denominated in the Base Currency, such amount expressed in the Base Currency as calculated on the basis of the Exchange Rate;

"ERISA" means the Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder;

"ESMA" means the European Securities and Markets Authority;

"Establishment Date" means the date on which all conditions precedent to the establishment of the Programme as set forth in the Dealership Agreement were satisfied or waived (as the case may be), which occurred on 10 June 2016;

"EU" means the European Union;

"Ex Ante Approach" is the approach to determining Additional Allowable Project Spend described in paragraph A 11.3 of the Licence;

"Ex Post Approach" is the approach to determining Additional Allowable Project Spend described in paragraph A 11.4 of the Licence;

"Exchange Rate" means the strike rate specified in any related Hedging Agreement or, failing that, the spot rate for the conversion of the Non-Base Currency into the Base Currency as quoted by the Company Account Bank as at 11.00 a.m.:

(A) for the purposes of the STID, on the Business Day immediately preceding the date of the STID Voting Request, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Direction Notice or a Qualifying Obligor Secured Creditor Instruction Notice (as the case may be); and

(B) in any other case, on the date as of which calculation of the Equivalent Amount of the Outstanding Principal Amount is required,

and, in each case, as notified by the Company Account Bank to each Bond Trustee and the Obligor Security Trustee;

"Excluded Property" means (other than in respect of any Protected Land):

(A) any residential property;

(B) any leasehold property; and

(C) any other property or properties where together in aggregate the market value of the Chargors' interest(s) in all such properties does not exceed 1 per cent. of RCV,

(D) provided that any such property or interest falling within (a), (b) and/or (c) above will not be Excluded Property where the aggregate market value of the Chargors' interest(s) in any and all properties and interests constituting Excluded Property would exceed 5 per cent. of RCV;

"Excluded Tax" means, in relation to any person, any:

(A) Tax imposed on or calculated by reference to the net income, profits or gains of that person, in each case excluding any deemed income, profits or gains of that person other than to the extent such deemed income, profits or gains are matched by any actual income, profits or gains of an Affiliate of that person;

(B) Tax that arises from the fraud, gross negligence or wilful default of the relevant person;

(C) stamp duty or stamp duty reserve tax arising under sections 67, 70, 93 or 96 of the Finance Act 1986 but only to the extent the Tax in question exceeds the Tax that would have arisen but for the existence and effect of those sections (provided that this paragraph (c) shall not apply in relation to the Obligor Security Trustee, the Issuer Security Trustee or the Bond Trustee),

in each case including any related costs, fines, penalties or interest (if any);

"Excluded Project Spend" has the meaning given to that term in the Licence;

"Expenditure Forecast" means, from time to time, the forecast, based on the form of initial forecast set out in the Liaison Agreement, of (a) the aggregate and projected allowable project spend (and,

where applicable, the aggregate and projected additional allowable project spend) which either has been incurred but not yet paid or has yet to be incurred; and (b) any other expenditure (other than excluded project spend) not captured in paragraph (a) estimated on a forward looking basis to be incurred, in each case by the Company to fulfil the system acceptance criteria, as verified by the ITA or determined by the Liaison Committee;

"Extraordinary Resolution" means (a) a resolution approved by the Bondholders and/or Deferred Settlement Purchasers (as the case may be) by a majority of not less than 75 per cent. of the aggregate votes cast subject to the quorum requirements for a vote on an Extraordinary Resolution set out in the Bond Trust Deed; or (b) a resolution signed in writing by or on behalf of the Bondholders and/or Deferred Settlement Purchasers (as the case may be) of not less than 75 per cent. of the aggregate Principal Amount Outstanding of a Tranche of the outstanding Bonds who for the time being are entitled to receive notice of a Voting Matter, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders and/or Deferred Settlement Purchasers (as the case may be) of such Tranche. For purposes of this definition, **"Principal Amount Outstanding"** of a Deferred Settlement Bond or of a Tranche of Deferred Settlement Bonds means the aggregate purchaser commitments of the related Deferred Settlement Purchaser(s) for so long as the conditions precedent (other than the listing of the Deferred Settlement Bonds) to the subscription of the relevant Deferred Settlement Bonds under the relevant Deferred Settlement Agreement are satisfied at the time of the Voting Closure Date.

"Extraordinary STID Resolution" means a resolution in respect of an Extraordinary Voting Matter;

"Extraordinary Voting Matters" are matters which:

(A) change (i) the voting mechanics in respect of the Extraordinary Voting Matters as set out in the STID, or (ii) any of the matters constituting Extraordinary Voting Matters;

(B) change any Loan Event of Default or any Trigger Event each in relation to non-payment, the making of Restricted Payments, financial ratios or credit rating downgrade (in the case of a Trigger Event only);

(C) relate to the waiver of any Loan Event of Default or any Trigger Event each in relation to non-payment, credit rating downgrade (in the case of a Trigger Event only), financial ratios or the making of Restricted Payments;

(D) change in any adverse respect the restriction on any disposal of the Company or relate to a consent in respect of any such disposal;

(E) materially change or have the effect of materially changing the definition of "Permitted Business";

(F) change or have the effect of changing the provisions relating to the waiver of the Additional Financial Indebtedness tests set out in paragraph "Incurrence of Additional Financial Indebtedness" as described in the section "Summary of the Common Documents – Common Terms Agreement – General Covenants – Incurrence of Additional Financial Indebtedness";

(G) would result in the Aggregate Available Liquidity being less than the Liquidity Required Amount and, to the extent that the passing of an Extraordinary Resolution on the matters referred to in this paragraph (g) necessitates an amendment to any Trigger Event, the amendment to that Trigger Event shall be an Extraordinary Voting Matter;

(H) bring forward the scheduled maturity date of any Financial Indebtedness following the occurrence of a Trigger Event which is continuing;

(I) release any of the Obligor Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents; or

(J) relate to the resignation of Guarantors, as contemplated in paragraph "Resignation of Guarantors" as described in the section "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Resignation of Guarantors*";

"Facility Agent" means, as the context requires, the 2026 RCF Agent (or its successors), any Liquidity Facility Agent (or its successors) and any agent, trustee or other representative appointed in respect of any other Authorised Credit Facility;

"Facility Fees" means any facility fees payable by the Company under any IBLA respectively, provided that if any Bonds are outstanding, all such fees shall be payable under any IBLA, and such facility fees shall comprise of:

(A) the First Facility Fee;

(B) the Second Facility Fee;

(C) the Third Facility Fee;

(D) the Fourth Facility Fee;

(E) the Fifth Facility Fee;

(F) the Sixth Facility Fee;

(G) the Seventh Facility Fee;

(H) the Eighth Facility Fee,

(I) the Ninth Facility Fee; and

(J) the Tenth Facility Fee,

or any of them, as applicable and as the context may so require;

"FATCA" means:

(A) sections 1471 to 1474 (inclusive) of the Code or any associated regulations;

(B) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(C) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

"FCA" means the UK Financial Conduct Authority;

"FCAM" means financing cost adjustment mechanism.

"Fifth Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments; and

(B) after a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Final Maturity Date" means:

(A) in relation to a Bond, the final date on which that Bond is expressed to be redeemable; and

(B) in relation to any Authorised Credit Facility, the date on which all financial accommodation made available under that Authorised Credit Facility is expressed to be repayable or terminated in full (without any further obligation of the relevant Authorised Credit Provider to continue to make available such financial accommodation);

"Final Terms" means the final terms issued in relation to each Tranche of Bonds as a supplement to the Conditions and giving details of the Tranche;

"Finance Documents" means:

(A) any IBLA;

(B) the Common Terms Agreement;

(C) any STF Finance Documents;

(D) the 2026 Revolving Credit Facility Agreement and any subsequent RCFs;

(E) the MDF;

(F) any Liquidity Facility Agreement;

(G) any Company Hedging Agreements;

(H) any PP Note Purchase Agreement;

(I) the Master Definitions Agreement;

(J) the Company Account Bank Agreement;

(K) the Obligor Security Documents;

(L) any other Authorised Credit Facility;

(M) any fee letter, commitment letter, arrangement letter, or request entered into in connection with the facilities referred to in paragraphs (a), (c), (d), (e), (f) and (l) above or the transactions contemplated in such facilities and (ii) any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including at least one Obligor);

(N) the Tax Deed of Covenant;

(O) the Discontinuation Agreement (i) at all times for the purposes of receiving the benefit of clause 15 (*Guarantee and Indemnity*) and clause 45 (*Winding up of Trust*) of the STID and any Obligor Security Document and (ii) following a Discontinuation but solely to the extent required to give effect to rights of the Secretary of State;

(P) each agreement or other instrument designated as a Finance Document by the Holdco Group Agent, the Obligor Security Trustee and, if applicable, such additional Obligor Secured Creditor in the Accession Memorandum for such additional Obligor Secured Creditor; and

(Q) any amendment and/or restatement agreement relating to any of the above documents;

"Finance Party" means any person providing credit pursuant to an Authorised Credit Facility including all arrangers, agents, representatives and trustees appointed in connection with any such Authorised Credit Facilities;

"Financial Adviser" means a reputable internationally or nationally recognised investment bank, international accounting firm or any other reputable internationally or nationally recognised third party professional firm (including any other reputable independent expert of international or national standing, which is engaged in providing valuations of businesses or assets of the type owned and operated by the Holdco Group) and appointed by the Obligor Security Trustee in accordance with the STID;

"Financial Indebtedness" means any indebtedness for or in respect of:

(A) moneys borrowed and debit balances at banks or other financial institutions;

(B) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);

(C) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(D) the amount of any liability in respect of finance leases;

(E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(F) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market loss to the Holdco Group (or, if any actual amount is due from the Holdco Group as a result of the termination or close out of that Treasury Transaction, that amount) shall be taken into account);

(G) any counter indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or other instrument issued by a bank or financial institution;

(H) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Final Maturity Date or are otherwise classified as borrowings under the Accounting Principles;

(I) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than one hundred and eighty (180) days after the date of supply; or

(J) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and

(K) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above,

but in each case without double counting;

"Financial Statements" means, at any time, the financial statements of an Obligor and, in the case of Holdco, additionally consolidated financial statements of itself and its Subsidiaries, most recently delivered to the Obligor Security Trustee;

"Financial Support Direction" means a financial support direction issued by the Pensions Regulator under section 43 of the Pensions Act 2004;

"Financial Year" means the annual accounting period of the Holdco Group ending on an Accounting Reference Date, unless changed in accordance with the terms of the Common Terms Agreement;

"First Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"First Periodic Review" means the first Periodic Review period in accordance with the Licence and may coincide with the Post Construction Review;

"Fitch" means Fitch Ratings Limited and any successor to the rating agency business of Fitch Ratings Limited;

"Fixed Rate Bond" means any Bond on which interest is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) (as indicated in the applicable Final Terms or Drawdown Prospectus);

"Floating Rate Bond" means any Bond on which interest is calculated at a floating rate payable in arrear in respect of such period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) (as indicated in the applicable Final Terms or Drawdown Prospectus);

"Fourth Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"FSMA" means the Financial Services and Markets Act 2000, as amended from time to time;

"GDP" means gross domestic product;

"Global Bond" means a Temporary Bearer Global Bond and/or a Permanent Bearer Global Bond issued in respect of any Bonds of any Tranche and/or a Registered Global Bond, as the context may require;

"Government Debt Payments" means the amounts payable by the Secretary of State under the Discontinuation Agreement in respect of Senior Debt Compensation and the amounts expected to be payable under the Discontinuation Agreement before any prepayment of Relevant Obligor Secured Liabilities or any termination of Hedge Agreements;

"Government Support Package" or **"GSP"** means the government support package provided by the Secretary of State pursuant to the GSP Documents;

"Green Second Opinion" has the meaning given to that term in the section entitled "*Sustainable Finance Framework*";

"Group Relief" means any loss, allowances or other amount eligible for surrender by way of group relief under Part 5 of the Common Terms Agreement 2010;

"GSP Documents" means the:

(A) Supplemental Compensation Agreement;

(B) Market Disruption Facility;

(C) Contingent Equity Support Agreement;

(D) Discontinuation Agreement;

(E) Special Administration Offer Agreement; and

(F) Shareholders' Direct Agreement;

"GSP Material Adverse Effect" means:

(A) a material adverse effect on the Secretary of State's rights, obligations or liabilities (in each case whether actual, potential or contingent) under any of the Government Support Package, or

(B) the effect of materially increasing the likelihood of triggering:

  (i) the right of the Company to:

    (a) issue a notice in relation to insurance being unavailable in respect of a risk under the Supplemental Compensation Agreement; or

    (b) make a claim in respect of excess loss or unavailability loss under the Supplemental Compensation Agreement;

  (ii) the right of the Company to notify the Secretary of State of a market disruption event under the Market Disruption Facility;

(iii) the right of the Company to request contingent equity under the Contingent Equity Support Agreement;

(iv) the right of the Secretary of State to elect to Discontinue under the Discontinuation Agreement; or

(v) right of the Secretary of State to make an Election to Offer or to elect to Discontinue under the Special Administration Offer Agreement;

"Guarantor" means Holdco;

"Handover" means the completion of construction of the agreed Regulated Assets and the Thames Water Works constructed by Thames Water as evidenced by the issuance of a Handover certificate in accordance with the requirements set out in the Interface Agreement;

"Handover Date" means the date set out in the certificate issued by Thames Water to the Company pursuant to the Interface Agreement;

"Hedge Counterparties" means (i) Issuer Hedge Counterparties, (ii) Company Hedge Counterparties, (iii) PP Note Issuer Hedge Counterparty and (iv) any counterparty which accedes as hedge counterparty to the STID and the Common Terms Agreement and, in the case of any Treasury Transaction with the Issuer, Issuer Deed of Charge, and **"Hedge Counterparty"** means any of such parties;

"Hedging Agreement" means either a Company Hedging Agreement, a PP Note Issuer Hedging Agreement, an Issuer Hedging Agreement or, where the context requires, all of them;

"Hedging Policy" means the initial hedging policy applicable to the Obligors and the Issuer set out in "*Summary of the Common Documents – Common Terms Agreement – Hedging Policy*" (but excluding the last paragraph (ii) thereof) as such hedging policy may be amended from time to time in accordance with the STID;

"Hedging Transaction" means a Company Hedging Transaction a PP Note Issuer Hedging Transaction or an Issuer Hedging Transaction or, where the context requires, all of the above;

"HMRC" means HM Revenue & Customs;

"Holdco" means Bazalgette Holdings Limited;

"Holdco Group" means Holdco and each Subsidiary of Holdco;

"Holdco Group Agent" means the Company or such other person as may be appointed as Holdco Group Agent;

"Holding Company" means a holding company within the meaning of section 1159 of the Companies Act;

"HSE" means the Health and Safety Executive;

"HSWA" means the Health and Safety at Work etc. Act 1974;

"IAR Overrun Application" has the meaning given to it in the Licence;

"IBLA" means any loan agreement entered into between the Issuer and the Company in relation to any Bonds;

"IBLA Advance" means any advance made under any IBLA;

"IFRS" means the International Financial Reporting Standards set by the International Accounting Standards Board;

"Increased Risk Event" means any circumstance where the Company has failed to comply with any of representations made or undertakings given under the EIB Finance Contract;

"Incremental Debt" means any Financial Indebtedness which is:

(A) in excess of the principal amount outstanding under the Obligor Secured Liabilities from time to time (ignoring any inflation linked accretions in respect of any such debt); and

(B) incurred for the purposes of (i) making any Restricted Payment or (ii) making any Permitted Acquisition in excess of £25,000,000 (Indexed);

"Independent Technical Advisor" means the independent technical advisor appointed by the Obligor Security Trustee in accordance with the Common Terms Agreement;

"Independent Technical Assessor" or **"ITA"** means the company appointed as independent technical assessor in accordance with the Liaison Agreement;

"Indexed" means, in respect of any reference to an amount, that amount (as previously indexed) as adjusted up or down at the beginning of each calendar year by a percentage equal to the amount of the percentage increase or, as the case may be, decrease in the Retail Price Index or Consumer Price Index (as applicable) for such year or as is otherwise specified in the relevant Finance Document;

"Index-linked Bonds" means a Bond in respect of which the amount payable in respect of principal and interest is calculated by reference to an index and/or formula as the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) may agree (as indicated in the relevant Final Terms or Drawdown Prospectus);

"Information Memorandum" means any information memorandum prepared by or on behalf of and approved by the Company in connection with the general syndication in the interbank market of any Authorised Credit Facility as applicable, any prospectus prepared by or on behalf of and approved by the Issuer in respect of the Programme, but excluding, for the avoidance of doubt, any listing or offering document prepared in connection with or relating to any listing or offering of the PP Notes;

"Initial Issue Date" means the date upon which the first Series of Bonds was issued by the Issuer, which occurred on 15 June 2016;

"Initial Liquidity Facilities Agreement" means the liquidity facilities agreement originally entered into on 27 September 2024 (as amended and restated pursuant to an amendment and restatement agreement dated 26 September 2025) between, amongst others, the Company, the Issuer, the Initial Liquidity Facility Agent and the Initial Liquidity Facility Providers;

"Initial Liquidity Facility Agent" means Lloyds Bank plc;

"Initial Liquidity Facility Providers" mean Lloyds Bank plc and Royal Bank of Canada;

"Initial RC Facility" or **"Initial RCF"** means the revolving credit facility that was made available to the Company for the working capital purposes of the Holdco Group pursuant to the Initial Revolving Credit Facility Agreement and includes any Ancillary Facility defined therein;

"Initial RCF Agent" has the meaning given to it in the Initial Revolving Credit Facility Agreement;

"Initial RCF Arrangers" has the meaning given to it in the Initial Revolving Credit Facility Agreement;

"Initial RCF Finance Parties" means the Initial RCF Lenders, the Initial RCF Agent and the Initial RCF Arrangers;

"Initial RCF Lender" has the meaning given to it in the Initial Revolving Credit Facility Agreement;

"Initial Revolving Credit Facility Agreement" means the revolving credit facility entered into on 24 August 2015 between, amongst others, the Company, the Initial RCF Agent, the Initial RCF Arrangers and the Initial RCF Lenders, as amended and restated on 28 January 2022, the Initial RC Facility and total commitments thereunder which were voluntarily and irrevocably cancelled by the Company on and from 10 April 2026;

"Insolvency Event" means, in respect of any company:

(A) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition or application for the making of an administration order which proceedings are not being disputed in good faith with a reasonable prospect of success or which are frivolous or vexatious and discharged, stayed or dismissed within twenty-one (21) Business Days of commencement or, if earlier, the date on which it is advertised;

(B) the giving of notice of appointment of an administrator or the making of an administration order or an administrator being appointed in respect of such company;

(C) an encumbrancer taking possession of the whole or any part of the undertaking or assets of such company;

(D) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company (in the case of any Obligor exceeding £25,000,000 (Indexed)) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within twenty-one (21) days;

(E) a composition, compromise, assignment or arrangement with creditors of such company (as part of a general composition, compromise, assignment or arrangement affecting such company's creditors generally) other than a composition, compromise, assignment or arrangement with respect to any Subordinated Intragroup Liabilities or Subordinated Investor Liabilities;

(F) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company;

(G) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;

(H) save as permitted in the STID, the cessation or suspension of payment of its debts generally or a public announcement by such company of an intention to do so; or

(I) save as provided in the STID, a moratorium is declared or takes effect in respect of any indebtedness of such company;

"Insolvency Official" means a liquidator, provisional liquidator, administrator, Special Administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official or any equivalent or analogous official under the applicable laws of any jurisdiction in respect of such company or in respect of all or substantially all of the Company's assets or in respect of any arrangement or composition with creditors;

"Insolvency Proceedings" means, in respect of any company, the winding up, liquidation, dissolution or administration (including Special Administration), or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business including the seeking of liquidation, winding up, reorganisation, dissolution, administration, Special Administration, arrangement, adjustment, protection or relief of debtors;

"Insurance" means, as the context may require, any contract of insurance described in or taken out pursuant to the Common Terms Agreement and any other contract or policy of insurance taken out by or on behalf of an Obligor in which that Obligor has an interest from time to time, including in each case any future renewal or replacement of any such insurance whether with the same or different insurers and whether on the same or different terms;

"Insurance Proceeds" means the proceeds of any insurance claim under any insurance maintained by any member of the Holdco Group after deducting any reasonable expenses in relation to that claim which are incurred by any member of the Holdco Group to persons who are not members of the Holdco Group;

"Intellectual Property" means any right in:

(A) copyright (including rights in software and preparatory design materials), get up, trade names, internet domain names, patents, inventions, rights in confidential information, database rights, moral rights, semiconductor topography rights, trade secrets, know how, trade-marks, service marks, logos and registered designs and design rights (each whether registered or unregistered);

(B) applications for registration and the right to apply for registration, for any of the above; and

(C) all other intellectual property rights in each case whether registered or unregistered and including applications for registration and all rights or equivalent or similar forms of protection having equivalent or similar effect anywhere in the world;

"Interest" means:

(A) interest and amounts in the nature of interest accrued;

(B) prepayment penalties or premiums incurred in repaying or prepaying any Financial Indebtedness;

(C) discount fees and acceptance fees payable or deducted in respect of any Financial Indebtedness, including fees payable in respect of any letters of credit and guarantees;

(D) any net payment (or, if appropriate in the context, receipt) under any interest rate Hedging Agreement or instrument (including under the Hedging Agreement), taking into account any premiums payable; and

(E) any other payments and deductions of similar effect (including the interest element of finance leases), and "Interest" includes commitment and non-utilisation fees (including those payable under the Finance Documents), but excludes agent's and front end, management, arrangement and participation fees with respect to any Financial Indebtedness (including those payable under the Finance Documents);

"Interest Commencement Date" means, in respect of each Tranche of Bonds, in the case of interest bearing Bonds, the date specified in the applicable Final Terms or Drawdown Prospectus from (and including) which such Bonds bear interest, which may or may not be the Issue Date;

"Interest Determination Date" means:

(A) (other than in respect of Bonds for which SONIA, SOFR, €STR or any related index is specified as the Relevant Rate in the relevant Final Terms) with respect to an Interest Rate and a Bond Interest Period, the date specified as such in, or determined in accordance with, the relevant Final Terms or Drawdown Prospectus (as adjusted in accordance with any Business Day Convention) or, if none is so specified or can so be determined, the day falling two Business Days in London prior to the first day of such Bond Interest Period (or if the Specified Currency is sterling the first day of such Bond Interest Period);

(B) in respect of Bonds for which SONIA or any related index is specified as the Relevant Rate in the relevant Final Terms, has the meaning given thereto in Condition 6.3.5;

(C) in respect of Bonds for which SOFR or any related index is specified as the Relevant Rate in the relevant Final Terms, has the meaning given thereto in Condition 6.3.6; and

(D) in respect of Bonds for which €STR or any related index is specified as the Relevant Rate in the relevant Final Terms, has the meaning given thereto in Condition 6.3.7;

"Interest Payment Date" means each date on which interest is payable under an Authorised Credit Facility;

"Interest Period" means (a) in respect of any Bonds, has the meaning given thereto in the Conditions and (b) in respect of an Authorised Credit Facility, has the meaning given to such term in that Authorised Credit Facility;

"Interface Agreement" means the interface agreement entered into between the Company and Thames Water on 24 August 2015, as amended from time to time;

"Intra-Holdco Group Loan" means any loan made by any member of the Holdco Group (excluding the Issuer), to an Obligor, provided they are a party to the STID as a Subordinated Intragroup Creditor;

"Investment Company Act" means the United States Investment Company Act of 1940, as amended;

"Investments" means, in relation to a Chargor, any stock, share, debenture, loan stock, security, bond, warrant, coupon, interest in any investment fund and any other investment (whether or not marketable) whether held directly by or to the order of that Chargor or by any trustee, fiduciary or clearance system on its behalf (including the Shares and any Cash Equivalent Investments), and all Related Rights;

"Investor" means JVCo, each of its Holding Companies, each Shareholder and any other direct or indirect shareholder in Holdco or any other Affiliate of such person and any other person who has issued or holds an Investor Funding Loan at any time, in each case, that is not a member of the Holdco Group;

"Investor Debt" means the amount outstanding, from time to time, under any Investor Funding Loan;

"Investor Funding Loan" means any loan made by an Investor to Holdco, provided the Investor is a party to the STID as a Subordinated Investor;

"Investor Report" means each report produced by the Holdco Group required to be delivered each year, in accordance with and substantially in the form set out in the Common Terms Agreement (see "*Summary of the Common Documents – Common Terms Agreement – Information Covenants – Investor Report*");

"Investor Settlement Date" means each date specified in the Deferred Bond Purchase Agreement on which the Deferred Bond Purchasers are obliged to purchase the Deferred Purchase Bonds from the Issuer or on each date specified in the Deferred Settlement Agreement on which the Deferred Settlement Purchasers are obliged to subscribe for the Deferred Settlement Bonds;

"ISDA Master Agreement" means an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency - Cross Border) or the 2002 ISDA Master Agreement (including the schedule and any credit support annex thereto) or any successor thereto published by ISDA unless otherwise agreed by the Obligor Security Trustee acting in accordance with the STID;

"Issue Date" means in respect of any Bond, the date of issue and purchase of any Bond pursuant to and in accordance with any Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and any relevant Dealer or Deferred Purchaser being, in the case of any Definitive Bond represented initially by a Global Bond, the same date as the date of issue of the Global Bond which initially represented such Bond;

"Issue Price" means, in respect of any Bonds, the price as stated in the relevant Final Terms or Drawdown Prospectus, generally expressed as a percentage of the nominal amount of the Bonds, at which the Bonds will be issued;

"Issuer" means Bazalgette Finance plc;

"Issuer Account Bank" means an Acceptable Bank (or any successor account bank) appointed pursuant to the Issuer Account Bank Agreement;

"Issuer Account Bank Agreement" means the account bank agreement entered into between the Issuer, the Issuer Account Bank and the Issuer Security Trustee;

"Issuer Cash Management Agreement" means the cash management agreement entered into between, among others, the Issuer, the Issuer Cash Manager and the Issuer Security Trustee;

"Issuer Cash Manager" means the Original Company Cash Manager, or such successor Issuer Cash Manager as may be appointed pursuant to the Issuer Cash Management Agreement;

"Issuer Charged Documents" means the Issuer Transaction Documents and the Finance Documents to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party (other than the Issuer Deed of Charge, the Bond Custody Agreement and each Bond Trust Deed and any Issuer Corporate Services Agreement);

"Issuer Corporate Services Provider" means any person appointed as a corporate servicer of the Issuer and any successors thereto;

"Issuer Debt Service Reserve Account" means any account opened and maintained by the Issuer entitled "Issuer Debt Service Reserve Account" or such other account as may be opened, with the consent of the Issuer Security Trustee, at any branch of the Issuer Account Bank in replacement of such account;

"Issuer Deed of Charge" means the deed of charge entered into between the Issuer, the Issuer Security Trustee, any Bond Trustee, any Principal Paying Agent, the Agent Bank, any Transfer Agent, any Registrar and the Cash Manager, the Issuer Account Bank, any Liquidity Facility Agent and any Issuer Corporate Services Provider;

"Issuer Hedge Counterparty" means any entity which becomes a Party as a Hedge Counterparty to an Issuer Hedging Agreement and accedes as a Hedge Counterparty to the Issuer Deed of Charge;

"Issuer Hedge Replacement Premium" means a premium or upfront payment received by the Issuer from a replacement hedge counterparty under a replacement hedge agreement with the Issuer to the extent of any termination payment due to an Issuer Hedge Counterparty under any Issuer Hedging Agreement;

"Issuer Hedging Agreement" means each ISDA Master Agreement entered into by the Issuer and an Issuer Hedge Counterparty in accordance with the Hedging Policy (in the form in effect at the time each relevant Issuer Hedging Transaction is entered into) and which governs the Issuer Hedging Transactions between such parties, and such term includes the schedule to the relevant ISDA Master Agreement and the confirmations evidencing the Issuer Hedging Transactions entered into under such ISDA Master Agreement;

"Issuer Hedging Transaction" means any Treasury Transaction with respect to the Relevant Debt governed by an Issuer Hedging Agreement and entered into with the Issuer in accordance with the Hedging Policy;

"Issuer Liquidity Facility Agreement" means any Liquidity Facility Agreement entered into by the Issuer;

"Issuer Liquidity Facility Standby Account" means any Liquidity Facility Standby Account in the name of the Issuer;

"Issuer Liquidity Shortfall" means after taking into account Cash Available to the Issuer, with respect to any date (as determined on or prior to such date by the Issuer Cash Manager or, in the absence of determination by the Issuer Cash manager, the Issuer), there will be insufficient funds to pay on such date any of the amounts to be paid, as specified in the Issuer Deed of Charge, including payments of principal that are part of the scheduled amortisation of Bonds but excluding any final payment on any Final Maturity Date and any Additional Bond Amounts and all termination payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty payable under the Issuer Pre-Acceleration Priority of Payments;

"Issuer Payment Priorities" means the Issuer Pre-Acceleration Priority of Payments, the Issuer Post-Acceleration Priority of Payments and the Issuer Post-Discontinuation Priority of Payments;

"Issuer Post-Acceleration Priority of Payments" means the provisions relating to the order of priority of payments following acceleration of the Issuer Secured Liabilities but prior to Discontinuation set out in "*Summary of the Bond Documents – Issuer Deed of Charge – Issuer Priority of Payments upon acceleration*";

"Issuer Post-Discontinuation Priority of Payments" means the provisions relating to the order of priority of payments post Discontinuation set out in "*Summary of the Bond Documents – Issuer Deed of Charge – Issuer Priority of Payments upon Discontinuation*";

"Issuer Pre-Acceleration Priority of Payments" means the provisions relating to the order of priority of payments prior to acceleration of the Issuer Secured Liabilities set out in "*Summary of the Issuer Transaction Documents – Issuer Cash Management Agreement – Issuer Pre-Acceleration Priority of Payments*";

"Issuer Profit Amount" has the meaning given to that term in the Tax Deed of Covenant;

"Issuer Refinancing Escrow Accounts" means, in connection with any refinancing of the Issuer Secured Liabilities from time to time, an escrow account bank opened by the Issuer (or the Issuer Cash Manager on its behalf) in accordance with the Issuer Cash Management Agreement, for the purposes of holding any funds as may be required pending completion of such refinancing, whether to the order of any provider of finance for such refinancing or of any Issuer Secured Creditor whose financing is being repaid, or otherwise;

"Issuer Secured Creditor" means any person which accedes to the Issuer Deed of Charge as an Issuer Secured Creditor after the Closing Date or who becomes a Bondholder after the Closing Date; including:

(A) any Bondholders;

(B) any Deferred Purchasers;

(C) the Bond Trustee;

(D) the Issuer Security Trustee (for itself and on behalf of the other Issuer Secured Creditors) under the Issuer Security Documents;

(E) each Issuer Hedge Counterparty under its Issuer Hedging Agreement;

(F) each Liquidity Facility Provider and the Liquidity Facility Agent under any Liquidity Facility Agreement in respect of amounts owed to each of them by the Issuer from time to time;

(G) the Issuer Account Bank under the Issuer Account Bank Agreement;

(H) any Principal Paying Agent, Transfer Agent, Registrar, Agent Bank under any Agency Agreements and any Calculation Agent under any Calculation Agency Agreement and any additional agents appointed by the Issuer from time to time;

(I) the Issuer Cash Manager under the Issuer Cash Management Agreement; and/or

(J) any Issuer Corporate Service Provider;

"Issuer Secured Creditor Entrenched Right" means, in respect of any Issuer Secured Creditor, any modification, consent, direction or waiver in respect of an Issuer Transaction Document that would:

(A) result in an increase in or would adversely modify such Issuer Secured Creditor's obligations or liabilities under such Issuer Transaction Document;

(B) have the effect of adversely changing the Issuer Payment Priorities or application thereof in respect of such Issuer Secured Creditor;

(C) release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge);

(D) alter adversely the voting entitlement of such Issuer Secured Creditor under the STID or the Conditions;

(E) in respect of an Issuer Hedge Counterparty, constitute an Entrenched Right pursuant to the definition of Entrenched Right; or

(F) amend this definition;

"Issuer Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Issuer to any Issuer Secured Creditor under each Issuer Transaction Document;

"Issuer Secured Property" means the whole of the right, title, benefit and interest of the Issuer in the property, rights and assets of the Issuer secured by or pursuant to the Issuer Security;

"Issuer Security Document" means:

(A) the Issuer Deed of Charge; and

(B) any other documents designated as an "Issuer Security Document" by the Issuer and the Issuer Security Trustee;

"Issuer Security Enforcement Notice" means a notice delivered by the Issuer Security Trustee to the Issuer under and in accordance with the Issuer Deed of Charge;

"Issuer Security Trustee" means the person appointed pursuant to the Issuer Deed of Charge as security trustee for the Issuer Secured Creditors and any successor trustee so appointed;

"Issuer Transaction Accounts" means those bank accounts of the Issuer opened with the Issuer Account Bank in accordance with the Issuer Account Bank Agreement but excluding the Issuer Debt Service Reserve Account and the Issuer Liquidity Facility Standby Account;

"Issuer Transaction Documents" means any Bonds, the Coupons and any Final Terms or Drawdown Prospectus relating to any Bonds, any Deferred Bond Purchase Agreement, any Deferred Settlement Agreement, any Bond Trust Deed (including the Conditions), any Issuer Corporate Services Agreement, any Agency Agreement, the Issuer Cash Management Agreement each Issuer Security Document, the Issuer Account Bank Agreement, the Common Terms Agreement, the STID, the Master Definitions Agreement, any IBLA, any Liquidity Facility Agreement, any Issuer Hedging Agreements, the Tax Deed of Covenant, any back-to-back hedging agreement between the Issuer

and the Company and any other agreement, instrument or deed designated as such by the Issuer and any Bond Trustee;

"Joint Venture" means any joint venture entity, partnership or similar person, the ownership of or other interest in which does not require any member of the Holdco Group to consolidate the results of that person with its own as a Subsidiary;

"Junior Capital" means all equity instruments issued by Bazalgette Equity Limited and all debt instruments issued by Bazalgette Ventures Limited in favour of any shareholder;

"JVCo" means Bazalgette Ventures Limited;

"KKR" means Kohlberg Kravis Roberts & Co.;

"KPI" means key performance indicators;

"Lead Manager" means in relation to any Tranche of Bonds, each person named as a lead manager in the relevant Subscription Agreement;

"Lease Chargeable Gain" means the corporation tax payable in respect of any chargeable gain arising as a result of the application of section 25A Taxation of Chargeable Gains Act 1992 on the commencement of the lease (as referred to in paragraph (b) of the definition of "Property Documents" in the Licence) being treated as a market value disposal of any relevant asset save to the extent any such tax arises or is increased as a result of a Change in Tax Law;

"Letter of Credit" means a letter of credit under any Authorised Credit Facility;

"LF Arrangers" has the meaning given to it in any Liquidity Facility Agreement;

"LF Interest Payment Date" has the meaning given to it in each Liquidity Facility Agreement, as the context requires;

"Liabilities" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings or other liability whatsoever (including in respect of taxes, duties, levies, imposts and other charges including, in each case, any related costs, fines, penalties or interest (if any) but excluding any Excluded Tax) and legal fees and properly incurred expenses on a full indemnity basis;

"Liaison Agreement" means the liaison agreement entered into between the Secretary of State, the Company and Thames Water on 24 August 2015, as amended from time to time;

"Licence" means the licence granted to the Company by Ofwat in relation to the TTT pursuant to Section 17FA of the Modified WIA on 24 August 2015 in the form approved by the Initial RCF Arrangers prior to the Closing Date;

"Licence Award" means 24 August 2015;

"Limitation Acts" means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984;

"Liquidity Drawing" means a Liquidity Loan Drawing or a Standby Drawing (as applicable);

"Liquidity Facility" means a liquidity facility made available under a Liquidity Facility Agreement and **"Liquidity Facilities"** shall be construed accordingly;

"Liquidity Facility Agent" means any agent appointed pursuant to a Liquidity Facility Agreement;

"Liquidity Facility Agreement" means the Initial Liquidity Facilities Agreement and each liquidity facility agreement, the terms of which shall require that the relevant liquidity facility provider(s) has/have at least the Acceptable Credit Rating and which shall be substantially in the form of market standard Liquidity Facility Agreements having regard to the then customary market practice for such liquidity facilities and the requirements of the Rating Agency;

"Liquidity Facility Providers" means any bank or financial institution which has become a Party and which in each case has not ceased to be a Party in accordance with the terms of any Liquidity Facility Agreement;

"Liquidity Facility Standby Account" means each account to be opened in the name of each of the Issuer and the Company (as applicable) and held at the Account Bank in respect of each Liquidity Facility Provider;

"Liquidity Loan Drawing" means, unless otherwise stated in any Liquidity Facility Agreement, the principal amount of each borrowing under such Liquidity Facility Agreement which is not a Standby Drawing (and, for the avoidance of doubt, the term Liquidity Loan Drawing shall include any Liquidity Facility Standby Account Drawing) or the principal amount outstanding of that borrowing;

"Liquidity Required Amount" means, in respect of the Company and the Issuer, an amount (calculated on a rolling basis on each Test Date) which, in aggregate, is equal to the respective projected interest and commitment commission payments and payments of principal that are part of the scheduled amortisation (excluding any final principal payments on a Final Maturity Date) in respect of (a) the Initial RCF and any other Obligor Secured Liabilities which rank from time to time *pari passu* with the Initial RCF (including the 2026 RCF) or any other Authorised Credit Facility (excluding, in each case, principal payments under any RCF (including the 2026 RCF) and any payments under any IBLA) (b) the Bonds and (c) scheduled payments under any Hedging Agreements to which the Company or, as the case may be, the Issuer is a party (excluding any termination payments, accretion payments under index linked Hedging Agreements and all other unscheduled amounts payable to any Issuer Hedge Counterparty or Company Hedge Counterparty) for a period of twelve (12) months following the relevant Test Date;

"Loan" has, in respect of each Authorised Credit Facility, the meaning given to it in such Authorised Credit Facility;

"Loan Acceleration Notice" means a notice delivered by the Obligor Security Trustee in accordance with the STID by which the Obligor Security Trustee declares that some or all Obligor Secured Liabilities shall be accelerated;

"Loan Enforcement Notice" means a notice delivered by the Obligor Security Trustee in accordance with the STID by which the Obligor Security Trustee declares that the Obligor Security has become enforceable;

"Loan Interest Payment Date" has in respect of each IBLA, the meaning given to it in the relevant IBLA;

"London Tideway Improvements" means the upgrade of the five sewage treatment works within the tidal River Thames and the provision of the TTT and the Lee Tunnel;

"London Tideway Tunnels" means the TTT (as defined in Schedule 1 to the Project Specification Notice) and the Lee Tunnel;

"Longstop Date" means 18 months after the Planned System Acceptance Date, as may be extended pursuant to the Licence;

"Low Leverage Period" means any period of time when the Senior RAR is less than or equal to 0.30:1;

"Lump Sum Date" has the meaning given to it in the Discontinuation Agreement;

"Main Works Contractor" means each consortium appointed under the Main Works Contracts, constituting (i) Bam Nuttall Limited, Morgan Sindall Plc and Balfour Beatty Group Ltd (West), (ii) Ferrovial Construction (UK) Limited and Laing O'Rourke Construction Ltd (Central) and (iii) Costain Limited, Vinci Construction Grands Projets and Bachy Soletanche Ltd (East);

"Main Works Contracts" means each of the engineering, procurement, construction and commissioning contracts between the Company (in its capacity as employer) and each of the Main Works Contractors in relation to each part of the main works within the relevant Main Works Contractor's scope as set out in the relevant Main Works Contract;

"Make-Whole Amount" means any premium payable on redemption of any Obligor Secured Liabilities or the Issuer Secured Liabilities in excess of:

(A) the principal amount outstanding of such debt;

(B) plus accrued interest on such debt,

and includes any EIB Breakage Costs;

"Margin Regulations" means Regulations U and X issued by the Board of Governors of the United States Federal Reserve System;

"Market Disruption Facility" or **"MDF"** means the market disruption facility agreement entered into between the Secretary of State and the Company on 24 August 2015;

"Master Definitions Agreement" means the master definitions agreement entered into by, among others, the Obligor Security Trustee, the Issuer Security Trustee, the Bond Trustee, the Issuer, the Company, the Holdco Group Agent, the Cash Manager and Holdco on 24 August 2015, as amended from time to time;

"Material Adverse Effect" means an effect which is materially adverse to:

(A) the business, assets or financial condition of the Holdco Group, in each case, taken as a whole; or

(B) the ability of the Obligors to perform their payment obligations under the Finance Documents and/or to comply with the financial covenants specified in the Common Terms Agreement where failure to comply would result in a Loan Event of Default; or

(C) subject to the Reservations, the validity, legality or enforceability of any Finance Document, or the validity, legality, enforceability, priority, or ranking of any Security Interest granted or purporting to be granted pursuant to any of the Security Documents in a manner which is materially prejudicial to the interests of the Obligor Secured Creditors;

"MDF Provider" means the Secretary of State;

"Member State" means a member state of the European Economic Area;

"Minimum Long Term Rating" means A- in the case of Fitch, A- in the case of S&P or A3 in the case of Moody's;

"Minimum Required Insurances" means, (i) prior to System Acceptance the insurances listed in the Common Terms Agreement in relation to the construction phase of the TTT, and (ii) after System Acceptance the insurances listed in the Common Terms Agreement in relation to the operating phase of the TTT;

"Minimum Short Term Rating" means F2 in the case of Fitch, A-2 in the case of S&P or P-2 in the case of Moody's;

"Modified WIA" means any provision of the WIA, as applied by the SIP Regulations with modifications (if any) or any of the provisions having effect as if inserted into the WIA by the SIP Regulations, in either case for the purposes of the regulation of the TTT as a specified infrastructure project;

"Moody's" means Moody's Investors Service Limited or any successor to its rating business;

"Mortgaged Property" means, in relation to a Chargor, any freehold or leasehold, licence or other interest in any immovable property identified in respect of that Chargor in the Security Agreement and all Related Rights;

"Net Cash Flow" means, in respect of a Test Period, and without double counting, (i) during the construction period of TTT, regulatory revenue entitlement and (ii) thereafter, revenue from the Permitted Business in each case of the Company after:

(A) deducting operating expenditure;

(B) adding recoverable VAT;

(C) adding back pension service cost (to the extent included in revenue);

(D) deducting total pension cash contributions;

(E) deducting any net increase in trade and other debtors in respect of operating items, prepayments and trading stock (excluding capital expenditure debtors);

(F) adding any net decrease in trade and other debtors in respect of operating items, prepayments and trading stock (excluding capital expenditure debtors);

(G) deducting any net decrease in trade and other creditors in respect of operating items (not being in respect of financial indebtedness) and accrued expenses, accrued costs and deferred income (excluding capital expenditure creditors);

(H) adding any net increase in trade and other creditors in respect of operating items (not being in respect of financial indebtedness) and accrued expenses, accrued costs and deferred income (excluding capital expenditure creditors);

(I) adding the amount of any cash rebate or cash refund of tax received;

(J) deducting all amounts of cash tax paid;

(K) adding any exceptional or one-off expenditure items;

(L) deducting any exceptional or one-off items to the extent that such items represent receipts and/or are included in appointed revenue,

provided that in each case in respect of a future Test Period (or part of a Test Period) such amounts shall be based on the anticipated amounts as shown in the Company's business plan;

"New Dealer" means any entity appointed as an additional Dealer in accordance with the provisions of any Dealership Agreement;

"New Global Bond" or **"NGB"** means a Temporary Bearer Global Bond or a Permanent Bearer Global Bond, in either case in respect of which the applicable Final Terms or Drawdown Prospectus indicates is a New Global Bond (including, for the avoidance of doubt, both Eurosystem-eligible NGBs and Non-eligible NGBs);

"New Safekeeping Structure" or **"NSS"** means a structure where a Bond which is registered in the name of a Common Safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Bond will be deposited on or about the issue date with the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg;

"New Shareholder Injections" means the aggregate amount subscribed for by any Investor for ordinary shares in Holdco in accordance with paragraph (a) of Restricted Payments and Investor Funding Loans, but shall not include any amount applied in respect of Equity Cures;

"Ninth Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Non-eligible NGB" means a NGB which is not intended to be held in a manner which would allow Eurosystem eligibility;

"Non-Indexed Principal Amount" means the principal amount of a Non-Indexed Tranche which shall be equal to the aggregate of:

(A) the Adjusted Redemption Amount in relation to the relevant tranche calculated as of the Conversion Date; and

(B) interest accrued in respect of the relevant tranche up to the Conversion Date (subject to Indexation),

with (A) and (B) above being calculated in the same way as if the whole outstanding amount of the relevant tranche had been prepaid on the Conversion Date;

"Obligor" means the Company and the Guarantors;

"Obligor Operating Accounts" means the Company Operating Account and the Holdco Operating Account;

"Obligor Post-Default Priority of Payments" means the provisions relating to the order of priority of payments set out in "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction – Qualifying Obligor Secured Creditors – Obligor Priority of Payments following the occurrence of a Loan Event of Default which is continuing*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Post-Default Priority of Payments*";

"Obligor Post-Discontinuation Priority of Payments" means the provisions relating to the order of priority of payments set out in "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction – Qualifying Obligor Secured Creditors – Obligor Priority of Payments following Discontinuation*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Post- Discontinuation Priority of Payments*";

"Obligor Pre-Default Priority of Payments" means the provisions relating to the order of priority of payments set out in "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Quorum and voting requirements in respect of an Enforcement Instruction Notice and Further Enforcement Instruction – Qualifying Obligor Secured Creditors – Obligor Priority of Payments prior to the occurrence of a Loan Event of Default*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Obligor Priorities of Payment – Obligor Pre-Acceleration Priority of Payments*";

"Obligor Priorities of Payments" means the Obligor Pre-Default Priority of Payments, the Obligor Post-Default Priority of Payments and the Obligor Post-Discontinuation Priority of Payments;

"Obligor Secured Creditors" means:

(A) the Obligor Security Trustee (in its own capacity and on behalf of the other Obligor Secured Creditors);

(B) the Issuer;

(C) the 2026 RCF Lenders;

(D) the 2026 RCF Agent;

(E) each Company Hedge Counterparty;

(F) the Company Account Bank;

(G) any replacement Cash Manager who is not a member of the Holdco Group or an Affiliate thereof;

(H) the MDF Provider;

(I) the Discontinuation Creditor;

(J) each other Authorised Credit Provider;

(K) any Additional Obligor Secured Creditors;

(L) any Receiver or delegate of a Receiver or Obligor Secured Creditor,

and **"Obligor Secured Creditor"** means any one of them;

"Obligor Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor (i) to any Obligor Secured Creditor under each Finance Document to which such Obligor is a party and (ii) to the Discontinuation Creditor under the Discontinuation Agreement;

"Obligor Secured Property" means the property, assets, rights and undertaking of each Obligor that are the subject of the Security Interests created in or pursuant to the Obligor Security Documents and includes, for the avoidance of doubt, each Obligor's rights to or interests in any chose in action and each Obligor's rights under the Transaction Documents;

"Obligor Security" means the Security Interests created or expressed to be created in favour of the Obligor Security Trustee or any other Obligor Secured Creditor pursuant to the Obligor Security Documents;

"Obligor Security Agreement" means:

(A) the security agreement executed in favour of the Obligor Security Trustee by each of the Obligors on or about the Closing Date; and

(B) the deed of charge executed in favour of the Obligor Security Trustee by JVCo on or about the Closing Date, pursuant to which, *inter alia*, JVCo grants first fixed security over its entire issued share capital in Holdco in favour of the Obligor Security Trustee;

"Obligor Security Documents" means:

(A) the Obligor Security Agreements;

(B) the STID and each deed of accession thereto; and

(C) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to an Obligor Secured Creditor in respect of the Obligor Secured Liabilities;

"Obligor Security Trustee" means Deutsche Trustee Company Limited or any successor appointed as security trustee pursuant to the STID;

"OECD" means the Organisation for Economic Co-operation and Development;

"Official List" means the official list of the FCA;

"Ofwat" means the Water Services Regulation Authority, and any successor or replacement entity;

"Operating Techniques" means the operating techniques agreed between Thames Water and the Environment Agency on 8 November 2012, which set out how the London Tideway Tunnels (including TTT) shall be operated and when CSO discharges into the tidal River Thames are permitted;

"Operation and Maintenance Agreement" means the operation and maintenance agreement entered into between the Company and Thames Water on 24 August 2015, as amended from time to time;

"Ordinary Resolution" means (a) a resolution approved by the Bondholders and/or Deferred Settlement Purchasers (as the case may be) by a simple majority of the aggregate votes cast subject to the quorum requirements for a vote on an Ordinary Resolution set out in the Bond Trust Deed; or (b) a resolution in writing signed by the Bondholders and/or Deferred Settlement Purchasers (as the case may be) of not less than half of the aggregate Principal Amount Outstanding of the outstanding Bonds of a Tranche who for the time being are entitled to receive notice of a Voting Matter, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders and/or Deferred Settlement Purchasers (as the case may be) of such Tranche. For purposes of this definition, **"Principal Amount Outstanding"** of a Deferred Settlement Bond or of a Tranche of Deferred Settlement Bonds means the aggregate purchaser commitments of the related Deferred Settlement Purchaser(s) for so long as the conditions precedent (other than the listing of the Deferred Settlement Bonds) to the subscription of the relevant Deferred Settlement Bonds under the relevant Deferred Settlement Agreement are satisfied at the time of the Voting Closure Date;

"Ordinary STID Resolution" means a resolution in respect of an Ordinary Voting Matter;

"Ordinary Voting Matters" are matters which are not (a) Discretion Matters, (b) matters which are the subject of an Enforcement Instruction Notice or Further Enforcement Instruction Notice or (c) Extraordinary Voting Matters;

"Original Shareholders" means Allianz European, Dalmore Infrastructure Investments, INPP, Swiss Life, and DIF Bid Co Limited;

"outstanding" means in relation to:

(A) the Bonds of any Tranche, all the Bonds of such Tranche issued; or

(B) any Deferred Settlement Bonds of all or any Tranche, all the Deferred Settlement Bonds of such Tranche (provided that the conditions precedent to the issuance of any Deferred

Settlement Bonds (other than the listing of the Deferred Settlement Bonds) are satisfied at the time of the Voting Closure Date),

other than:

(i) those Bonds which have been redeemed in full or purchased, and cancelled, in accordance with the relevant Condition 8 (*Redemption, Purchase and Cancellation*) or otherwise under the Bond Trust Deed;

(ii) those Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Conditions has occurred and the redemption moneys for which (including premium (if any) and all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent or Registrar, as applicable, in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been provided or published in accordance with Condition 17 (*Notices*)) and remain available for payment against presentation of the relevant Bonds;

(iii) those Bonds which have become void or in respect of which claims have become prescribed, in each case, under Condition 13 (*Prescription*);

(iv) in the case of Bearer Bonds, those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*);

(v) in the case of Bearer Bonds (for the purpose only of ascertaining the Principal Amount Outstanding of the Bonds and without prejudice to the status for any other purpose of the relevant Bonds) those Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Bonds, Coupons, Receipts and Talons*);

(vi) the Temporary Bearer Global Bonds to the extent that they have been exchanged for Permanent Bearer Global Bonds or Definitive Bonds pursuant to the provisions contained therein and the provisions of the Bond Trust Deed;

(vii) the Permanent Bearer Global Bonds that remain in escrow pending exchange of the Temporary Bearer Global Bonds therefor, pursuant to the provisions contained therein and the provisions of the Bond Trust Deed;

(viii) the Permanent Bearer Global Bonds to the extent that they have been exchanged for Bearer Definitive Bonds pursuant to the provisions contained therein and the provisions of the Bond Trust Deed; and

(ix) the Bearer Bonds to the extent that they have been exchanged for Registered Bonds pursuant to the provisions contained therein and the provisions of the Bond Trust Deed;

provided that for each of the following purposes, namely:

(A) the right to vote on a Voting Matter pursuant to the Bond Trust Deed;

(B) the determination of how many and which Bonds are for the time being outstanding for the purposes of the Bond Trust Deed and the Conditions;

(C) any right, discretion, power or authority (whether contained in the Bond Trust Deed or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the relevant Bondholders or any of them;

(D) the determination by the Bond Trustee whether any of the events specified in the relevant Condition 11.1 (*Bond Events of Default*) is materially prejudicial to the interests of the Bondholders,

those Bonds of the relevant Tranche (if any) which are for the time being held by or on behalf of or for the benefit of any Sponsor, Investor and/or Affiliate, the Issuer, any Subsidiary of the Issuer, any Obligor or any other Subsidiary of any such Obligor, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain

outstanding, save as contemplated in the STID (see paragraph (b) of "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Types of Voting Categories – Voting Thresholds, Quorum Requirements and Decision Periods Qualifying Obligor Secured Liabilities held by any member of the Holdco Group or an Investor*") and save that, in respect of any Bonds which are held by the Bond Custodian on behalf of the Issuer, such Bonds shall be deemed to remain outstanding notwithstanding the foregoing proviso, for so long as the conditions precedent to the sale of any Deferred Purchase Bonds are satisfied (other than the listing of the Deferred Settlement Bonds);

"Outstanding Principal Amount" means:

(A) in respect of any Authorised Credit Facility that is a loan, the principal amount (or the Equivalent Amount) of any drawn amounts that are outstanding under such Authorised Credit Facility (as such principal amount shall be adjusted, in the case of any indexed loans, in accordance with the terms of that Authorised Credit Facility);

(B) in respect of each Issuer Hedge Counterparty, the net value (if greater than zero) of all Issuer Hedging Transactions arising under Issuer Hedging Agreements of such Issuer Hedge Counterparty determined in accordance with the STID;

(C) in respect of each Company Hedge Counterparty, the net value (if greater than zero) of all Company Hedging Transactions arising under the Company Hedging Agreements of such Company Hedge Counterparty determined in accordance with the STID; and

(D) in respect of any other Obligor Secured Liabilities, the outstanding principal amount (or the Equivalent Amount) of such debt on such date in accordance with the relevant Finance Document,

in respect of paragraphs (a) and (d), plus, prior to System Acceptance, the aggregate Available Commitments (or undrawn but available principal amounts) under the relevant Authorised Credit Facility or Finance Document for so long as the conditions to utilisation of such Available Commitment (or undrawn but available principal amounts) are satisfied (other than (i) the delivery of a utilisation request, (ii) delivery of any customary conditions precedent in connection with any Bond issue and/or Bond sale by the Issuer, including without limitation, completion of any listing process, confirmation of rating by the Rating Agencies of the Bonds, delivery of the Bonds to the Common Depository or Common Safekeeper in accordance with the Agency Agreement, the entry into any Hedging Agreements required in order to comply with the Hedging Policy and payment of the purchase / subscription price in relation to such Bonds, (iii) other administrative steps or (iv) the passage of time); and

in respect of paragraphs (a) to (d), on the date on which (i) the Qualifying Obligor Secured Creditors have been notified of a STID Voting Request, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice, a Qualifying Obligor Secured Creditor Instruction Notice (or when the Qualifying Obligor Secured Creditors intend to deliver a Qualifying Obligor Secured Creditor Instruction Notice) or a Direction Notice or as otherwise required pursuant to the STID, as the case may be, all as most recently certified or notified to the Obligor Security Trustee, where applicable, pursuant to the STID or (ii) the Common Terms Agreement as at the latest practicable date prior to any challenge of a Compliance Certificate;

"*Pari Passu* Company Hedge Counterparty" means a Hedge Counterparty who is party to a *Pari Passu* Company Hedging Agreement from time to time;

"*Pari Passu* Company Hedging Agreements" means a Company Hedging Agreement under which the obligations of the Company rank *pari passu* with the Company's obligations under the other Authorised Credit Facilities (except for any Liquidity Facility Agreement), the MDF, the 2026 Revolving Credit Facility Agreement and subsequent RCFs any IBLAs, and any PP Notes;

"*Pari Passu* Issuer Hedge Counterparty" means a Hedge Counterparty who is party to a *Pari Passu* Issuer Hedging Agreement from time to time;

"*Pari Passu* Issuer Hedging Agreements" means an Issuer Hedging Agreement under which the obligations of the Issuer rank *pari passu* with the Issuer's obligations under any Bonds;

"Participating Member State" means a member state of the European Union that adopts and continues to adopt the euro as its lawful currency under the legislation of the European Union for European Monetary Union;

"Participating Qualifying Obligor Secured Creditors" means the Qualifying Obligor Secured Creditors which participate in a vote on any STID Proposal or other matter pursuant to the STID;

"Party" means, in relation to a Finance Document, a party to such Finance Document;

"Paying Agents" means, in relation to all or any of the Bonds, the several institutions (including where the context permits the Principal Paying Agents) at their respective specified offices initially appointed as paying agents in relation to such Bonds by the Issuer pursuant to the relevant Agency Agreement and/or, if applicable, any Successor paying agents at their respective specified offices in relation to all or any of the Bonds as well as additional paying agents appointed under supplemental agency agreements as may be required in any jurisdiction in which Bonds may be issued or sold from time to time;

"Payment" means, in respect of any liabilities or obligations, a payment, prepayment, repayment, redemption, purchase, voluntary termination, defeasance or discharge of those liabilities or obligations and **"Pay"** has a corresponding meaning;

"Payment Date" means, in respect of an Authorised Credit Facility, each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under such Authorised Credit Facility;

"Pension Schemes" means all occupational pension schemes operated or maintained by one or more members of the Holdco Group for the benefit of employees of the Holdco Group from time to time;

"Pensions Regulator" means the body corporate called the Pensions Regulator established under Part 1 of the Pensions Act 2004;

"Perfection Requirements" means the making or procuring of the appropriate registrations, filings and/or notifications of the Obligor Security Documents and/or the Issuer Security Documents and for the Security Interests created by them;

"Periodic Review" means a review of the appointed business of the Company carried out at regular intervals following the Post Construction Review Effective Date;

"Permanent Bearer Global Bond" means a global Bond in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s), together with the copy of the applicable Final Terms or Drawdown Prospectus annexed thereto, comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to any Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and the relevant Dealer(s) or Deferred Purchaser(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed either on issue or in exchange for the whole or part of any Temporary Bearer Global Bond issued in respect of such Bearer Bonds;

"Permitted Acquisition" means:

(A) an acquisition by a member of the Holdco Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Holdco Group in circumstances constituting a Permitted Disposal;

(B) an acquisition of shares or securities pursuant to a Permitted Share Issue or in respect of a Permitted Joint Venture;

(C) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Security Documents as soon as is reasonably practicable thereafter;

(D) an acquisition or incorporation of a company in order to own a business and/or assets and to provide services to the Company which were previously provided to the Company under

an agreement which has been terminated and the services are to be provided by the Holdco Group, but only if:

(i) such acquisition or incorporation is financed with cashflow available for Restricted Payments, from New Shareholder Injections or Investor Funding Loans or Additional Financial Indebtedness;

(ii) the shares in the company are owned by an Obligor and a Security Interest over the shares of that company, in the same form as the Security Interests created pursuant to the Security Documents at the Closing Date, is created in favour of the Obligor Security Trustee (acting reasonably) within thirty (30) days of the date of its acquisition or incorporation;

(iii) such business and/or assets are solely for the purposes of the Permitted Business;

(iv) such acquired or incorporated company shall accede to the Common Terms Agreement and the STID as an Obligor;

(E) the incorporation of a company or the acquisition of a newly incorporated shelf company (in either case including the Issuer) by a member of the Holdco Group which on incorporation or acquisition becomes a member of the Holdco Group, but only if:

(i) that company is incorporated in England and Wales with limited liability;

(ii) the shares in the company are owned by an Obligor and a Security Interest over the shares of that company, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably), is created in favour of the Obligor Secured Creditors within thirty (30) days of the date of its incorporation;

(iii) in the case of an acquisition of a newly incorporated shelf company, the shares in that shelf company are fully paid;

(iv) such acquisition or incorporation is in connection with the Permitted Business and/or to facilitate the raising of Permitted Financial Indebtedness; and

(F) the acquisition by a member of the Holdco Group of, or the incorporation of a company in order to own, shares or securities or a business or undertaking (or, in each case, any interest in any of them), but only if:

(i) such acquisition is financed with cashflow available for Restricted Payments, from New Shareholder Injections or Investor Funding Loans or Additional Financial Indebtedness;

(ii) the shares or securities or business or undertaking or interest or company are/is owned by an Obligor and a Security Interest over the shares, securities, business, undertaking, interest or company in form and substance satisfactory to the Obligor Security Trustee (acting reasonably), is created in favour of the Obligor Secured Creditors within thirty (30) days of the date of such acquisition; and

(iii) the acquisition cost of such shares, securities, business, undertaking or interest when aggregated with the acquisition cost of all previous such acquisitions does not exceed two per cent. (2 per cent.) of RCV as at the time of such acquisition;

"Permitted Business" means the business of designing, constructing, owning, operating and financing the TTT, a part of the sewer network which will carry sewage and storm water discharges from the London sewerage network between Acton (in West London) and Abbey Mills Pumping Station (in North-East London) as set out in the Licence and any other business or activity permitted by the Licence;

"Permitted Disposal" means any sale, lease, licence, transfer or other disposal which, except in the case of paragraph (c) below, is on arm's length terms:

(A) in the ordinary course of trading of the Company for bona fide commercial purposes;

(B) of trading stock or cash made by any member of the Holdco Group in the ordinary course of business of the disposing entity;

(C) of any asset by a member of the Holdco Group (the **"Disposing Company"**) to another member of the Holdco Group (the **"Acquiring Company"**), but only if:

(i) the Disposing Company is an Obligor, the Acquiring Company must be or become an Obligor within five (5) Business Days of such disposal;

(ii) the Disposing Company had given a Security Interest over the asset, the Acquiring Company must give an equivalent Security Interest over that asset;

(D) of assets in exchange for other assets for use in connection with the Permitted Business;

(E) of obsolete or redundant vehicles, plant and equipment for cash;

(F) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;

(G) constituted by a licence of intellectual property rights permitted by the Common Terms Agreement;

(H) to a Permitted Joint Venture;

(I) arising as a result of any Permitted Security;

(J) of fixed assets where the proceeds of disposal are used within twelve (12) months of that disposal (or, if contractually committed to be used within twelve (12) months, are actually used within eighteen (18) months of that disposal) to purchase replacement assets for use in connection with the Permitted Business;

(K) the application or disposal of cash not otherwise prohibited under the Finance Documents;

(L) any disposal by a member of Holdco Group compulsorily required by law or regulation having the force of law or any order of any government entity made thereunder and having the force of law provided that and to the extent permitted by such law or regulation:

(i) such disposal is made for fair market value; and

(ii) such disposal does not have a Material Adverse Effect;

(M) by way of the granting of easements or wayleaves over Real Property, or any part of them, in the ordinary course of trading of the disposing entity;

(N) by way of the creation of any occupational leases or licences over Real Property which are granted in the ordinary course of the Permitted Business;

(O) by way of the creation of occupational leases or licences over, or the outright disposal of, Real Property which is not required for the Holdco Group's Permitted Business;

(P) by way of the creation of a lease or licence over an asset (not being Real Property) which is granted in the ordinary course of business;

(Q) required pursuant to the terms of the Transaction Documents;

(R) where the consideration receivable (when aggregated with the consideration receivable for any other sale, lease, licence, transfer or other disposal not permitted under the preceding paragraphs or as a Permitted Transaction) does not exceed two point five per cent. (2.5 per cent.) of RCV in any Financial Year and five per cent. (5 per cent.) of RCV in any three consecutive Financial Years; and

(S) any other payment or disposal approved or consented to by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right);

"Permitted Emergency Action" means any remedial action taken by the Company during an Emergency which is in accordance with the policies, standards and procedures for emergency planning manual (EMPROC) of the Company (as amended from time to time), Regulator guidance notes and which the Company considers necessary and which continues only so long as required to remedy the Emergency but in any event no longer than sixty (60) days or such longer period as is agreed by the Company and the Obligor Security Trustee;

"Permitted Financial Indebtedness" means Financial Indebtedness:

(A) arising under the Finance Documents (including any drawings under the 2026 RCF, the MDF or any Liquidity Facility, any subsequent RCFs, any EIB Finance Contracts or any other Authorised Credit Facility, any IBLAs any Bonds and any PPNs, entered into or issued after the Closing Date and in each case subject to paragraph (j) below);

(B) arising under any Investor Funding Loan, subject to the terms of the Common Terms Agreement and the STID;

(C) arising under a Permitted Loan or under or in respect of a Permitted Guarantee or Permitted Joint Venture or as permitted by the Common Terms Agreement (see "*Summary of the Common Documents – Common Terms Agreement – Covenants – General Covenants – Treasury Transactions*");

(D) of any person acquired by a member of the Holdco Group after the Closing Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of six (6) months following the date of acquisition;

(E) owed by any Obligor to any Subordinated Intragroup Creditor, subject to the provisions of the STID;

(F) under finance or capital leases of the Holdco Group, provided that the aggregate capital value of such leases by members of the Holdco Group does not exceed the greater of one per cent. (1 per cent.) of RCV and £30,000,000 (Indexed) (or its equivalent in other currencies) at any time;

(G) under any finance or capital lease entered into in accordance with the terms of the Property Documents;

(H) unsecured Financial Indebtedness provided that it does not exceed the greater of (i) one per cent. (1 per cent.) of RCV and (ii) £30,000,000;

(I) not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed £10,000,000 (Indexed) (or its equivalent) in aggregate for the Holdco Group at any time;

(J) any Additional Financial Indebtedness, subject to the terms of the Common Terms Agreement and the STID;

(K) any other financial indebtedness approved or consented to by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right);

"Permitted Group Relief Payments" means any payment permitted by and made in accordance with clause 7 of the Tax Deed of Covenant;

"Permitted Guarantee" means:

(A) the endorsement of negotiable instruments in the ordinary course of trade;

(B) any performance or similar bond, guarantee or indemnity or undertaking guaranteeing performance by a member of the Holdco Group under any contract entered into in the ordinary course of business (including any such contract entered into in undertaking the Permitted Business);

(C) any guarantee of a Permitted Joint Venture;

(D) any guarantee or indemnity granted pursuant to the terms of the TTT Documents;

(E) any guarantee permitted by the Common Terms Agreement (see "*Summary of the Common Documents – Common Terms Agreement – Covenants – General Covenants – Financial Indebtedness*");

(F) any guarantee given in respect of the netting or set off arrangements permitted pursuant to paragraph (c) of the definition of "Permitted Security";

(G) any guarantee granted under the Finance Documents;

(H) any guarantee given by a member of the Holdco Group in relation to an Obligor's obligations provided that if the relevant member of the Holdco Group granting the guarantee is not an

Obligor it has unconditionally and irrevocably waived its rights of subrogation and to require contribution from such Obligor thereunder or otherwise subordinated such claims to the claims of the Obligor Secured Creditors under the STID;

(I) any guarantee by an Obligor of leasehold rental obligations of an Obligor (not being in respect of Financial Indebtedness which is not Permitted Financial Indebtedness);

(J) any other guarantee approved or consented to by way of an Extraordinary STID Resolution pursuant to the STID;

(K) any indemnity given in the ordinary course of an acquisition or disposal which is a Permitted Acquisition or Permitted Disposal which indemnity is in customary form and subject to customary limitations;

(L) any other guarantee approved or consented to by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right); and

(M) any guarantee not otherwise permitted under the preceding paragraphs provided that the aggregate maximum potential liability of members of the Holdco Group thereunder (when aggregated with the amount of loans outstanding under paragraph (h) of the definition of "Permitted Loan") does not exceed (without double counting) £10,000,000 (Indexed) (or its equivalent) at any time;

"Permitted Hedge Termination" means the termination of a Hedging Transaction permitted in accordance with the Hedging Policy;

"Permitted Joint Venture" means an acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets for agreement to transfer assets to a Joint Venture or loan made to or guarantee or indemnity given in respect of the obligations of a Joint Venture permitted by the Common Terms Agreement;

"Permitted Loan" means:

(A) any trade credit extended by any member of the Holdco Group to its customers, tenants or licensees, on normal commercial terms and in the ordinary course of trade;

(B) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, "Permitted Financial Indebtedness" under paragraphs (b) or (c) thereof;

(C) a loan that is made to a Permitted Joint Venture;

(D) a loan made by an Obligor to another Obligor or made by a member of the Holdco Group which is not an Obligor to an Obligor or the Issuer (provided that any such loan is subordinated pursuant to the STID);

(E) any loan made by an Obligor to a member of the Holdco Group which is not an Obligor so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed £10,000,000 (Indexed) (or its equivalent) at any time;

(F) a loan made by a member of the Holdco Group to an employee or director of any member of the Holdco Group if the amount of that loan (when aggregated with the amount of all loans to employees and directors by members of the Holdco Group) does not exceed £10,000,000 (Indexed) (or its equivalent) at any time;

(G) any loan made by a member of the Holdco Group to an Investor in accordance with the Restricted Payments Condition which is permitted to be made under the Common Terms Agreement;

(H) any loan (other than a loan made by a member of the Holdco Group to another member of the Holdco Group) so long as the aggregate amount of the Financial Indebtedness under any such loans (when aggregated with the amount of guarantees outstanding under paragraph (m) of the definition of Permitted Guarantee) does not exceed £10,000,000 (Indexed) (or its equivalent) at any time;

(I) subject to the terms of STID, any loan made for the purposes of enabling (indirectly or directly) an Obligor to meet its payment obligations under the Transaction Documents;

(J) any loan made by an Obligor to the Issuer in connection with the pre-funding of any interest, break costs, fees, redemption premium in connection with any issue or redemption of any Bonds, provided that such loan will be fully subordinated to all financial indebtedness of the Issuer and only repayable by the Issuer if the Issuer is able to repay any such pre-funding loan to the relevant Obligor from the proceeds of an issue of Bonds;

(K) any loan or Financial Indebtedness represented by any Cash Equivalent Investment;

(L) any loan made by a member of the Holdco Group to the Issuer for the purpose of funding the Issuer Debt Service Reserve Account so long as the aggregate amount of the Financial Indebtedness under any such loans (when aggregated with the Financial Indebtedness outstanding under paragraph (E) above) does not exceed £25,000,000 (Indexed) (or its equivalent) at any time; and

(M) any other loans or grant of credit approved or consented to by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right),

provided that in the case of paragraphs (C), (E) and (I) above to the extent required by the STID, the creditor and (if the debtor is a member of the Holdco Group) the debtor of such Financial Indebtedness are or become party to the STID as a New Obligor;

"Permitted Payment" means any payment described in paragraphs (c)(i) to (c)(ix) of the definition of Restricted Payment;

"Permitted Security" means:

(A) any Security Interest created pursuant to the Obligor Security Documents or the Issuer Security Documents;

(B) any Security Interest or Quasi Security arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Holdco Group;

(C) any netting or set off arrangement entered into by any member of the Holdco Group with an Acceptable Bank in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Holdco Group but only so long as (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of members of the Holdco Group which are not Obligors and (ii) such arrangement does not give rise to other Security Interests over the assets of Obligors in support of liabilities of members of the Holdco Group which are not Obligors (except in the case of (i) and (ii), to the extent such netting, set off or Security Interest relates to or is granted in support of, a loan permitted pursuant to paragraph (e) of the definition of "Permitted Loan");

(D) any Security Interest or Quasi Security over or affecting any asset acquired by a member of the Holdco Group after the Closing Date if:

(i) the Security Interest or Quasi Security was not created in contemplation of the acquisition of that asset by a member of the Holdco Group;

(ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Holdco Group; and

(iii) the Security Interest or Quasi Security is removed or discharged within six (6) months of the date of acquisition of such asset;

(E) any Security Interest or Quasi Security over or affecting any asset of any company which becomes a member of the Holdco Group after the Closing Date, where the Security Interest or Quasi Security is created prior to the date on which that company becomes a member of the Holdco Group if:

(i) the Security Interest or Quasi Security was not created in contemplation of the acquisition of that company;

(ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and

(iii) the Security Interest or Quasi Security is removed or discharged within six (6) months of that company becoming a member of the Holdco Group;

(F) any Security Interest or Quasi Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Holdco Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Holdco Group;

(G) any Quasi Security arising as a result of a Disposal which is a Permitted Disposal;

(H) any Security Interest or Quasi Security arising as a consequence of any finance or capital lease permitted pursuant to paragraph (g) of the definition of "Permitted Financial Indebtedness";

(I) any netting or set off arrangement under any ISDA Master Agreement entered into by any member of the Holdco Group pursuant to the Common Terms Agreement, for the purposes of determining its obligations by reference to its net exposure under that agreement (and not as a credit support provider under any such agreement);

(J) any netting or set off arrangement or Quasi Security constituting a Permitted Transaction or arising or required pursuant to the terms of the Transaction Documents;

(K) any Security Interest or Quasi Security arising in the ordinary course of trade over documents of title or goods as part of a letter of credit transaction or in respect of other Permitted Financial Indebtedness;

(L) any Security Interest or Quasi Security over bank accounts (other than a mandatory prepayment account or a holding account) of a member of the Holdco Group in favour of the account holding bank with whom that member of the Holdco Group maintains a banking relationship in the ordinary course of trade and granted as part of that bank's standard terms and conditions;

(M) any Security Interest or Quasi Security approved or consented to by way of an Extraordinary STID Resolution pursuant to the STID and subject to any related Entrenched Right;

(N) any Security Interest or Quasi Security arising under any rent security deposit and in respect of any real property, provided that such arrangement is on market terms in respect of value of the Security Interest or Quasi Security required in relation thereto;

(O) any Security Interest or Quasi Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security Interest given by any member of the Holdco Group other than any permitted under paragraphs (a) to (n) above) does not exceed £10,000,000 (Indexed) (or its equivalent in other currencies) at any time;

(P) any Security Interest arising under statute or by operation of law in favour of any government, state or local authority in respect of taxes, assessments or government charges which are being contested by the relevant member of the Holdco Group in good faith and with a reasonable prospect of success;

(Q) any Security Interest created in respect of any pre judgment legal process or any judgment or judicial award relating to security for costs, where the relevant proceedings are being contested in good faith by the relevant member of the Holdco Group by appropriate procedures and with a reasonable prospect of success; or

(R) any Security Interest over any Refinancing Escrow Account or Refinancing Escrow Amount for the benefit of any Refinancing Escrow Amount Providers;

"Permitted Share Issue" means:

(A) an issue of shares by Holdco to its immediate Holding Company or to the Shareholders or any person directly or indirectly owned or controlled by the Shareholders, paid for in full in cash upon issue and which by their terms are not redeemable;

(B) an issue of shares by Holdco to the Secretary of State (or such other HMG Entity as nominated in writing by the Secretary of State) pursuant to the Contingent Equity Support Agreement or otherwise in accordance with the GSP Documents;

(C) any issue of shares within the Holdco Group;

(D) any issue of shares by way of a Restricted Payment so long as at the time of issue the Restricted Payment Condition is satisfied; and

(E) any other issue of shares approved or consented to by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right);

"Permitted Transaction" means:

(A) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security Interest or Quasi Security given, or other transaction arising, under the Finance Documents;

(B) the solvent liquidation or reorganisation of any member of the Holdco Group which is not an Obligor (other than the Issuer) so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Holdco Group; or

(C) any other transaction approved or consented to by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right),

(D) provided that any payment to any Investor pursuant to paragraph (a) or paragraph (c) during the period until the Handover Date would not breach certain provisions of the Discontinuation Agreement;

"Planned System Acceptance Date" means, as at the date hereof, the date on which System Acceptance is scheduled to be achieved, being 31 August 2027, as may be extended from time to time;

"Post Construction Review" means the review of the licensed business to be carried out in accordance with paragraph 2 (*Timing of the Post Construction Review*) of Appendix 2 (*Non-Revenue Conditions*) of the Licence;

"Post Construction Review Effective Date" means the date on which the final determination is issued following, or concurrently with, the review of the licensed business to be carried out in accordance with paragraph 2 of Appendix 2 (*Non-Revenue Conditions that only apply prior to the First Periodic Review*) of the Licence;

"Potential Bond Event of Default" means any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Bond Event of Default, and assuming no intervening remedy), will become a Bond Event of Default;

"Potential Loan Event of Default" means any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Loan Event of Default, and assuming no intervening remedy), will become a Loan Event of Default;

"PP Note Documents" means each PP Note Purchase Agreement, PP Notes and each PP Note SCR Agreement;

"PP Note Issuer" means the Company or such member of the Holdco Group which issues PP Notes from time to time;

"PP Note Purchase Agreement" means a note purchase agreement pursuant to which the PP Note Issuer issues PP Notes from time to time;

"PP Note SCR Agreement" means each secured creditor representative agency deed authorising a party to act, and be named in the relevant Accession Memorandum, as Secured Creditor Representative for the relevant PP Noteholders;

"PP Note Secured Creditor Representative" means any other person who is appointed as Secured Creditor Representative for PP Noteholders and authorised to act as such under a PP Note SCR Agreement;

"PP Noteholders" means those institutions which hold PP Notes from time to time;

"PP Notes" means the privately placed notes issued by the PP Note Issuer from time to time under and pursuant to a PP Note Purchase Agreement;

"PR24" means the price control review conducted by Ofwat for the purpose of setting price controls for Statutory Undertakers for the period 1 April 2025 to 31 March 2030;

"PRA" means the Prudential Regulation Authority of the Bank of England;

"Predicted Overrun" means the amount, calculated in accordance with the Licence, by which project expenditure other than any excluded project spend is estimated to exceed the aggregate of the Threshold Outturn and any AAPS Caps;

"Pre-Hedging" has the meaning ascribed thereto in the Approved Hedging Policy;

"Preparatory Work Notice" means the Thames Tideway Tunnel Preparatory Work Notice made by the Secretary of State on 4 June 2014 pursuant to regulation 5(3) of the SIP Regulations (as varied from time to time in accordance with regulation 5(7) of the SIP Regulations);

"Principal Amount Outstanding" means, in relation to a Bond or Tranche, the original face value thereof (in relation to any Indexed Bonds or any Bonds which are designated as "Indexed Linked Interest" bonds under the applicable final terms, as adjusted in accordance with the applicable terms and conditions of the Bonds) less any repayment of principal made to the holder(s) thereof in respect of such Bond or Tranche;

"Principal Paying Agents" means the entity appointed by the Issuer to act as principal paying agent (or any Successor appointed pursuant to the Transaction Documents), together with any other paying agents to provide certain issue and paying agency services to the Issuer in respect of any Bonds;

"Programme Limit" means £10,000,000,000;

"Project Fixed Requirements" has the meaning given to it in the Licence;

"Project Management Contract" means the contract for project management services entered into with CH2M Hill UK on 24 August 2015, as amended from time to time;

"Project Specification Notice" means the notice cited as the Thames Tideway Tunnel Project Specification Notice issued on 4 June 2014 by the Secretary of State in accordance with Regulation 4(1) of the SIP Regulations;

"Property Documents" means the documents as further described in the Licence;

"Prospectus" means a prospectus relating to any Bonds prepared in connection with the Programme and constituting (in the case of Bonds to be listed on a Stock Exchange), to the extent specified in it, (a) a base prospectus for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the **"PRM"**), as revised, supplemented, amended or superseded from time to time by the Issuer and, in relation to each Tranche of Bonds, the applicable Final Terms or Drawdown Prospectus shall be deemed to be included in the Prospectus and (b) any additional standalone or drawdown prospectus that may be prepared by the Company and the Issuer from time to time in connection with the issuance of any Tranche of Bonds (a **"Drawdown Prospectus"**);

"Protected Land" means any land which, or any interest or right in or over which, is or has at any time been held by the Company for a purpose connected with the carrying out of its functions under the Licence and the SIP Regulations;

"Qualifying Issuer Creditors" means the holders of the Bonds and each Issuer Hedge Counterparty that is party to an Issuer Hedging Agreement in respect of the Bonds;

"Qualifying Issuer Debt" means the sum of (a) the Principal Amount Outstanding of the Bonds and (b) the marked-to-market value of all transactions arising under any Issuer Hedging Agreements in respect of the Bonds to the extent that such value represents an amount which would be payable to the relevant Issuer Hedge Counterparties if an early termination date was designated at relevant date in respect of such transactions as determined by the relevant Issuer Hedge Counterparty in accordance with the Issuer Hedging Agreements, as certified by the relevant Issuer Hedge Counterparty to the Bond Trustee;

"Qualifying Obligor Secured Creditor Instruction Notice" means, in respect of any matter which is not the subject of a STID Proposal or an Enforcement Instruction Notice or a Further Enforcement Instruction Notice and except where expressly provided for otherwise in the STID, an instruction to the Obligor Security Trustee from any Qualifying Obligor Secured Creditor which by itself or together with any other Qualifying Obligor Secured Creditor(s) is or are owed Qualifying Obligor Secured

Liabilities having an aggregate Outstanding Principal Amount of at least 20 per cent. (or such other percentage as may be required pursuant to the Common Terms Agreement) of the aggregate Outstanding Principal Amount of all Qualifying Obligor Secured Liabilities;

"Qualifying Obligor Secured Creditors" means each Obligor Secured Creditor to which Qualifying Obligor Secured Liabilities are owed;

"Qualifying Obligor Secured Liabilities" means, at any time:

(A) the Outstanding Principal Amount under each IBLA corresponding to any Tranche of Bonds;

(B) subject to the Entrenched Rights, only (i) in relation to any vote to terminate the Standstill Period pursuant to paragraphs "*Termination of Standstill*" and "*Extension of Standstill*" under "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Standstill Period*", (ii) in relation to any vote by the Qualifying Obligor Secured Creditors on whether to take Enforcement Action, (iii) in relation to any Extraordinary Voting Matter to consider any matter arising under paragraphs (b) and/or (c) of that definition, and (iv) following the taking of Enforcement Action (provided that, for the avoidance of doubt, Entrenched Rights will apply at all times), a tranche for each *Pari Passu* Issuer Hedge Counterparty equal to (A) in relation to any Hedging Transaction arising under a *Pari Passu* Issuer Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant *Pari Passu* Issuer Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant Pari Passu Issuer Hedge Counterparty following such termination (as calculated in accordance with the terms of the Pari Passu Issuer Hedging Agreement) and/or (B) otherwise, the mark-to-market value of any transaction or transactions arising under a Pari Passu Issuer Hedging Agreement calculated by the Pari Passu Issuer Hedge Counterparty and notified in writing by the Pari Passu Issuer Hedge Counterparty to the Obligor Security Trustee to the extent that such value represents an amount which would be payable to the relevant Pari Passu Issuer Hedge Counterparty if an Early Termination Date (as defined in the relevant Pari Passu Issuer Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period;

(C) subject to the Entrenched Rights, only (i) in relation to any vote to terminate the Standstill Period pursuant to paragraphs "*Termination of Standstill*" and "*Extension of Standstill*" under "*Summary of the Common Documents – Security Trust and Intercreditor Deed- Standstill Period"*, (ii) in relation to any vote by the Qualifying Obligor Secured Creditors on whether to take Enforcement Action, (iii) in relation to any Extraordinary Voting Matter to consider any matter arising under paragraphs (b) and/or (c) of that definition, and (iv) following the taking of Enforcement Action (provided that, for the avoidance of doubt, Entrenched Rights will apply at all times), a tranche for each Pari Passu Company Hedge Counterparty equal to (A) in relation to any Hedging Transaction arising under a Pari Passu Company Hedging Agreement in respect of which an Early Termination Date (as defined in the relevant Pari Passu Company Hedging Agreement) has been designated, the amount (if any) outstanding to the relevant Pari Passu Company Hedge Counterparty following such termination (as calculated in accordance with the terms of the Pari Passu Company Hedging Agreement) and/or (B) otherwise, the mark-to-market value of any transaction or transactions arising under any Pari Passu Company Hedging Agreement calculated by the Pari Passu Company Hedge Counterparty and notified in writing by the Pari Passu Company Hedge Counterparty to the Obligor Security Trustee to the extent that such value represents an amount which would be payable to the relevant Company Hedge Counterparty if an Early Termination Date (as defined in the relevant Pari Passu Company Hedging Agreement) was designated on the date falling two Business Days after the commencement of the relevant Decision Period; and

(D) the Outstanding Principal Amounts under any other Authorised Credit Facilities at such time ranking pari passu with the above (but excluding for the avoidance of doubt any Liquidity Facilities or any Hedging Transactions arising under a Super Senior Company Hedging Agreement or a Super Senior Issuer Hedging Agreement);

"Qualifying Repurchase Transaction" means a transaction under a repurchase agreement under which a member of the Holdco Group is the purchaser of the underlying security (the **"Underlying Security"**) where:

(A) the counterparty is a bank, insurance company or corporate entity which, in any such case, has a credit rating of A- or higher by Standard & Poor's, or A- or higher by Fitch or A3 or higher by Moody's or, if no rating is available in respect of such counterparty, the long-term senior unsecured and non-credit enhanced debt obligations of which have an equivalent rating;

(B) the term of the repurchase transaction is 12 months or less;

(C) the Underlying Security is a type of security which is eligible for the Bank of England's lending operations under the Sterling Monetary Framework (or the Bank's replacement or similar provisions from time to time);

(D) the repurchase agreement provides for haircuts in respect of the Underlying Security which are at least as significant as the haircuts imposed by The Bank of England (at the time of entry into of the Qualifying Repurchase Transaction) for securities eligible for the Bank's lending operations under the Sterling Monetary Framework (or the Bank's replacement or similar provisions from time to time); and

(E) the repurchase agreement permits the purchaser to grant security over its rights under the repurchase agreement pursuant to the relevant Obligor Security Documents or, as the case may be, relevant Issuer Security Documents;

"Quasi Security" means an arrangement or transaction contemplated under the section "*Summary of the Common Documents – Common Terms Agreement – Covenants – General Covenants – Negative Pledge*";

"Rating Agencies" means each of Fitch, Moody's and S&P or any other internationally recognised rating agency and any successor to any of the aforementioned parties, (and **"Rating Agency"** means any one of them);

"Ratings Confirmation" in respect of a proposed action, means a confirmation in writing by the Rating Agency mandated by the Issuer from time to time (who give such Ratings Confirmations as a part of their mandate), in respect of each Tranche of the relevant Bonds, to the effect that the then ratings on such Tranche of Bonds would not be reduced below the lower of (a) the credit ratings of such Bonds as at their Issue Date and (b) the then current credit rating (before the proposed action);

"RCV" means:

(A) until the earlier of System Acceptance and the Transfer Termination Date, the RCV assigned by Ofwat at the end of the preceding Charging Year plus any Allowable Project Spend and Additional Allowable Project Spend incurred by the Company since the end of the preceding Charging Year and the test date and, if this amount exceeds the Annual Regulatory Baselines, as adjusted to reflect the accrued incentive penalty to be applied to the RCV at Post Construction Review, as determined in accordance with the Discontinuation Agreement (**"Adjusted RCV"**); and

(B) thereafter, the regulatory capital value of the Company as assigned by Ofwat,

in each case, as at the relevant Test Date or for the relevant Test Period and, in the case of future RCV, as projected by the Company as a nominal level from the levels provided by Regulator;

"Real Property" means:

(A) any freehold, leasehold or immovable property; and

(B) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property;

"Receipt" means a receipt attached on issue to any Bearer Definitive Bond redeemable in instalments for the payment of an instalment of principal, such receipt being in the form or substantially in the form set out in the Bond Trust Deed or in such other form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and any relevant Dealer or Deferred Purchaser and includes any replacements for Receipts issued pursuant to the Conditions;

"Receiptholder" means any person holding a Receipt;

"Receiver" means any receiver, manager, receiver and manager or Administrative Receiver who (in the case of an Administrative Receiver) is a qualified person in accordance with the Insolvency Act 1986 and who is appointed:

(A) by the Obligor Security Trustee under the Obligor Security Documents in respect of the whole or any part of the Obligor Security; or

(B) by the Issuer Security Trustee under the Issuer Deed of Charge in respect of the whole or any part of the Issuer Security;

"Reference Banks" means:

(A) in relation to the Bonds of any relevant Tranche, the institutions specified as such in the Final Terms or, if none is so specified, 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;

(B) in relation to any Liquidity Facility Agreement, the principal London offices of the bank specified in the definition of "Reference Bank" in the Liquidity Facility Agreement and two (2) other banks as may be appointed as such by the Liquidity Facility Agent after consultation with the Company, the Issuer and the Liquidity Facility Providers;

"Refinancing Escrow Account" means any escrow bank account opened in the name of the Company in connection with any refinancing of any Authorised Credit Facility from time to time;

"Register" has the meaning given to it in the Agency Agreement;

"Registered Bonds" means those Bonds (if any) which are for the time being in registered form;

"Registered Definitive Bond" means a Registered Bond in definitive form issued or, as the case may require, agreed to be issued (whether or not subject to conditions precedent) by the Issuer in accordance with the provisions of the Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and any relevant Dealer or Deferred Purchaser, the Agency Agreement and the Bond Trust Deed either on issue or in exchange for a Regulation S Global Bond or part thereof (all as indicated in the applicable Final Terms or Drawdown Prospectus), such Registered Definitive Bond being in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and any relevant Dealer or Deferred Purchaser and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference as indicated in the applicable Final Terms or Drawdown Prospectus and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms or Drawdown Prospectus endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon;

"Registered Global Bond" means a Regulation S Global Bond;

"Registrar" means, in relation to any Tranche of Registered Bonds, the registrar appointed on or before the relevant Issue Date of such Tranche or, if applicable, any Successor registrar appointed in relation to any Tranche of Bonds;

"Regulated Assets" means (i) prior to System Acceptance, the sewerage assets to be constructed and maintained by the Company in accordance with the Project Specification Notice, excluding (from Handover) the storm pump exercising systems fitted at each of Hammersmith, Falconbrook, Earl and Shad Thames pumping stations, and (ii) from System Acceptance, the Company Owned Structures;

"Regulated Company" means a company appointed as a water undertaker or a water and sewerage undertaker under Section 6 of the WIA;

"Regulation S" means Regulation S under the Securities Act;

"Regulation S Global Bond" means a registered global Bond in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and any relevant Dealer or Deferred Purchaser, together with the copy of the applicable Final Terms or Drawdown Prospectus annexed

thereto, comprising some or all of the Registered Bonds of the same Tranche sold to non-U.S. Persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and any relevant Dealer or Deferred Purchaser relating to the Programme, the Agency Agreement and the Bond Trustee;

"Regulation S Registered Definitive Bond" means a registered definitive Bond in the form or substantially in the form set out in the Bond Trust Deed with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Registrar, the Bond Trustee and any relevant Dealer or Deferred Purchaser, together with the copy of the applicable Final Terms or Drawdown Prospectus annexed thereto, comprising some or all of the Registered Bonds of the same Tranche sold to non-U.S. Persons outside the United States in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and any relevant Dealer or Deferred Purchaser relating to the Programme, the Agency Agreement and the Bond Trustee;

"Regulatory Baseline" means the sum of the Annual Regulatory Baselines (which at Licence Award amounted to £3,144,405,248 in 2014/15 prices);

"Related Rights" means, in relation to any asset:

(A) all rights under any licence, agreement for sale or agreement for lease or other use in respect of all or any part of that asset;

(B) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities in respect of any part of that asset;

(C) the proceeds of sale of all or any part of that asset; and

(D) any other moneys paid or payable in respect of that asset;

"Relevant Change in Law" has the meaning given to it in the Licence;

"Relevant Debt" means the principal amount outstanding under any Authorised Credit Facilities or any debt under any equivalent Authorised Credit Facility (other than the 2026 Revolving Credit Facility Agreement, any subsequent RC Facility, the MDF, any Liquidity Facility and any Company Hedging Agreements) from time to time;

"Relevant Financial Centre" means, with respect to any Bond, the financial centre specified as such in the relevant Final Terms or Drawdown Prospectus 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 Jurisdiction" means, in relation to an Obligor:

(A) its jurisdiction of incorporation;

(B) any jurisdiction where any asset subject to or intended to be subject to the Obligor Security Documents to be created by it is situated;

(C) any jurisdiction where it conducts its business; and

(D) the jurisdiction whose laws govern the perfection of any of the Obligor Security Documents entered into by it;

"Relevant Member State" means each Member State of the European Economic Area which has implemented Regulation (EU) 2017/1129;

"Relevant Obligor Secured Liabilities" means Obligor Secured Liabilities other than any present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of any Obligor to the Discontinuation Creditor under the Discontinuation Agreement;

"Remedy Event" means the occurrence of:

(A) any of the following events or circumstances:

(i) the ratio of Senior Net Indebtedness to Adjusted RCV on any test date is more than 0.70:1;

(ii) the Company and the Shareholders fail to maintain or fail to have the benefit of, on each test date, the required equity support securing the payment of equity commitments of the Shareholders in favour of the Company or the Obligor Security Trustee equal to the amount of the aggregate equity commitments required to be subscribed by the Shareholders during the eighteen month period immediately following such test date based on the latest expenditure forecast in relation to the equity subscription obligations of the Shareholders up to the Threshold Outturn;

(iii) distributions are made in excess of a specified limit as measured at each test date up to and including the Handover Date; or

(iv) the Company changes its tax residence from the UK;

(B) a breach of lock-up or any restriction on distributions in the Government Support Package or the senior financing agreements;

(C) a breach of an obligation of the Company under the Liaison Agreement which has or is reasonably likely to have a GSP Material Adverse Effect;

(D) a breach of an obligation of the Company, Holdco, JVCo or Bazalgette Equity Limited under any element of the Government Support Package which has or is reasonably likely to have a GSP Material Adverse Effect;

(E) failure by the Company to comply in any material respect with the Approved Tunnel Completion Plan under the Shareholders Direct Agreement; or

(F) an event of default as referred to in the Common Terms Agreement as at Licence Award which has or is reasonably likely to have a GSP Material Adverse Effect;

"Reservations" means:

(A) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors;

(B) the time barring of claims under applicable limitation laws (including the Limitation Acts), the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void, defences of set off or counterclaim; and

(C) any other general principles which are set out as qualifications as to matters of law in any Opinion;

"Reserved Matters" are matters which, subject to the STID and the Common Terms Agreement, an Obligor Secured Creditor is free to exercise in accordance with its own debt instrument including:

(A) to receive any sums owing to it for its own account in respect of premia, fees, costs, charges, liabilities, damages, proceedings, claims and demands in relation to any Authorised Credit Facility or Finance Document to which it is a party as permitted pursuant to the terms of the Common Terms Agreement and Finance Documents;

(B) to make determinations of and require the making of payments due and payable to it under the provisions of the Authorised Credit Facilities or other Finance Documents to which it is a party as permitted by the terms of the Common Terms Agreement, the STID and the Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the STID;

(C) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the terms of the Common Terms Agreement and the STID and the other Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the STID;

(D) to receive notices, certificates, communications or other documents or information under the Finance Documents or otherwise, to direct that such notices, certificates, communications or

other documents or information shall be provided (or shall not be provided) to it or, where applicable, to determine the form and content of any notice, certificate or communication;

(E) to assign its rights or transfer any of its rights and obligations under any other Authorised Credit Facility or Finance Document to which it is a party subject to certain provisions of the STID; and

(F) in the case of any Obligor Secured Creditor, to accelerate its claims, to the extent necessary to apply the proceeds of enforcement of the share security provided by each Obligor and Security Provider pursuant to the terms of the Security Documents;

(G) in respect of the Secretary of State:

(i) to make any determination contemplated or required under the provisions of the Authorised Credit Facilities to which it is a party as permitted by the terms of the Common Terms Agreement and the STID as to the occurrence or otherwise of a default in relation to its Reserved Matters and in relation to its Entrenched Rights which the Secured Creditor Representative acting reasonably determines to be necessary or appropriate to exercise for the protection of its own position and interests in its personal capacity (including its own personal financial interests) and not as a Qualifying Obligor Secured Creditor;

(ii) to determine amounts due in relation to and to claim under indemnities in favour of the Secured Creditor Representative in its own capacity or (as the case may be) for and on behalf of Obligor Secured Creditors in respect of which it is the Secured Creditor Representative under the Finance Documents;

(iii) to determine the amount of sums due in relation to expenses and stamp duties pursuant to the Finance Documents;

(iv) to make a claim for expenses under the Finance Documents; or

(v) to consent to any proposed amendment to any Finance Document (other than a Common Document) to which it is party to correct a manifest error or which is of a formal, minor or technical nature;

(H) in respect of the Obligor Security Trustee:

(i) to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, damages, proceedings, claims and demands in performing its powers and exercising its discretions under any Finance Document to which the Obligor Security Trustee is a party; or

(ii) to determine amounts due in relation to and to claim under indemnities in favour of the Obligor Security Trustee under the Finance Documents;

(I) in respect of the Bond Trustee and the Issuer Security Trustee:

(i) to make any determination contemplated or required under the Bond Trust Deed or the Issuer Deed of Charge and/or Deferred Bond Purchase Agreement or Deferred Settlement Agreement (as the case may be) as permitted by the terms of the Common Terms Agreement, the STID and the Finance Documents to the extent that the provisions of such Finance Documents are consistent with the relevant provisions of the STID; or

(ii) to appoint a co-trustee or to retire under and in accordance with the terms of the Bond Trust Deed or the Issuer Deed of Charge and/or Deferred Bond Purchase Agreement or Deferred Settlement Agreement (as the case may be); and

(J) in respect of each of the Hedge Counterparties:

(i) to terminate the relevant Hedging Agreement provided such termination is a Permitted Hedge Termination or to terminate the relevant Company Hedging Agreement in part and amend the terms of the Company Hedging Agreement to reflect such partial termination; or

(ii) to exercise rights permitted to be exercised by it under a Company Hedging Agreement;

(K) in respect of the EIB:

(i) each and every right, power, authority and discretion of, or exercisable by it (whether expressed as a right, power, authority or discretion of the EIB or an obligation of any other party) to demand for prepayment under any EIB Finance Contract, provided such demand is in respect of a mandatory prepayment event;

"Restricted Chargors" means the Company and any Additional Chargor that accedes to the Security Agreement as a Restricted Chargor;

"Restricted Payment" means:

(A) any payment (including any payments of distributions, dividends, bonus issues, return of capital, fees, interest, principal or other amounts whatsoever) (by way of repayment of any loan or otherwise) (in cash or in kind) by an Obligor to an Investor;

(B) any payment under or in respect of Subordinated Investor Liabilities;

(C) any loan made by a member of the Holdco Group to an Investor,

other than:

(i) subject to the terms of the STID, any payment made by a member of the Holdco Group to the Company or the Issuer to enable the Company or the Issuer to make payments of any principal, interest, fees or other charges due under the Transaction Documents;

(ii) payments made by one Obligor to another Obligor or by any Obligor to an Investor in consideration for the surrender of Group Relief or in consideration for an election under section 171A of the Taxation of Chargeable Gains Act 1992 or under section 792 of the Common Terms Agreement 2009, in any of these cases where permitted by the Tax Deed of Covenant;

(iii) a payment or payments of management fees of up to £5,000,000 (Indexed) in aggregate per Financial Year by the Obligors to any Investor, in each case pursuant to arrangements entered into on *bona fide* arm's length terms in the ordinary and usual course of trading, provided that payment of such management fees shall not be permitted if a Loan Event of Default is continuing;

(iv) payments in respect of fees and charges in respect of the provision of other services including advisory services and "head office" services to any Obligor, in each case pursuant to arrangements entered into on *bona fide* arm's length terms in the ordinary and usual course of trading;

(v) reimbursements made by any Obligor to Investors (including the managers or Affiliates of managers of such Investors) in respect of upfront transaction, Rating Agency, and other development fees and bid costs paid by such Investors in connection with the TTT, in each case, on or prior to the Closing Date;

(vi) reimbursements made by any Obligor to Investors (including the managers or Affiliates of managers of such Investors) in respect of any fees and costs invoiced to such Investors by an issuer bank providing Equity Support;

(vii) payments into the Accounts;

(viii) any other payment consented to or approved by the Obligor Security Trustee in accordance with the STID (including in respect of any related Entrenched Right); and

(ix) any other payment where the Restricted Payment Condition has been satisfied,

provided that any payment to any Investor pursuant to paragraph (c)(ii), (c)(v), (c)(vi) or (c)(viii) during the period until the Handover Date would not breach certain provisions of the Discontinuation Agreement;

"Restricted Payment Condition" means:

(A) no Loan Event of Default or Potential Loan Event of Default is subsisting or would result from making any proposed Restricted Payment;

(B) no Trigger Event is subsisting or would result from making any proposed Restricted Payment;

(C) any proposed Restricted Payment is in compliance with the terms of the Government Support Package;

(D) the Restricted Payment during the period until the Handover Date would not breach certain provisions of the Discontinuation Agreement;

(E) a Compliance Certificate has been issued within the immediately preceding ninety (90) days from the proposed date of payment of any proposed Restricted Payment; and

(F) during the period until System Acceptance:

(G) the Base Case Model has been updated for the latest Expenditure Forecast (incorporating cost and programme) as agreed under the Liaison Agreement;

(H) the Economic Assumptions in the Base Case Model have been updated in respect of inflation and expected finance costs;

(I) the proposed Restricted Payment would not breach the financial covenants, when tested by reference to the updated Expenditure Forecast and Economic Assumptions; and

(J) a payment of the yield represented by the proposed distribution is projected to be capable of being paid in each and every future Financial Year until System Acceptance, without forecast breach of the financial covenants, as supported by the relevant projections in the updated Base Case Model contemplated in paragraph (i) above;

"Retail Price Index" or **"RPI"** means the all items retail prices index for the UK published by the Office for National Statistics and appearing on its website (at http://www.ons.gov.uk/) or if the retail prices index ceases to exist, such other indexation procedure as the Obligor Security Trustee may approve on recommendation of the Holdco Group Agent;

"Revenue Agreement" means the revenue agreement entered into between the Company and Thames Water on 24 August 2015, as amended from time to time;

"Reviewable Matters and Variations" has the meaning given to such terms in the Liaison and Interface Agreement;

"Revolving Credit Facility" or **"RCF"** means each revolving credit facility made available to the Company for the working capital purposes of the Holdco Group or to refinance any existing Financial Indebtedness of the Holdco Group;

"Revolving Credit Facility Agreement" means the 2026 Revolving Credit Facility Agreement and each facility agreement pursuant to which a Revolving Credit Facility is made available to the Company;

"Rolling Average Period" means, on each Test Date, the Test Period ending on 31 March that falls in the same calendar year as that Test Date and the next subsequent two (2) consecutive Test Periods;

"Rollover Loan" means one or more loans pursuant to the 2026 Revolving Credit Facility Agreement:

(A) made or to be made on the same day that a maturing loan is due to be repaid;

(B) the aggregate amount of which is equal to or less than the maturing loan; and

(C) made or to be made to the Company for the purpose of refinancing that maturing loan;

"Sanctioned Territory" means any country or other territory subject to a general export, import, financial or investment embargo under Sanctions, which countries and territories, as of the date of this Agreement, include Crimea, Cuba, Iran, North Korea, Sudan and Syria;

"Sanctions" means any economic sanctions laws, regulations, embargoes or similar or equivalent restrictive measures administered, enacted or enforced by: (i) the United States; (ii) the United

Nations; (iii) the European Union; (iv) the UK; (v) Japan or (vi) the respective governmental institutions and agencies of any of the foregoing, including the Office of Foreign Assets Control of the US Department of Treasury (**"OFAC"**), the United States Department of State, the United Nations Security Council, Her Majesty's Treasury and Japan's Ministry of Finance (together **"Sanctions Authorities"**);

"SCA" means the Supplemental Compensation Agreement entered into on 24 August 2015;

"SCADA System" means the supervisory control and data acquisition system delivered by the System Integrator Contractor pursuant to the System Integrator Contract;

"Schedule of Scope Original Base Case Forecast Scope Report Blue Book" means the document of that name set out in the Interface Agreement;

"Second Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Secretary of State" means The Secretary of State for Environment, Food and Rural Affairs or, where the context requires, any Secretary of State Replacement, as defined in the GSP Documents or the Liaison Agreement;

"Secured Creditor Representative" means the representative of an Obligor Secured Creditor appointed in accordance with the STID;

"Secured Debt" means any financial accommodation or reimbursement or indemnity rights that are for purposes of the STID to be treated as Secured Debt and includes all outstanding debt of the Holdco Group under:

(A) any Bonds;

(B) the 2026 Revolving Credit Facility Agreement and any subsequent RCFs;

(C) any Liquidity Facility Agreement;

(D) the MDF;

(E) each IBLA;

(F) any Hedging Agreements;

(G) any PP Notes;

(H) any Senior Term Facilities;

(I) any EIB Finance Contract;

(J) the Discontinuation Agreement; and

(K) any other Authorised Credit Facilities;

"Securities Act" means the United States Securities Act of 1933, as amended;

"Security" means the Security Interests constituted by the Security Documents, including any guarantee or obligation to provide cash collateral or further assurance thereunder;

"Security Agreement" means the security agreement entered into between, among others, the Obligors and the Obligor Security Trustee on or around 24 August 2015;

"Security Documents" means each of the Obligor Security Documents or the Issuer Security Documents, as the context may require, or both;

"Security Interest" means:

(A) a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

(B) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(C) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

"Semi-Annual Financial Statements" means the semi-annual financial statements delivered pursuant to paragraphs (a)(ii) of the section "*Summary of the Common Documents – Common Terms Agreement – Covenants – Information Covenants – Financial Statements*";

"Senior Debt Compensation" means an amount equal to the lower of the Senior Debt Liabilities and the Total Compensation Amount;

"Senior Debt Interest" means, in relation to any Test Period, without double counting, interest on Secured Debt (including interest accreted by indexation on any indexed bonds designated as Obligor Secured Liabilities but excluding accretions by indexation to the principal on any indexed bonds designated as Obligor Secured Liabilities and accretions by indexation to the notional amount under any RPI linked hedging agreement designated as Obligor Secured Liabilities),

plus:

(A) recurring fees in respect of financial indebtedness designated as Obligor Secured Liabilities;

(B) net cash flow under all interest rate hedging agreements (excluding accretion by indexation to the notional amount);

(C) interest in respect of unsecured financial indebtedness (excluding any subordinated debt),

excluding:

(A) all fees other than recurring fees;

(B) amortisation of the costs of issue of Obligor Secured Liabilities;

less:

(C) all interest received, or receivable, as the case may be, by the Company from a third party during such Test Period,

provided that in each case in respect of a future Test Period (or part of a Test Period) such amounts shall be based on the anticipated amounts as shown in the Company's business plan;

"Senior Debt Liabilities" means the aggregate of all amounts outstanding to secured creditors under the senior financing agreements, including principal, interest, cost, expenses and liabilities owing or accrued (including Breakage Costs, subject to exceptions) less amounts claimable in respect of contingent funding liabilities, breakage gains and other amounts received as a result of enforcement and further deductions and reductions in accordance with the Discontinuation Agreement;

"Senior Net Indebtedness" means, at any date, the aggregate of the Company's nominal Financial Indebtedness outstanding (or, in respect of a future day, forecast to be outstanding) on such date under and in connection with any Secured Debt together with (i) all indexation accrued on such liabilities that are Indexed and accretions by indexation to the notional amount under any Hedging Agreements and (ii) where the Company or the Issuer has entered into one or more Offsetting Transactions (under and as defined in the Hedging Policy), an amount equal to the Offsetting Transaction Differential (as defined the Hedging Policy),

excluding:

(A) save in relation to (ii) above and that portion of any Hedging Agreement which represents an accretion by indexation to the notional amount thereof falling in (i) above, any uncrystallised mark to market amounts relating to any Hedging Agreements,

less:

(B) the value of all Cash Equivalent Investments of the Company and other amounts standing to any account of the Company (other than swap collateral accounts);

"Senior Term Facility Agreement" means any senior term credit facilities to be provided by any STF Lenders to the Company to finance the Company's on-going capex and working capital requirements or to refinance any existing Financial Indebtedness;

"Series" means a Tranche of Bonds together with any further Tranches of Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, Indexation Commencement Dates and/or Issue Prices and the expressions **"Bonds of the relevant Series"**, **"holders of Bonds of the relevant Series"** and related expressions shall (where appropriate) be construed accordingly;

"Seventh Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Sewer Network" means Thames Water's network of sewers, including all necessary component parts, control systems and lateral drains, draining the London area of effluent, trade effluent and stormwater, including the Lee Tunnel and any pumping stations and treatment works operated by Thames Water;

"Shareholders" means Allianz Infrastructure, Allianz European, Dalmore Infrastructure Investments, Auger Bore and the Amber Funds;

"Shareholders' Agreement" means the shareholders' agreement originally entered into between the Original Shareholders and EquityCo, JVCo, Holdco and the Company on 12 May 2015, as amended and restated on 18 August 2015 and 26 March 2025 and as may be further amended from time to time, which governs the relationship between the parties;

"Shareholders Direct Agreement" means the shareholders direct agreement entered into between the Secretary of State, the Company, Holdco and the Private Sector Shareholders (as defined therein) on 24 August 2015;

"SIP Regulations" means the Water Industry (Specified Infrastructure Projects) (English Undertakers) Regulations 2013 (SI 2013/1582) as amended from time to time;

"Sixth Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Special Administration" means the insolvency process specific to regulated companies under Sections 23 to 26 of the WIA;

"Special Administration Offer Agreement" means the special administration offer agreement entered into between the Secretary of State and the Company on 24 August 2015;

"Special Administration Order" means an order of the High Court under Sections 23 to 25 of the WIA under the insolvency process specific to the Company (and other companies regulated by the WIA);

"Special Administrator" means the person appointed by the High Court under Sections 23 to 25 of the WIA to manage the affairs, business and property of the Company during the period in which the Special Administration Order is in force;

"Specified Currency" means, subject to any applicable legal or regulatory restrictions, euro, sterling, U.S. dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer or Deferred Purchaser, the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms or Drawdown Prospectus;

"Specified Denominations" means in respect of a Tranche of Bonds, the denomination or denominations of such Bonds specified in the applicable Final Terms or Drawdown Prospectus;

"Specified Office" means, in relation to any Agent, either the office identified with its name in the relevant Final Terms or Drawdown Prospectus or any other office notified to any relevant parties pursuant to any Agency Agreement;

"Sponsors" means:

(A) Allianz Infrastructure Luxembourg I S.a.r.l;

(B) Bazalgette (Investments) Limited;

(C) IPP (Bazalgette) Ltd.;

(D) Dalmore Capital 14 GP Limited;

(E) DIF Bid Co Limited; and/or

(F) any fund, partnership or other entity managed and controlled by any of the persons referred to in paragraphs (A) to (E) above or their Affiliates;

"SR 2024" means the UK's Securitisation Regulations 2024 (SI 2024/102);

"Standard & Poor's" or **"S&P"** means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. or any successor to its rating business;

"Standby Drawing" has the meaning given to it in the relevant Liquidity Facility Agreement;

"Standstill" means, as provided for in the STID, a standstill of claims of the Obligor Secured Creditors against the Obligors immediately upon notification to the Obligor Security Trustee of the occurrence of a Loan Event of Default;

"Standstill Period" means a period during which a standstill arrangement is subsisting, commencing on the date as determined by "*Commencement of Standstill*" and ending on the date as determined by "*Termination of Standstill*" as described under the sections "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Standstill Period - Commencement of Standstill*" and "*Summary of the Common Documents – Security Trust and Intercreditor Deed – Standstill Period - Termination of Standstill*";

"Step-Up Margin" has the meaning given to it in the relevant Liquidity Facility Agreement;

"Sterling" and **"£"** means the lawful currency for the time being of the U.K.;

"STF Arrangers" has the meaning given to it in any Senior Term Facility Agreement;

"STF Facility" means any senior term facility to be provided by any STF Lenders to the Company to finance the Company's ongoing capex and working capital requirements or to refinance any existing Financial Indebtedness;

"STF Finance Document" has the meaning given to it in any Senior Term Facility Agreement;

"STF Lender" has the meaning given to it in any Senior Term Facility Agreement;

"STID" means the security trust and intercreditor deed entered into between, amongst others, the Issuer, the Obligors and the Obligor Security Trustee on 24 August 2015, as amended from time to time;

"STID Proposal" means a proposal or request made by any Obligor or Obligor Secured Creditor in accordance with the STID proposing or requesting the Obligor Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document;

"Stock Exchange" means the Irish Stock Exchange plc or London Stock Exchange or any other or further stock exchange(s) on which any Bonds may from time to time be listed, and references to the **"relevant Stock Exchange"** shall, in relation to any Bonds, be references to the Stock Exchange on which such Bonds are, from time to time, or are intended to be, listed;

"Subordinated Intragroup Creditor" means any member of the Holdco Group which is a party or accedes to the STID as a Subordinated Intragroup Creditor;

"Subordinated Intragroup Liabilities" means all present and future liabilities at any time of any Obligor to a Subordinated Intragroup Creditor, in respect of any Financial Indebtedness;

"Subordinated Investor" means each Investor which is party, or accedes, to the STID as a new Subordinated Investor;

"Subordinated Investor Liabilities" means all present and future liabilities at any time of Holdco or any other member of the Holdco Group to a Subordinated Investor, in respect of any Investor Debt;

"Subordinated Liquidity Amount" means, in respect of any Liquidity Facility, any gross-up payments, Step-Up Margin, or other amounts designated as such in the Issuer Deed of Charge;

"Subscription Agreement" means an agreement either (i) supplemental to any Dealership Agreement (by whatever name called) substantially in the form set out in the Dealership Agreement or in such other form as may be agreed between, among others, the Issuer and the Lead Manager or one or more Dealers (as the case may be) or (ii) where applicable, any Deferred Settlement Agreement;

"Subsidiary" means:

(A) a subsidiary within the meaning of section 1159 (and Schedule 6) of the Companies Act 2006;

(B) unless the context otherwise requires, a "Subsidiary Undertaking" within the meaning of section 1162 (and Schedule 7) of the Companies Act 2006;

(C) an entity of which a person has direct or indirect control or owns directly or indirectly more than fifty (50) per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise; and

(D) an entity treated as a subsidiary in the financial statements of any person pursuant to the Accounting Principles; or,

(E) an entity of which a person has the direct or indirect power to direct the management and the policies, whether through the ownership of voting capital or partnership interests, by contract or otherwise;

"Successor" means, in relation to the Principal Paying Agents, the other Paying Agents, the Reference Banks, the Registrars, the Transfer Agents, the Agent Bank and the Calculation Agent, any successor to any one or more of them in relation to the Bonds which shall become such pursuant to the provisions of the Bond Trust Deed, the Agency Agreement and/or such other or further principal paying agent, paying agents, reference banks, registrar, transfer agent, agent bank and calculation

agent (as the case may be) in relation to the Bonds as may from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agents and the Registrars being within the same city as the office(s) for which it is substituted) as may from time to time be nominated, in each case by the Issuer and the Obligors, and (except in the case of the initial appointments and specified offices made under and specified in the Conditions, the Agency Agreement notice of whose appointment or, as the case may be, nomination has been given to the Bondholders);

"Successor Issuer Cash Manager" means any successor to the Cash Manager in relation to the Bonds which shall from time to time be appointed pursuant to the Issuer Cash Management Agreement;

"Super Senior Company Hedging Agreements" means any index-linked hedging agreement entered into between the Company and a Company Hedge Counterparty and designated in the relevant ISDA Master Agreement as a Super Senior Hedging Agreement;

"Super Senior Hedge Counterparty" means a Company Hedge Counterparty or an Issuer Hedge Counterparty who is party to a Super Senior Company Hedging Agreement or a Super Senior Issuer Hedging Agreement from time to time, as the context may indicate;

"Super Senior Hedging Agreements" means a Super Senior Company Hedging Agreement and/or a Super Senior Issuer Hedging Agreement, as the context may indicate;

"Super Senior Issuer Hedging Agreements" means any index-linked hedging agreement entered into between the Issuer and an Issuer Hedge Counterparty and designated in the relevant ISDA Master Agreement as a Super Senior Hedging Agreement;

"Supplemental Compensation Agreement" means the supplemental compensation agreement entered into between the Secretary of State and the Company on 24 August 2015;

"System Acceptance" means the acceptance of all of the Regulated Assets and the sewerage assets constructed by Thames Water pursuant to the Thames Water Works in accordance with the requirements set out in the Interface Agreement and which shall occur on the date specified in the certificate of acceptance to be issued to the Company by Thames Water in accordance with the Interface Agreement;

"System Acceptance Contracts" means each of the following contracts between the Company (in its capacity as employer) and each of the relevant contractors in relation to the services to be provided during (and in certain cases beyond) the System Acceptance Period:

(F) Asset Protection Services Contract;

(G) MEICA Maintenance Contract;

(H) SCADA Maintenance Contract;

(I) Scour & Accretion Contract;

(J) Groundwater Monitoring Contract;

(K) Rapid Response and Tunnel Access Contract;

(L) Tunnel Inspection Services Contract; and

(M) Search & Rescue Contract.

"System Acceptance Contractors" means the contractors appointed under the System Acceptance Contracts;

"System Acceptance Period" means the period between the Handover and the date of System Acceptance;

"System Commissioning Period" means the period between the date of commencement of Commissioning and the Handover Date, in which the physical separation between the TTT and the Lee Tunnel will be removed and flows will progressively be allowed into the TTT;

"System Integrator Contract" means the contract entered into between the Company in its capacity as employer and the System Integrator Contractor in relation to the system integration activities as specified therein;

"System Integrator Contractor" means Amey OWR Ltd;

"Talon" means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Definitive Bonds, such talons being in the form or substantially in the form set out in the Bond Trust Deed or in such other form as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Deferred Purchaser(s) and includes any replacements for Talons issued pursuant to the Conditions;

"Talonholders" means the several persons who are for the time being holders of the Talons;

"TARGET Settlement Day" means any day on which the TARGET2 is open for the settlement of payments in euro;

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System (**"Target 2"**) which utilises a single shared platform and which was launched on 19 November 2007;

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions will be construed accordingly;

"Tax Authority" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function, including HMRC;

"Tax Deed of Covenant" means the deed entered into on the Establishment Date by (among others) the relevant Obligors and the Obligor Security Trustee regulating certain tax related issues including, VAT tax grouping, tax de-grouping and Group Relief;

"Temporary Bearer Global Bond" means a temporary global Bond in the form or substantially in the form set out in the Bond Trust Deed together with the copy of the applicable Final Terms or Drawdown Prospectus annexed thereto with such modifications (if any) as may be required in any jurisdiction in which a particular Tranche of Bonds may be issued or sold from time to time or as otherwise agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and any relevant Dealer or Deferred Purchaser, comprising some or all of the Bearer Bonds of the same Tranche, issued by the Issuer pursuant to the Dealership Agreement, Deferred Bond Purchase Agreement or Deferred Settlement Agreement or any other agreement between the Issuer and the relevant Dealer or Deferred Purchaser relating to the Programme, the Agency Agreement and the Bond Trust Deed;

"Tenth Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to the Issuer Profit Amount;

"Test Date" means 31 March and 30 September in each year which falls within a Test Period or such other dates as may be agreed as a result of a change in the Accounting Reference Date (and associated change in the calculation of financial covenants in accordance with the Common Terms Agreement) relating to any Obligor and the Holdco Group;

"Test Period" means in respect of:

(A) the period prior to the Post Construction Review Effective Date:

  (i) the period of twelve (12) months ending on 31 March or 30 September in the then current year; and

  (ii) the period of twelve (12) months starting on 1 April or 1 October in the same year; and

(B) the period from and including the Post Construction Review Effective Date:

  (i) the period of twelve (12) months ending on 31 March or 30 September in the then current year;

  (ii) the period of twelve (12) months starting on 1 April or 1 October in the same year; and

(iii) either:

(a) each subsequent twelve (12) month period up to the Date Prior; or

(b) if the Test Date falls within the thirteen (13) month period immediately before the Date Prior, the twelve (12) month period from that Date Prior;

"Thames Water" means Thames Water Utilities Limited (Company Number 02366661) or the Incumbent Undertaker (as defined in the Licence) from time to time;

"Thames Water Works" means the design, construction and commissioning of the enabling works and works to facilitate the connection of the TTT to the Sewer Network carried out by Thames Water in accordance with the Preparatory Work Notice and the Delivery Documents;

"Third Facility Fee" means the ongoing facility fee payable by the Company to the Issuer equal to:

(A) before a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Pre-Acceleration Priority of Payments;

(B) after a Bond Acceleration Notice has been given, all amounts due and payable by the Issuer under the paragraph designated for these purposes in the Issuer Post-Acceleration Priority of Payments; and

(C) at any time after a Discontinuation has occurred, all amounts due and payable under the paragraph designated for these purposes in the Issuer Post-Discontinuation Priority of Payments,

as applicable and as the context may so require;

"Threshold Outturn" means the amount specified in the Licence for the "Threshold Outturn" stated in 2014/15 prices (or such other amount as shall be agreed by Ofwat, the Secretary of State, the Company and Thames Water from time to time);

"Total Compensation Amount" means an amount equal to the sum of:

(A) the Discontinuation Date Adjusted RCV; and

(B) any Breakage Costs;

"Tranche" means, with respect to any Bonds, those Bonds which are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, Indexation Commencement Dates and/or Issue Price, such Tranche comprising one or more Tranches of Bonds, provided that: (i) for so long as any Tranche would (apart from this proviso) include Deferred Purchase Bonds which are held by the Issuer such Deferred Purchase Bonds will constitute a separate Tranche; and/or (ii) any Deferred Settlement Bonds which have not yet been issued but when issued would be identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Price shall be deemed to be a separate Tranche;

"Transaction Documents" means the Finance Documents, the Bond Documents, the PP Note Documents, the TTT Documents and the GSP Documents;

"Transfer Agent" means, in relation to all or any relevant Registered Bonds, the several institutions at their respective specified offices initially appointed as transfer agents in relation to such Bonds by the Issuer pursuant to the relative Agency Agreement and/or, if applicable, any Successor transfer agents at their respective specified offices in relation to all or any Registered Bonds;

"Transfer Scheme" means a transfer scheme in accordance with the Licence or the Modified WIA;

"Treasury Transaction" means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index linked agreement, interest rate or currency future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap, inflation swap, commodity swap, or combined similar agreement or any derivative transaction protecting against or benefiting from fluctuations in any rate or price;

"TTT Documents" has the meaning given to it in Appendix 4 to the Licence;

"U.S." or **"United States"** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"U.S. Dollar", **"USD"** or **"$"** means the lawful currency for the time being of the United States of America;

"UK" means the UK of Great Britain and Northern Ireland;

"UK Corporate Governance Code" means the governance code published by the Financial Reporting Council in September 2014;

"UK CRA Regulation" means Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 on credit rating agencies;

"Unrestricted Chargor" means Holdco and any Additional Chargor that accedes to the Security Agreement as an Unrestricted Chargor;

"Unrestricted Secured Liabilities" means all present and future obligations and liabilities whether actual or contingent and (whether owed jointly or severally or in any other capacity whatsoever) of any Unrestricted Chargor to any Obligor Creditor under each Finance Document to which that Unrestricted Chargor is a party;

"Unsuitable Person" means a person who:

(A) is engaged with or has substantial interests in:

(i) gambling or gaming;

(ii) the manufacture or sale of arms and weapons;

(iii) the production or sale of alcohol; and/or

(iv) the production or sale of tobacco;

(v) sex trade and related infrastructure;

(vi) animal testing; and/or

(vii) projects in protected areas, critical habitats and heritage sites, without adequate compensation or mitigation;

(B)

(i) has, or has a member of its management body who has, been convicted of a Criminal Offence; or

(ii) as far as the Company is aware, has had, or has a member of its management body who has had, a genuine allegation or complaint with regard to a Criminal Offence made against it, in each case which, in the sole discretion of the EIB, is sufficiently material and grounded that it would have an adverse effect on the reputation of the EIB,

in each case relating to the conduct of its business or profession;

(C) so far as the Company is aware, has committed an act of grave misconduct in the course of its business or profession;

(D) has failed to comply with material obligations relating to the payment of Tax or social security contributions;

(E) has made serious misrepresentations in the procurement process for a material contract; and/or

(F) does not satisfy any requirement of the Licence and/or condition imposed by Ofwat and/or under the Water Industry Act 1991 and any related regulations;

"Utilisation" means a loan under an Authorised Credit Facility or a Letter of Credit;

"U.S. Person" means a "U.S. person" as such term is defined under Regulation S;

"UWWTD" means the European Urban Waste Water Treatment Directive 91/271/EEC;

"VAT" (a) where an agreement (including a Finance Document) contains a definition of VAT, has the meaning given thereto in such agreement; and (b) in any other case, means value added tax as imposed by VATA and legislation and regulations supplemental thereto and includes any other tax of a similar fiscal nature whether imposed in the UK (instead of, or in addition to, value added tax) or elsewhere from time to time;

"VATA" means the Value Added Tax Act 1994;

"Voted Qualifying Obligor Secured Liabilities" means the Outstanding Principal Amount (in the case of Bonds, for the time being outstanding) actually voted thereon by the Qualifying Obligor Secured Creditors;

"Voting Matter" means any matter (other than a STID Decision Matter) which is required to be approved by the Bondholders including, without limitation:

(A) any Entrenched Right STID Proposal;

(B) any matter which requires confirmation of the relevant Secured Creditor Representative that the requisite majority of the relevant Authorised Credit Provider(s) party to the relevant Authorised Credit Facility agrees to any amendment, modification or waiver to any Finance Document to which the Obligor Security Trustee is a party (other than a Common Document) proposed pursuant to and in accordance with the STID;

(C) any other directions required or entitled to be given by Bondholders pursuant to the Issuer Transaction Documents (including, without limitation, with respect to any modification, consent or waiver to be granted with respect thereto including pursuant to the Bond Trust Deed); and

(D) any other matter which requires the approval of or consent of the Bondholders;

"Voting Notice" means the notice to be sent by the Issuer to the relevant Bondholders in accordance with Condition 17 (*Notices*), if the Issuer or the Bond Trustee requests that a Voting Matter be considered by the relevant Bondholders in accordance with the provisions of the Bond Trust Deed;

"WACC" means the weighted average cost of capital;

"WIA" means the United Kingdom Water Industry Act 1991, as amended or replaced from time to time.

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