

Prospectus dated: 16 June 2023



ARQIVA FINANCING PLC

(incorporated with limited liability in England and Wales with registered number 8336354)

(Legal Identity Identifier: 213800HHECW72RW2QH41)

£5,000,000,000 Multicurrency programme for the issuance of Notes

Under the multicurrency programme described in this Prospectus (the "**Prospectus**"), Arqiva Financing plc (the "**Issuer**") subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (the "**Programme**").

Application has been made to the Financial Conduct Authority (the "**FCA**") under Part VI of the Financial Services and Markets Act 2000 (as amended "**FSMA**") for Notes issued under the Programme during the period of 12 months after 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 such Notes to be admitted to trading on the London Stock Exchange's main market (the "**Market**").

References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK MiFIR**").

This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the Obligors or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes will be obligations of the Issuer only. They will not be obligations or responsibilities of, or guaranteed by, any of the other parties to the transactions described in this Prospectus and any suggestion otherwise, express or implied, is expressly excluded.

The Notes may be issued, on a continuing basis, to one or more of the Dealers specified under "*Some Characteristics of the Note Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes 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 Notes or to procure subscriptions for such Notes, as the case may be.

The requirement to publish a prospectus under the UK Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the United Kingdom (the "**UK**") and/or offered to the public in the UK other than in circumstances where an exemption is available under Article 3 of the UK Prospectus Regulation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined herein) of Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to the FCA and, where listed the London Stock Exchange.

Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on the Market.

Notes issued under the Programme have not been, and will not be, registered under the U.S. 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 may include Bearer Notes that are subject to U.S. tax law requirements. Additionally, the Issuer has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Notes may not be offered, sold or, in the case of the Bearer Notes, delivered within the United States to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from, or not subject to, the registration

requirements of the Securities Act The Notes may be offered and sold or, in the case of the Bearer Notes, delivered only to non-U.S. persons (as defined in Regulation S) in offshore transactions in reliance upon Regulation S. Investors in the Notes will be deemed to have made or be required to make certain representations and warranties in connection with a purchase of the Notes. For a description of certain restrictions on resales and transfers, as to which each purchaser of Notes will be deemed to have acknowledged, represented and agreed, see “*Subscription and Sale*” and “*Transfer Restrictions*” in this Prospectus.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new prospectus, in the case of listed Notes only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Notes will be issued in book-entry form only and will be eligible for clearance through the facilities of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”).

An investment in Notes issued under the Programme involves certain risks. Please see “*Risk Factors*” beginning on page 54.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**SEC**”), any federal or state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. The Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act of 1936, as amended, (“**CEA**”) and trading in the Notes has not been approved by the Commodity Futures Trading Commission (the “**CFTC**”) pursuant to the CEA.

Any representation to the contrary is a criminal offence in the United States.

The Notes to be issued under the Programme are expected on issue to be assigned a “BBB+” rating by S&P Global Ratings UK Limited (“**S&P**”) and a “BBB” rating by Fitch Ratings Ltd (“**Fitch**”) and together with S&P, the “**Rating Agencies**”). Each Rating Agency is established in the UK and registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”) and appear on the FCA’s Financial Services Register. The rating S&P and Fitch have given to the Notes to be issued under the Programme are respectively endorsed by S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited, which are established in the European Economic Area (the “**EEA**”) and registered under Regulation (EC) No 1060/2009 (the “**EU CRA Regulation**”) and appear on the list of registered credit rating agencies of the European Securities and Markets Authority. Notes issued under the Programme may be rated or unrated by any one or more of the Rating Agencies. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to “*Credit ratings may not reflect all risks relating to the Notes*” in the *Risk Factors* section of this Prospectus.

Amounts payable on Floating Rate Notes will be calculated by reference to one of SONIA or EURIBOR, as specified in the relevant Final Terms. As at the date of this Prospectus, the administrator of EURIBOR, being the European Money Markets Institute (the “**EMMI**”) is included in the FCA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”) as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”).

As at the date of this Prospectus, the administrator of SONIA, being the Bank of England is not included in the register of administrators established and maintained by the FCA pursuant to Article 36 of the UK 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 is not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence).

Arrangers

HSBC

Lloyds Bank Corporate Markets

Dealers

HSBC

Lloyds Bank Corporate Markets

Santander Corporate & Investment Banking

Scotiabank

The date of this Prospectus is 16 June 2023

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

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other terms and conditions not contained herein, which are applicable to each Tranche of Notes will be set forth in the relevant Final Terms or in a Drawdown Prospectus (see "*Final Terms and Drawdown Prospectuses*" below). In the case of a Tranche of Notes 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 Notes to be admitted to the Official List and to trading on the Market, the Final Terms will be delivered to the FCA and the London Stock Exchange on or before the relevant date of issue of the Notes of such Tranche. The Issuer may also issue unlisted Notes. The Issuer may agree with any Dealer and the Note Trustee that Notes may be issued in a form not contemplated by the Conditions herein, in which event (in the case of Notes admitted to the Official List only) a supplementary prospectus or further prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Notes issued under the Programme will be issued in one or more series (each a "**Series**") on each Issue Date. Each Series of Notes will pertain to, among other things, the currency, interest rate and maturity date of the relevant Notes and can be issued in one or more tranches (each a "**Tranche**"), the specific terms of each Tranche being identical in all respects, save for the issue dates, interest commencement dates and/or issue prices, to the terms of the other Tranches of such Series. Each Note may be zero-coupon, fixed rate, floating rate or index-linked and may be denominated in sterling, euro or U.S. dollars (or in other currencies subject to compliance with applicable laws).

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

In the case of any Notes which are to be admitted to trading on a regulated market within the UK or the EEA or offered to the public in the UK or a member state of the EEA in circumstances which require the publication of a prospectus under the UK Prospectus Regulation or the Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"), the minimum denomination shall be €100,000 or not less than the equivalent of €100,000 in any other currency as at the date of issue of the Notes. Notes may be issued in such denomination and higher integral multiples of a smaller amount specified in the relevant Final Terms.

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

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

IMPORTANT NOTICES

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Obligors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct or that there has been no adverse change in the financial position of the Issuer or the Obligors as of any time subsequent to the date indicated in the document containing the same. None of the Arrangers, the Dealers, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee or the other parties undertakes to review the financial condition or affairs of any of the Issuer or the Obligors during the life of the Programme or to advise any investor in the Notes of any information coming to their attention and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Obligors or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. 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 of the Obligors or other members of the Senior Financing Group, the Arrangers, any Dealer, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee or any of the other parties that any recipient of this Prospectus should purchase any of the Notes.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA or the UK will be made pursuant to an exemption under the EU Prospectus Regulation, the UK Prospectus Regulation and the FSMA, respectively, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in any Member State of the EEA or the UK of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to the EU Prospectus Regulation, the UK Prospectus Regulation or the FSMA (as applicable), in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

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

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus, any supplemental prospectus or any applicable Final Terms;
- has access to, knowledge of and appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes 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;
- understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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.

In connection with the issue of any Tranche of Notes, the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes 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 Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising 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.

All references herein to “pounds”, “sterling” or “£” are to the lawful currency of the UK, all references herein to “U.S. dollars”, “U.S.\$”, “\$” and “dollars” are to the lawful currency of the United States of America and all references herein to “euro” or “€” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended from time to time.

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

PROHIBITION OF SALE TO EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT - UK RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

UK MiFIR product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to 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 Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

RESPONSIBILITY STATEMENTS

This Prospectus comprises a base prospectus for the purposes of UK Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealers, as the case may be.

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Prospectus in connection with the Issuer, the Obligors, the other members of the Senior Financing Group or the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Obligors, the other members of the Senior Financing Group, the Arrangers, the Dealers, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee or any Other Party. Neither the delivery of this Prospectus nor any offering or sale of Notes 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, the Obligors or any other members of the Senior Financing 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 or any Dealer to subscribe for, or purchase, any of the Notes.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Other Parties as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer for the information contained in this Prospectus. Each person receiving this Prospectus acknowledges that such person has not relied on the Arrangers, any Dealer, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee or any Other Party nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the Obligors, any other members of the Senior Financing Group, the Arrangers, the Dealers, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee or the members of the Senior Group (other than the Obligors) (each as defined below and, together, the “Other Parties”) the Other Parties accepts responsibility to investors for the regulatory treatment of their investment in the Notes

(including (but not limited to) whether any transaction or transactions pursuant to which Notes are issued from time to time is or will be regarded as constituting a “securitisation” for the purposes of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the “**Securitisation Regulation**”); and (ii) Regulation (EU) 2017/2042 as it forms part of domestic law of the UK by virtue of EUWA) (the “**UK Securitisation Regulation**”) or by any regulatory authority in any jurisdiction. If the regulatory treatment of an investment in the Notes 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 – Issuer and Note Considerations – Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*” section of this Prospectus for further information.

SUPPLEMENTARY PROSPECTUS

The Issuer has undertaken, in connection with the admission of the Notes to the Official List and to trading on the Market, that, if there shall occur any significant new factor, mistake or material inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Obligors, and the rights attaching to the Notes, 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 Notes and will supply to the Arrangers, each Dealer and the Note Trustee a copy or, in the case of the Note Trustee, two copies of such supplement hereto or replacement prospectus. 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 Notes) the Registrar and the Transfer Agent.

The Issuer and each of the Obligors have undertaken to the Dealers in the Programme Agreement to comply with Article 23 of the UK Prospectus Regulation (as set out in “*Subscription and Sale*”).

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, a new prospectus will be prepared.

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation, 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 Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the FCA and Article 23 of the UK Prospectus Regulation.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In relation to the different types of Notes which may be issued under the Programme, the Issuer has endeavoured to include in this Prospectus all of the necessary information except for information relating to the Notes 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 Notes.

Any information relating to the Notes which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. For a Tranche of Notes which is the subject of Final

Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Prospectus and must be read in conjunction with this Prospectus.

The Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus are the terms and conditions applicable to any particular Tranche of Notes 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 Notes.

FORWARD-LOOKING STATEMENTS

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

The risks and uncertainties referred to above include:

- the level of demand for the Group’s infrastructure or services;
- actions or decisions by governmental and regulatory bodies, or changes in the regulatory framework in which the Group operates, which may impact the ability of the Group to carry on its businesses;
- changes or advances in technology, and availability of resources such as spectrum, necessary to use new or existing technology, or customer and consumer preferences regarding technology;
- a breach or another critical disruption in the Group’s technical or information infrastructure;
- the ability of the Group to develop, expand and maintain its broadcast and telecommunications infrastructure;
- the ability of the Group to create products which are competitive or accepted by customers;
- the ability of the Group to successfully deliver its significant contracts within budget or at all;
- the ability of the Group to realise its orderbook;
- the Group’s dependency on a limited number of key customers for a large percentage of its revenue;
- the creditworthiness and financial strength of the Group’s key customers;
- the ability of the Group to provide uninterrupted or quality services;
- the ability of the Group to effectively manage demand for its leased satellite transmission capacity;
- the Group’s reliance on third parties for key equipment, technology, site access and services;
- the failure of the Group to attract and retain high-quality personnel;
- work stoppages and other labour matters;
- natural disasters and other unforeseen events;

- the performance of the markets in the UK, the EU and the wider region in which the Group operates;
- the ability of the Group to comply with environmental and health, data protection, anti-money laundering, anti-bribery and sanctions regulations;
- the ability of the Group to deliver on its cost savings programme;
- factors outside the Group's control, including inclement weather and the outbreak of contagious disease;
- the Group's pensions commitments;
- the Group's potential liability for distributing content broadcast by its customers over its network;
- regulatory prohibition or limitation on the disposal of certain of the Group's central assets;
- tax losses, a portion of which may not be available in certain circumstances; and
- the Group's future revenues, capital expenditure and working capital.

Any forward looking statements contained in this Prospectus speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer and the Obligors expressly disclaim any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The financial information presented and discussed in this Prospectus has, unless otherwise indicated, been extracted from the audited consolidated financial statements of Arqiva Group Parent Limited as at and for each of the years ended 30 June 2021 (including unaudited comparative financial information as at and for the year ended 30 June 2020) and 30 June 2022 (including unaudited comparative financial information as at and for the year ended 30 June 2021) (together, the "**Financial Statements**"), prepared and presented in accordance with International Financial Reporting Standards as adopted by the UK ("**IFRS**") and presented in pounds sterling. The Financial Statements, the notes thereto and the respective independent auditor's reports are incorporated by reference in this Prospectus.

The audited consolidated financial statements as at and for each of the years ended 30 June 2021 and 2022 have been audited by PricewaterhouseCoopers LLP, the independent auditor of Arqiva Group Parent Limited.

The preparation of financial information in conformity with UK adopted IFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of management judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in Note 4 to the Financial Statements, included elsewhere in this Prospectus.

The financial information set forth in this Prospectus has been subjected to rounding adjustments for ease of presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row. Percentage figures included in this Prospectus have not been calculated on the basis of rounded figures but have been calculated on the basis of such amounts prior to rounding.

Prospective Noteholders should read the financial statements of the Group and the notes to the financial statements incorporated by reference in this Prospectus.

The financial information of Arqiva Group Parent Limited, which is not a guarantor of the Notes (but is an Obligor under the Obligor Transaction Documents), has been included in this Prospectus because the Group prepares its consolidated accounts at the Parent level and the Group believes this, together with the unconsolidated Issuer accounts, provides the most comprehensive view of the Group's operating performance. The unconsolidated Issuer accounts for the years ended 30 June 2021 and 2022 are incorporated by reference in this Prospectus.

In addition to the financial information of Arqiva Group Parent Limited, financial information of the Borrower, Arqiva Limited and Arqiva Muxco Limited, has also been included in this Prospectus because:

- these entities are members of the Senior Financing Group, and Obligors in respect of the Issuer/Borrower Facilities Agreement;
- in the case of Arqiva Limited and Arqiva Muxco Limited, such entities are core operating subsidiaries of the Senior Financing Group; and
- in the case of the Borrower, since the Borrower is the entity which initially incurs each of the Obligor Secured Liabilities, such liabilities are shown in its accounts, showing the impact of the Senior Debt on an unconsolidated basis (for accounting reasons, such liabilities do not appear in the financial information of Arqiva Limited and Arqiva Muxco Limited (notwithstanding their primary payment obligations as Obligors in respect of the same)) The Arqiva Group Parent Limited financial information shows the liabilities of the Group but on a consolidated basis (which would include not only liabilities in respect of the Obligor Secured Liabilities, but also any other liabilities which the Senior Financing Group has on a consolidated basis). Given the limited operating activities of the Borrower, the inclusion of the Borrower's financial information shows the impact of the Obligor Secured Liabilities on an isolated basis.

Notwithstanding the inclusion of the financial statements for Arqiva Group Parent Limited, the Borrower, Arqiva Limited and Arqiva Muxco Limited in this Prospectus, none of these entities is an issuer, guarantor or an obligor of the Notes and holders of the Notes will not have any recourse to these entities should the Issuer fail. As noted above in section *Responsibility Statements*, the Issuer is the only entity with responsibility under the Prospectus.

Non-IFRS Financial Measures

This Prospectus contains certain non-IFRS measures and ratios, including EBITDA, EBITDA margin, net cash inflow from operating activities, maintenance capital expenditure and growth capital expenditure (contracted and non-contracted), which are not required by, nor presented in accordance with IFRS. For a reconciliation of these measures, see "*Summary Historical Consolidated Financial and Other Information*"

The Group presents these non-IFRS measures because the Group believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. Non-IFRS measures such as EBITDA, EBITDA margin, net cash inflow from operating activities, maintenance capital expenditure and growth capital expenditure (contracted and non-contracted) are not measurements of the Group's performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, investors should not consider EBITDA, EBITDA margin, operating cash flow after capital and financial investment activities, maintenance capital expenditure and growth capital expenditure (contracted and non-contracted) as an alternative to (a) operating profit or profit for the period

(as determined in accordance with IFRS) as a measure of the Group's operating performance, (b) cash flows from operating, investing and financing activities as a measure of the Group's ability to meet its cash needs or (c) any other measures of performance under generally accepted accounting principles.

These non-IFRS measures have limitations as analytical tools, and investors should not consider them in isolation, or as a substitute for an analysis of the Group's results as reported under IFRS.

"EBITDA", as used in this Prospectus, is defined as operating profit (taken from the Group's consolidated income statement data) before depreciation and amortisation, exceptional operating expenses and one-off items where the earnings or charges are not considered to be indicative of the Group's on-going operations, e.g. profit or loss on the disposal of non-current assets.

"EBITDA margin", as used in this Prospectus, is defined as EBITDA divided by group revenue. EBITDA and EBITDA margin do not reflect and are not adjusted for:

- the significant interest expense, or the cash requirements necessary, to service interest or principal payments on the Group's debts;
- any cash or non cash corporation taxes that the Group may incur;
- certain non-cash income and expense items that are reflected in the Group's profit and loss statement such as depreciation and amortisation; and
- the impact of earnings or charges resulting from certain matters the Group considers not to be indicative of its ongoing operations.

"Net cash inflow from operating activities", as used in this Prospectus, is defined as EBITDA before exceptionals, working capital and certain other items.

"Maintenance capital expenditure", as used in this Prospectus, is defined as expenditure that is incurred to deliver cost-savings, productivity enhancements, to extend the useful life of existing non-current assets, or replace worn out and obsolete non-current assets with new ones in order to support existing contracts.

"Growth capital expenditure – contracted", as used in this Prospectus, is defined as capital expenditure that is incurred to deliver new or renewal revenues and which is supported by a signed customer contract.

"Growth capital expenditure – non-contracted", as used in this Prospectus, is defined as capital expenditure that is incurred to deliver revenues and which is supported by a business case but on which there is no signed customer contract at the time at which expenditure is incurred and reported.

Other companies in the Group's industry may calculate EBITDA, EBITDA margin, net cash inflow from operating activities, maintenance capital expenditure and growth capital expenditure (contracted and non-contracted) differently from the manner that the Group does, limiting its usefulness as a comparative measure.

Certain Definitions

In this Prospectus, the **"Senior Group"** means the Senior Financing Group, the Issuer and FinCo and the **"Group"** means Arqiva Group Limited and its subsidiaries, the Parent, the Intermediate Parent, the Borrower and all of the Borrower's direct and indirect subsidiaries (but excluding, for the avoidance of doubt, the Issuer and FinCo).

In this Prospectus, all references to management, directors and executive officers refer to the management, directors and executive officers of Arqiva Group Limited.

A reference to the **"Current Shareholders"** is a reference to the persons who as at the date of this Prospectus are the legal owners of the entire issued share capital of Arqiva Group Limited, being D9

Wireless OpCo 2 Limited (48.022%), MEIF II Luxembourg Communications S.à r.l. (25.01%), Macquarie Global Infrastructure Funds 2 S.à r.l. (0.716%) Macquarie Prism Proprietary Limited (0.814%), Conyers Trust Company (Cayman) Limited in its capacity as trustee of the IFM Global Infrastructure Fund (14.843%), Health Super Investments Pty Limited in its capacity as Trustee of FSS Infrastructure Trust (5.428%) and Motor Trades Association of Australia Superannuation Fund Pty Limited in its capacity as trustee for Spirit Super (5.167%). All percentages included in this paragraph are references to the percentage of the equity share capital held in Arqiva Group Limited as at the date of this Prospectus.

Historical and Current Market and Industry Data

This Prospectus includes market share and industry data, which the Senior Group obtained from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data has been derived and extrapolated from information from the following sources:

- BBC;
- Broadcasters Audience Research Board (“**BARB**”);
- Freeview;
- Ipsos;
- National Infrastructure Commission;
- the Office of Communications (“**Ofcom**”), including the “Connected Nations Report 2018”, the “Communications Market Report 2018” and the “Digital Radio Report”;
- the Office for National Statistics (“**ONS**”);
- Radiocentre;
- Radio Joint Audience Research (“**RAJAR**”);
- Thinkbox;
- TV Licensing;
- Virgin Media; and
- WorldDAB.

This Prospectus contains certain public sector information licensed under the Open Government Licence v3.0.

The Senior Group confirms that the information from the above sources has been accurately reproduced and that as far as the Senior Group is aware no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified. None of the third party sources has made any representation, express or implied, and has not accepted any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus, and none of the third parties used as a source nor any of their affiliates, subsidiary companies, shareholders, directors or any of their relatives holds any shareholding or interest whatsoever in the Senior Group.

These third-party sources generally state that the information they contain has been obtained from sources believed to be reliable. However, these third-party sources also state that the accuracy and completeness

of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Senior Group does not have access to all of the facts and assumptions underlying such market data, statistical information and economic indicators contained in these third-party sources, the Senior Group is unable to verify such information and cannot guarantee its accuracy or completeness. Similarly, internal surveys, industry forecasts and market research have not been independently verified. The Senior Group believes that these internal surveys, industry forecasts and market research, to the extent quoted or referred to herein, are reliable, but the Senior Group has not independently verified them and cannot guarantee their accuracy or completeness. The Senior Group accepts responsibility for accurately summarising the information from these external sources, but accepts no further responsibility in respect of such information.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations thereof but on information and statements reflecting the Senior Group's best estimates based upon information obtained from trade and business organisations and associations, consultants and other contacts within the industries in which the Group competes, as well as information published by the Senior Group's competitors. Such information is based on the following: (i) in respect of the Senior Group's market position, information obtained from trade and business organisations and associations and other contacts within the industries in which the Senior Group competes and (ii) in respect of industry trends, the Senior Group's senior management team's business experience and experience in the industry and the markets in which the Senior Group operate. The Senior Group cannot assure you that any of the assumptions that it has made in compiling this data are accurate or correctly reflect the Senior Group's position in its markets.

Orderbook

The Group has also included in this Prospectus certain information regarding its orderbook. "**Orderbook**" reflects management's estimates of the Group's potential future revenue to be derived from awarded contracts and reflects nominal values which have not been adjusted to represent net present values. The Group believes that such information is reliable and based upon reasonable assumptions, but this information has not been independently verified. The Group has made a number of assumptions in compiling such information, including the following: (1) in respect of inflation, an adjustment based on the Retail Price Index ("**RPI**") or the Consumer Price Index ("**CPI**") has been applied to revenue under each long-term contract where appropriate; (2) in respect of contract duration, (i) for contracts in the Broadcast & Media and Smart Utility Networks ("**SUN**") division, the full contract term has been applied and no early termination has been assumed, and (ii) for contracts in the Digital Platforms division, the Group has assumed that the contract will be terminated at the first break-clause, (3) in respect of pass-through cost clauses, for contracts in the Broadcast & Media division, electricity pass-through revenues are included within the contracted revenue.

Orderbook is derived from management estimates, is not part of the Group's consolidated financial information or financial accounting records and has not been audited or otherwise reviewed by independent auditors, consultants or experts. The Group's use or computation of this term may not be comparable to the use or computation of a similarly titled measure reported by other companies in the broadcast, media or communications industry. This term should not be considered in isolation or as an alternative measure of performance. The Group cannot assure that these assumptions will be correct and undue reliance should not be placed on such information. See also "*Forward Looking Statements*" for a discussion of the risks related to forward-looking statements.

GLOSSARY OF TECHNICAL TERMS

2G	Second generation mobile technology.
3G	Third generation mobile technology.
4G	Fourth generation mobile technology.
5G	Fifth generation mobile technology.
Active licensed site	Any wireless site with at least one wireless sharer, and sites which the Group has a contractual right to assign now or in the future.
AIP	Administered Incentive Pricing, a type of spectrum fee to encourage efficient use of spectrum capacity which Ofcom can consider imposing in relation to spectrum licences.
BARB	Broadcasters Audience Research Board, a third-party research institution.
BECTU	Broadcasting, Entertainment, Communications and Theatre Union.
Churn	The number of disconnections by MNO service subscribers during a period divided by the average number of subscribers during the same period.
CMA	The Competition and Markets Authority, an independent UK regulatory body that investigates and monitors mergers and market competition, and performs certain oversight functions with regard to major regulated industries (preceded by the Competition Commission).
D1	Digital One Limited, a national commercial digital radio Multiplex owned by the Group.
DAB	Digital audio broadcast.
Digital Radio Switchover or DRS	The shift from existing analogue radio services to DAB.
Digital UK	A non-profit organisation that facilitates Freeview use, owned by the BBC, ITV, Channel 4 and Channel 5 – rebranded as Everyone TV since January 2023.
DTH	Direct-to-home.
DTT	Digital terrestrial television.
ECN	Electronic communications network.
FTA	Free-to-air.
GHz	Gigahertz.
HD	High definition.
IoT	Internet-of-Things.
IP	Internet protocol.
IPTV	Internet protocol television.
IT	Information technology.
ITU	International Telecommunication Union.

JV	Joint venture.
M2M	Machine to machine.
Marketable site	Any wireless site which hosts sharers or could host a new wireless sharer; includes active licensed sites which are marketable.
MB	Megabytes.
Mbps	Megabits per second.
MNOs	Mobile network operators.
MPEG	Moving Picture Experts Group, a standard for video compression.
MTS	Managed transmission services, a managed service offered to broadcasters involving transmission services provided from terrestrial broadcast sites.
Multiplexes	A licence or authorisation to provide a group of DTT or digital radio channels on a specified frequency band.
NA	Network access, wholesale access to terrestrial broadcast sites, supplied to an MTS Provider in order to enable the provision of Transmission Services to a broadcaster.
Ofcom	The Office of Communications in the UK, the primary UK telecommunications and broadcasting regulatory body.
OTA-BTS	The Office of the Adjudicator – Broadcast Transmission Services, the independent figure appointed by Ofcom in accordance with the Undertakings with the responsibility to address any dispute raised by any customers regarding effective operation of the Undertakings.
PoP	Point of presence.
PSB	Public service broadcaster.
RPI	The UK Retail Price Index as published by the UK Office for National Statistics.
SD	Standard definition.
SIM	Subscriber identity module.
SLA	Service level agreement.
SLC	Substantial lessening of competition.
Smart metering	A national government-led project, directed by the Department of Energy and Climate Change, expected to allow telecommunications monitoring of domestic utility meters.
UHD	Ultra-high definition.
UHF	Ultra high frequency.
Undertakings	Undertakings required of the Group as provided to the UK Competition Commission.
WACC	Weighted Average Cost of Capital.

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OVERVIEW OF THE BUSINESS AND THE TRANSACTION

The following does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the Conditions of any particular Tranche of Notes, the applicable Final Terms. The overview should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Prospectus or incorporated by reference in this Prospectus, including the consolidated financial statements. The Prospectus should be read carefully to understand the business, the nature and terms of the Notes and the tax and other considerations which are important to the decision to invest in the Notes, including, without limitation, the risks discussed under "Risk Factors". In addition, certain statements in this overview include forward-looking information that involves risks and uncertainties.

Business Overview

The Group is the UK's pre-eminent national provider of television and radio broadcast infrastructure and provides end-to-end connectivity solutions in the media and utility industries. The Group is also a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels available for UK DTH satellite broadcast. The Group has been an early and leading participant in the development of smart utility infrastructure in the UK through its smart water and energy metering services and provides satellite connectivity services for electricity networks. The Group's unique asset base enables it to generate revenues underpinned by long-term inflation-linked contracts, as demonstrated by a strong orderbook of £3.2 billion as at 30 June 2022, with significant revenue visibility. Approximately 90% of the Group's actual revenues realised in the year ended 30 June 2022 were already contracted as at 30 June 2021.

The Group operates through two main commercial functions Broadcast & Media and Smart Utility Networks.

In this Prospectus, market share metrics are the Group's estimates.

The Group's Broadcast & Media revenue function is comprised of Terrestrial Broadcast TV (DTT) and Radio, Digital Platforms DTT Multiplex, UK Direct-to-Home satellite ("DTH") and Global Media segments. The Group's second revenue function, Smart Utility Networks, is comprised of its smart metering business and satellite data communications segments.

- The Group benefits from a regulated position as the sole UK national provider of transmission services for digital terrestrial television ("DTT") broadcasting, the most used TV platform for the consumption of linear and live content in television homes across the UK. The Group operates all television transmission sites used for DTT broadcasting in the UK, with over 1,450 broadcast transmission sites of which 1,150 are television transmission sites, covering 98.5% of the UK population. Through its Digital Platforms division, the Group is also the UK market leader for the provision of access to the DTT platform for broadcast channels, operating the license for two (of six) DTT Multiplexes used for transmission of DTT services in the UK. The Group's DTT Multiplexes have 32 streams carrying 36 channels including full time 24/7 TV channels in addition to part time and radio services as at 30 June 2022, enabling leading broadcasters such as Sky, Warner Bros, Discovery, UKTV to deliver broadcasting content using its channel capacity. Since 2021, the Group has won 66% of the DTT channels that come to market, and 90% of UK's DTH HD channels. DTT, through the subscription-free platform, Freeview, enables the public service broadcasters ("PSBs") to meet the obligation under their licences to extend coverage to 98.5% of the UK population While consumer preference indicates rising use of "over the top" (OTT) services, popularly known as streaming services, free to air ("FTA") television retains majority share of live video viewing in the UK as per published TV viewing data. The near-universal coverage of DTT combined with both

affordability and broadband coverage constraints suggest that the future is likely to remain a hybrid of FTA TV, Pay-TV & OTT with a substantial share of viewing driven by FTA TV.

The Group also benefits from its regulated position as the only UK national provider of radio broadcast transmission services with a 100% national market share, covering both analogue and digital services through Digital Audio Broadcast (“**DAB**”). The Group had radio network infrastructure comprising approximately 1,700 analogue transmitters and 1,020 DAB transmitters on 714 radio sites providing coverage of up to 99% of the UK population as at 30 June 2022. The Group is also the operator of the two (of two) national commercial digital radio multiplexes (including through JVs) and held 25 of the UK’s 59 local DAB radio licences as at 30 June 2022. Further, the Group is the service provider for the BBC national digital radio Multiplex. The Group intends to support its customers and the industry by continuing to develop digital DAB radio as an attractive medium for listeners and planning for the expected eventual phase-out of analogue (AM closure is expected to be phased over time and completed before 2030 while there have been Government statements of support for no FM switch-off before 2030), and positioning DAB as the default replacement network for analogue services.

The Group’s UK DTH satellite and global media business is a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels uplinked for DTH satellite broadcast. The Group provides services to 25% of fully managed channels for UK DTH as at 30 June 2022. The Group operates more than 80 uplink dishes in five teleports (ground stations that act as a hub to connect a satellite network to a terrestrial telecommunications network), accessing more than 25 satellites and delivering media content to five continents. The Group also procures third party ground-based teleport services where a line of sight to a satellite cannot be achieved from its UK assets. This infrastructure enables the Group to provide customers with a comprehensive range of services to deliver their data, broadcast content and media services internationally. In addition, the Group provides encryption, multiplexing, uplinking and satellite space to channel operators through its global media distribution offering. The Group also provides video-on-demand, streaming, metadata management and other OTT and cloud-based services. The Group also provides network connectivity capabilities at over 300 key media and broadcast locations delivering content in the UK through its own optical and IP enabled networks and to the five continents around the world through leased access to a third party global fibre network.

- *Smart Utility Networks* –The Group has invested in building machine-to-machine (“**M2M**”) networks, which support major energy metering contracts spanning 15 years and covering more than 10 million premises as at 30 June 2022, of which over 2 million have been installed by Arqiva through the Communications Service Provider (North) (“**CSPN**”) contract with the DCC.

With the adoption of Advanced Metering Infrastructure (“**AMI**”) by major water companies in the UK due to regulatory and societal pressures on reducing customer-end leakage and domestic consumption, the Group has secured 93% of the addressable AMI market. As at December 2022, it had installed 1,283,000 AMI meters installed for Thames Water, Anglian Water and Northumbrian Water, and had commenced trials for a water company in the Midlands and SES. The Group is the market leading provider of AMI metering networks at scale. The Group also offers satellite data communications for electricity distribution networks, and satellite data connectivity services to electricity and grid networks at major sites.

The Group continuously reviews its business to ensure it focuses on core areas that are important to its customers.

Despite a decrease in revenue over the past two years with revenue of £618.4 million and £598.2 million for the years ended 30 June 2021 and 2022, respectively, the Group has demonstrated EBITDA growth

over the past two years with EBITDA of £331.8 million and £339.8 million, for the years ended 30 June 2021 and 2022, respectively.

Transaction Overview

This Prospectus relates to the issue of Notes by the Issuer under the Programme from time to time as part of the Senior Financing described below involving the Senior Financing Group and the Issuer.

In addition to the Senior Financing, other subsidiaries of Arqiva Group Limited outside the Senior Financing Group have entered into the Junior Financing and the Shareholder Loan Notes referred to below.

Senior Financing

The entry into by the Borrower (as defined below) of certain Borrower Facilities (as defined below) and the related transactions is the “**Senior Financing**”.

Senior Financing Group

The relevant group companies for the purposes of the Senior Financing (the “**Senior Financing Group**”) comprise a ring-fenced group consisting of a holding company of AF No 1 named Arqiva Group Intermediate Limited (the “**Intermediate Parent**”), a holding company of the Intermediate Parent named Arqiva Group Parent Limited (the “**Parent**”), Arqiva Financing No 1 Limited (“**AF No 1**” and the “**Borrower**”) and all of the Borrower’s direct and indirect subsidiaries, including Arqiva Group Holdings Limited (“**Operating HoldCo**”), Arqiva UK Broadcast Holdings Limited, ABHL Digital Limited (previously known as MUKBL Digital Limited as at the Closing Date), Arqiva Telecoms Investment Limited, Arqiva Holdings Ltd, Arqiva Limited, and Arqiva Muxco Limited (together the “**Principal Subsidiaries**” and together with the Borrower, the Intermediate Parent and the Parent, the “**Obligors**” and each an “**Obligor**”) and Arqiva PP Financing PLC (the “**USPP Issuer**”). The USPP Issuer is a special purpose vehicle incorporated as a public limited company under the laws of England and Wales as a subsidiary of the Borrower and part of the Senior Financing Group in connection with the USPP referred to below. The Senior Financing Group, FinCo and the Issuer (together the “**Senior Group**”) are ring-fenced from (a) a subsidiary of Arqiva Financing No 2 Limited (formerly Macquarie UK Broadcast Enterprises Ltd) (“**AF No 2**”) named Arqiva Broadcast Intermediate Limited (“**Intermediate HoldCo**”), a holding company of AF No 2 named Arqiva Broadcast Parent Limited (the “**Junior Parent**”), Arqiva Intermediate Limited, Arqiva Financing No 3 plc (formerly Macquarie UK Broadcast Services plc) (“**AF No 3**”) and Arqiva Group Limited (formerly Arqiva Broadcast Holdings Limited) (“**AGL**” and together with Intermediate HoldCo, AF No 2, the Junior Parent and AF No 3, the “**Senior Holding Companies**” and each a “**Senior Holding Company**”) and (b) other Non-Senior Group Companies.

Each of the Parent and Intermediate HoldCo is required to maintain the appointment of at least one director (either executive or non-executive) who is independent of the other Holding Companies.

The USPP Issuer is required to maintain the appointment of at least one non-executive director who is independent of the Borrower and each of the Holding Companies. The independent director(s) of the USPP Issuer is provided by a corporate officer provider.

Issuer and Notes

Arqiva Financing plc (the “**Issuer**”) is a special purpose vehicle incorporated as a public limited company under the laws of England and Wales. The Issuer does not form part of the Senior Financing Group. The shares of the Issuer are held by the Intermediate Parent.

The Issuer is required to maintain the appointment of at least one non-executive director, such non-executive director(s) to be independent of the Borrower and each of the Holding Companies. The independent director(s) of the Issuer is provided by a corporate officer provider.

As of the date of this Prospectus, the Issuer has outstanding under this Programme one class of secured notes of £400,000,000 due 2032 (the “**Series 2013-1b Notes**”), and one class of secured notes of £164,000,000 due 2037 (the “**Series 2014-1 Notes**”) and will issue further secured notes (together, the “**Notes**”) from time to time. The proceeds of the Notes were and will be on-lent by the Issuer to the Borrower under facilities (the “**Issuer/Borrower Facilities**”) and the loans made under such facilities, the “**Issuer/Borrower Loans**” and the agreement under which such facilities are provided, the “**Issuer/Borrower Facilities Agreement**”). The proceeds from the Issuer/Borrower Loans may be applied towards: (i) refinancing any existing Series of Notes or other Senior Debt and funding any related redemption and/or hedging termination payments (if applicable), (ii) funding any related fees and expenses incurred in respect of any such repayments and (iii) for general corporate purposes. The Series 2013-1b Notes and the Series 2014-1 Notes were applied in repayment of previously existing debt and related hedging arrangements and payment of related fees and expenses. One class of secured notes of £350,000,000 due 2035 has been repaid at its maturity on 30 June 2020 using the proceeds of the Capex Facility and a temporary bridge loan provided by certain financial institutions, both of which have been subsequently fully repaid from the Telecoms business sale proceeds.

All Obligors have covenanted to duly, unconditionally and punctually pay and discharge the liabilities which arise under the Issuer/Borrower Facilities Agreement.

U.S. Private Placement (USPP)

In 2013, 2014 and 2016, the USPP Issuer issued secured private placement notes (the 2014 and 2016 secured private placement notes together being the “**USPP Notes**” and the holders thereof, the “**USPP Noteholders**”) under U.S. private placements. The USPP notes issued in 2013 have been fully purchased by the Senior Group as part of a tender offer in 2020 (the “**2020 Tender Offer**”). The USPP Notes issued in 2014 and 2016 have been partly purchased by the Senior Group as part of the 2020 Tender Offer. The USPP Notes were each issued to the USPP Noteholders pursuant to a note purchase agreement for each issuance entered into by the USPP Issuer, the Borrower, the other Obligors and the relevant USPP Noteholders (each a “**USPP NPA**”). The USPP NPA and each USPP Note are each an Authorised Facility and a Borrower Bank Facility and are each designated as an Obligor Transaction Document. Under the terms of the USPP NPA, in addition to the covenant to pay the USPP Noteholders given by the USPP Issuer, the Borrower (as an Obligor) has covenanted to pay the USPP Noteholders all principal, interest and other amounts due from the USPP Issuer to the USPP Noteholders under the USPP Notes on a *pari passu* basis to all other Borrower Bank Facilities. The USPP Noteholders have acceded to the CTA, the STID and the MDA, including as Obligor Secured Creditors and will therefore be bound by the terms of the CTA, the STID and the MDA. The USPP notes issued in 2014 and 2016 were used to repay certain debt entered into by FinCo and related hedging arrangements (described further below). On 6 June 2023, the USPP Issuer priced \$118,000,000 6.24% secured private placement notes with a view to issuing such secured private placement notes following the publication of the Prospectus.

Borrower Bank Loans

The Working Capital Facility, the Liquidity Facility, the USPP NPAs, the USPP Notes, the ITL Agreement, the EIB Facility Agreement, any Ancillary Facilities, any Permitted Facilities and any other Authorised Facilities (each a “**Borrower Bank Facility**”) and together the “**Borrower Bank Facilities**”) and the loans made thereunder, each a “**Borrower Bank Loan**” and together the “**Borrower Bank Loans**”) and the agreements under which such facilities are provided, each a “**Borrower Bank Facility Agreement**”) and together the “**Borrower Bank Facility Agreements**”) and the providers thereof, each a “**Borrower Bank Facility Provider**”) and together the “**Borrower Bank Facility Providers**”) were made available to the Borrower and (in the case of the Liquidity Facility) also the Issuer.

Hedges

The Borrower has entered into hedging transactions that comply with the hedging policy applicable to the Issuer and the Borrower (the “**Hedging Policy**”) with certain hedge counterparties (the “**Hedge**

Counterparties). The Borrower is party to interest rate hedges (the **“Interest Rate Hedges”** and such hedging, the **“Interest Rate Hedging”**), overlay hedges (**“Overlay Hedges”** and such hedging, the **“Overlay Hedging”**) and inflation linked hedges (the **“Inflation Linked Hedges”** and such hedging, the **“Inflation Linked Hedging”**), which rank either *pari passu* or super senior to the Issuer/Borrower Facilities (together, the **“Hedges”** and each, a **“Hedge”** and together, the **“Hedging”**), under certain hedging agreements (the **“Hedging Agreements”**). The Borrower and the Issuer may enter into further Hedging that complies with the Hedging Policy. Back to back hedges may be entered into between the Borrower and the Issuer which match the terms of any Issuer Hedges (the **“Issuer/Borrower Hedges”** and the agreements under which such Issuer/Borrower Hedges are entered into, the **“Issuer/Borrower Hedging Agreements”**).

Liquidity Facility

The Liquidity Facility Providers, who each have the Liquidity Facility Provider Requisite Ratings, agreed to provide a renewable 364 day debt service reserve liquidity facility (including any replacement or additional facility, the **“Liquidity Facility”**) on a renewable basis for 25 years from 9 July 2021 to the Borrower and the Issuer for the making of revolving loans (the **“Liquidity Loans”**) under a liquidity facility agreement (including any replacement or additional agreement, the **“Liquidity Facility Agreement”**) in an amount of £150,000,000, to enable the Borrower to service interest and scheduled principal and other scheduled amounts (as applicable) payable by the Borrower on the Borrower Facilities (other than the Issuer/Borrower Facilities) and by the Issuer to service interest and scheduled principal on the Notes and amounts ranking *pari passu* or senior thereto, in accordance with the applicable Borrower Payment Priorities and Issuer Payment Priorities, respectively (but excluding any principal payment due on the Final Maturity Date of the Borrower Facilities (other than the Issuer/Borrower Facilities) or of the Notes (other than any final scheduled payment of fully amortising debt)) (as increased or decreased by agreement between the Liquidity Facility Providers and the Issuer and the Borrower from time to time, the **“Liquidity Facility Amount”**).

Working Capital Facilities

The Working Capital Facility Providers agreed to provide the Borrower with working capital facilities (the **“Working Capital Facilities”**) for the making of revolving credit loans (**“Working Capital Loans”**) in an aggregate amount of £100,000,000 under a facility agreement from 9 July 2021 and an additional £35,000,000 under a facility agreement from 15 December 2022 (the **“Working Capital Facilities Agreements”**), the latter of which is only available once the former is fully drawn. The Borrower has drawn £53,000,000 of these Working Capital Facilities Agreements, and £82,000,000 remains available.

Working Capital Loans are applied towards the working capital requirements of the Senior Financing Group.

Institutional Term Loan

The ITL Providers agreed to provide the Borrower with a term loan facility (the **“ITL”**) for the making of a term loan (**“ITL Loan”**) in an aggregate amount of £180,000,000 under a facility agreement in December 2013 (the **“ITL Agreement”**) with an expected maturity of December 2023.

The ITL Loan was applied towards the repayment of an intercompany loan between the Borrower and FinCo and payment of any fees, costs and expenses incurred in connection with such repayment. The participation of the ITL Providers in the Institutional Term Loan is evidenced by notes issued by the Borrower to each ITL Provider.

£90,000,000 of the ITL Loan was repaid in July 2020 using proceeds from the sale of the Group’s Telecommunications business unit. £90,000,000 of the ITL Loan is currently outstanding as at the date of this Prospectus.

EIB Loan

The European Investment Bank agreed to provide the Borrower with a term loan facility for the making of a term loan (the “**EIB Loan**”) under a facility agreement entered into in June 2014 with a maturity date of February 2038. The EIB Loan was applied towards the repayment of certain intercompany loans between the Borrower and FinCo and payment of any fees, costs and expenses incurred in connection with the repayment.

£18,000,000 of the EIB Loan was repaid in July 2020 using proceeds from the sale of the Group’s Telecommunications business unit. £172,000,000 is outstanding as of 31 December 2022.

FinCo

Arqiva Senior Finance Limited (“**FinCo**”) is a sister company of the Borrower and, as is the case with the Issuer, sits outside of the Senior Financing Group. FinCo previously entered into term facilities and on lent the proceeds to the Borrower. The term facilities entered into by FinCo have since been repaid in full and terminated together with the intercompany loans between FinCo and the Borrower and all related hedging and security. FinCo does not undertake any other activities. In the event that FinCo incurs any future financial indebtedness, FinCo would on lend the proceeds to the Borrower (a “**FinCo/Borrower Loan**”) which would be an Authorised Facility and as such be subject to the terms of the Senior Financing and Common Documents. If incurred, any such FinCo/Borrower Loan would rank pro rata and *pari passu* with any Issuer/Borrower Loan (including in respect of any mandatory prepayment (see section “*Summary of the Transaction Documents – Common Terms Agreement – Mandatory Prepayment and Voluntary Prepayment*”)) and any related hedging arrangements would rank pro rata and *pari passu* with any *Pari Passu* Issuer/Borrower Hedging Agreements, in each case with corresponding intercreditor decision making rights and arrangements. The disclosure of the Senior Financing in this Prospectus is presented on this basis.

Obligor Guarantees and Obligor Security

The liabilities of the Borrower under the Borrower Bank Facilities (including the USPP NPA) and the Issuer/Borrower Facilities (each a “**Borrower Facility**” and together the “**Borrower Facilities**” and the loans made under such facilities, each a “**Borrower Loan**” and together the “**Borrower Loans**” and the agreements under which such facilities are provided, each a “**Borrower Facility Agreement**” and together the “**Borrower Facility Agreements**” and the providers thereof (including the Borrower Bank Facility Providers (including the USPP Noteholders) and the Issuer), each a “**Borrower Facility Provider**” and together the “**Borrower Facility Providers**”) and the other Obligor Transaction Documents (including the Borrower Hedging Agreements and any Issuer/Borrower Hedging Agreements) have the benefit of a primary covenant to pay from each Obligor and are cross-guaranteed by the Obligors (the “**Obligor Guarantees**”). Each Obligor granted in favour of a security trustee (the “**Obligor Security Trustee**”) first ranking fixed and floating security over all (or substantially all) of its assets (including, in the case of the Parent, the share capital of the Intermediate Parent and, in the case of the Intermediate Parent, the share capital of the Borrower, FinCo and the Issuer) in support of its financial obligations under the Obligor Guarantees (the “**Obligor Security**”).

The Obligor Guarantees and the Obligor Security are held by the Obligor Security Trustee on trust for the Issuer, the Working Capital Facility Providers, the Liquidity Facility Providers (in their capacity as lenders to the Borrower), any Ancillary Facility Providers, any Permitted Facility Providers, any other Authorised Facility Providers (including the USPP Noteholders and the ITL Providers), the Borrower Hedge Counterparties and the other secured creditors of the Obligors (together, the “**Obligor Secured Creditors**”) under the terms of a security trust and intercreditor deed (the “**STID**” and together with the CTA, the Security Deed, the other Security Documents, the MDA, the CP Agreement, the Borrower Account Bank Agreement and the Tax Deed of Covenant and any other agreement, instrument or deed designated by the Obligor Security Trustee and at least one Obligor as a Common Document, the

“**Common Documents**”) which also sets out the voting and intercreditor arrangements amongst the Secured Creditors.

Common Documents

Each of the Borrower Bank Loans and the Issuer/Borrower Loans are subject to common representations and warranties, covenants, trigger events and events of default to be set out under a common terms agreement (the “**CTA**”) and a master definitions agreement setting out the terms used therein (the “**MDA**”). Among other things, these ring-fence the Senior Financing Group from the other companies in the structure outside such Senior Financing Group.

Issuer Security

The Issuer created security over its assets (including its rights under the Issuer/Borrower Facilities Agreement, the Issuer/Borrower Hedges, the CTA and the STID) (the “**Issuer Security**”) in favour of a security trustee (the “**Issuer Security Trustee**”) appointed by and acting on behalf of the holders of the Notes (the “**Noteholders**”), the Liquidity Facility Providers (in their capacity as lenders to the Issuer), the Issuer Hedge Counterparties and other secured creditors of the Issuer (together, the “**Issuer Secured Creditors**”).

Junior Financing

Outside of the Senior Group, AF No 2 has raised financing by entering into a £520,000,000 facility agreement with two tranches (a £450,000,000 term loan and a £70,000,000 working capital facilities) (the “**Junior Facilities Agreements**”) and the lenders therein, the “**Junior Lenders**” and together the “**Junior Financing**”), which are structurally subordinated to the Senior Financing. The obligations of AF No 2 under the Junior Facilities Agreements (in such capacity, the “**Junior Borrower**”) are guaranteed by the Junior Parent. The obligations of AF No 2 under the Junior RCF are guaranteed by, amongst others, the Junior Parent and the Intermediate HoldCo.

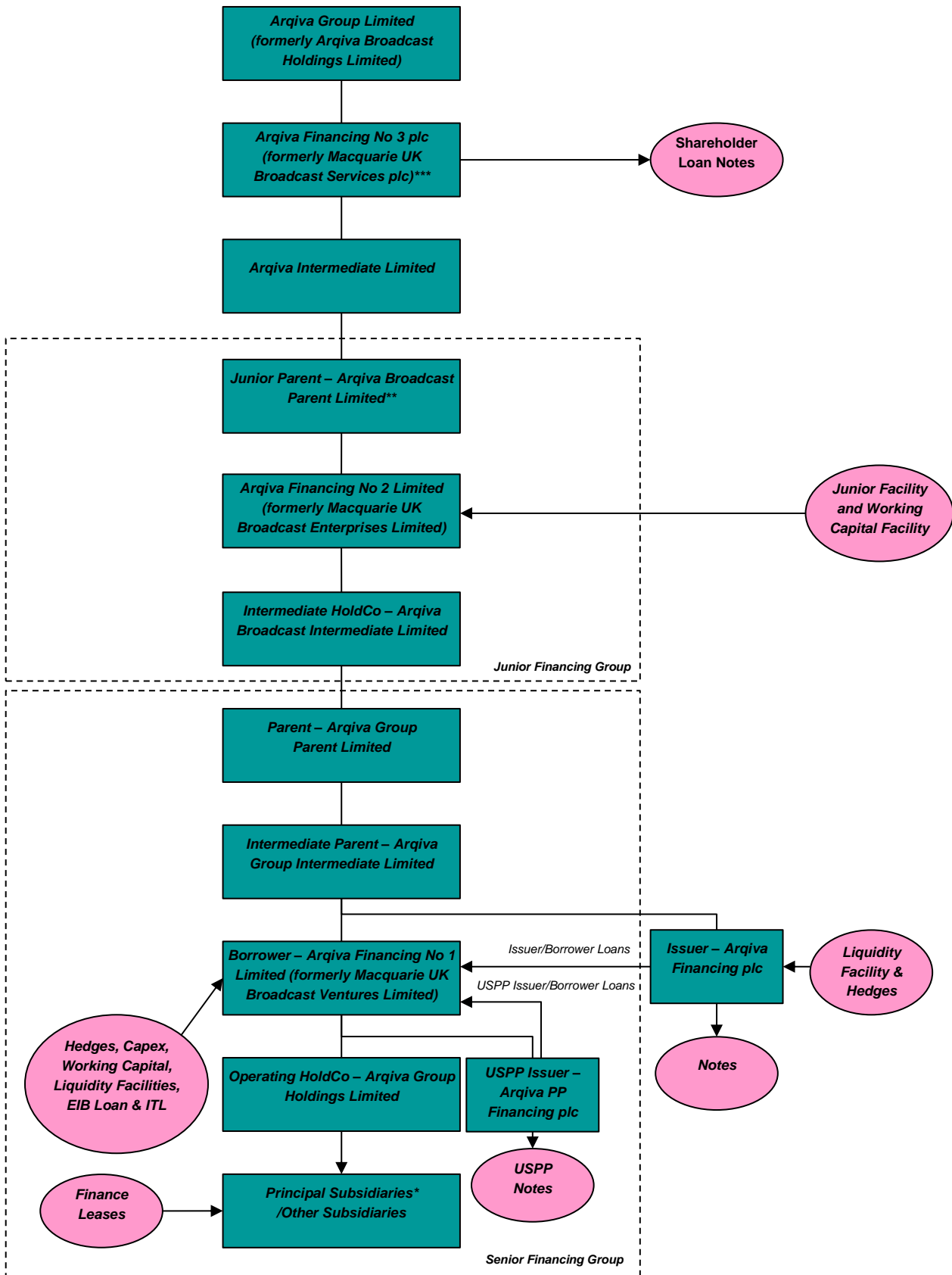
The proceeds from the Junior Facilities Agreements were applied towards the refinancing of the £625,000,000 6.750% notes due 2023 issued by Arqiva Broadcast Finance plc (“**Junior FinCo**”).

Shareholder Loan Notes

In addition to the Senior Financing and the Junior Financing, certain shareholders in AGL provided AF No 3 with funding in the form of unsecured shareholder loan notes issued in two classes in an aggregate principal amount of £1,054 million (the “**Shareholder Loan Notes**”, which includes the PIK notes (as defined below) and all associated deferred and accruing interest). The proceeds of the Shareholder Loan Notes are structurally subordinated to repayment of indebtedness under the Senior Financing and the Junior Financing. All Shareholder Loan Notes are listed on the International Stock Exchange (Channel Islands) and are repayable between March 2029 and March 2030. There is no call option which allows the holders to require early redemption.

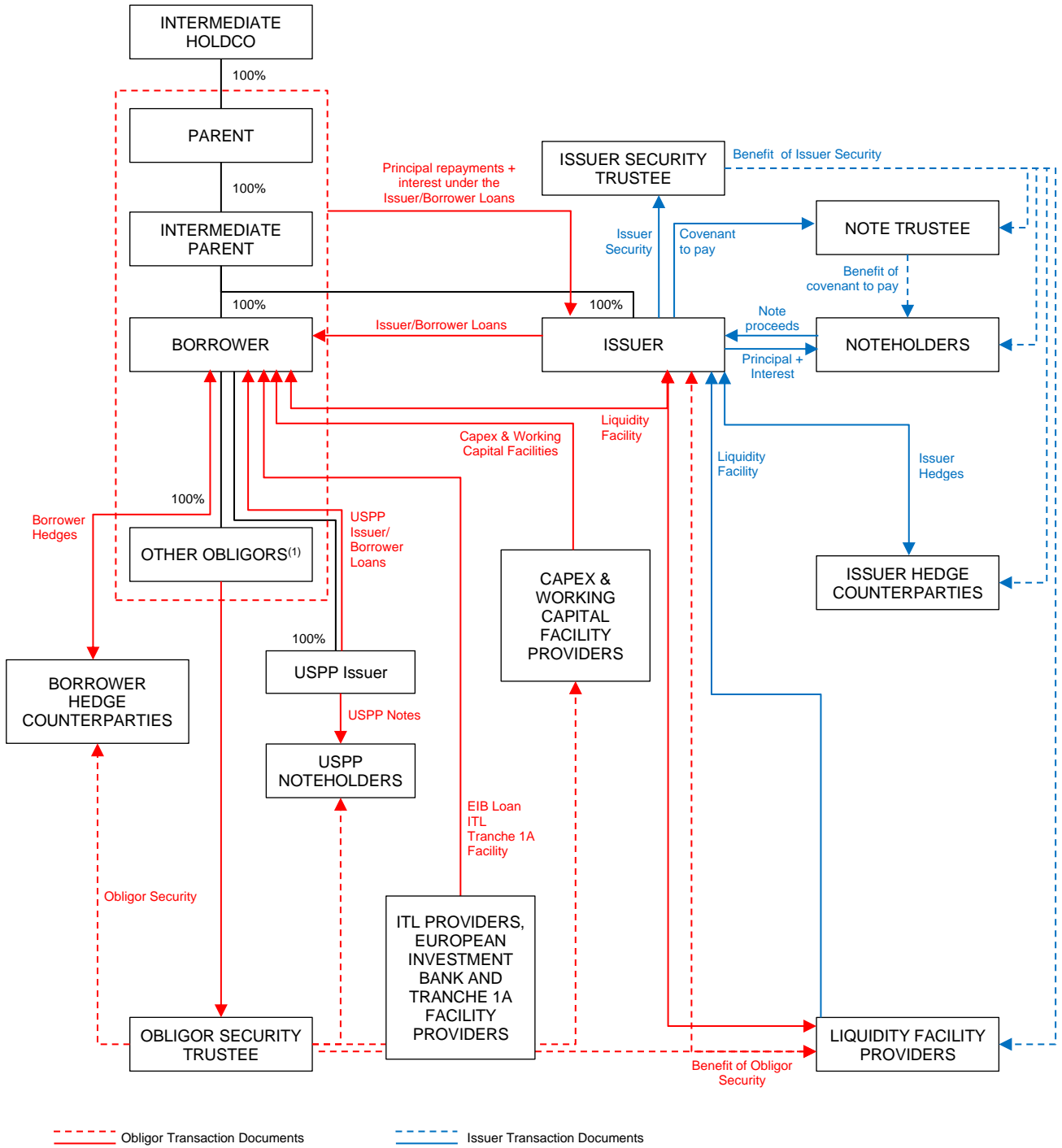
The Shareholder Loan Notes carry a fixed rate of interest ranging between 13% and 14%, however all accrued interest has been deferred. £1,094 million worth of payment-in-kind (“**PIK**”) loan notes have been issued to some, but not all, of the shareholders in satisfaction of certain amounts of deferred interest. The PIK loan notes rank *pari passu* in right and priority of payment with the deferred interest under the existing class of notes to which they relate. A balance of £2,847 million remains as at 30 June 2022 in relation to deferred and accrued interest not satisfied by the issuance of PIK notes. Any further interest accrued on the SLNs from the period beginning 30 June 2022 also remains outstanding.

OVERVIEW STRUCTURE DIAGRAM



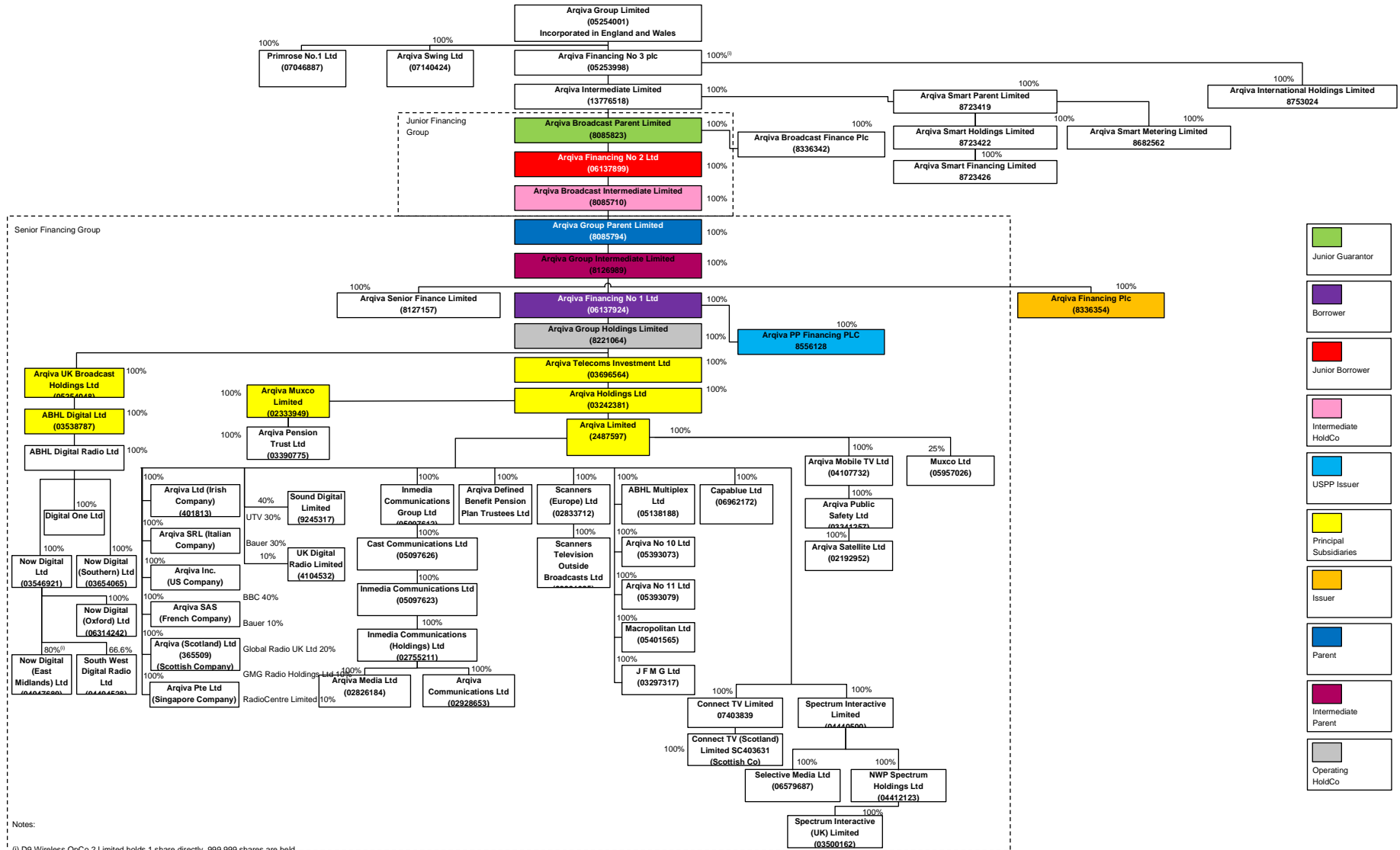
*Includes Arqiva UK Broadcast Holdings Limited, ABHL Digital Limited (formerly MUKBL Digital Limited), Arqiva Telecoms Investment Limited, Arqiva Holdings Ltd, Arqiva Limited and Arqiva Muxco Limited

TRANSACTION STRUCTURE DIAGRAM



(1) Other Obligors are: Arqiva Group Intermediate Limited; Arqiva Group Parent Limited; Arqiva Financing No 1 Limited; Arqiva Group Holdings Limited; Arqiva UK Broadcast Holdings Limited; ABHL Digital Limited; Arqiva Telecoms Investment Limited; Arqiva Holdings Ltd; Arqiva Limited; and Arqiva Muxco Limited.

CORPORATE STRUCTURE DIAGRAM FOR THE GROUP AND THE SENIOR HOLDING COMPANIES



PARTIES AND SOME CHARACTERISTICS OF THE PROGRAMME

List of Parties

Issuer Related Parties

- Issuer:** Arqiva Financing plc, a company with limited liability incorporated under the laws of England and Wales. The Issuer is a wholly owned subsidiary of the Intermediate Parent that has been incorporated as a special purpose vehicle to issue the Notes and on-lend the proceeds to the Borrower by way of corresponding Issuer/Borrower Loans under the Issuer/Borrower Facilities Agreement.
- Arrangers:** HSBC Bank plc and Lloyds Bank Corporate Markets plc have been appointed by the Issuer as joint arrangers under the Programme (the “**Arrangers**”).
- Dealers:** Banco Santander, S.A., HSBC Bank plc, Lloyds Bank Corporate Markets plc and The Bank of Nova Scotia (together with any additional dealers appointed by the Issuer under the Programme from time to time, the “**Dealers**”).
- Note Trustee:** Deutsche Trustee Company Limited acts as trustee for the Noteholders (in such capacity, the “**Note Trustee**”).
- Issuer Security Trustee:** Deutsche Trustee Company Limited acts as security trustee for the Noteholders and the other Issuer Secured Creditors (in such capacity, the “**Issuer Security Trustee**”).
- Issuer Hedge Counterparties:** Any future hedge counterparties to the Issuer (but excluding, for the avoidance of doubt, the Borrower) in respect of any future hedging transactions that will be entered into by the Issuer (but excluding, for the avoidance of doubt, any Issuer/Borrower Hedges) (the “**Issuer Hedge Counterparties**” and such Hedges, the “**Issuer Hedges**” and together, the “**Issuer Hedging**” and the agreements under which such Issuer Hedges are entered into, the “**Issuer Hedging Agreements**”).
- Principal Paying Agent:** Deutsche Bank AG, London Branch is the principal paying agent to the Issuer (in such capacity, the “**Principal Paying Agent**” and together with Deutsche Bank Trust Company Americas and any future paying agents appointed to the Issuer, the “**Paying Agents**”) under an agency agreement dated the Closing Date (the “**Agency Agreement**”).
- Agent Bank:** Deutsche Bank AG, London Branch is the agent bank to the Issuer (the “**Agent Bank**”) under the Agency Agreement.
- Registrar:** Deutsche Bank Trust Company Americas is the registrar to the Issuer (in such capacity, the “**Registrar**”) under the Agency Agreement.
- Transfer Agent:** Deutsche Bank Trust Company Americas is the transfer agent to the Issuer (in such capacity, the “**Transfer Agent**”) under the Agency Agreement.
- Exchange Agent:** Deutsche Bank AG, London Branch is the exchange agent to the Issuer (in such capacity, the “**Exchange Agent**”) under the Agency Agreement.

Issuer Cash Manager: Arqiva Limited is the cash manager of the Issuer (in such capacity, the “**Issuer Cash Manager**”) under a cash management agreement dated the Closing Date (the “**Issuer Cash Management Agreement**”).

Issuer Account Bank: HSBC Bank plc is the account bank to the Issuer (in such capacity, the “**Issuer Account Bank**”) under a bank account agreement (the “**Issuer Account Bank Agreement**”).

Issuer Corporate Officer Provider: Intertrust Management Limited acts as corporate officer provider to the Issuer (in such capacity, the “**Issuer Corporate Officer Provider**”) under a corporate officer agreement dated the Signing Date (the “**Issuer Corporate Officer Agreement**”).

Issuer Secured Creditors: The Noteholders, the Note Trustee, the Issuer Security Trustee, the Issuer Hedge Counterparties, the Liquidity Facility Providers (in their capacity as lenders to the Issuer), the LF Agent, the Principal Paying Agent, the Paying Agent, the Agent Bank, the Calculation Agent, the Registrar, the Transfer Agent, the Exchange Agent, the Issuer Cash Manager, the Issuer Account Bank, the Borrower and the Issuer Corporate Officer Provider and any other creditors of the Issuer which accede as such to the Issuer Deed of Charge are together referred to as the “**Issuer Secured Creditors**”.

Rating Agencies: The relevant rating agencies appointed by the Issuer from time to time to rate the Notes (together, the “**Rating Agencies**”), being (as at the date of this Prospectus) Fitch and S&P.

Obligor Related Parties

Parent: Arqiva Group Parent Limited, a company with limited liability incorporated under the laws of England and Wales. The Parent is a wholly owned subsidiary of Intermediate HoldCo.

Intermediate Parent: Arqiva Group Intermediate Limited, a company with limited liability incorporated under the laws of England and Wales. The Intermediate Parent is a wholly owned subsidiary of the Parent.

Borrower: Arqiva Financing No 1 Limited (formerly Macquarie UK Broadcast Ventures Ltd) (“**AF No 1**”), a company with limited liability incorporated under the laws of England and Wales. The Borrower is a wholly owned subsidiary of the Intermediate Parent.

USPP Issuer: Arqiva PP Financing PLC, a public limited company incorporated under the laws of England and Wales. The USPP Issuer is a wholly owned subsidiary of the Borrower that was incorporated as a special purpose vehicle to issue the USPP Notes and on-lend the proceeds to the Borrower by way of the USPP Issuer/Borrower Loan made available under the USPP Issuer/Borrower Loan Agreement.

Operating HoldCo: Arqiva Group Holdings Limited, a company with limited liability incorporated under the laws of England and Wales. Operating HoldCo is a wholly owned subsidiary of the Borrower.

Principal Subsidiaries:	Each of Arqiva UK Broadcast Holdings Limited, ABHL Digital Limited (known as MUKBL Digital Limited as at the Closing Date), Arqiva Telecoms Investment Limited, Arqiva Holdings Ltd, Arqiva Limited, and Arqiva Muxco Limited as at the date of this Prospectus and from time to time any other direct or indirect subsidiaries of the Operating HoldCo which have acceded to the Common Documents as an Obligor.
Obligors:	The Parent, the Intermediate Parent, the Borrower, Operating HoldCo and each Principal Subsidiary (but excluding, for the avoidance of doubt, the Issuer and FinCo).
Senior Financing Group:	The Parent, the Intermediate Parent, the Borrower and all of the Borrower's direct and indirect subsidiaries.
Senior Financing Group Company:	Each member of the Senior Financing Group.
Senior Group:	The Senior Financing Group, the Issuer and FinCo.
Senior Group Company:	Each member of the Senior Group.
Obligor Security Trustee:	Deutsche Trustee Company Limited acts as security trustee for the Obligor Secured Creditors (in such capacity, the " Obligor Security Trustee ").
Liquidity Facility Providers:	Santander UK Plc, HSBC Bank plc and The Bank of Nova Scotia, form a syndicate of banks (the " Liquidity Facility Providers ", which expression includes any future syndicate members), each with the Liquidity Facility Provider Requisite Ratings, that provided to the Borrower and the Issuer on 9 July 2021 the Liquidity Facility for the making of the Liquidity Loans on the terms of the Liquidity Facility Agreement and in an initial amount of £150,000,000.
LF Arrangers:	Santander UK Plc, HSBC Bank plc and The Bank of Nova Scotia, were appointed as arrangers for the initial Liquidity Facility (in such capacity, the " LF Arrangers ").
LF Agent:	HSBC Bank plc is facility agent for the Liquidity Facility Providers (in such capacity, the " LF Agent ").
Working Capital Facility Providers:	Santander UK Plc, HSBC Bank plc and Lloyds Bank plc form a syndicate of banks (the " Working Capital Facility Providers ", which expression includes any future syndicate members) that provided to the Borrower on 9 July 2021 and 15 December 2022 the Working Capital Facilities for the making of Working Capital Loans in an aggregate amount of £135,000,000 on the terms of the Working Capital Facilities Agreements.
Borrower Bank Facility Providers:	The Working Capital Facility Providers, the European Investment Bank and the Liquidity Facility Providers (in their capacity as lenders to the Borrower) as at the Closing Date and from time to time together with any Ancillary Facility Providers, any Permitted Facility Providers and any other Authorised Facility Providers (including the USPP Noteholders and the ITF Providers) (as applicable) are referred to as the " Borrower Bank Facility Providers ".
Borrower Hedge Counterparties:	Banco Santander, S.A., London Branch, Bank of America, N.A., Barclays Bank PLC, Canadian Imperial Bank of Commerce, Commerzbank AG, ING Bank N.V., J.P. Morgan

Securities plc, Santander UK Plc, HSBC Bank plc and The Bank of Nova Scotia, form a syndicate of banks (the “**Liquidity Facility Providers**”, which expression includes any future syndicate members), each with the Liquidity Facility Provider Requisite Ratings, that provided to the Borrower and the Issuer on 9 July 2021 the Liquidity Facility for the making of the Liquidity Loans on the terms of the Liquidity Facility Agreement and in an initial amount of £150,000,000.

The Senior Holding Companies and any other subsidiaries of AGL (excluding any Senior Group Companies). Lloyds Bank Corporate Markets plc, MUFG Securities EMEA plc, Nomura International plc, The Bank of Nova Scotia, UBS are Hedge Counterparties in respect of the Hedges to which the Borrower is currently partly (the “**Borrower Hedge Counterparties**” and such Hedges, the “**Borrower Hedges**” and together the “**Borrower Hedging**” and the agreements under which such Borrower Hedges are entered into, the “**Borrower Hedging Agreements**” and each a “**Borrower Hedging Agreement**”).

BBF Arrangers:

The WCF Arrangers and the LF Arrangers as at the Closing Date and from time to time together with any arrangers for any Ancillary Facilities, Permitted Facilities and other Authorised Facilities (as applicable) are referred to as the “**BBF Arrangers**”.

BBF Agents:

The WCF Agent and the LF Agent as at the Closing Date and from time to time together with any facility agents for any Ancillary Facilities, Permitted Facilities and other Authorised Facilities (as applicable) are referred to as the “**BBF Agents**”.

Borrower Account Bank:

HSBC Bank plc is the account bank to the Borrower (in such capacity, the “**Borrower Account Bank**”) under a bank account agreement dated the Closing Date (the “**Borrower Account Bank Agreement**”).

Obligor Secured Creditors:

The Obligor Security Trustee, the Issuer, the USPP Noteholders, the ITL Providers, the European Investment Bank, the Working Capital Facility Providers, the Liquidity Facility Providers (in their capacity as lenders to the Borrower), any Ancillary Facility Providers, any Permitted Facility Providers, any other Authorised Facility Providers, the BBF Agents, the Borrower Hedge Counterparties, the Borrower Account Bank and any other creditors of the Obligors which accede as such to the Common Documents are together referred to as the “**Obligor Secured Creditors**”.

Holding Companies

Senior Holding Companies:

Intermediate HoldCo, AF No 2, the Junior Parent, AF No 3 and AGL.

Non-Senior Group Companies:

The Senior Holding Companies and any other subsidiaries of AGL (excluding any Senior Group Companies).

Subordinated Lender:

Intermediate HoldCo (in such capacity, the “**Subordinated Lender**”) provides the Subordinated Loans to the Parent, to be on-lent by the Parent to the Intermediate Parent and by the Intermediate Parent to the Borrower (which may be on-lent by

the Borrower through the chain of subsidiaries to the other Senior Financing Group Companies).

Characteristics of the Programme

- Description:** Programme for the issuance of Notes by the Issuer and on-loan of the proceeds to the Borrower (the “**Programme**”).
- Issue Date:** The date of issue of each Series or Tranche of Notes under the Programme as specified in the relevant final terms applicable to such Series or Tranche of Notes (the “**Final Terms**”).
- Notes:** Notes issued under the Programme will be issued in Series, each Series pertaining to, among other things, the Currency, Interest Rate and Maturity Date.
- Each Series can be issued in one or more Tranches, the specific terms of each Tranche being identical in all respects, save for the Issue Dates, Interest Commencement Dates and/or Issue Prices, to the terms of the other Tranches of such Series.
- Programme size:** Up to £5,000,000,000 (or its equivalent in other Currencies) aggregate nominal amount of the Notes outstanding at any time.
- Certain restrictions:** Each issue of Notes 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*”.
- Risk Factors:** There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “*Risk Factors*”. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “*Risk Factors*” and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Notes and certain market risks.
- Rating:** The ratings assigned to the Notes by the Rating Agencies reflect only the views of the Rating Agencies. Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the relevant Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency.
- Each Rating Agency is established in the UK and registered under the UK CRA Regulation and appear on the FCA’s Financial Services Register. The ratings S&P and Fitch have

given to the Notes to be issued under the Programme are respectively endorsed by S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited, which are established in the EEA and registered under EU CRA Regulation and appear on the list of registered credit rating agencies of the European Securities and Markets Authority.

- Distribution:** Notes may be distributed by way of a private or public placement and, in each case, on a syndicated or non-syndicated basis, as specified in the applicable Final Terms, and subject to the restrictions set forth in “*Subscription and Sale*” and “*Transfer Restrictions*” below.
- Currencies:** Sterling, U.S. dollars, euro and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer (each a “**Currency**”) as specified in the applicable Final Terms.
- Final Terms or Drawdown Prospectus:** Notes issued under the Programme may be issued either (a) pursuant to this Prospectus and associated Final Terms or (b) pursuant to a Drawdown Prospectus.
- Maturities:** Such legal maturities (the “**Final Maturity Date**”) and, where applicable, expected maturities (the “**Expected Maturity Date**”) as may be agreed between (i) in respect of each Issuer/Borrower Loan, the Issuer and the Borrower (and reflected in the relevant Issuer/Borrower Loan Tranche Supplement); and (ii) in respect of the Notes, the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency, as specified in the applicable Final Terms, and each subject to the Maturity Concentration Limit.
- Issue Price:** Notes may be issued at an Issue Price which is at par or at a discount to, or premium over, par as specified in the applicable Final Terms.
- Interest:** The Notes (save as otherwise provided below in relation to Zero Coupon Notes) will be interest-bearing and interest will be calculated on their Principal Amount Outstanding. Interest will accrue at a fixed or floating rate (plus, in the case of Index Linked Notes, amounts in respect of indexation), as specified in the applicable Final Terms. Interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer, as specified in the applicable Final Terms.
- Form of Notes:** The Notes will be unconditional obligations of the Issuer and issued in bearer or registered form (“**Bearer Notes**” and “**Registered Notes**”, respectively) and deposited with a common depository for Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”). Bearer Notes will be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note relating to the same Series, not earlier than 40 days after the relevant Issue Date, upon certification as to non-U.S. beneficial ownership.

Registered Notes will be issued in the form of one or more Registered Global Notes.

Fixed Rate Notes:

Fixed Rate Notes will bear interest at a fixed rate of interest, as specified in the applicable Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest at a floating rate determined on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service as indicated in the applicable Final Terms. The margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer, as specified in the applicable Final Terms.

Index Linked Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated subject to adjustment for indexation in accordance with Condition 5.3 (*Interest on Floating Rate Notes and Index Linked Notes*) and the applicable Final Terms.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such Currencies, and based on such Rates of Exchange, as the Issuer and the relevant Dealer may agree, in accordance with Condition 5.4 (*Interest on Dual Currency Notes*) and as specified in the applicable Final Terms.

Instalment Notes:

The Notes may be redeemable in two or more Instalment Amounts of and on such Instalment Dates, as specified in the applicable Final Terms.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms, and will not bear interest.

Interest Payment Dates:

Interest in respect of Fixed Rate Notes and Index Linked Notes will be payable semi-annually in arrear and in respect of Floating Rate Notes will be payable quarterly in arrear, unless otherwise specified in the applicable Final Terms.

Optional redemption:

In addition to the ability for the Issuer to redeem relevant Series of Notes pursuant to Condition 6.2 (*Optional redemption*), the applicable Final Terms will indicate if the relevant Series of Notes will be redeemable at the option of the Issuer (in accordance with Condition 6.5 (*Early redemption on prepayment of Issuer/Borrower Loans*)) and/or the Noteholders upon giving notice to the Noteholders and/or the Issuer respectively on a date or dates prior to such stated maturity and at prices and on such other terms as may be agreed between the Issuer and the relevant Dealer, in each case as specified in the applicable Final Terms.

Mandatory redemption:

The Issuer will be required to apply any voluntary or mandatory prepayments of the Issuer/Borrower Loans (together with any additional amounts received by it under the corresponding Issuer/Borrower Facilities in respect of the redemption of any corresponding Series of Fixed Rate Notes

or Index Linked Notes) in redeeming the corresponding Series of Notes.

Redemption for tax reasons, illegality or other reasons:

If at any time the Issuer satisfies the Note Trustee:

- (a) that the Issuer would become obliged on the next Interest Payment Date to deduct or withhold from any payment of interest or principal in respect of the Notes, any amount for or on account of any present or future taxes, levies, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by the laws or regulations of the UK or any political sub-division thereof or any other authority thereof by reason of any change or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations, in each case which change becomes effective on or after the Closing Date;
 - (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, the Issuer is no longer a "securitisation company" (as defined in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the "**Securitisation Tax Regulations**")) and is otherwise unable to claim a tax treatment in the United Kingdom that would prevent a material increase in the tax liabilities of the Issuer compared to the treatment previously provided to the Issuer under the Securitisation Tax Regulations;
 - (c) that the Issuer or any Paying Agent would be required to deduct or withhold any amount from any payment in respect of any Series of Notes pursuant to FATCA;
 - (d) that the Borrower would on the next Interest Payment Date be required to make any withholding or deduction for or on account of any taxes from payments in respect of the Issuer/Borrower Facilities;
 - (e) that the Issuer, the Borrower or a Hedge Counterparty would be required to make any withholding or deduction for or on account of taxes from payments in respect of any Borrower Hedges corresponding to any Notes or any Issuer Hedges;
 - (f) that the Issuer or the Borrower would be required to make any withholding or deduction for or on account of taxes from payments in respect of any Issuer/Borrower Hedges; or
 - (g) that by reason of any change in law (or the application or interpretation thereof) which becomes effective on or after the Closing Date, it has or will become unlawful for the Issuer to perform any of its obligations under the Issuer/Borrower Facilities Agreement or to fund or maintain its participation in any Issuer/Borrower Loan,
- then the Issuer may, upon giving not more than 10 days and not less than 5 days' notice in writing to the Note Trustee and the Noteholders in accordance with the Conditions, redeem

all (but not some only) of the relevant Notes on any Interest Payment Date (or, in the case of (g) above, any date on or following that it becomes unlawful for the Issuer to perform such obligations or fund or maintain such participation) at par plus accrued but unpaid interest thereon.

Withholding tax on the Notes:

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, levies, duties, imposts, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law to make any payment in respect of the Notes subject to any such withholding or deduction. Neither the Issuer nor any Paying Agent nor any other person will be obliged to pay additional amounts in respect of any such withholding or deduction.

Denomination of the Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the UK or the EEA or offered to the public in the UK or a Member State of the EEA in circumstances which require the publication of a prospectus under the UK Prospectus Regulation or the EU Prospectus Regulation, the minimum denomination shall be €100,000 (or its equivalent in any other Currency as at the date of issue of the Notes) and (ii) in any other case, the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or the laws or regulations applicable to the relevant specified Currency. The minimum and multiple denominations will be specified in the applicable Final Terms. Notes having a maturity of less than one year from the date of issue will be subject to restrictions on their denomination and distribution.

Status of the Notes:

The Notes in issue at the date of the Prospectus and any further Notes issued under the Programme will constitute secured obligations of the Issuer and will rank *pari passu* without preference or priority in right of payment and point of security amongst themselves and be secured by the Issuer Security. Each issuance of Notes will be backed by the same assets.

The Notes represent the right of the holders of such Notes to receive interest and principal payments from the Issuer in accordance with the terms and conditions of the Notes (the “**Conditions**”), coupons attached to the Notes in definitive form (the “**Coupons**”) and the trust deed constituting the Notes (the “**Note Trust Deed**”) entered into by the Issuer and the Note Trustee on the Signing Date in connection with the Programme.

Listing:

Application will be made to admit Notes issued under the Programme to the official list of the FCA and to admit them to trading on the Market. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between

the Issuer and the relevant Dealer in relation to each Series. Unlisted Notes may also be issued. The applicable Final Terms will specify whether or not the relevant Series is to be listed and, if so, on which stock exchange(s).

Purchase of the Notes:

Provided that no Issuer Event of Default or (in the case of the Borrower or any other Senior Financing Group Company) Trigger Event has occurred and is continuing, the Borrower or any other Senior Financing Group Company may at any time purchase Notes in the open market or otherwise and at any price. Any such Notes that have been purchased by the Borrower or any other Senior Financing Group Company will be surrendered to the Issuer. If any purchase is made by tender it shall be made available to all Noteholders alike.

All Notes that have been redeemed or purchased by the Issuer or surrendered by the Borrower or any other Senior Financing Group Company to the Issuer must be surrendered by the Issuer to any Paying Agent and/or the Registrar for cancellation (together with, in the case of Bearer Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith).

Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged and there will be a deemed repayment of the corresponding Issuer/Borrower Loan.

For the avoidance of doubt, the Issuer, the Borrower or any Senior Financing Group Company that purchases any Notes will be unable to vote on such Notes prior to their surrender and cancellation.

Group entities outside the Senior Financing Group may purchase Notes without such surrender and cancellation, but would also be unable to vote on such Notes.

Use of Proceeds

An amount equal to the gross proceeds from the issue of each Series of Notes will be on-lent by the Issuer to the Borrower under the Issuer/Borrower Facilities Agreement.

Issuer representations and warranties:

Representations and warranties were given by the Issuer on the Signing Date and the Closing Date and will be given by the Issuer on each Issue Date, including in relation to:

- (a) status, power and authority of the Issuer;
- (b) the Issuer Transaction Documents being legal, valid, binding and enforceable;
- (c) the Issuer Transaction Documents being duly executed and entered into in good faith by the Issuer;
- (d) compliance by the Issuer with the Issuer Transaction Documents;
- (e) no indebtedness of the Issuer other than under the Issuer Transaction Documents;
- (f) no conflict with loans applicable to the Issuer;
- (g) no insolvency or insolvency proceedings with respect to the Issuer;
- (h) no Issuer Event of Default; and

- (i) no litigation proceedings against the Issuer.

Issuer covenants:

The following covenants, amongst others, have been given by the Issuer:

- (a) negative pledge;
- (b) no subsidiaries, employees or offices;
- (c) no activities other than those contemplated in the Issuer Transaction Documents;
- (d) no disposal of assets other than pursuant to the terms of the Issuer Transaction Documents;
- (e) that it will maintain the appointment of at least one independent non-executive director (subject to a reasonable period to appoint any replacement); and
- (f) no borrowings other than pursuant to the terms of the Issuer Transaction Documents.

Issuer separateness covenants:

Save with the prior written consent of the Note Trustee, or unless otherwise permitted under any Issuer Transaction Document, the Issuer shall, so long as the Notes remain outstanding:

- (a) maintain its books and records, accounts and financial statements separate from any other person or entity and use separate stationary, invoices and cheques;
- (b) hold itself out as a separate entity, conduct business in its own name and maintain an arm's length relationship with its affiliates;
- (c) pay its own liabilities out of its funds;
- (d) not commingle its assets with those of any other entity; and
- (e) observe all formalities required by its memorandum and articles of association.

Issuer Events of Default:

The following events of default ("**Issuer Events of Default**" and each an "**Issuer Event of Default**") (subject to grace periods and materiality thresholds customary for insolvency remote issuers) will apply to the Notes:

- (a) non-payment of interest or principal unless due to a technical error and such payment is made within 5 Business Days of the payment falling due;
- (b) default or misrepresentation by the Issuer in the performance of any other material obligation, representation or warranty under any Issuer Transaction Document incapable of remedy or not remedied within 20 Business Days and materially prejudicial to the interests of the Noteholders in the opinion of the Note Trustee; and
- (c) insolvency and insolvency proceedings in relation to the Issuer.

For avoidance of doubt, the occurrence of an Obligor Event of Default will not constitute an Issuer Event of Default. However, an Issuer Event of Default will constitute an Obligor Event of Default.

Governing law:	The Notes and the Note Trust Deed (and any non-contractual obligations arising out of or in connection therewith) are governed by, and construed in accordance with, English law.
Jurisdiction:	The English courts have exclusive jurisdiction in relation to any dispute relating to the Notes and the Note Trust Deed and all related documents (and any non-contractual obligations arising out of or in connection therewith).
Investor Information	The Borrower is required to produce an Investor Report semi-annually which shall be published on the designated website of the Borrower, being www.arqiva.com and which will also be made available (in the case of Bearer Notes) at the specified office of the Principal Paying Agent, (in the case of Registered Notes) at the specified office of the Registrar and the Transfer Agent and (in all cases) at the principal office of the Note Trustee. No other reports in respect of the Issuer/Borrower Facilities Agreement and the Issuer/Borrower Loans corresponding to the Notes will be prepared.
Selling restrictions:	There will be restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, the EEA and such other restrictions as may be required by law in the relevant jurisdictions in connection with the offering and sale of a particular Series of Notes. See “Subscription and Sale”. Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) (“TEFRA D”) unless (i) the applicable Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“TEFRA C”) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present the Group's consolidated financial information. The following consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto incorporated by reference in this Prospectus and the sections entitled "Use of Proceeds" and "Capitalisation".

The financial information provided below was extracted from the unaudited condensed consolidated interim financial statements of Arqiva Group Parent Limited as at and for the six month periods to 31 December 2022 and 2021 and the audited consolidated financial statements for the years ended 30 June 2022 and 2021 prepared in accordance with UK adopted IFRS. The information below is not necessarily indicative of the results of future operations.

The financial data below also includes certain non-IFRS measures used to evaluate the Group's economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as alternative measures to evaluate the Group's performance. See "Presentation of Financial and Other Information — Non-IFRS Financial Measures".

Summary Consolidated Income Statement⁽¹⁾

	Six month period to		Year Ended 30 June	
	31 December	2021	2022	2021
	(£ millions)			
Revenue ⁽²⁾	290.2	303.9	598.2	618.4
Cost of sales	(89.2)	(90.3)	(178.9)	(206.8)
Gross profit	201.0	213.6	419.3	411.6
Depreciation.....	(39.1)	(73.4)	(158.4)	(167.9)
Amortisation.....	(6.6)	(4.6)	(13.2)	(9.7)
Impairment.....	—	(10.0)	(0.5)	-
Other operating expenses ⁽³⁾	(52.2)	(58.6)	(118.3)	(105.4)
Total operating expenses	(97.9)	(146.6)	(290.4)	(283.0)
Other income ⁽⁴⁾	13.9	3.8	12.7	9.3
Operating profit	117.0	70.8	141.6	137.9
Finance income	1.8	0.9	1.9	1.1
Finance costs.....	(133.7)	(134.3)	(264.2)	(268.4)
Other gains and losses ⁽⁵⁾	(8.9)	(59.8)	(77.6)	(75.0)
(Loss)/profit before tax	(23.8)	(122.4)	(198.3)	(204.4)
Tax.....	2.2	24.3	37.3	22.4
(Loss)/profit from continuing operations	(21.6)	(98.1)	(161.0)	(182.0)
Profit for the period from discontinued operations	—	—	—	1,034.4
(Loss)/profit for the year	(21.6)	(98.1)	(161.0)	852.4

Notes:

- (1) There has been a restatement of the income statement tax credits for the periods ended 31 December 2021 and 30 June 2022 due to a revision of group relief amounts resulting from the need to recalculate the amount of group relief provided (to Companies outside of this consolidation), the payments received for that group relief and the recalculation of the deferred and current tax for the period ended 31 December 2021 as a consequence of these changes. To the extent current tax credits have been reduced, payments for group relief have been

reclassified as capital contributions within the consolidated statement of changes in equity. Prior to the restatement, the total current tax credit was £9.2m and £26.4m; the deferred tax credit was £7.3m and £27.5m and the total tax credit was £16.5m and £53.9m for the periods ended 31 December 2021 and 30 June 2022 respectively.”

- (2) Including exceptional service credits.
- (3) Including exceptional operating expenses.
- (4) Including exceptional other income.
- (5) Including exceptional other gains and losses.

Summary Consolidated Statement of Financial Position

	As at 31 December		As at 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
Non-current assets				
Goodwill.....	1,458.0	1,458.0	1,458.0	1,458.0
Other intangible assets.....	46.0	37.2	36.4	40.3
Property, plant and equipment	1,287.8	1,349.4	1,301.1	1,392.0
Deferred tax.....	189.1	177.5	188.2	162.5
Retirement benefits	52.1	61.1	61.0	47.1
Interest in associates and joint ventures.....	0.1	0.1	0.1	0.1
Derivative financial instruments.....	43.2	15.1	31.9	7.2
	<u>3,076.3</u>	<u>3,098.4</u>	<u>3,076.7</u>	<u>3,107.2</u>
Current assets				
Trade and other receivables.....	250.1	241.4	226.3	221.6
Contract assets.....	15.7	17.4	13.0	28.9
Cash and cash equivalents	31.1	46.7	13.3	227.2
	<u>296.9</u>	<u>305.5</u>	<u>252.6</u>	<u>477.7</u>
Total assets	<u>3,373.2</u>	<u>3,403.9</u>	<u>3,329.3</u>	<u>3,584.9</u>
Current liabilities				
Trade and other payables.....	(1,613.2)	(1,449.5)	(1,499.6)	(1,621.9)
Corporation tax	(2.4)	(2.4)	(2.4)	(2.4)
Contract liabilities	(114.3)	(103.8)	(101.1)	(92.4)
Borrowings.....	(205.9)	(88.4)	(103.9)	(78.0)
Provisions	(3.2)	(4.4)	(3.9)	(3.2)
	<u>(1,939.0)</u>	<u>(1,648.5)</u>	<u>(1,710.9)</u>	<u>(1,797.9)</u>
Net current liabilities	<u>(1,642.1)</u>	<u>(1,343.0)</u>	<u>(1,458.3)</u>	<u>(1,320.2)</u>
Non-current liabilities				
Contract liabilities	(322.6)	(338.8)	(338.5)	(324.4)
Borrowings.....	(1,348.3)	(1,502.4)	(1,478.1)	(1,547.8)
Derivative financial instruments.....	(331.8)	(400.8)	(345.5)	(333.1)
Provisions	(85.3)	(84.9)	(83.0)	(85.6)
	<u>(2,088.0)</u>	<u>(2,326.9)</u>	<u>(2,245.1)</u>	<u>(2,290.9)</u>
Total liabilities	<u>(4,027.0)</u>	<u>(3,975.4)</u>	<u>(3,956)</u>	<u>(4,088.8)</u>
Net liabilities	<u>(653.8)</u>	<u>(571.5)</u>	<u>(626.7)</u>	<u>(503.9)</u>
Equity				
Share capital.....	0.1	0.1	0.1	0.1
Accumulated losses.....	(893.2)	(797.1)	(863.9)	(707.7)
Merger reserve	(188.5)	(188.5)	(188.5)	(188.5)

	As at 31 December		As at 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
Capital contribution reserve.....	426.8	413.1	424.7	391.3
Translation reserve.....	(0.7)	(0.6)	(0.7)	(0.5)
Total equity attributable to owners of the Parent.....	(655.5)	(573.0)	(628.3)	(505.3)
Non-controlling interest.....	1.7	1.5	1.6	1.4
Total equity	(653.8)	(571.5)	(626.7)	(503.9)

Summary Consolidated Cash Flow Statement

	Six month period to 31 December		Year Ended 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
Net cash inflow from operating activities	125.7	177.5	336.2	411.2
Investing activities				
Interest received.....	0.4	0.4	0.2	—
Purchase of tangible assets	(30.0)	(39.8)	(83.9)	(85.5)
Purchase of intangible assets.....	(6.2)	(0.8)	(4.8)	(0.6)
Sale of tangible assets	1.0	—	—	—
Receipt of insurance stage payments	10.0	—	5.0	—
Sale of subsidiary undertakings net of cash disposed and deferred income generated in relation to future services	—	—	—	1,820.4
	(24.8)	(40.2)	(83.5)	1,734.3
Financing activities				
Raising of external borrowings	19.0	—	34.0	—
Repayment of external borrowings....	(37.0)	(26.1)	(56.7)	(1,260.9)
Repayment to parent undertakings ...	13.0	(251.1)	(272.2)	(42.2)
Movement in borrowings	(5.0)	(277.2)	(294.9)	(1,303.1)
Repayment of capital element of finance lease rentals.....	(11.4)	(10.1)	(22.1)	(40.7)
Interest element of finance lease rentals.....	(2.6)	(3.6)	(6.7)	(7.4)
Interest paid.....	(29.9)	(25.7)	(51.6)	(61.7)

	Six month period to 31 December		Year Ended 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
Cash settlement of principal accretion on inflation-linked swaps ¹ ...	(33.9)	—	(90.0)	(14.5)
Debt issue costs and facility arrangement fees	(0.3)	(1.2)	(1.3)	—
Break costs on early debt repayments and derivatives.....	—	—	—	(55.9)
Cash outflow on redemption of swaps	—	—	—	(513.0)
	(83.1)	(317.8)	(466.6)	(1,996.3)
Increase/(decrease) in cash and cash equivalents.....	17.8	(180.5)	(213.9)	149.2

¹ Relates to FY23 accretion prepayment

Other Financial Data

	Six month period to 31 December		Year ended 30 June	
	2022	2021	2022	2021
	<i>(£ millions, unless indicated otherwise)</i>			
EBITDA ⁽¹⁾	166.0	168.0	339.8	331.8
EBITDA Margin (%) ⁽²⁾	57%	55.3%	56.8%	53.7%
Net cash inflow from operating activities ⁽³⁾	125.7	177.5	336.2	411.2
Maintenance capital expenditure ⁽⁴⁾ ...	16.3	21.4	40.7	42.6
Growth capital expenditure – contracted ⁽⁵⁾	11.8	15.0	31.1	43.1
Growth capital expenditure – non- contracted ⁽⁶⁾	0.3	0.4	0.4	1.4
Bilsdale – Project Restore ⁽⁷⁾	10.4	3.5	14.4	—

Notes:

- (1) EBITDA is presented to aid understanding of the Group's results of operations and financial condition. The Group defines EBITDA as operating profit (taken from the Group's consolidated income statement data) before depreciation and amortisation, impairment charges, exceptional administrative expenses and one-off items where the earnings or charges are not considered to be indicative of the Group's on-going operations, e.g. profit or loss on the disposal of non-current assets, as well as certain other items.

EBITDA is a supplemental measure of financial performance that is not required by, nor presented in accordance with, IFRS. EBITDA is not a measure of performance under IFRS and investors should not consider EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of the Group's operating performance, (b) cash flows from operating investing and financing activities as a measure to meet the Group's cash needs or (c) any other measures of performance under IFRS or generally accepted accounting principles. Investors should exercise caution in comparing EBITDA as reported by the Group to EBITDA of other companies.

EBITDA has been included in this Prospectus because it is a measure that the Group's management uses to assess the Group's operating performance. Please see "Presentation of Financial and Other Information—Non-IFRS Financial Measures" for information on the limitations of EBITDA as an analytical tool.

The following table provides a reconciliation of operating profit to EBITDA for the periods indicated:

	Six months to 31 December		Year Ended 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
Operating profit	117.0	70.8	141.6	137.9
Depreciation	39.1	73.4	158.4	167.9
Amortisation	6.6	4.6	13.2	9.7
Impairment	—	10.0	0.5	—
Exceptional administrative expenses	3.9	13.0	19.6	25.6
Other income	(3.9)	(3.8)	(7.7)	(9.3)
Exceptional other income	(10.0)	—	(5.0)	—
Exceptional revenue	12.3	—	7.6	—
Other ^(a)	1.0	—	11.6	—
EBITDA	166.0	168.0	339.8	331.8

- (a) 'Other' includes profit and loss on disposal of non-current assets and operational bank charges

- (2) EBITDA margin is defined as EBITDA divided by Group revenue.
- (3) The Group defines net cash flow from operations as EBITDA before exceptional items, working capital and certain other items. The following table shows a reconciliation of net cash flow from operating activities to EBITDA for the periods indicated:

	Six months to 31 December		Year Ended 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
EBITDA	166.0	168.0	339.8	331.8
Exceptional items.....	(4.2)	(13.0)	(19.6)	(25.6)
Working capital	(32.2)	24.0	16.1	75.3
Other	(3.9)	(1.5)	(0.1)	29.7
Net cash inflow from operating activities	125.7	177.5	336.2	411.2

- (4) The Group defines maintenance capital expenditure as expenditure that is incurred to deliver cost-savings, productivity enhancements, to extend the useful life of existing non-current assets, or replace worn out and obsolete non-current assets with new ones in order to support existing contracts.
- (5) The Group defines growth capital expenditure – contracted as capital expenditure that is incurred to deliver new or renewal revenues and which is supported by a signed customer contract.
- (6) The Group defines growth capital expenditure – non-contracted as capital expenditure that is incurred to deliver revenues and which is supported by a business case but on which there is no signed customer contract at the time at which expenditure is incurred and reported.
- (7) The Group defines Bilsdale – Project Restore capital expenditure as capital works in relation to the Bilsdale transmitter site following the fire in August 2021.

Segmental Financial Information

	Six months to 31 December		Year Ended 30 June	
	2022	2021	2022	2021
	<i>(£ millions)</i>			
Media Distribution – Commercial				
Revenue	222.2	237.7	466.3	493.5
EBITDA ⁽¹⁾	176.7	172.9	343.0	351.4
Smart Utilities Networks – Commercial				
Revenue	68.0	66.2	131.9	124.9
EBITDA ⁽¹⁾	32.3	31.9	65.4	40.2
Operations				
Revenue	—	—	—	—
EBITDA ⁽¹⁾	(11.4)	(12.2)	(25.3)	(21.4)
Technology and Transformation				
Revenue	—	—	—	—
EBITDA ⁽¹⁾	(17.8)	(14.7)	(28.5)	(24.4)
Corporate				
Revenue	—	—	—	—
EBITDA ⁽¹⁾	(14.2)	(9.9)	(14.8)	(14.0)
Group consolidated				

	Six months to 31 December		Year Ended 30 June	
	2022	2021	2022	2021
	(£ millions)			
Revenue	290.2	303.9	598.2	618.4
EBITDA ⁽¹⁾	166.0	168.0	339.8	331.8

Note:

(1) For a reconciliation of EBITDA to operating profit, see “—Other Financial Data” above.

OVERVIEW OF SENIOR HEDGES

As at 31 December 2022, the Senior Group had a senior hedging portfolio with a notional amount of approximately £1.4 billion. This portfolio comprises approximately:

- £0.7 billion notional amount of inflation linked swaps (“**ILS**”) to which the Borrower is party;
- £0.3 billion notional amount of overlay swaps (“**OS**”) to which the Borrower is party; and
- £0.4 billion notional amount of interest rate swaps (“**IRS**”) to which the Borrower is party.

The summary terms of the hedging portfolio, as at 31 December 2022, are as follows:

Swap	Borrower ILS	Borrower OS	Borrower IRS
Notional amount	Approximately £0.7 billion	Approximately £0.3 billion	Approximately £0.4 billion
Maturity	2027	2023 on approximately £0.1 billion 2025 on approximately £0.1 billion 2027 on approximately £0.1 billion	2024 on approximately £0.2 billion 2029 on approximately £0.2 billion
Mandatory breaks	None	None	None
Ranking	Super senior to Issuer/Borrower Facilities	Super senior to Issuer/Borrower Facilities	Pari passu with Issuer/Borrower Facilities
Structural features	Regular scheduled payments of accretion, as follows: Accretion payable annually until maturity Assuming a flat annual inflation rate, accretion payments will grow larger over time due to the compounding effect of inflation	Amortising on approximately £0.2 billion that are maturing in 2023 and 2025 Remaining £0.1 billion notional of overlays are bullet maturity	Amortising on approximately £0.2 billion
Estimated mark-to-market value as at 31 December 2022	Approximately (£0.3) billion	Approximately (£10) million	Approximately £43 million
Coupons paid	2.9% real rate on the ILS notional The interest payments are calculated on a swap notional amount that increases semi-annually with reference to RPI The ILS have a base index level of 201.6 (i.e. the RPI figure for January 2007). This is the date falling three	Floating pay leg of SONIA + 0.2766% on approximately £0.2 billion Floating pay leg of SONIA + 0.3766% per annum on approximately £0.1 billion	Fixed pay leg of 0.2% on approximately £0.2 billion Fixed pay leg of 0.3% on approximately £0.2 billion

Swap	Borrower ILS	Borrower OS	Borrower IRS
	months before the date when the ILS were initially entered into by the Borrower (in April 2007)		
Coupons received	Approximately £0.3 billion of the ILS have a fixed receive leg of 2.6% Approximately £0.4 billion of the ILS have a floating receive leg of SONIA + 0.2766%	Fixed receive leg of 2.0% on approximately £0.2 billion Fixed receive leg of 2.9% on approximately £0.1 billion	Floating receive leg of SONIA + 0.2766%

Note:

(1) Historic RPI fixings can be found on Bloomberg page UKRPI < Index >.

Borrower ILS and Borrower OS

The existing ILS (which have a total notional amount of approximately £0.7 billion) are used to hedge the Senior Group's high proportion of index-linked turnover. The mark-to-market value on the ILS is linked to future expectations of inflation. As the Senior Group's long-term contracts are closely linked to the RPI, higher inflation tends to increase future turnover and offsets the impact of mark-to-market deterioration on the ILS over the life of the swap.

In addition, the Borrower has entered into approximately £0.3 billion notional amount of floating/fixed interest rate swaps (i.e. OS) to overlay the ILS (with no mandatory break and having a floating receive leg of SONIA + 0.2766%) and thereby amend the net cash flow characteristics.

Approximately £0.6 billion notional amount of ILS after directly or in conjunction with a portion of the OS (£0.3 billion notional amount) effectively hedges the Issuer's fixed rate GBP coupon payments under the existing fixed rate Notes. The remaining £0.1 billion notional amount of ILS hedges floating rate debt.

All £0.7 billion notional of the ILS do not have mandatory breaks and so will mature on their scheduled maturity date falling in 2027.

On the ILS, the coupon is paid in cash at each semi-annual payment date and is accounted for in the Historic Cashflow ICR and the Projected Cashflow ICR. The accretion amount to the notional amount which is determined by indexation to inflation is counted as Net Debt in the Historic Net Debt to EBITDA Ratio and the Projected Net Debt to EBITDA Ratio, but not in the Historic Cashflow ICR or the Projected Cashflow ICR.

The Borrower is required to pay down accretion amounts every year until maturity of the ILS. The Borrower expects to fund this payment from available cash and/or the incurring of new Senior Debt.

The accretion payment on the ILS is calculated according to the following formula:

$\{[(RPI (3 \text{ month lag})/201.6 - 1) \times \text{ILS notional}] \text{ minus the sum of all previous accretion payments}\}$.

The interest payments on the ILS are calculated according to the following formula:

$\{[RPI (3 \text{ month lag})/201.6] \times \text{ILS notional} \times \text{real rate} \times \text{fraction of year}\}$

Management estimates that, as at 31 December 2022, the mark-to-market value on the ILS was approximately £0.3 billion and the PV01 (as explained below) on the ILS was approximately £0.5 million. The PV01 represents the present value of adding one basis point to the fixed rate payable by the Borrower and is a function of interest rates and time (which means that the PV01 will vary from time to time).

In May 2023, the Group has put in place an instrument to manage its exposure to inflation in relation to cashflow exposure to RPI.

Borrower IRS

The Borrower has entered into approximately £0.4 billion notional amount of IRS to hedge the floating rate payable by the Borrower under the Senior Group's floating rate GBP debt, specifically the ITL Loan, the EIB Loan and the floating rate GBP tranches of the USPP Notes. None of the Borrower IRS contains any mandatory break provisions and instead the maturity date of the Borrower IRS are in either 2024 or 2029 (subject to any scheduled amortisation, if applicable).

The Borrower IRS represents restructured legacy instruments that we last recouped to the market in 2020, meaning that the fixed rate payable by the Borrower is lower than it would be had the Borrower entered into new swaps on on-market terms when the derivative instruments were established.

DOCUMENTS INCORPORATED BY REFERENCE

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

- the Annual Report and Consolidated Financial Statements for the year ended 30 June 2022 of Arqiva Group Parent Limited, incorporating the Independent Auditors' Report (available from page 142 onward at <https://www.arqiva.com/credit-Investors-reports/2022/Financial-Statements/Arqiva%20Broadcast%20Parent%20and%20Arqiva%20Group%20Parent%20Financial%20Statements%202022.pdf>);
- the Annual Report and Consolidated Financial Statements for the year ended 30 June 2021 of Arqiva Group Parent Limited, incorporating the Independent Auditors' Report (available from page 143 onwards at <https://www.arqiva.com/credit-Investors-reports/2021/financial-statements/Q4-june.pdf>);
- the Annual Report and Financial Statements for the year ended 30 June 2022 of Arqiva Financing plc, incorporating the Independent Auditors' Report (available at <https://www.arqiva.com/group-financial-results/2022/Subsidiary-Financial-Statements/Arqiva%20Financing%20plc.pdf>);
- the Annual Report and Financial Statements for the year ended 30 June 2021 of Arqiva Financing plc, incorporating the Independent Auditors' Report (available at <https://www.arqiva.com/group-financial-results/2021/Subsidiary-financial-statements/Arqiva%20Financing%20plc%202021.pdf>);
- the unaudited Annual Report and Financial Statements for the year ended 30 June 2021 of Arqiva Financing No 1 Limited (available at <https://www.arqiva.com/group-financial-results/2021/Subsidiary-financial-statements/Arqiva%20Financing%20No1%20Ltd.pdf>);
- the unaudited Annual Report and Financial Statements for the year ended 30 June 2022 of Arqiva Financing No 1 Limited (available at <https://www.arqiva.com/group-financial-results/2022/Subsidiary-Financial-Statements/2022%20Arqiva%20Financing%20No1%20Limited.pdf>);
- the Annual Report and Financial Statements of Arqiva Limited for the year ended 30 June 2022, incorporating the Independent Auditors' Report (available at <https://www.arqiva.com/group-financial-results/2022/Subsidiary-Financial-Statements/Arqiva%20Ltd%202022.pdf>);
- the Annual Report and Financial Statements of Arqiva Limited for the year ended 30 June 2021, incorporating the Independent Auditors' Report (available at <https://www.arqiva.com/group-financial-results/2021/Subsidiary-financial-statements/Arqiva%20Ltd%202021.pdf>);
- the unaudited Annual Report and Financial Statements for the year ended 30 June 2021 of Arqiva Muxco Limited (available at <https://www.arqiva.com/group-financial-results/2021/Subsidiary-financial-statements/Arqiva%20Muxco%20Limited%202021%20signed.pdf>);
- the unaudited Annual Report and Financial Statements for the year ended 30 June 2022 of Arqiva Muxco Limited (available at <https://www.arqiva.com/group-financial-results/2022/Subsidiary-Financial-Statements/Arqiva%20Muxco%20Limited%202022.pdf>); and
- the unaudited Condensed Consolidated Interim Financial Statements for the six months ended 31 December 2022 of Arqiva Group Parent Limited (available at <https://www.arqiva.com/group-financial-results/2023/AGPL%20Interim%20Financial%20Statements%20DEC%202022.pdf>),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Documents which are referred to or incorporated by reference into the documents listed above do not form part of this Prospectus. Where only certain parts of documents are being incorporated by reference, any non-incorporated parts of documents referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus will be available for viewing without charge (i) as indicated under "*General Information – Documents Available*" below (ii) on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/news and (iii) the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. Please note that websites and URLs referred to herein do not form part of this Prospectus.

In the event of any material mistake or material inaccuracy which is capable of affecting the assessment of any Notes, a supplement to this Prospectus or a new prospectus will be prepared for use in connection with any subsequent issuance of Notes.

RISK FACTORS

The following sets out certain aspects of the Programme documentation and the activities of the Issuer and the Senior Financing Group of which prospective Noteholders should be aware. The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer and the Obligors and could lead to, among other things, Trigger Events, Issuer Events of Default, Obligor Events of Default and/or non-payment of amounts under the Issuer/Borrower Facilities Agreement and the Notes.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. 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.

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

Note Considerations

The Notes are not guaranteed

The Notes are not obligations of, nor are they guaranteed by, any of the other parties or any company in the Senior Financing Group. No member of the Senior Financing Group will guarantee the obligations of the Issuer under the Notes. Furthermore, the Notes are limited recourse obligations of the Issuer and no person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

If the Issuer has insufficient assets to fund payments on the Notes as they fall due Noteholders will have no other recourse, which could mean that Noteholders do not receive full payment of interest or principal under the Notes.

The Notes will be held in book-entry form and therefore potential Noteholders must rely on the procedures of the relevant clearing systems to exercise any rights or remedies

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interest in each Global Note held through it. While the notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing system. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The timing of payment on Notes may not coincide with payments for the Group's Senior Debt

Payment dates for the various different types of Senior Debt (including the Issuer/Borrower Facilities Agreement) will not necessarily coincide. If a payment made in respect of one type of Senior Debt (especially so if it is a large payment due for example a repayment of principal or significant close-out amount due in respect of Borrower Hedges) falls due on a date earlier than amounts due under the Issuer/Borrower Facilities Agreement, there is a risk that the earlier payment will lead to a deficiency of funds for the Borrower to make payments in respect of the Issuer/Borrower Facilities Agreement, which will therefore affect the Issuer's ability to satisfy on a full and timely basis its obligations under the Notes.

There may be conflicts of interest between the holders of different Series of Notes

The Note Trust Deed requires the Note Trustee to have regard to the interests of all the Noteholders (so long as any of the Notes remain outstanding) equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee as if they formed a single class (except where expressly required otherwise). It is possible that the interests of holders of a Series of Notes will not be aligned with the interests of the holders of another Series of Notes and the Note Trustee may exercise its powers, trusts, authorities, duties and discretions under the Note Trust Deed in a manner that is less favourable to the holders of a Series of Notes than if the different Series of Notes had been treated as separate classes, and Noteholders may find their voting powers diluted by the issue of further classes of Notes. The risk arises as a result of the Note Trustee having to consider the Notes, and Noteholders as a whole, without regards to individual holders of respective Series of Notes.

The Notes may have limited liquidity

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

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

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they are redeemed. This also may be true prior to any redemption period.

The Issuer may elect to redeem the relevant Notes in advance of their scheduled maturity date by giving notice to the relevant Noteholders in accordance with the Conditions. For example, the Issuer may redeem Notes when its cost of borrowing is lower than the interest rate on the Notes depending on the price the applicable Notes may be redeemed at. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Rating Agency assessments, downgrades and changes to Rating Agencies' criteria may result in ratings volatility on the Notes

The ratings assigned by the Rating Agencies to the Notes reflect only the views of the Rating Agencies and, in assigning the ratings, the Rating Agencies take into consideration the credit quality of the Obligors and structural features and other aspects of the transaction. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in, or unavailability of, information or if, in the Rating Agencies' judgment, circumstances so warrant. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Future events, including events affecting the Obligors and/or circumstances relating to the industry in which the Senior Financing Group operates generally, could have an adverse impact on the ratings of the Notes.

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

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

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

Credit ratings may not reflect all risks relating to the Notes

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 as amended (the “**EU CRA Regulation**”) as it forms part of UK domestic law by virtue of the EUWA (the “**UK CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are restricted from using a rating for UK regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes, EU and UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in EU and UK regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the credit rating agencies (or any of them) as a result of changes in, or unavailability of, information or if, in the credit rating agencies’ judgment, circumstances so warrant. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Future events, including events

affecting the Issuer or the Senior Financing Group and/or circumstances relating to the industry generally, could have an adverse impact on the ratings of the Notes.

Potential Noteholders may lose all or part of their investment in any Index-linked Notes issued

Under the Programme, the Issuer may from time to time issue Notes with principal or interest determined by reference to RPI. Potential investors should be aware that they may lose all or a substantial portion of their principal of any index-linked Notes issued under the Programme, because the interest is itself indexed and should RPI fall, the principal amount payable would be lower.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index-Linked Notes. Inflation indexes may go down as well as up. Where Notes in respect of which the amount of interest payable is subject to adjustment by reference to movements in an inflation index are issued, a decrease in such inflation index over the reference period will reduce the amount of interest payable in respect of such Notes. In a deflationary environment, the annual interest received may be lower. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any such Index-Linked Notes and the suitability of such Index-Linked Notes in the light of its particular circumstances.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Notes, the interest rate of which may be converted from fixed to floating interest rates and vice-versa, may have lower market values than other Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market value of securities issued at a substantial discount or premium from 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.

Regulation and reform of EURIBOR and other “benchmarks” could adversely affect any Notes 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 Notes 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”.

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

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.

(Please see for further information Condition 5 (Interest and Other Calculations) of the Terms and Conditions of the Notes)

The EU Benchmarks Regulation and/or the UK Benchmark Regulation could adversely affect any Notes 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 Notes linked to EURIBOR 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 Notes being de-listed or redeemed early or otherwise affected depending on the particular "benchmark" and applicable terms of the Notes.

Fallback arrangements could adversely affect Floating Rate Notes

The potential elimination of a benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest provisions of the Terms and Conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of the alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the terms of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement).

Where the Page is not available, and no successor or replacement for the Page is available, where the Floating Rate Option specified is a "EURIBOR" Floating Rate Option, subject to the operation of Condition 5.7 the Terms and Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks

communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Where the Page is not available, and no successor or replacement for the Page is available, where the Floating Rate Option specified is "SONIA", subject to the operation of Condition 5.7 the Terms and Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to the Bank of England's base rate plus mean of the spread of the SONIA Reference Rate to the Bank of England's base rate over the previous five London Business Days on which the SONIA Reference Rate has been published. Where the Bank of England Base rate is not available, the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued.

If a Benchmark Event (as defined in Condition 5.7) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Terms and Conditions provide that the Issuer may vary the Terms and Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Terms and Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative 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 Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative 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 Noteholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Accrual Period will be the Rate of Interest 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 Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Accrual Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Accrual Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest 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 Notes, in effect, becoming fixed rate Notes. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback 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 Notes. Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is a "EURIBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If EURIBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

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

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

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes

The use of risk-free rates - including those such as SONIA as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA or any related indices.

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

Risk-free rates may differ from The London Interbank Offered Rate ("LIBOR") and other 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 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 interbank 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 Notes.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes 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 Notes 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 Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 10 (Issuer Events of Default), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest Rate payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The market value of Fixed Rate Notes may fluctuate

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

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the Currency specified in the relevant Final Terms. This presents certain risks to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit other than the specified Currency (the "Investor's Currency"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the specified Investor's Currency may impose or modify exchange controls. An appreciation of value of the Investor's Currency relative to the specified Currency would decrease

(1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers, the Dealers nor any of the parties to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes at any time.

Noteholders in any Member State of the EEA and in the UK should consult their own advisers as to the consequences to, and effect on, them of the application of Directive 2013/36/EU (as amended) and Regulation (EU) No. 575/2013, as amended (together "**CRD**"), as implemented by their own regulator, or Regulation (EU) No. 575/2013 (as it forms part of domestic law by virtue of the EUWA) and the UK legislation and rules implementing Directive 2013/36/EU (as amended) (as applicable) to their holding of any Notes. The Issuer is not responsible for informing Noteholders of the effects of the changes to risk-weighting which will result for investors from the adoption of CRD by their own regulator. The Issuer has considered, and obtained legal advice as to, the applicability of the UK Securitisation Regulation and the EU Securitisation Regulation to this transaction and is of the opinion that the Notes do not constitute an exposure to a "securitisation position" for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of the UK Securitisation Regulation and the EU Securitisation Regulation.

Prospective investors should therefore be aware that should the UK Securitisation Regulation and the EU Securitisation Regulation apply to an investment in the Notes, significantly higher capital charges may be applied to that investor's holding and/or any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. No assurance can be given that further changes will not be made to the UK Securitisation Regulation and the EU Securitisation Regulation, which could impact the Noteholders.

Issuer Considerations

The Issuer and some of the Obligors are special purpose vehicles and have limited assets and limited ability to generate revenue and will depend on their subsidiaries and affiliates to provide them with funds to meet the Issuer's obligations under the Notes

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

Therefore, the Issuer is subject to all the risks relating to income and expenses to which each Obligor is subject. Such risks could limit funds available to the Obligors to enable such Obligor to satisfy in full and on a timely basis its obligations under the Issuer/Borrower Facilities Agreement, which will therefore affect the Issuer's ability to satisfy on a full and timely basis its obligations under the Notes.

Each Obligor's ability to satisfy the payment obligations under Issuer/Borrower Facilities Agreement is dependent on the financial and business performance of the Senior Financing Group. If the Senior Financing Group's financial performance deteriorates, then the relevant Obligors may not be able to satisfy its obligations under the Issuer/Borrower Facilities

Agreement, which will then affect the Issuer's ability to satisfy on a full and timely basis its obligations under the Notes. See "*Risk Factors – Business and Industry Risks*".

Some of the Obligors, including the Intermediate Parent, are non-operating holding companies, Other than by virtue of shares owned by such Obligors, such Obligors will not have any other income or assets. The Obligors guarantee the payment obligations of each other Obligor under the Issuer/Borrower Facilities Agreement and have provided security in favour of the Obligor Secured Creditors, including the Issuer. Therefore, the Issuer is subject to the risk that the Obligors will not have sufficient income to make payments under the guarantee provided by them or that upon the enforcement of the security provided by them, there are insufficient proceeds to discharge their payment obligations. In the event that the Obligors do not have sufficient income to discharge their obligations under the guarantee of each Obligor's payment obligations under the Issuer/Borrower Facilities Agreement, this could have a material effect on the Issuer's ability to satisfy on a full and timely basis its obligations under the Notes.

The Issuer relies on certain third parties and Issuer Hedge Counterparties for certain services in relation to the Notes

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

The Issuer may also be reliant on Issuer Hedge Counterparties to provide a hedge against interest rate, currency, inflation and/or other risks in respect of amounts received by the Issuer from the Borrower under the Issuer/Borrower Facilities Agreement and the amounts payable by the Issuer under the Notes.

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

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

If the Issuer is obliged to pay a termination payment under any Issuer Hedging Agreement, such termination payment will, except for Excluded Hedge Counterparty Amounts, rank ahead of amounts due on the Notes. The obligation on the Issuer to make a termination payment may adversely affect the ability of the Issuer to meet its obligations under the Notes.

There may be conflicts of interest between certain transaction parties

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

Decision-making in relation to the Transaction Documents (as described further in Summary of the Transaction Documents - Modifications, Consents and Waivers) is often taken on the basis of the vote of the majority of Secured Creditors or specified percentage of Secured Creditors voting in favour to the extent to which certain transaction parties have different interests to those of the Noteholders (owing to their different roles in the transaction or investment horizon or other factors) they may exercise any decision-making power they have in a way which is detrimental to the interests of the Noteholders and could ultimately impact on the ability of the Issuer to make payments under the Notes.

Certain Issuer Secured Creditors and Obligor Secured Creditors will rank ahead of Noteholders in respect of the Issuer Security and Obligor Security, respectively

Although the Issuer Security Trustee will hold the benefit of the Issuer Security on trust for the Noteholders and the Obligor Security Trustee will hold the benefit of the Obligor Security on trust for the Issuer, such security interests will also be held on trust for the Issuer Secured Creditors and Obligor Secured Creditors. Certain of the Issuer's obligations to certain Issuer Secured Creditors rank ahead of the Noteholders. Such persons include, among others, the Note Trustee (in its individual capacity), the Issuer Security Trustee (in its individual capacity), the Issuer Hedge Counterparties (in respect of certain payments payable to them), the Liquidity Facility Providers, the Registrar, the Transfer Agent, the Paying Agents and the Issuer Account Bank in respect of certain amounts owed to them (see "*Summary of the Transaction Documents – Issuer Cash Management Agreement*" and "*Summary of the Transaction Documents – Issuer Account Bank Agreement*" and "*Cashflows — Issuer Pre-Enforcement Payment Priorities*", "*— Issuer Post-Enforcement Pre-Acceleration Payment Priorities*" and "*— Issuer Post-Acceleration Payment Priorities*"). To the extent that significant amounts are owing to any such persons, the amounts available to Noteholders will be reduced. Likewise, certain of the Obligor's obligations to certain Obligor Secured Creditors will rank ahead of its obligations to the Issuer. Such persons include, among others, the Obligor Security Trustee (in its individual capacity), the Borrower Hedge Counterparties (in respect of certain payments payable to them) and the Liquidity Facility Providers (see "*Cashflows — Borrower Pre-Enforcement Payment Priorities*", "*— Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities*" and "*— Borrower Post-Enforcement (Post-Acceleration) Payment Priorities*"). In addition, it should be noted that 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 as they are not parties to the Common Documents and so will be able to petition for a winding up or administration of the Obligors where they fail to pay their unsecured debts as they fall due.

Accordingly, if the value of the Issuer Security and Obligor Security is less than the claims of the Noteholders under the Notes and the claims of all other senior secured creditors under their respective senior secured debt, the Noteholders' claims will be diluted and as a result Noteholders could lose all or part of their investment, should such circumstances arise.

Obligor and Issuer/Borrower Facilities Agreement Considerations

The Group will need to refinance some of its debt as it matures and may need additional financing to cover capital expenditure and certain other expenses. The Group can provide no assurance that such financing will be readily available or on attractive or historically comparable terms, particularly due to rising interest rates, or that the cost of such financing will not have a material adverse effect on the Group's business, financial condition and results of operations

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

- (a) finance future capital expenditure; and
- (b) enable it to refinance existing Senior Debt and other debt.

Financial markets can be subject to periods of volatility and shortages of liquidity. There can be no assurance that the Senior Financing Group will be able to raise future finance on terms that are economically viable or at all. For instance, recent events in the markets have significantly raised the cost of credit, with increasing interest rates, fluctuating commodity price indices and exchange rates. If the Senior Financing Group were unable to access the capital markets or other sources of finance at competitive rates for a prolonged period, the Senior Financing Group's cost of financing is likely to increase, the discretionary and uncommitted elements of its strategy may need to be reconsidered and the manner in which the business implements such strategy may need to be reassessed. Such events could have a material adverse impact on the Senior Financing Group's business, results of operations and prospects, and the ability of the Issuer to make payments under the Notes.

For example, if the Senior Financing Group does not have access to commercially acceptable interest rates at which to re-finance each Obligor's obligations under the Issuer/Borrower Facilities Agreements, the Borrower may not be able to repay the Issuer under the Issuer/Borrower Facilities Agreements, which will then affect the Issuer's ability to make repayments to Noteholders.

The Obligor Security Trustee will not monitor the Obligors' compliance with warranties and covenants or the occurrence of Trigger Events, Obligor Events of Default or Potential Obligor Events of Default

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

If the Borrower or any Obligor fails to notify the Obligor Security Trustee of the occurrence of a Trigger Event, an Obligor Event of Default or a Potential Obligor Event of Default, it is likely that none of the Obligor Security Trustee, nor the Issuer, nor the Noteholders would know that a Trigger Event, an Obligor Event of Default or a Potential Obligor Event of Default has occurred, the occurrence of which may indicate that an individual Obligor or the Group as a whole is experiencing financial or other difficulties. The absence of such notice may result in the Obligor Security Trustee, the Issuer and any the Noteholders being unable to enforce their rights under the Transaction Documents in a timely manner potentially resulting in greater losses on their investment that would have been the case had notices of such events been given by the Borrower or the relevant Obligor when such notice might have first been delivered and this could be materially prejudicial to Noteholders.

Although each of the Issuer and the Borrower has funds available to it under the Liquidity Facility, it may not be sufficient or it may be unavailable to cover shortfalls in the Group's ability to make payments under its Borrower Facilities or the Notes

The Liquidity Facility and any amounts credited to the Liquidity DSR Accounts are intended to cover certain shortfalls in the ability of the Borrower to service payments under its Borrower Facilities (excluding the Issuer/Borrower Facilities Agreement and Issuer/Borrower Hedging Agreements) and to enable the Issuer to make payments in relation to the Notes and payments on the Issuer Hedging Agreements on any Interest Payment Date (excluding the repayment of principal under the Notes and early termination payments under the Issuer Hedging Agreements). However, on any such Interest Payment Date, there are no assurances that any such shortfalls will be met in whole or in part by amounts standing to the credit of the Liquidity DSR Accounts or by the Liquidity Facility, for example if the amount standing to the credit of the Liquidity DSR Accounts or amounts available under the Liquidity Facility are less than the payment then due, or if any Liquidity Facility Provider were to fail to honour their commitment under such Liquidity Facility when drawn.

If this risk were to materialise, such shortfall, if not covered in whole or in part by amounts standing to the credit of the Liquidity DSR Accounts or by the Liquidity Facility, would result in the inability of the Issuer to make full and timely payments to the Noteholders.

Modifications, waivers and consents in respect of the Common Documents and the Issuer Transaction Documents and enforcement of the Obligor Security and the Issuer Security may be made without the knowledge or consent of individual Noteholders

The STID provides that the Obligor Security Trustee shall seek the approval of the Noteholders on certain matters, along with all other Affected Secured Creditors, as a condition to concurring in making modifications to or granting consents or waivers or to the enforcement of the Obligor Security. The votes of the Noteholders may not constitute a majority in respect of any such matter, owing to the relative size of Qualifying Debt which is capable of being voted by Qualifying Secured Creditors other than the Issuer (in respect of Qualifying Debt outstanding under the Issuer/Borrower Facilities Agreement) and it is possible that the interests of certain Affected Secured Creditors will not be aligned with the interests of the Noteholders and there can be no assurance that any modification, consent or waiver or the enforcement action taken will be favourable to all Noteholders. Such risk is increased due to the fact that (a) the votes of the Noteholders entitled to vote on a matter (except in relation to an Entrenched Right) will be treated as a single class on a pound for pound basis with the other Qualifying Secured Creditors, whereas a vote in respect of the entire Outstanding Principal Amount under certain other Borrower Facilities will be taken in respect of such decisions and (b) only the votes of those Noteholders who participate within the Decision Period specified in the STID will be taken into account. Therefore,

Noteholders alone may not be able to control the outcome of any particular approval or enforcement process and it is possible that the Obligor Security Trustee may be given an instruction which is not in the interests of Noteholders. Furthermore, in the case of modifications, consents or waivers, such changes may be detrimental to the interests of some or all Noteholders, despite the ratings of such Notes being affirmed.

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

The Conditions and the Note Trust Deed also provide that the Note Trustee, subject to the provisions of the STID, may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Issuer Event of Default or Potential Issuer Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

Business and Industry Risks

Demand for the Group's Broadcast & Media and Smart Utility Networks infrastructure could decline

The Group is the UK's pre-eminent national provider of Digital Terrestrial Television (“**DTT**”) and radio broadcast infrastructure, which it typically provides under long-term, high value contracts. Therefore, factors adversely affecting the demand for such infrastructure in general could have a material adverse impact on the Group's customers and on the Group's business, financial condition and results of operations, particularly over the medium and long term as such contracts come up for renewal. Such factors could include:

- a decrease in consumer demand for broadcast services due to adverse general economic conditions or other factors, including changing consumption habits by end consumers, including their adoption of alternative content distribution technologies such as Internet Protocol (“**IP**”);
- a deterioration in the financial condition of broadcasters generally due to: declining advertising revenues (including as a result of a shift to internet advertising); declining viewership; media convergence; “over-the-top” (“**OTT**”), and the direct and indirect impacts of the macroeconomic environment;
- a reduction in public funding for the BBC, or a variation in Public Service Broadcaster (“**PSB**”) requirements through the BBC Charter or PSB licences including any changes which impact their purpose, service range or/and coverage requirements;
- a slowdown in the uptake of Digital Audio Broadcast (“**DAB**”) services by consumers or in the roll-out of DAB by the UK government or radio industry, which could impact the attractiveness of DAB to radio broadcasters and listeners, or a reduction in the overall radio market in favour of IP delivered music and radio content;
- a decrease in the growth rate of telecommunication services in the UK generally or of a particular area of the telecommunications sector, and willingness to invest in the expansion of rural capacity and coverage, with the potential to impact Cellnex trading levels with the Group;
- adverse developments with respect to regulatory licensing and/or allocation of spectrum and changes in broadcast and telecommunications regulations;
- mergers or consolidations among broadcasters and content providers;
- changing strategies of telecommunication service providers with respect to the ownership, consolidation or sharing of passive infrastructure, or increased use of network sharing or resale arrangements by telecommunication service providers among themselves, with the potential to impact Cellnex trading levels with the Group;

- adverse developments with regard to planning permission for locations where the Group's infrastructure is located or where the Group would prefer to locate future infrastructure, as well as applicable environmental, health, tax and other government regulations; and
- the failure by the Group to adapt or to incorporate new technologies or to decommission old technologies.

In the long-term, a deterioration in demand for the DTT platform may occur, either due to increased viewership of television programmes delivered via alternative platforms such as IP or cable; or reduced demand from advertising-funded, transactional or news channels. In addition, there may in the future be a loss of spectrum allocated for the DTT platform and radio due to strategic decisions by Ofcom, any relevant international agreements around use of spectrum (e.g. at World Radiocommunication Conference events) and their implementation in the UK in favour of alternative uses of spectrum (e.g. by MNOs) and IP delivery of television services, including by the PSBs. This could have an impact on the number of available DTT multiplex licences and adversely affect the Group's ability to sell streams through its Digital Platforms division.

In its Broadcast & Media business segment, DTT faces competition for digital broadcast media from competing platforms, such as satellite, cable, Internet Protocol television ("IPTV") delivered over broadband or OTT (e.g. Netflix), which may emerge as technically superior or otherwise appealing alternatives. For example, satellite television broadcast, which has been expanding its range of services, now offers Ultra-High Definition ("UHD") and currently offers more High Definition ("HD") channels than DTT, which could increase the viewer appeal of satellite broadcasts in relation to DTT. OTT providers have also been expanding their range of HD and UHD content. In the event consumers shift away from their reliance on DTT for television and turn in greater numbers to these, or other, alternative platforms, such a shift could negatively affect the long-term profitability or sustainability of DTT. Should DTT's share of the television delivery platform market decline as a result of greater uptake of alternative television delivery platforms, it could have a material adverse impact on the Group's business, financial condition and results of operations. With respect to radio, in the medium to long-term DAB could be challenged or replaced as the primary means of broadcasting digital radio content by internet radio or another medium. This could also result in fewer resources being devoted to DAB in terms of new sites or expansion of coverage which would negatively impact the Group's business.

The Group's Digital Platforms service, which sells DTT broadcast capacity to broadcasters, faces direct market competition from S4C Digital Networks ("SDN"), the owner of the only national commercial DTT Multiplex in the UK not owned by the Group. Additionally, should alternative platforms or forms of delivery of television services, such as satellite, cable, IPTV or OTT expand and challenge DTT's market position, it could reduce the general demand for DTT Multiplex capacity and negatively impact the prices the Group is able to achieve. The Group could also face competitive pricing changes if new technology or spectrum availability were to significantly affect supply of, or demand for, Multiplex capacity.

Its DTH satellite services face competition from other platforms, such as DTT, cable, IPTV delivered over broadband or OTT, which may emerge as technically superior or otherwise appealing alternatives. In the event consumers or the platform operators shift away from the reliance on DTH/satellites as a means of distribution for television and turn in greater numbers to these, or other, alternative platforms, such a shift could negatively affect the long-term profitability or sustainability of DTH. If DTH's share of the television delivery platform market declines as a result of greater uptake of alternative television delivery platforms or the platform operators decide to change distribution technologies, it could have a material adverse impact on the Group's business, financial condition and results of operations.

In the SUN business segment, any change in government policy or regulation, or a shift in utilities customer smart metering strategies could have a material adverse effect on demand for the Group's SUN business.

Energy market: the Group interfaces with the energy suppliers through the CSPN contract with the DCC. There is a risk that that contract could expire in 2028 without extension or renewal. In respect of delivering the Group's longer-term ambition in Enterprise Networks the Group faces a risk that Ofcom will materially extend the life of the Public Switched Telephone Network ("PSTN") affecting take-up of Hybrid Communications products in the energy sector.

Water market: investment in water networks is regulated by the Water Services Regulation Authority ("Ofwat"). As at the date of this Prospectus the next pricing review (PR24) is underway and the settlement for each water company will determine the level of investment in programmes such as smart metering and enhanced sensors. If lower levels of investment are agreed this could materially affect the Group's SUN business growth plans. In addition, if Government mandates or prefers Open Standards connectivity to support Smart Water metering (narrowband IoT ("NB IoT"), LoRaWAN) this would challenge the superiority of the Group's FlexNet solution and increase competitive threat. The

market is in early-stage evolution. New entrants to the market such as Netmore and Connexion have emerged over the last 12 months with alternative small-scale and lower cost network technology such as LoRaWAN.

Other risks applicable to both energy and water sectors include disruption to the existing SUN technology, delays or difficulties faced by customers in the adoption of smart meters, adverse impact to the end to end service (in terms of quality or features) due to high complexity, poor performance of the overall service, negative media coverage, the affordability of such technology or reputational damage resulting from a security breach with regard to the communications hubs or smart meters linked to the Group's smart metering networks.

Availability of supply of devices is also a risk that could affect these business segments from the perspective of being able to deliver against secured contracts and to support new contract acquisition. The impact of Covid-19 and the Ukraine war on the global supply of semi-conductors reduced the availability of components required to deploy networks for the Group's existing contracts for a period, but as at March 2023 the situation has eased, and supplies meet current required demand.

Any decline in demand for the Group's Broadcast & Media and SUN infrastructure attributable to one or several of the factors listed above could have a material adverse impact on the Group's business, financial condition, and results of operations.

The Group is subject to UK government and other regulations that govern the way it conducts its businesses, and the effects of, or changes in, regulations and government policy could have a material adverse impact on the Group's business, financial condition and results of operations

Broadcast & Media – Undertakings: The Group's provision of broadcast television and radio transmission services is regulated by Ofcom and is subject to a set of undertakings ("**Undertakings**") accepted by the Competition Commission (now its successor, the Competition and Markets Authority ("**CMA**")) and overseen by the Office of the Adjudicator – Broadcast Transmission Services ("**OTA-BTS**"), appointed by and reporting to Ofcom. Contract prices for the provision of Network Access ("**NA**") services are set within the framework of a reference offer (a "**NA Reference Offer**"). Under a NA Reference Offer, the Group is allowed to make a fixed rate of return equivalent to a Weighted Average Cost of Capital ("**WACC**") of 7.71% (real pre-tax) on a pre-2015 regulated asset base used for NA services and a 7.5% WACC (real pre-tax) on post-2015 new capital assets. Should the regulated pricing framework change, or if the WACC is adjusted by the OTA-BTS in the future (whether due to a change in the broadcast transmission market, an alteration to the Group's capital structure or a deviation in the pricing methodology in connection with the WACC, which in each case could potentially cause the OTA-BTS to review the WACC), it could reduce the returns the Group would receive on its broadcast infrastructure assets, and therefore result in a decrease in future revenues. In addition, the Group's broadcast transmission services contracts are based on Retail Price Index ("**RPI**") measures, which may not accurately reflect the drivers of the Group's cost base over time, including as a result of any future changes to the components used to calculate the RPI. If the Group's cost base growth outgrows RPI growth, its revenues and operating profits on its terrestrial broadcast assets might be adversely impacted. Any successful challenge by customers to amend the current contracts linked to RPI, to, for example, other national statistics such as the Consumer Prices Index ("**CPI**") in line with some other regulated industries, if successful, could also adversely impact the revenues and operating profits on terrestrial broadcast assets.

The existing regulated framework follows guidance originally put in place by Ofcom in 2005 following their Broadcasting Transmission Services market review. This was further reviewed by Ofcom in 2016 and the operation of the subsequent Undertakings given to the Competition Commission (now the CMA) by Arqiva's shareholders in 2008 were found to be effective. Any future change to the regulatory framework as a result of a successful challenge to the OTA-BTS, the CMA or Ofcom by Arqiva's customers over service performance or the charges for the relevant services could potentially result in changes to the regulatory guidance that set the level of charges.

The regulated framework also allows any of the Group's broadcast customers to be repaid up to 10% of payments made to the Group in any one year or receive equivalent service credits (which can be used to offset payment for services provided by the Group) in the event the Group persistently and materially fails to meet contracted service level agreement ("**SLA**") targets and fails to subsequently remedy the failure within a cure period. In more limited instances, customers are permitted to terminate contracts or exercise break clauses that terminate the relationship at a future date prior to the

completion of their contracts. Although to date, the Group has not had any agreements terminated for failure to meet SLA targets, there is no assurance that in the future this will not occur.

As the Group is the sole UK provider of national terrestrial broadcast infrastructure necessary for DTT and the leading national provider of terrestrial broadcast infrastructure necessary for radio transmission in the UK, and since the Group's Digital Platforms function is a customer of the Group's Broadcast & Media DTT – commercial function, the Undertakings also require the Group to impose strict information barriers between the different parts of the Broadcast & Media business function, and subject the Group to regular audit. A breach of these Undertakings, competition law or the Group's regulatory obligations could give rise to a range of potential penalties including fines of up to 10% of the Group's annual revenue and, in exceptional circumstances, structural remedies including the enforced sale of components of the Group.

In addition, the Group engages in dialogue with broadcaster customers including multiplex operators and also Ofcom on a regular basis, which could lead to it implementing certain measures to enhance the resilience of its infrastructure and technology including (without limitation) further construction, development, expansion and/or maintenance of its broadcast and wireless telecommunications infrastructure and technology, which could in turn require additional capital expenditure. Accordingly, such additional requirements could impose significant costs on the Group and impact its business, financial condition and results of operations.

Digital Platforms – Multiplex licences: The Group's DTT and radio broadcast operations are highly dependent on the Group's multiplex licences ("**Multiplexes**"), granted under the Broadcasting Act 1996, and related commercial spectrum licences under the Wireless Telegraphy Act 2006, each as issued by Ofcom. The Group's DTT Multiplexes are particularly material to the Group's business, and are granted for specified time periods. In August 2021, the Department for Digital, Culture, Media and Sport (the "**DCMS**") concluded that the government will give Ofcom the power to carry out an early renewal of the Group's two current DTT DVB-T multiplexes until 2034 accompanied by appropriate regulatory flexibility on international spectrum grounds via the inclusion of a new revocation power, which cannot take effect before the end of 2030. Arqiva Muxco Limited applied in December 2022 for the renewal of the multiplexes until 2034 and had confirmation from Ofcom on 6 April 2023 that its licences had been renewed and that Ofcom will be proceeding with the formal issuance of the renewed licence. In addition, the Group may be exposed to capacity losses as a result of Ofcom re-designating any DTT Multiplex licence held by the Group for a purpose other than DTT or changing technical specification requirements resulting in capacity loss. Should the Group be unable to maintain licences providing sufficient broadcasting spectrum capacity, there may be a corresponding reduction in the Group's Broadcast & Media business, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Digital Platforms – Spectrum fees: In 2013, Ofcom announced a potential framework for introducing spectrum rental fees under an Administered Incentive Pricing ("**AIP**") scheme to encourage efficient spectrum use. Although Ofcom has, to date, decided to refrain from applying opportunity cost-based AIP pricing to broadcast spectrum, it is possible that AIP pricing will be implemented in the future. Currently, Ofcom has charged and is expected to continue to charge administrative cost-based fees to Multiplex operators, including the Group, based on Ofcom's direct costs associated with managing spectrum and the administration of broadcast licences. Whilst it is uncertain whether Ofcom will introduce significant AIP Fees, it has the potential to do so at a future date. Although the Group would expect to pass through a proportion of any AIP fee levied by Ofcom to its customers, and includes AIP clauses in its current contracts, the Group may not be able to fully pass these costs on to all of its customers or include similar clauses in future contracts without adversely affecting demand for the Group's Multiplex services. The imposition of significant AIP fees could therefore impact the Digital Platforms division's profitability or reduce the competitiveness of the DTT platform relative to competing platforms (such as DTH satellite, cable, IPTV or OTT), which could have a material adverse impact on the Group's business, financial condition and results of operations.

Potential changes to BBC funding structure: The BBC, which is one of the Group's key customers for DTT transmission services and radio, was the first television broadcaster in the UK and remains a central element of the UK broadcasting environment. In the United Kingdom and its Crown Dependencies, (Jersey, Guernsey and the Isle of Man), any household watching or recording live television transmissions as they are being broadcast (terrestrial, satellite, cable or internet) is required to purchase an annual television licence. Income from the licence is primarily used to fund the BBC's television, radio and online services.

As a result, the BBC has one of the most stable and established funding sources in UK media. The BBC's funding is reviewed every five to ten years by Royal Charter, giving it more certain funding than, for instance, government budget allowances, which are assessed annually. In the 2016 review, the BBC was awarded an 11-year charter, providing the

company with more certainty and allowing it to implement decisions over a longer time horizon. In 2022, the BBC was awarded a confirmed level of funding for the licence fee until 2028. This included an announcement that the licence fee would be frozen at £159 until 2024. In return for this funding by Royal Charter, the BBC must fulfil a range of obligations, including maintaining universal coverage, defined as reaching at least 98.5% of the population (Source: Ofcom).

As the only provider to the BBC of national DTT and national analogue and digital radio transmission services, the Group receives significant business from the BBC transmission agreements for the services that the Group operates. Any change to the funding arrangements for the BBC that significantly change the budget provided to the BBC, for example, from a revised licence fee or other funding mechanism, (such as by viewer subscription), could create a risk to the future business of the Group. The Group is not aware of any confirmed proposals to change the licence fee. The UK Parliament's Digital, Culture, Media and Sport Committee in 2021 published a report on the future of public service broadcasting that suggested the BBC's licence fee should remain in place until 2038 because the UK government was yet to present a viable alternative, and implementing a replacement funding model would be too expensive and disruptive. The UK Government is currently due to undertake a review of the licence fee model, the details and timing of which are yet to be announced. Any change to the licence fee funding model could impact the Group and its ongoing role in serving the BBC. The Group is also potentially impacted by the BBC Charter process and any decisions within that which impact on the role of broadcast and other services provided by the Group. In May 2022, the DCMS announced that it will undertake a mid-term review of the BBC Charter, which must be completed by 2024. The subsequent BBC Charter period would run from 1 Jan 2028 and decisions taken within that agreement have the potential to negatively impact the activities of the Group including if any decisions were taken to turn off or end any of the BBC's broadcast services.

Direct to Home (DTH) satellite services & Global Media: The licences required to transmit satellite signals on the relevant frequency and for relevant satellites and teleport licences are regulated by Ofcom in the UK and by relevant regulatory authorities in other jurisdictions where the Group operates. Although the Group believes it is currently in compliance with all of its material regulatory obligations in respect of its Satellite & Global Media business, the Group may fail to remain in compliance with such obligations in the future. Changes in laws, regulations or government policy affecting the Group's Satellite & Global Media activities such as decisions by regulators as to the granting, amendment, renewal, revocation or termination of licences or broadcast agreements, could be adopted that make compliance more difficult or expensive. Following the decision to exit the European Union (Brexit), Ofcom implemented the Audiovisual Media Services Regulations 2020. As these regulations are updated separately in the UK and the European Union in future, they may make it more difficult for the Group's clients to distribute channels from UK teleports into Europe, specifically with regard to compliance with these regulations.

If regulatory changes impact any of the Group's businesses and thereby impair the Group's ability to provide its products, or current regulations obstruct the Group's current business or future projects undertaken by the Group, such regulatory change could have a material adverse impact on the Group's business, financial condition and results of operations.

SUN – Energy Smart Metering: The Group has designed and deployed a smart metering communication network in the north of England and Scotland as part of a 15-year contract signed in September 2013 with Data Communications Company (the "DCC"), which is licensed by the UK Government. The DCC is also supervised by the Office of Gas and Electricity Markets ("Ofgem"), the energy regulator. Any change to the UK political environment may cause the Secretary of State to vary the licence conditions, and/or materially change the overall programme and these changes in turn may be passed down to the Group and result in additional costs or an adverse effect on the Group's ability to provide its services. Pricing within the existing contract is unlikely to be impacted by any change in the relevant law, however an immediate direct impact is not impossible. The DCC CSPN contract is due to expire in 2028 and it would be uneconomical for the DCC to change a communications service provider at that point and hence the Group assumes that it will be successful in securing a contract renewal at this point, but this cannot be guaranteed. The effect of not renewing the contract would result in material adverse impact on the Group's business, financial condition, and results of operations. The DCC has a right to extend for five-years until 2033. A contract renewal would be subject to consultation which may result in non-renewal of the contract or in material changes to the construct of the network and the services provided. Any such changes would be reflected by way of an agreed change control to the current contract. Any change in law impacting pricing could be implemented upon contract renewal.

The Group is dependent on its technical and information infrastructure and a significant security breach or other critical disruption in the Group's technical or information infrastructure could result in material

harm to the Group’s performance, harm the Group’s reputation, and have a material adverse impact on the Group’s business, financial condition and results of operations

The Group relies on sophisticated technical and information technology infrastructure to operate its business and deliver critical services to its customers (including operation of its infrastructure, management of key networks, accounting, billing and other matters), as well as to accurately and efficiently provide information to management and prepare financial reports. The Group’s systems are also an important means of internal communication and communication with customers and suppliers.

These systems and services are vulnerable to interruptions or other failures resulting from, among other things, software, equipment or telecommunications failures, processing errors, computer viruses and malware, fraud, hackers or other security issues or supplier defaults, natural disasters and terrorist attacks. For example, a breach of information security could impair the ability of the Group to adequately provide its services, cause financial loss, reduce performance by one or more of the Group’s businesses or damage the Group’s reputation. Additionally, a security breach or intrusion upon the Group’s information technology infrastructure could compromise the security of information stored in or transmitted through the Group’s systems (including customer data and broadcast transmissions), or compromise the integrity of the Group’s technical systems more broadly. The Group provides a significant proportion of the UK’s critical national communications infrastructure. If the Group’s smart metering networks are subject to cyber-attacks, it could cause a material loss of, or damage to, data or systems, which may have a material adverse impact on the Group’s business, financial condition and results of operations.

While the Group seeks to protect its computer systems and network infrastructure from physical intrusion as well as security breaches and other disruptions that could affect the Group’s telecommunication and information infrastructure and the Group maintains a “cyber” insurance policy, its security, backup and disaster recovery measures (including the level of insurance) may not be adequate or implemented in a manner which fully prevents such errors, processing inefficiencies, or security breaches, and as a result the Group may face an inability to use the systems or process transactions, suffer financial loss, or experience loss of customers or other business disruptions. To provide its various services, the Group may allow clients and customers to access certain elements of the Group’s data and telecommunications infrastructure. As a result of permitting such access, the Group’s technical or information infrastructure could be attacked or compromised. While the Group takes extensive measures to maintain the security of these externally-facing networks there can be no assurance that the Group’s security measures will be adequate or successful in preventing such risk created by the need for customer access to the Group’s information infrastructure, and the costs of maintaining adequate security measures may increase substantially in the future. Any such breach, or actions taken to repair or prevent a breach, could result in significant cost to the Group or harm the ability of the Group to successfully compete in one or more of its businesses, which could in turn have a material adverse impact on the Group’s business, financial condition and results of operations. See “—*The Group must comply with data protection regulations*”.

Due to the nature of this risk the Group adopts a defence in depth approach as articulated above in line with industry good practice and certified to ISO27001 in order to maintain protective controls during this period of vulnerability. The Group could potentially suffer a security breach as a result of inadequate threat and vulnerability management. Due to the complexity of the Group’s operational networks and reliance on third party equipment manufacturers to produce patches to software vulnerabilities they can be times at which this groups infrastructure is exposed to increased cyber threats while original equipment manufacturers prepare remedies. An example of this occurred during the Solarwinds vulnerability in December 2020, which was a critical industry wide vulnerability which meant that hackers had access to certain customers who utilised Solarwinds’ suite of products. This did not result in a business impact on the Group at the time due to the defence of the in depth controls the Group deploys as part of the ISO27001 information security management system.

The Group is exposed to certain risks in respect of the development, expansion and maintenance of its Broadcast & Media and SUN infrastructure, including the need for on-going capital expenditure, which could have a material adverse impact on its business, financial condition and results of operations

The Group’s ability to maintain a high level of service depends on its ability to develop, expand and maintain its infrastructure, requiring substantial amounts of capital and other long-term expenditures, including those relating to the renewal, optimisation or improvement of existing networks, and upon its ability to obtain sufficient financing to facilitate these projects.

Capital expenditure amounts have varied significantly from year to year on the basis of the Group's expenditures for renewals, new projects and planned expansion expenditures. The Group may be subject to additional significant capital expenditure requirements going forward, should it decide to invest additional capital expenditure on new projects as technology develops, if the completion of its existing capital expenditure projects is delayed or if regulatory requirements, changes to contractual arrangements with customers or competitive processes require investment in additional technology or infrastructure. Further, the Group may be unable to generate revenues from new assets or products resulting from such capital expenditure, or their revenues may be insufficient to cover the associated construction and development costs.

In the past, the Group has financed these expenditures through a variety of means, including internally generated cash flows, external borrowings (including under its credit facilities or from some of its customers, e.g. Ofcom) and shareholder contributions. In the future, the Group expects to utilise a combination of internally generated cash flows and external banking and capital markets transactions to meet its planned capital expenditure requirements and such financing may be more costly or otherwise more difficult to obtain. The Group's ability to obtain such financing to fund its capital expenditures could in the longer term be limited by, among other causes, its leverage, its then-current or prospective financial condition or results of operations or its inability for any reason to raise bank debt or to issue securities in the capital markets on commercially reasonable terms. There can be no assurance that financing from external sources will be available on commercially reasonable terms at the relevant time or in the amounts necessary to meet the Group's then existing capital expenditure requirements. If the Group were unable to obtain financing for its future capital expenditures on commercially reasonable terms, this could limit the Group's ability to maintain its current operations in the longer term or expand in the future, which could have a material adverse impact on the Group's business, financial condition and results of operations.

In addition, the expansion, development, renewal and maintenance of the Group's infrastructure requires significant maintenance capital expenditures, and are thus subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of infrastructure construction. Ageing technology, and the need to maintain its functionality, may prove challenging, as the Group's ability to maintain a certain quality of service in connection with agreed-upon SLAs is critical to its ability to retain its customers and contracts, and failure to do so may expose the Group to service credit penalties or suspension of normal fees or annual charges. If any of these risks transpire and the Group is unable to successfully maintain its infrastructure, it could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group is subject to a number of construction, financing, operating, regulatory and other risks, some of which are beyond its control, including, but not limited to:

- shortages of materials, equipment and specialist labour required to maintain and develop its infrastructure;
- failure by sub-contractors to complete projects on time, on budget, or meet appropriate quality or service delivery standards due to various factors, including any of the conditions described herein;
- labour disputes and disputes with sub-contractors, or litigation by sub-contractors resulting from any of the risks herein described;
- inadequate infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- failure to obtain local authority planning or landlord consent for site development, or subsequent disputes with landlords;
- failure to renew land or rooftop leases or managed sites contracts;
- changes in governmental priorities, spending programmes or procurement processes;
- failure to complete projects according to specifications;
- adverse weather conditions and natural disasters;

- accidents, for example the fire which broke out at one of the Group's masts on its Bilsdale site in the North of England;
- unauthorised, rogue or other illicit use of spectrum or telecommunication capacity;
- failure to attract customers to products for which capital expenditure must be committed prior to client contracting; and
- an inability to obtain and maintain project development permission or requisite regulatory licences, permits or approvals.

The occurrence of one or more of the above-listed events may have a material adverse impact on the Group's ability to complete its current or future infrastructure or growth projects on schedule or within budget, if at all, and may prevent the Group from achieving its project milestones or targets under its SLAs.

In addition, the above risks may be more likely to occur if the Group is unable to identify and prevent risks to its existing infrastructure before they occur. Specifically, if the data that the Group collects to identify necessary infrastructure maintenance or expansion work, as well as assess the operational status of existing equipment and machinery, is incomplete or inconsistent, the Group's risk assessment as to the likelihood of an equipment, machinery or infrastructure failure may be inaccurate. Equipment failure could lead to service outages, affecting both customers and employees, resulting in service disruption relating to that mast. Such incidents, for example as occurred at Bilsdale in August 2021 when a fire destroyed the transmission mast, can be costly, may adversely impact customer satisfaction and the Group's reputation and could result in greater regulatory oversight and requirements.

As part of the sale of the Group's telecoms division to Cellnex in 2020 Cellnex retained the right to market circa 900 sites across the UK that were retained by the Group through a 'Portfolio Management Agreement'. These sites provide a revenue stream to the Group and host equipment from mobile operators through the Portfolio Management Agreement, including some 3G infrastructure. As part of the 3G switch off programme across the UK this equipment may be removed at some point in the future or upgraded as part of each mobile operators future network strategy providing some uncertainty to the consistency of revenues going forward through the Portfolio Management Agreement.

The Group's product offerings may fail to be competitive or accepted by customers

The Group's customers may not adopt the technologies the Group invests in, and customers may fail to purchase the products and services offered by the Group. For example, as communications technology continues to develop in the longer term, competitors may be able to offer wireless telecommunication infrastructure and services that provide, or that are perceived to provide similar functionality but at more competitive prices and with comparable or superior quality. The Group cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future, rendering the technologies and infrastructure the Group uses today, or chooses to invest in for the future, less commercially valuable.

The Group is often involved in large-scale projects to roll out technology, such as for DAB digital radio and smart metering. If the technology underpinning the Group's large-scale projects is not accepted by customers or is not commercially successful, the Group may be unable to realise the expected returns on investments and may face reputational damage. For example, a slowdown or decline in listening via DAB services by consumers, or a reduction of radio channels from the DAB platform exclusively to IP delivery, could impact the attractiveness of DAB to radio broadcasters. The Group has also been an early mover in industries which are in the early stages of commercial development. If the technology is not successfully developed or these industries do not mature, this may have a material adverse impact on the growth potential of the Group's future business, financial condition and results of operations. As another example, the Group has relied on the Flexnet technology provided by Sensus UK Systems Limited ("**Sensus**") to develop a smart water meter connectivity product, which has been sold to Thames Water, Anglian Water and Northumbrian Water and is being trialled with other water utility companies. If alternative technologies become available that support connected networks for smart utilities, then demand for the Group's solutions may reduce. If a solution other than Flexnet is more effective or if competitors develop superior or cheaper products, the Group may be unable to win additional smart water metering opportunities.

Further, if the Group is unable to effectively anticipate or react to technological developments, or do so in a commercially viable manner, it could lose customers, fail to attract new customers or incur substantial costs and investments in order

to maintain its competitive position, any of which could have a material adverse impact on the Group's business, financial condition and results of operations.

New technological developments may make the Group's existing services less desirable to its customers or consumers, or require significant capital expenditures in order to upgrade and keep current. For example, future development of IPTV, OTT or non-linear TV viewing, or internet radio could reduce demand for DTT, DTH and/or DAB, which could in turn reduce demand for the Group's DTT, DTH or DAB infrastructure. Additionally, regulatory and competitive factors could require the Group to invest in new technology generations of radio and DTT equipment to maintain the relevance of its platform beyond the duration of existing contracts, which could impose significant costs on the Group.

The need to deliver content across multiple networks – from DTT, Mobile and Broadband – to multiple devices, running multiple technologies and resolutions is creating more complex platforms than ever before. Broadcast & Media is diversifying its services by directly tackling the challenges faced by broadcasters, content owners and platform operators by investing in Cloud and IP technologies to provide new services to support their global distribution strategies and reduce the complexity and cost of managing content delivery. For example, Arqade is a new cloud based self-service content exchange and Arqplex is a cloud based headend as a service bringing broadcast and OTT content together to distribute to the required platforms.

Technology change to the cloud: The Group has established its position as a provider of products to access media contribution and distribution services without physical infrastructure installation. Originators can create their content, packages and channel bouquets of content. The content is made available through the Arqade platform. Broadcasters and TV platforms discover, review and select packages of their content. Content can be automatically processed in the required formats and protocols. Channels and/or live events packages are then distributed to where required for the broadcasters' audiences.

Arqiva's Arqade is a platform that is aiming to use and provide services through the advantages of the public cloud. Arqade brings rights holders/originators and broadcasters/recipients together. The former have a single virtual interchange where they can showcase and syndicate content to the latter – who can rapidly discover, review and request that content to create new channels or fill live event schedules. All of this is implemented in the cloud, without having to invest in physical infrastructure or customers having to build their own future-ready cloud environments.

Global media products and exposure to new global markets: With the development of a number of products for media services that are no longer reliant on dedicated infrastructure being located in particular fixed geographical positions, – such as for transmission towers, the Group has the capability to be able to provide these services outside of the UK. With Arqade as a connectivity solution, the Group can provide the distribution of media content either for continuous media in real time or for the delivery of discrete assets between media customers on a global basis. The Group is also developing other products designed to support broadcasters as they evolve their services to be delivered via broadband and the internet. These activities include developing services built via cloud computing and also supporting media companies to distribute content via the internet through installing equipment in telecom exchanges to support the serving of content closer to consumer's properties. If the Group is not successful in developing or commercialising these services then it could adversely impact the Group's financial performance and future positioning within the market.

The SUN function has identified a number of market opportunities which are being driven by industry end-of-life services such as PSTN switch-off in 2025, digital transformation of the utilities sector and the requirement to meet regulatory targets. SUN has developed new products which provide satellite and LTE based communications networks for the energy sector, a managed sensors proposition to monitor utilities networks including gas pressure, water quality and sewer levels and a data analytics service to interpret the data from both meters and sensors for example to specifically identify domestic leaks.

In general, if the Group is not successful in anticipating and responding to technological and competitive change and resulting customer requirements in a timely and cost-effective manner, it could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group may fail to carry out the successful delivery of its significant contracts or may have underestimated the costs required to do so

The Group believes some of its future revenue will derive from contracts to carry out major projects, such as its smart metering projects and new connectivity products for utilities companies. These may be high value projects and subject

to a variety of risks, the results of which could cause a delay in project completion or increase costs. The Group may also be exposed to regulatory sanctions and financial penalties if it experiences significant operational failures in any one of its projects or business units, including a repeated or prolonged loss of transmission.

Under the Group's communications service provider contract with the DCC, the Group may be unable to meet critical service obligations within budget as the service increases in size. In addition it may be unable to resolve defects in a timely fashion or deal with other incidents in the production system or achieve network coverage commitments. If the Group is unable to meet these critical service obligations or respond to change requests, the Group may be exposed to contractual claims and damages, which could have a material adverse impact on the Group's business, financial condition and results of operations.

In addition, revenue from major project contracts will depend on the Group's ability to successfully deliver the required services, which will depend on a variety of factors, including, among others, the Group's ability to recruit and maintain qualified engineering staff, the ability of the Group's management to provide sufficient oversight and the performance of the Group's suppliers and contractors. In addition, the ability of the Group to profitably execute its long-term contracts depends on its ability to accurately estimate and successfully manage costs. For example, many of the Group's long-term contracts have cost indexes which are linked to the RPI or CPI (in particular, those agreed with Ofcom pursuant to the Reference Offer and for which contract prices were negotiated) and, as a result, the Group is exposed to the risk that operating costs increase faster than the relevant cost index. If this occurs, the Group may face difficulty or be contractually prevented from passing all of these increases on to its customers, thereby diminishing the Group's profitability. If the Group fails to perform under any of its major contracts, or if costs increase more than expected, it could have a material adverse impact on the Group's business, financial condition and results of operations.

In addition to risks associated with successful contract delivery, there is also a risk that, for certain of the Group's contracts, the services required to be delivered under such contracts will change as technological specifications evolve. The changes in the services delivered under such contracts may be significant, and the Group may be unable to deliver the additional services without incurring additional costs, which may be significant and may not be capable of being fully passed on to customers. For example, in respect of the smart metering communication network the Group has built as part of its contract with the DCC, the Group has signed change request orders which set out the further charges to be paid to the Group in relation to specification and timing modifications to the programme. However, the cost and services to be provided under this contract may be subject to additional change requests for which the Group may not be sufficiently compensated, which could lead to cost overruns and unforeseen complexities. These could include uncertainties in the operational model for support and the responsibilities of suppliers, the possibility of unforeseen licence and software costs, the potential for changing licence conditions, changes in scope or policy leading to increased cost of delivery, and unforeseen service management requirements, among others. Although the Group has in the past and will continue to rely upon contractual provisions, in the DCC contract as well as other contractual arrangements, to protect itself from additional costs that result from changes to the scope of contracted services, the scope of such services may change in such a way that the Group is unable to deliver in a timely and cost-effective manner.

The revenues contracted for in the Group's orderbook may not be fully realised

The Group's orderbook of £3.2 billion as at 30 June 2022 represents the Group's estimate of the potential future revenues to be derived from awarded contracts. The calculation of the Group's orderbook is based on a number of assumptions and estimates, including assumptions related to the performance of certain of the Group's existing contracts as at a particular date, contract duration and the pass through of certain expenses, and certain inflation adjustments. While the Group's orderbook is presented as at 30 June 2022, by definition an orderbook does not provide a precise indication of the time period over which the Group is entitled to receive such revenue and there is no assurance that such revenues will be actually received by the Group in the time frame anticipated, or at all. The Group may fail to realise its entire orderbook in the future due to cancellations. The only recent material cancellation against the orderbook value has been Russia Today in March 2022, however they were only contracted until June 2022, so the cancellation of their contract did not result in a material loss for the orderbook. Although these cancellations were not material for the Group as a whole, there can be no assurance that the group will not experience significantly larger cancellations in the future. The realisation of the potential future revenues in its orderbook, and the Group's ability to expand or renew its orderbook in the future, will also be affected by the Group's performance under its existing contracts and its ability to meet its customers' operational needs and expectations. If the Group fails to successfully provide its services, its ability to realise its orderbook could be adversely affected in the longer term, particularly with respect to its key customers, which could materially affect its business, financial condition, results of operations and cash flows.

In addition, contracts for services are occasionally modified by mutual consent given that the Group receives change of scope requests in the ordinary course of business from its customers given the long-term nature of most of its contracts and the evolution of technological specifications, and the Group may be unable to pass through any additional costs from such changes in scope to its customers. Changes in the scope or schedule of the services the Group provides to its clients could adversely affect the Group's orderbook. Even where a project proceeds as scheduled, it is possible that the Group's customers may fail to pay amounts owed to the Group. Delays, renegotiations, payment defaults or project cancellations could therefore significantly reduce the amount of orderbook currently estimated, and consequently, could prevent the full amount of the Group's orderbook from being realised as revenues, which would in turn materially affect the Group's business, financial condition, results of operations and cash flows in the longer term.

The Group currently depends, and expects to continue to depend, upon a small number of customers for a significant percentage of its revenue under long-term contracts

The Group's two largest commercial functions, Broadcast & Media and Smart Utility Networks, derive a significant proportion of their revenue from a limited number of large customer contracts, many of which are long-term and have a high monetary value. The Group's top three customers collectively represented approximately 24% and 25% of the Group's revenue for the years ended 30 June 2021 and 2022, respectively. Contracts with the Group's top three customers have historically extended for long-term periods, and are currently due to expire in 2027 for Discovery, 2035 for Digital 3&4 and 2030 for the BBC (with regard to its DTT transmission contract), respectively. If any of these customers terminate or otherwise fail to renew their contracts with the Group, either due to conditions that are within the Group's control (such as poor performance), or conditions that are outside of the Group's control (such as technological developments rendering its infrastructure asset base obsolete), this could have a material adverse impact on the Group's business, financial condition and results of operations. Conditions which are within the Group's control include unremedied poor performance by the Group, for example a persistent failure to deliver DTT transmission service requirements under its contract with the BBC. Conditions outside of the Group's control include its infrastructure asset base becoming obsolete due to technological developments in the longer term, for example if the BBC is no longer required to use the DTT platform under the terms of its licence as a result of alternative platforms becoming more widely adopted or coverage obligations being reduced or other circumstances, including revisions to the BBC's Royal Charter or due to insolvency of the Group's counterparties. Broadcast customers may terminate their contracts with the Group, for any of the reasons provided above, upon providing notice to the Group, which notice periods may be, in some cases, immediately, and in other cases up to 18 months, depending on the specific termination conditions of a given contract, and such termination may give rise to early termination fees depending on the nature of the termination. In addition, due to the nature of the Group's infrastructure assets, the Group may be unable to secure alternative customers on comparable terms to replace those customers, or at all, if its key customers terminate or fail to renew their contracts.

Within the Digital Platforms Broadcast & Media segment the Group depends upon a small number of high-value contracts with UK commercial broadcasters. Revenue from the top five Digital Platforms customers represented 59% of the total revenue in the Digital Platforms function for the year ended 30 June 2022. Contract lengths within the Digital Platforms division tend to be shorter duration (typically three to six years) and hence require more frequent renegotiation, bringing associated pricing risk. The Group has a number of contracts coming up for renewal in the coming few years in the ordinary course of business, and the Group may not be able to renew such contracts on similar terms, or at all. The Group is one of only two commercial DTT Multiplex operators in the UK and is currently 100% utilised with 32 streams occupied across its two multiplexes COM 5 & 6. It has historically experienced low churn rates of approximately 0, 4² and 1 stream for the main Multiplexes (COM 5 and COM 6) in the years ended 30 June 2021, 2022 and as at March 2023, respectively. However, there can be no assurance that the Group will be able to renew any contracts to provide its products or services to these customers on commercially attractive terms, or at all, if the attractiveness of the DTT platform were to deteriorate in the longer term. In addition, there can be no assurance that the Group will be able to sell any additional future capacity that becomes available on the Group's Multiplexes or secure a commercially acceptable rate.

Within the SUN commercial function, the Group's revenues come largely from Smart Metering customers. Revenue from the DCC, Thames Water and Anglian Water together represented 75% of total revenue of the SUN Commercial function for the year ended 30 June 2022. Network contracts with the DCC and Water customers can be up to 10 years.

² Includes Russia Today closure, licence revoked by Ofcom

If any of the Group's key customers experience a general decline in demand due to economic or other forces or if any such customer is not satisfied with the services provided by the Group (resulting in a breach of SLAs or other factors), such a key customer may reduce the number of service orders it has with the Group, terminate its relationship with the Group (subject to certain early termination fees) or opt not to renew its contractual relationship with the Group upon expiration. As a result of these or other factors, if customers choose to cease using the Group's services or reduce their usage, or if significant customers negotiate lower price terms, it could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group is exposed to changes in the creditworthiness and financial strength of its key customers

Due to the significance of a small number of customers for the Group's revenues and the long-term nature of its customer contracts, the Group depends on its customers' continued financial strength. Many of the Group's current and potential customers rely on capital raising activities to fund their operations and capital expenditures, and any significant downturn in the UK economy or disruption in the financial and credit markets could periodically make it more difficult and more expensive for them to raise capital. If, as a result of such an occurrence, the Group's customers or potential customers reduce their level of business activity, it could have a material adverse impact on demand for the Group's services. Furthermore, as a result of a prolonged economic downturn or otherwise, one or more of the Group's significant customers could experience financial difficulties or enter administration, which could result in uncollectable accounts receivable and have a material adverse impact on the Group's results of operations. In the past, the Group has had customers that have entered administration, although to date these administrations have not had a material adverse impact on the Group's business or revenues. The Group's customers could also, if faced with significant funding or credit problems, fail to maintain pace with the rate of technological change or consumer preferences, or could lose licences critical to their businesses, in each case limiting their need for or ability to purchase the Group's services and materially harming the Group's business and revenue. In addition, these factors could result in the loss of all or a portion of the Group's anticipated revenues from certain significant customers, which could have a material adverse impact on the Group's business, financial condition and results of operations.

If the Group is unable to provide uninterrupted or quality services, its reputation may be negatively affected, which could expose the Group to penalties and loss of important contracts

The Group depends on the efficient, uninterrupted and high-quality operation of its infrastructure and network systems. The Group's service offerings are often complex, depend on the successful integration of sophisticated in-house and third-party technology and services and must meet stringent quality requirements. In particular, the Group could incur contractual penalties if the Group's service is not in line with agreed SLAs. For example, under the Undertakings, if terrestrial broadcast service levels are deemed to be so poor, on a continuous basis, as to constitute a persistent failure, the Group would be required to make repayment to the affected customer of up to 10% of payments received in any one year under the affected contract or to provide equivalent service credits (which can be used to offset payment for services provided by the Group), or in more limited instances, terminate their contracts or activate break clauses that terminate the relationship prior to the completion of contracts. In addition to relying on the operation of its network systems, the Group also provides installation and construction services for passive equipment to key customers. If any of the Group's services, including installation services, has reliability or quality problems, its reputation could be damaged significantly and customers might be reluctant to employ its services, which could result in a decline in revenues or the loss of existing customers. Furthermore, should any of these requirements, the Undertakings, or SLAs be modified or updated in the future, there is no guarantee the Group would be able to satisfy them.

The Group has built a smart metering communication network as part of its 15-year contract signed in September 2013 with the DCC, a body licensed by statute and backed by the utility companies. The Group's smart metering communication network entered operational service throughout the UK following the completion of integration testing in November 2016. This system is a complex network and communications system. While it has undergone substantial testing by the Group and by the DCC, there remains a risk that not all defects have been found and therefore a number of defects may exist and remain in the production system. Any residual defects may require additional software development and lead to service outages or other operational issues. In addition, the roll-out of the service to consumers' homes, the installation of which is carried out by energy companies, may be subject to delays, unforeseen technical or potential challenges, or cost overruns. The Group has also contracted with Thames Water and Anglian Water for the provision of smart metering fixed network infrastructure and associated water meters that enable the collection, management and transfer of metering data from households, which could also be subject to delays, cost overruns or adverse publicity. The successful execution of these contracts requires an efficient operation by the Group.

Should significant service disruptions occur in respect of these or other key projects, the Group could be subject to liability claims or litigation for damages related to such disruptions, including as a result of delays in connection with smart metering contract roll-outs, and loss of contracts or failure to extend or renew such contracts. If such litigation were to arise, regardless of its outcome, it could result in substantial expenses to the Group, significantly divert the efforts of the Group's technical and management personnel and disrupt or otherwise severely impact its relationships with current and potential customers. In addition, if any of the Group's services has reliability or quality problems, its reputation could be damaged significantly and customers might be reluctant to buy its services, which could result in a decline in revenues, a loss of existing customers or the failure to attract new customers. As a result, a service disruption or any reliability or quality issues and their consequences could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group may not be able to effectively manage demand for its leased satellite transmission capacity

The Group relies upon third party satellite providers for the satellite capacity it sells to customers through its Satellite & Global Media services. While the Group aims to secure flexible satellite capacity contracts, it may be adversely affected if the amount of satellite capacity purchased by it does not align with capacity demand from the Group's customers. For example, if the Group has incorrectly assessed the demand for satellite capacity, it may be unable to sell such excess capacity on commercially acceptable terms or at all. Conversely, if the Group fails to ensure sufficient satellite capacity to meet the customer requirements, it may be subject to breach of contract claims, loss of customer relationships and reputational damage. In addition, if compression technology improves and becomes more prevalent, the Group's customers may not require as much capacity as anticipated, leading to a capacity surplus, and the Group may be unable to find additional customers to purchase the remaining capacity. If there is a significant consumer move towards IPTV or OTT, or the satellite TV platform operators change their distribution strategy from satellite to IP, demand for the Group's satellite capacity could be adversely affected. If the Group purchases either excess or insufficient satellite capacity, the resulting disparity could have a material adverse impact on the Group's business, financial condition and results of operations. The Group needs to periodically renew its existing leases with satellite providers and enter into additional leases for capacity in order to provide continuity of service to its existing customers, enter into contracts with new customers and expand its transmission service offerings. There can be no assurance, however, that the Group will be able to maintain its capacity on acceptable terms as needed to provide services to its customers, which would in turn materially affect the Group's business, financial condition, results of operations and cash flows.

The Group relies on third parties for key equipment, technology, site access and services, and the failure of third parties to properly provide services, products or access could adversely affect the quality of the services the Group offers

The Group depends upon third-party suppliers to provide key equipment, technology, services and access to sites or other real estate leased by the Group for the provision of services, certain of which is only available from a limited number of third parties. The Group does not have operational or financial control over its third party suppliers. If these third parties fail to provide equipment, technology, services or access to sites or other real estate leased by the Group for the provision of services on a timely basis, the Group may be unable to provide services to its customers until an alternative source can be found, which may not be available on favourable terms. This could result, for example, in programme slippage with direct service providers or cause the Group to fail to successfully deliver under its contracts, causing failures to meet SLAs, undertakings, reputational damage, damaging customer relationships, and an increased risk of contractual damages or non-renewal of key contracts or licences.

For example, the Group relies on two critical suppliers for the provision of smart metering technology, services and intellectual property. Sensus provides the radio system (Flexnet), the transceiver communications equipment at each site, the network control software and for Thames Water and Anglian Water meters radio endpoints. EDM I provides the communications hub devices for each home for electricity & gas metering. If either or both companies cease trading, the Group may be unable to find suitable replacement suppliers on favourable terms or at all, and the Group may be unable to execute its smart metering contracts. The Group's smart energy metering contract is also dependent on the performance of the DCC and its other suppliers (the most important being Telefónica (now part of VM-O2) and CGI). If the DCC, Telefónica and/or CGI materially fail to meet their service obligations, the smart metering service may be disrupted or the entire programme (including the portion delivered by the Group) may be cancelled or suspended while improvements are implemented or replacements procured.

In addition, as certain of the markets in which the Group competes gain new entrants, it is possible that new or existing competitors of the Group may compete for similar services from suppliers that the Group uses, and may offer more favourable terms to particular suppliers than the Group. Additionally, it is possible that current vendors of services could become competitors, therefore competing as consumers of services they provide. Either of these occurrences could result in upward pricing pressure on these supply arrangements, as a result of which the Group may be unable to renew its contracts at all or at the same rate as in the past. If any of these contracts are terminated or the Group is unable to renew them on favourable terms or negotiate agreements for replacement services with other providers at comparable rates, this could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group's ability to operate its business effectively could be impaired if it fails to attract and retain high quality personnel

The Group's ability to operate its business and implement its strategies depends, in part, on the continued contributions of its executive officers and other key employees. The loss of any of the Group's key senior executives could have an adverse effect on its business unless and until a suitable replacement is found. There is a relatively small pool of executives in the market with the requisite experience and skills to serve in the Group's senior management positions, and the Group may be unable to identify or employ qualified executives on acceptable terms.

In addition, the Group believes that its future success will depend on its continued ability to attract and retain highly skilled personnel with experience in its key business areas. These key employees have knowledge and skills that are critical to the Group's business, such as knowledge of key customer contracts, experience and engineering skills and know-how with the technologies that the Group uses, as well as familiarity with the Group's financial and contractual arrangements, and the Group is reliant on the retention or successful succession of such employees. Should the Group not be able to retain such employees or ensure a successful transfer of know-how to new employees, customer relationships or programme delivery may be damaged due to the loss of people with critical knowledge or skills. Competition for personnel with the requisite skill level and background is intense and the Group may not be able to successfully recruit, train or retain qualified personnel with these or other key skills. Should it fail to do so, or were the Group to lose certain of its key personnel, its business and growth prospects may be harmed and it could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group may be adversely impacted by work stoppages and other labour matters

As of 31 December 2022, approximately 34% of the Group's employees were covered by collective bargaining agreements, including through the Broadcasting, Entertainment, Communications and Theatre Union ("BECTU"), the UK's media and entertainment trade union. Unionisation through BECTU requires consultation with BECTU for certain key labour-related business and administrative decisions, including restructuring. While the Group strives to maintain good relationships with its employees and their unions and has not had any work stoppages in many years, there can be no assurance that such relationships will continue to be cooperative or that it will not be affected by strikes or other types of conflict with labour unions and employees. The Group may not be able to renew its collective bargaining agreements on satisfactory terms or at all. This could result in strikes or work stoppages, which could impair the Group's ability to deliver the services it provides and result in a substantial loss of revenue. The terms of existing or renewed collective bargaining agreements could also significantly increase the Group's costs or negatively affect the Group's ability to increase operational efficiency.

In addition, many of the Group's customers and suppliers also have unionised workforces. Work stoppages or slowdowns experienced by the Group's customers could result in lower demand for its services and products. In the event that either the Group or one or more of its customers or suppliers experience a work stoppage, such work stoppage could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group's infrastructure assets may be affected by natural disasters and other unforeseen events or damage

The Group's sites, satellite uplink stations and other facilities are subject to risks associated with natural disasters and other catastrophic events, such as ice and wind storms, tornadoes, floods, fires, hurricanes, earthquakes, power loss, telecommunications failures, network software flaws and acts of vandalism, arson, terrorism, or war, theft and fuel shortages as well as other unforeseen events or damage. Any damage or destruction to the Group's sites or other facilities, including major office or administrative facilities, as a result of these or other events would impact its ability to provide services to its customers. In the Broadcast & Media commercial function, the Group's DTT and radio masts,

towers and other equipment may be affected by natural disasters and other catastrophic events. If the Group's Broadcast & Media infrastructure is damaged, any disruption or reliability or quality issues could have a material adverse impact on the Group's business, financial condition and results of operations. In the SUN commercial function, the Group's sites may be damaged as a result of natural disasters or other unforeseen events, which could lead to service disruption or an inability to deliver on the Group's contracts. For example, if the Group's towers fail or collapse, or if the Group's smart metering data centres are significantly damaged, the Group may be unable to provide services to its customers and may suffer reputational damage. For the Satellite & Global Media services, the satellites on which the Group relies may be damaged by unforeseen events or otherwise fail, which could lead to a disruption in services and the subsequent loss of reputation, customers or profits. Because the majority of the Group's satellite contracts are on a non-restorable basis, the Group does not have any rights to consequential damages if a satellite is damaged by an unforeseen event..

While the Group believes it maintains insurance coverage for natural disasters and other catastrophic events and the Group has in place disaster recovery plans, it may not have adequate insurance to cover all of the associated costs of repair or reconstruction for a major future event. Further, the Group carries business interruption insurance that may cover the increased cost of operational service but would not cover lost revenues. If the Group is unable to provide services to its customers as a result of damage to its sites, it could lead to customer loss. Additionally, if the loss of service is not deemed due to an unforeseeable force majeure event, the Group could be held responsible for failing to satisfy service obligations under its transmission contracts, which could result in service credit penalties or suspension of normal fees and annual charges. As a result of such an impact on the Group's ability to provide services or customers' continued use of such services, a natural disaster or other unforeseen events could result in a material adverse impact on the Group's business, financial condition and results of operations.

In 2021, one of the Group's masts at its Bilsdale site in the North of England caught fire resulting in damage to the mast and temporary disruption to services to customers, which exposed the Group to service and other credit penalties as well as restoration costs. The Group has submitted a claim to its insurance provider in respect of its liability to such penalties and costs and expects that the insurance proceeds will be sufficient to cover some but not all of the liability and costs. Since the outcome of this claim is uncertain, no assurance can be given that these penalties and costs would not have a material adverse impact on the Group's business, financial condition and results of operations.

The Group is subject to UK and global economic conditions

Negative developments in the macro-economic environment in which the Group operates could adversely impact the Group's business, financial condition and results of operations. The Group's performance depends to a certain extent on a number of macro-economic factors outside its control which impact the Group directly and, more broadly, consumer and commercial spending, including political, financial and economic conditions, particularly in the UK. Factors which impact consumers' disposable income include, among other things, UK gross domestic product growth, unemployment rates, consumer and business confidence, the availability and cost of credit, interest rates, taxation, regulatory changes, oil and utility prices and security concerns.

As at the date of this Prospectus, the UK and much of the world is experiencing surges in inflation and the cost of living, termed by many as the cost of living crisis. In the UK, inflation began to rise in 2021. A combination of pent-up demand and global supply chain shortages as economies reopened after the relaxation of Covid-19 restrictions were key drivers in pushing up inflation. Since February 2022, Russia's invasion of Ukraine, which has led to sanctions and escalation and uncertainty in wholesale commodity and energy prices, has also been a driver. Many central banks and monetary authorities have started to increase interest rates to, in part, bring inflation under control. See the risk factor entitled "*The Group is exposed to movements in inflation and energy prices*".

The UK left the EU on 31 January 2020 at 11pm, and the transition period ended on 31 December 2020 at 11pm. As a result, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK and the UK is no longer part of the European Economic Area. The EU-UK Trade and Cooperation Agreement, which governs the relations between the EU and the UK following the end of the transition period and which had provisional application pending completion of ratification procedures, entered into force on 1 May 2021. The Trade and Cooperation Agreement is only part of the overall package of agreements reached. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen. It is difficult to determine what the precise impact of the new relationship between the UK and the EU will be on general economic conditions in the UK. No assurance can be given that any of these matters would not adversely impact the Group's business, financial condition and results of operations.

The UK's decision to withdraw from the EU has caused increased constitutional tension within the UK. Since the majority of voters in Scotland voted to remain in the EU, politicians in Scotland suggested that this gave them a mandate to seek to remain in the EU, and may seek to leave the UK in order to achieve that outcome. On 11 October 2022, a hearing at the Supreme Court was held to hear arguments about whether the Scottish Parliament can set up an independence referendum and has since ruled that the Scottish Parliament does not have the power to hold such a referendum.

The potential effects of a referendum on Scottish independence could have a materially adverse effect on the Group's business, financial condition and results of operations. As the Group is the exclusive provider of electricity and gas smart meters in the north of England and Scotland, any change in the political structure of the UK or Scotland could have a substantial regulatory effect. Currently, Ofwat and Ofgem are the national regulators of water smart metering and gas and electricity smart metering, respectively. If Scotland becomes independent from the UK, the Group would potentially be regulated by new Scottish national entities, if it were to continue its operations in Scotland. Further, the Group could face additional tax burdens or restrictions based on competition laws or regulations. There would also be a risk that additional co-ordination of spectrum would be required in the event of Scottish independence, particularly in border areas. As the current broadcast technologies for radio and television transmission are relatively mature with an established large receiver base of radios and TVs, there would be limited expected technology change as a result of independence.

Any significant slowdown in the UK economy could lead to deterioration in consumer confidence and commercial spending, which could reduce the level of demand for the Group's services. In particular, there can be no assurance as to levels of future UK economic growth or the lasting economic impact of Brexit, which is an important factor affecting the demand for certain of the Group's services. For example, the growth of demand for digital broadcast media and advertised products and services are tied to UK consumer discretionary spending. Mobile devices, telecom services, television, other products and services, and products and services advertised over these media may be viewed by consumers as conveniences rather than necessities. During times of economic uncertainty, consumers are more likely to curtail such purchases and expenses. Further, a downturn in the UK economy could reduce commercial spending, which could significantly impact the Group's DTT and DTH customers, where a significant percentage of revenue comes from TV advertising spend, and thereby impact the DTT and DTH customers' demand for the Group's broadcast capacity. As a result, the Group's business may be sensitive to changes in general economic conditions that impact discretionary consumer spending.

In addition, due to the current economic environment in the UK, there is a risk that third parties may face financial difficulties or become insolvent. The Group's significant customers or other counterparties could face limitations on access to credit, or be able to access credit only on unfavourable terms, which could curtail their expansion or growth plans and have a material adverse impact on the Group's business, financial condition and results of operations.

Each of these factors could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to movements in inflation and energy prices.

For example, the Group has a direct exposure to inflation through inflation-linked revenue contracts and inflation-linked swaps and an indirect exposure through its costs base including (without limitation) salaries. The Group's inflation-linked revenue contracts partially provide a natural hedge to inflation. However, its exposure to fluctuations in inflation creates uncertainty and creates risk for the Group's operations which it cannot accurately predict which could lead to an adverse impact on its business, financial condition and results of operations. The Group seeks to address this risk by linking an amount of its financing to inflation through inflation-linked swaps. Such swaps are linked to RPI and so for as long as those swaps exist, the Group's accretion or debt service payments increase as RPI increases.

Also, the Group, as a major purchaser of energy primarily to support its Broadcast & Media business, has exposure to energy prices and is therefore subject to the risk of increased energy costs which, as at the date of this Prospectus, continue to be volatile and uncertain. The majority of the Group's energy costs are passed on to its customers which alone and/or combined with other macroeconomic factors could adversely impact the financial position of such customers and result in increases in non-recoverability of customer debts and the financial position of the Group.

To manage its exposure to wholesale energy prices, the Group intends to lock in forward purchases of energy to meet its energy requirements into 2025. At present, the Group has locked in fixed energy prices until March 2024. As existing forward purchase arrangements expire, the Group becomes gradually more exposed to energy price fluctuations and volatility which could affect its business, financial condition and results of operations.

The Group is subject to stringent regulation relating to environmental protection and health, and if the Group is found to have not been in compliance with any portion of such applicable rules, the Group could be exposed to fines, increased costs, or sanctions, or could be liable for damages to third parties

The Group is subject to comprehensive regulation in the UK and at the EU level aimed at the protection of the environment and health. In certain cases, the construction of passive infrastructures may affect the landscape and the surrounding natural habitat, thereby causing changes to the relevant flora and fauna. In addition, the Group may face liability related to the presence of lead paint on structures, which may affect its older sites and larger structures. Inhalation of lead paint particles may produce health problems, such as lead poisoning, in workers or people in the vicinity of these structures. There is a risk that the actual or perceived health risk associated with structures containing lead paint could lead to litigation or hinder operation of existing infrastructure. In addition, the Group may face risks associated with the aboveground bulk storage of fuel for back-up diesel generators, which are present at many of its sites. Leaks or spills may cause soil or groundwater contamination, and sites may have areas of ground contamination due to historical use. Additionally, there is risk of asbestos exposure, as asbestos could be present in buildings constructed before 1990. There are approximately 1,344 sites where the Group has the "Duty Holder" liability under the Control of Asbestos Regulations. The Group discharges its duties under these Regulations by identifying the asbestos, maintaining information on the location and type of asbestos, monitoring the condition of the asbestos sites, and removing the asbestos where practical when building maintenance or refurbishment is undertaken. The potential total cost of remediation of contaminated sites is expected to be less than £1 million in aggregate. The Group may also face risks associated with working at height and with perceived or actual harm caused by electro-magnetic radiation.

While the Group intends to comply with applicable environmental legislation and regulatory requirements and believes that it is materially in compliance with these as at the date of this Prospectus, it is possible that such compliance may prove to be costly, or that the Group may fail to fully comply with applicable regulations. In addition to potential liability for environmental clean-up, the Group may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may also result in closure or temporary suspension at certain sites or adverse restrictions on the Group's operations. The Group may also, in the future, become involved in proceedings with various environmental authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue the Group for damages and costs resulting from environmental contamination emanating from its properties, or for damages arising while on the Group's properties.

In addition, the legislation currently in force in the UK and in particular the technical instructions that directly and/or indirectly apply to the Group's activities, are based, inter alia, on currently available scientific knowledge regarding the effects of exposure to electrical, magnetic and electromagnetic fields ("EMF"). In particular, negative public perception of, and regulations regarding, these perceived health risks and increase opposition to the development and expansion of sites. If the current regulatory framework is amended, it is possible that all the technical requirements applicable to the Group's activities will require an infrastructure upgrade in order to continue to operate in compliance with the applicable laws and regulations, thereby causing substantial and unexpected costs.

In addition, the potential connection between electromagnetic radiation and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers in several countries. If a scientific study or court decision resulted in a finding that electromagnetic radiation poses health risks to consumers, it could negatively impact the market for wireless services, as well as the Group's customers, and it could have a material adverse impact on the Group's business, financial condition and results of operations. The Group's insurance with respect to the potential harm from electromagnetic radiation may not be sufficient to cover all or a substantial portion of its liability.

If the Group was to have not been in compliance with any portion of such applicable rules, the Group could be exposed to fines, be forced to face costs, and/or be liable for damages to third parties, all of which could be substantial. In addition, the Group could be found liable for damages related to alleged negative health effects arising out of exposure to EMF, which may occur regardless of compliance with the emission levels permitted by the then-applicable laws. Moreover, the Group could be subject to sanctions such as restrictions on its activities, the temporary shutdown of certain infrastructure sites or facilities, the obligation to move sites to other locations or various other restrictions on the Group's operations as a result of such non-compliance.

In certain areas, local associations or groups may oppose the construction or operation of the Group's infrastructure as a result of alleged negative effects on the relevant area and the landscape. Any such challenge filed with the competent authorities may prevent or delay the Group's development projects.

The occurrence of any of the events described above could have a material adverse impact on the Group's business, financial condition, results of operations or prospects.

The Group must comply with data protection regulations

The Group is subject to regulation regarding the use of personal data. The Group processes personal, customer, employee and other data as part of its business and therefore must comply with strict data protection and privacy laws. The Group seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third party service providers, and also implements security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws.

If the Group or any of the third party service providers on which it relies fail to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Group could be subject to investigative and enforcement action by relevant regulatory authorities, could be subject to claims or complaints from the person to whom the data relates, or could face liability under data protection laws. Any of these events could also result in reputational damage, which could have a material adverse impact on the Group's business, financial condition and results of operations.

In 2012 the European Commission published a proposal for a new General Data Protection Regulation ("GDPR"), which would replace the UK Data Protection Act 1998 (and the equivalent laws in other EU and EEA Member States) with an EU regulation having direct effect in the UK and all other EU and EEA Member States. The European Commission, European Parliament and the Council of Ministers agreed the GDPR on 15 December 2015, and the GDPR has applied from 25 May 2018. The GDPR has recently been transposed into UK law, by way of the Data Protection Act 2018. The GDPR has increased compliance requirements and includes significant financial penalties of up to 4% of the annual worldwide turnover of company groups. The GDPR has increased the regulatory burden on the Group in processing personal, customer, employee and other data in the conduct of its business and while the Group has established procedures to ensure compliance with these regulations, breach of the GDPR may expose the Group to penalties. The Group has established a GDPR steering committee to oversee and monitor implementation of the new data protection rules and steps have been taken to promote awareness and understanding of this regime within the Group. Although the Group has policies and procedures in place to comply with GDPR, if those fail then the Group cannot guarantee that it will be fully compliant with its obligations under the GDPR, and therefore the Group may be subject to regulatory action or financial penalties, which could also result in adverse publicity or reputational damage.

The Group must comply with anti-money laundering, anti-bribery and sanctions regulations

The Group is subject to various legal and regulatory requirements and risks in the countries in which it has facilities or operations, involving compliance with antitrust, anti-money laundering, anti-bribery and anti-corruption laws and regulations, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010 and sanctions imposed by international organisations or individual nations. Where applicable, these laws restrict or prohibit transactions with certain countries and with certain companies and individuals identified on lists maintained by the US government, the EU, various EU Member States and other governments.

Although the Group believes that its current policies and procedures are sufficient to comply with applicable anti-money laundering, anti-bribery and sanctions rules and regulations, it cannot guarantee that such policies completely prevent situations of money laundering or bribery, including actions by the Group's employees, for which the Group might be held responsible. Any of such events may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group may be unable to deliver on its cost savings programme or achieve the expected efficiencies

The Group continues to implement a cost savings programme aimed at achieving efficiencies and reducing costs by optimising the Group's cost base and driving margin improvements. Although significant cost savings and margin improvements have been achieved since 2020 by reducing overhead and consolidating business units into a more

efficient structure, among other initiatives, and management expects to continue to reduce costs improve margins in the future, any such initiatives may fail to deliver the intended savings or margin improvements going forward. Following the sale of the Telecoms business in 2020, the Group moved from a divisional operating model to a functional design in 2021 with a view to streamlining the groups operating model and costs around more succinct lines of business. This has subsequently evolved into a “Technology & Transformation” and business “Simplification” programmes that aims to build on the efficiencies achieved over recent years resulting in a more focused operating model. The efficiencies and other financial benefits expected from these programmes rely on certain assumptions which could prove incorrect. There can be no guarantee that the Group will achieve its cost savings or margin improvement targets, and the Group’s failure to do so could in turn materially affect its business, financial condition, results of operations and cash flows.

Various factors outside of the Group’s control, such as inclement weather or an outbreak of contagious disease, may negatively impact employee productivity or restrict the Group’s ability to access its sites for critical maintenance or other purposes

Various incidents beyond the Group’s control, such as infectious diseases and subsequent government-imposed travel restrictions or inclement weather, may negatively impact employee productivity or restrict the ability of the Group’s employees to reach critical sites or offices. For example, outbreaks of contagious diseases could adversely affect the UK economy and could lead to measures, including government-enforced quarantines or travel limitations that could restrict the Group’s access to its infrastructure sites, which could impact the Group’s ability to adequately maintain its operations. In addition, inclement weather, such as heavy snowfall, may obstruct access to sites. Such occurrences could also prevent access to the Group’s offices or other critical facilities. If the Group cannot access its sites or other facilities, performance of maintenance or other essential business tasks could be impaired, which could have a material adverse impact on the Group’s business, financial condition and results of operations.

The Group is exposed to risks in connection with funding of its pension commitments

The Group has defined benefit obligations in the UK pursuant to the Group’s previous defined benefits plan, which is now closed to future accrual from 31 January 2016. Although the Group switched to a defined contribution arrangement (whereby the Group provides benefits to current employees through a defined contribution, shifting the investment risk on the employees with limited financial risks on the Group), the Group still has obligations under the previous plan. The Group’s net pension obligations (consisting of pension obligations less pension plan assets and net of deferred tax), according to the latest triennial actuarial valuation for 30 June 2020, amounted to a net deficit of £7.1 million.

The Group’s externally invested pension plan assets are invested via externally managed funds and insurance companies. Trustees of the trust fund, in consultation with the Group, generally prescribe the investment strategies applied by these funds, and thus the Group does not determine their individual investment allocations. The assets may be invested in different asset classes including equity, fixed-income securities, real estate and other investment vehicles. The values attributable to the externally invested pension plan assets are subject to fluctuations in the capital markets that are beyond the Group’s influence. Unfavourable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in the Group’s net pension obligations. In addition, deterioration in the Group’s financial condition could lead to an increased funding commitment to the trustee, which could further exacerbate any financial difficulties the Group could face at such time. Any such increases in its net pension obligations could adversely affect the Group’s financial condition due to an increased additional outflow of funds to finance the pension obligations. Also, the Group is exposed to risks associated with longevity and interest rate and inflation rate changes in connection with its pension commitments as an interest rate decrease or increase in longevity could have an adverse effect on its liabilities under these pension schemes. Furthermore, a strengthening of the regulatory funding regime could increase requirements for cash funding, demanding more financial resources to meet governmentally mandated pension requirements. The realisation of any of these risks could require the Group to make significant additional payments to meet its pension commitments, which could have a material adverse impact on the Group’s business, financial condition and results of operations.

The Group’s potential liability for distributing content broadcast by its customers over its network is uncertain. As a carrier of broadcast content, the Group could become liable for such content based on obscenity, defamation, negligence, copyright infringement, trademark infringement or other grounds

The Group’s standard position reflected in contractual documentation provides that its customers are fully responsible for the content of their programming, for ensuring that the content conforms to all applicable governmental regulations and for obtaining any local regulatory approvals relating to their broadcasts. This documentation further provides that the

Group is not liable if the satellite fleet operator requires it to suspend or terminate service for any reason relating to content. The Group's customers are generally required to indemnify it for any financial costs of governmental or third-party proceedings resulting from their content. Although the Group attempts to reduce its liability through contractual indemnification from its customers and disclaimers, there is no guarantee that the Group would be successful in protecting itself against this type of liability. Even if the Group were ultimately successful in such litigation, litigation would divert management time and resources, could be costly and is likely to generate negative publicity for the Group's business. The Group may also be forced to implement expensive measures to alter the way its services are provided to avoid any further liability, which in turn could have a material adverse impact on the Group's business, financial condition and results of operations.

Regulatory prohibition or limitation of the disposal of certain of the Group's central assets may reduce the value received or available for debtholders in an enforcement situation

The Group's ability to transfer or dispose of certain key assets is prevented or limited by regulation. Certain of the Group's Broadcast & Media assets are subject to the Undertakings, which, among other requirements, prohibit the Group from transferring these assets or control over them outside of the Group without the prior written consent of the Competition and Markets Authority. In addition, Ofcom's consent is required to transfer the Group's DTT and DAB Multiplex licences and Ofcom has the discretion to revoke these licences should there be a change of control of the licensor and Ofcom would not have granted the licence in the new circumstances. Because of these restrictions on its ability to transfer these assets, the Group may not be able to sell or otherwise dispose of them. Subsequently, the Group's ability to obtain full value, or any value at all, for these assets could be limited should the Group enter administration or otherwise be forced to liquidate its assets.

The Senior Financing Group is exposed to the creditworthiness of third party financial institutions

The creditworthiness of many financial institutions may be closely interrelated as a result of credit, derivative, trading, clearing or other relationships among the institutions. As a result, concerns about, or a default or threatened defaults by, one (or more) institution could lead to significant market-wide liquidity and credit problems and/or losses or defaults by other institutions. This may adversely affect the financial institutions, such as banks and insurance providers, with which the Senior Financing Group interacts on a regular basis. As a result, the Senior Financing Group's ability to raise needed funds or access liquidity from such financial institutions may be adversely affected and this could have a material effect on the Issuer's ability to satisfy on a full and timely basis its obligations under the Notes.

Financing Risks

The Group's hedging programme may not adequately mitigate its exposure to fluctuations in interest rates or inflation

In order to address interest rate risks, inflation rate risks and/or currency risks the Issuer and the Borrower operate a hedging programme in accordance with the Hedging Policy, which includes, amongst other things, restriction on their present or future interest rate or inflation exposure. The Borrower or the Issuer are subject to the creditworthiness of, and in certain circumstances early termination of the hedging arrangements by, either the Borrower Hedge Counterparties or the Issuer Hedge Counterparties. Neither the Issuer or the Borrower nor any Issuer Hedge Counterparty or Borrower Hedge Counterparty shall have any obligation to take any action (or to cease to take any action) if any such Issuer Hedge Counterparty or Borrower Hedge Counterparty (as applicable) subsequently ceases to satisfy the Minimum Rating Agency Requirements which applied on the date of entry into the relevant Issuer Hedge or Borrower Hedge (as applicable). If a Borrower Hedge Counterparty's or Issuer Hedge Counterparty's credit-worthiness were to deteriorate to such an extent that they went into insolvency proceedings, this could materially adversely effect the Issuer's ability to make full and timely payments on the Notes. The issuer may not be able to replace such hedging arrangement if it is unable to recover any closed-out amounts due to it under the relevant hedging agreement.

Any early termination of a hedging agreement could materially adversely affect the Issuers ability to repay the Notes, for example if such early termination crystallises a large payment obligation for the Issuer. The Issuer or the Borrower could find itself over-/under-hedged which could lead to financial stress, as the Issuer will then be exposed to interest rate inflation and/or currency volatility.

The Group's significant debt obligations could limit its flexibility in operating its business and expose it to additional risks

The Group is highly leveraged and has significant debt service obligations. As of 31 December 2022, the Group's aggregate senior borrowings were £985 million. In addition, the Group may incur further indebtedness under the Senior Transaction Documents.

The Group's ability to make scheduled payments on time and to refinance its debt and to fund future operations and capital expenditures will depend on the Group's future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the Group's control, as well as the other factors discussed in this "Risk Factors" section and elsewhere in this Prospectus. The Group cannot assure investors that its business will generate sufficient cash flows from operations, that currently anticipated cost savings, revenue and earnings growth and operating improvements will be realised or that future debt and equity financing will be available to the Group in an amount sufficient to enable it to pay the principal, premium, if any, and interest on the Group's indebtedness, including the Notes and the Senior Secured Notes, and the Group's other indebtedness and hedging or to fund its other liquidity needs. The Group's continued access to debt financing as a source of funding for its operations and for refinancing maturing debt is subject to many factors, many of which are outside the Group's control. For example, interest rate fluctuations, the current inflationary environment, rising energy prices which are increasing the cost of distributing the Group's services, a general economic downturn, social unrest or changes in the UK regulatory environment or broadcasting industry structure (such as technological change or reduction in spectrum available) which weaken the strength of the Group's competitive position or prospects could increase the Group's cost of borrowing or restrict the Group's ability to obtain debt financing. In addition, disruptions in global capital and credit markets as a result of uncertainty or failures of significant financial institutions, along with major political disruptions such as wars (including the conflict between Russia and Ukraine) which has contributed to the rapid rise in energy prices, are all factors that could adversely affect the Group's access to financing. The Group cannot guarantee that it will be able to arrange financing on acceptable terms, if at all. The inability of the Group to obtain financing from banks and other financial institutions or from capital markets would have a material adverse effect on its business, financial condition and results of operations.

The Group's high degree of leverage may have important consequences for investors in the Notes. For example, it could:

- require the Group to dedicate a substantial portion of its cash flow from operations to required payments on indebtedness under the Senior Transaction Documents and the Transaction Documents, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- subject to the covenants under the Common Terms Agreement, restrict the Group's ability to make certain strategic acquisitions, exploit new business opportunities or dispose of certain assets;
- subject to the covenants under the Common Terms Agreement, restrict its ability to obtain additional financing, or draw on existing facilities, for working capital, capital expenditures and other general corporate activities;
- subject to the covenants under the Common Terms Agreement relating to the Group's debt, limit its flexibility in planning for, or reacting in planning for, or reacting to, changes in its business and the industry in which it operates;
- require the Group, subject to the covenants under the Common Terms Agreement, to sell or otherwise transfer assets used in its business in order to fund its debt service obligations;
- increase the Group's cost of borrowing;
- make the Group more vulnerable than its competitors to the impact of economic downturns and adverse developments in its business; and
- place the Group at a competitive disadvantage against any less leveraged competitors, including forcing the Group to forego certain business opportunities.

Moreover, if the Group's future cash flows from operations and other capital resources are insufficient to pay its obligations as they mature, to fund its liquidity needs or enable the Group to meet its financial covenants, the Group may be forced to:

- reduce or delay its business activities and capital expenditures;

- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt, including the Notes, on or before maturity.

The Group cannot guarantee that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments of interest and principal on the Group's outstanding indebtedness or meet financial covenants on a timely basis would likely result in a reduction of the credit rating of the Notes, which could also harm the Group's ability to incur additional indebtedness or refinance existing debt. In addition, any refinancing of the Group's debt could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict the Group's business operations. There can be no assurances that any assets which the Group could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realised from such sale will be acceptable.

The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's hedging contracts expose the Group to liabilities that are volatile and may crystallise into cash obligations in the future

The Group holds interest rate swaps (with an aggregate notional amount of approximately £0.7 billion as at 31 December 2022, which also includes the fixed/floating overlay swaps with a notional amount of approximately £0.3 billion, as described in "Overview of Senior Hedges") and inflation linked swaps (with an aggregate notional amount of approximately £0.7 billion as at 31 December 2022) to hedge its interest rate and/or inflation rate exposure. The Group maintains a hedging policy to manage interest rate and foreign exchange risk and to ensure the certainty of future interest cash flows in order to service and repay its debt. This involves entering into derivative contracts that may require the Group to fund cash payments in connection with the early termination of any such contracts. Such early termination payments are principally likely to arise if the Borrower or the Issuer (as applicable) fails to make timely payments of amounts due under the relevant swap(s), upon the insolvency of a member of the Group or acceleration of the WBS obligations, or the debt to which such swap relates is prepaid, repaid or redeemed early, or the hedge counterparty defaults in respect of its obligations under the relevant swap, and so are contingent in nature. The extent of these liabilities depends on financial market conditions and expectations of future rate movements at the time of early termination that are beyond the Group's control (i.e. the fair value of the relevant swap(s) at the time of determination). The Group has disclosed in its financial results for the period ending 31 December 2022, a fair value of £0.3 billion for the Group's IRS and ILS (as shown in Note 21 of the Group's consolidated financial statements for the year ended 31 December 2022 included in this Offering Memorandum). This comprised £43.2 million in the money position for the IRS and £331.8 million out of the money for the ILS. As at 31 December 2022, the present value of adding one basis point ("PV01") to the rate payable was estimated by the Group to be £0.5 million for ILS and £0.1 million for IRS. The PV01 represents the present value of adding one basis point to the fixed rate payable by the Senior Borrower, and is a function of interest rates and time (which means that the PV01 will vary from time to time). The Group's ability to fund these contingent liabilities will depend on the liquidity of the Group's assets and access to capital at the time, and the need to fund these contingent liabilities could adversely impact the Group's financial condition.

If the Group is affected, this will affect the Issuer's liquidity and could have a material adverse effect on the ability of the Issuer to repay the Notes.

As a result, the impact of this risk on the Group's financial condition could materially adversely affect each Obligor's ability to repay its obligations under the Issuer/Borrower Facilities Agreement, and therefore could have a material adverse effect on the ability of the Issuer to repay the Notes.

Legal Risks

The Obligor Security Trustee has absolute discretion to refrain from taking action under the Transaction Documents unless, among other things, it receives an indemnity against mortgagee in possession liability

Should the Obligor Security Trustee take enforcement proceedings under the Obligor Security Documents and if there is a physical entry into possession of a property owned by an Obligor or an act of control or influence that may amount to

possession, such as receiving rental income directly from a relevant tenant, the Obligor Security Trustee may be deemed to be a mortgagee in possession. A mortgagee in possession may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner. The Obligor Security Trustee has the absolute discretion at any time to refrain from taking any action under the Transaction Documents, including becoming a mortgagee in possession in respect of a property owned by an Obligor, unless it is satisfied at the time that it is adequately indemnified and/or secured and/or prefunded by the Obligor Secured Creditors (including the Noteholders on behalf of the Issuer).

This risk could materialise in the context of the Issuer/Borrower Facilities Agreement. In the event of an Obligor Event of Default by the Borrower, if the Obligor Security Trustee refrains from taking action against the Borrower, this could impact on the amounts realised from enforcements of the Obligor Security to which the Issuer is one of the Obligor Secured Creditors. This could result in the Issuer receiving less than it requires in order to make full and timely payments on the Notes. A change in the governing law of the Notes may adversely affect Noteholders

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus. It is possible that changes in law or regulations, or their interpretation or application, after the date of the Prospectus may result in the transaction as originally structured no longer having the effect anticipated.

The validity of subordination provisions under English law is uncertain

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

The Supreme Court of the United Kingdom has held in *Belmont Park Investments v BNY Corporate Trustee and Lehman Brothers Special Financing* [2011] UKSC 38 (the "**Belmont decision**") that a flip clause as described above is valid under English law. Contrary to this, however, in parallel proceedings the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflict remain unresolved.

If a creditor of the Issuer or the Borrower (such as an Issuer Hedge Counterparty or a Borrower Hedge Counterparty respectively) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer or the Borrower, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Hedging Counterparties' payment rights in respect of Excluded Hedge Counterparty Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Hedging Counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state).

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Excluded Hedge Counterparty Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English

courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may decline.

Tax Risks

The Group may incur tax liabilities arising from potential changes in applicable tax law and practice

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 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 after the date of this Prospectus.

The Issuer's inability to qualify as a "securitisation company" under UK tax law could have a material adverse effect on its business, financial condition and results of operations

The Issuer has been advised that it should be a "securitisation company" for the purposes of the UK Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Securitisation Tax Regulations**"). Accordingly, the Issuer should be subject to corporation tax in the UK on its "retained profit" only in accordance with the Securitisation Tax Regulations for so long as it satisfies the conditions of the Securitisation Tax Regulations.

However, the Securitisation Tax Regulations may be the subject of further amendment. If the Issuer were to cease to satisfy the conditions of the Securitisation Tax Regulations, this may have an adverse effect on the Issuer's UK tax position not contemplated in the cash flows for the transaction described in this Prospectus, which could adversely affect the Issuer's ability to make timely payment of interest and principal under the Notes. If the Issuer ceases to be a "securitisation company" as a result of a change in law, the Issuer will have an option (but not the obligation) to redeem all of the relevant Series of Notes in accordance with the Conditions.

There are potential secondary tax liabilities of the members of the Senior Financing Group and the Issuer

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

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

The Issuer and the Borrower and other members of the Senior Group have been and are members of a VAT group that also includes members of the wider corporate group. Although Arqiva Limited, as the representative member of that VAT group, accounts for VAT on behalf of the whole VAT group, each member of that VAT group (including the Issuer and the Borrower) is jointly and severally liable for VAT liabilities incurred by another company in the VAT group. As a result, if the Issuer was required by HMRC to pay VAT liabilities of another company in the VAT group, this could affect the Issuer's ability to meet its payment obligations under the Notes.

Noteholders will not be entitled to compensation for any withholding tax in respect of the Notes

All payments under the Notes can be made without deduction or withholding for or on account of any United Kingdom tax provided that they are and continue to be included in the Official List and admitted to trading on the London Stock Exchange (see "*Tax Considerations*" below). However, there can be no assurance that the law in this area will not change during the life of the Notes.

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

If, as a result of a change in tax law, such a withholding or deduction is required to be made, the Issuer will have the option (but not the obligation) of redeeming all (but not some only) of the Notes in full (as adjusted, in the case of the Index Linked Notes, in accordance with their terms), provided that the Issuer may first (i) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Note Trustee as principal debtor under the Notes and as lender under the Issuer/Borrower Facilities Agreement and as obligor under the Obligor Transaction Documents or (ii) convert any Bearer Notes into Registered Notes, in each case if such substitution or conversion (as applicable) would be effective to avoid the relevant withholding or deduction. For the avoidance of doubt, neither the Note Trustee nor the Noteholders will have the right to require the Issuer to redeem the Notes in these circumstances.

Withholding tax in respect of the Issuer/Borrower Facilities Agreement could have a material adverse effect on the Issuer's ability to make timely payments under the Notes

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

The Group's Hedging Counterparties may terminate their respective Hedging Agreements in the event such Hedging Counterparties must pay withholding tax in respect of their respective Hedging Agreements

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

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

Insolvency and Enforcement Considerations

The Obligor Security Trustee may be unable to appoint an administrative receiver in respect of floating charges

The provisions of the Enterprise Act 2002 (the “**Enterprise Act**”) restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration).

The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act 1986) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act 1986, but generally a rated, listed or traded debt instrument). Whilst there is no case law, as yet, on how these provisions will be interpreted, the Issuer has been advised that subject to certain factual assumptions being true, it would be applicable to the floating charges created by the Obligors and assignments by way of security to the Obligor Security Trustee under the Security Deed. However, this issue is partly a question of fact as to whether the Obligor Security is over all or substantially all of their assets. In respect of certain of the Obligors, restrictions contained in some of their material customer contracts, satellite supply contracts, regulatory licences and property leases, licences and agreements in respect of which a consent to charge has not been sought by the relevant Obligor exclude these from the fixed and floating charges granted by such Obligors. Such Obligors are therefore unable to provide security over all of their assets, but are of the view and will represent and warrant in the CTA that notwithstanding such restrictions they are still able to charge all assets which are significant in terms of their value or strategic importance to their businesses. In addition, each Obligor will covenant in the CTA that the Obligor Security will secure the whole or substantially the whole of such Obligor’s assets. If this was not the case when any one or more of such Obligors became insolvent, it would not be possible for the Obligor Security Trustee to appoint an administrative receiver in respect of such Obligors and it would be likely that such Obligors would be subject to administration.

The UK Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this Prospectus, will not be detrimental to the interests of the Noteholders.

Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts, and as a result the full proceeds of enforcement may not be available to repay the Notes

There is a possibility that a court could find that certain fixed security interests expressed to be created by the Obligor Security Documents instead take effect as floating charges. Whether the fixed security interests will be upheld will depend, among other things, on whether the Obligor Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the relevant assets and exercises that control in practice.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor and (ii) certain statutorily defined preferential claims against the Obligors (including certain employee claims in respect of contributions to pension schemes and wages and the costs and expenses of an administration and/or a liquidation) may have priority over the rights of the Obligor Security Trustee or the Issuer Security Trustee (as applicable) to the proceeds of enforcement of such security in accordance with s176A of the Insolvency Act 1986. To the extent that the assets of any Obligor are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Obligor Security Documents may be first used to satisfy any claims of unsecured creditors, up to an amount equal to £600,000 in respect of each such Obligor. As a result, the full amount of the proceeds of enforcement of the security may not be available to redeem the Notes.

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords’ decision in the case of *Buchler & Another v Talbot & Ors* [2004] UKHL 9. Accordingly, it is now the case that the costs and expenses of a liquidation (including corporation tax on capital gains) will be payable out of floating charge

assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended). As a result of the changes described above, upon the enforcement of the floating charge security granted by an Obligor, floating charge realisations which would otherwise be available to satisfy the claims of the Obligor Secured Creditors (including the Issuer) will be reduced by at least a significant proportion of any liquidation expenses.

USE OF PROCEEDS

The proceeds from the issue of each Series of Notes will be on-lent by the Issuer to the Borrower under the Issuer/Borrower Facilities Agreement. The Borrower will apply the proceeds from the Series of Notes to (i) refinance or repay any existing Series of Notes or other Senior Debt and funding any related redemption and/or hedging termination payments (if applicable) and any related fees and expenses incurred in respect of any such repayments and (ii) for general corporate purposes.

CAPITALISATION

The following table sets out the consolidated cash at bank and in hand and capitalisation of the Senior Financing Group as at 31 December 2022 on an actual basis based on the Group's unaudited condensed consolidated interim financial statements at 31 December 2022.

This table should be read in conjunction with "Transaction Overview", "Use of Proceeds" and the Senior Financing Group's consolidated financial statements and notes thereto incorporated by reference in this Prospectus.

	As at 31 December 2022
	Actual
	Unaudited
	(£ millions)
Cash	
Cash and cash equivalents.....	31.1
Debt	
Public Bonds 2013-1b ⁽¹⁾	266.7
Public Bonds due 2037 ⁽²⁾	164.0
USPP 2 ⁽³⁾	157.4
EIB Loan ⁽⁴⁾	172.0
Institutional Term Loan ⁽⁵⁾	90.0
Working Capital Facility ⁽⁶⁾	53.0
USPP 3 ⁽⁷⁾	82.2
Finance Leases ⁽⁸⁾	9.7
Total Senior Gross Debt⁽⁹⁾.....	963.9
Share Equity.....	(653.8)
Total capitalisation⁽¹⁰⁾.....	310.1

Notes:

- (1) Represents the 4.88% sterling denominated bonds issued by Arqiva Financing plc, which will mature in December 2032. See "Overview of the Business and the Transaction—Transaction Overview—Issuer and Notes".
- (2) Represents the 5.34% sterling denominated bonds issued by Arqiva Financing plc, which will mature in December 2037. See "Overview of the Business and the Transaction—Transaction Overview—Issuer and Notes".
- (3) Represents the sterling denominated floating rate USPP that are amortising in nature and will mature in June 2029. See "Summary of the Transaction Documents—Other Obligor Transaction Documents—USPP NPA".
- (4) Represents £172.0 million of debt outstanding under the EIB Loan with an expected maturity date of June 2024. See "Summary of the Transaction Documents—Other Obligor Transaction Documents—EIB Loan".
- (5) Represents £90.0 million of debt outstanding under the Institutional Term Loan with an expected maturity date of December 2023. See "Summary of the Transaction Documents—Other Obligor Transaction Documents—Institutional Term Loan".
- (6) Represents the drawn working capital facility, with an expected maturity date of July 2026. See "Summary of the Transaction Documents—Other Obligor Transaction Documents—Working Capital Facilities Agreement".

- (7) Represents the sterling denominated floating rate USPP that are amortising in nature with an expected maturity date of December 2029. See “*Summary of the Transaction Documents—Other Obligor Transaction Documents—USPP NPA*”.
- (8) Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
- (9) Total gross debt is different to that included in the “*Contractual Obligations and Commitments*” table on page 107 of this Prospectus. This table represents figures as at 31 December 2022.
- (10) Total capitalisation comprises total gross debt and total equity.

BUSINESS

The following should be read in conjunction with the other information regarding the Group in this Prospectus, including “Risk Factors”, and the Group’s consolidated historical financial information and the related notes included elsewhere in this Prospectus. Unless otherwise stated, the financial information relating to the Group set out in this part of the document has been extracted without material adjustment from the Group’s consolidated historical financial information and the related notes included elsewhere in this Prospectus.

This section includes forward-looking statements that reflect the current view of the Group and involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus. See “Forward Looking Statements”.

Overview

The Group is the UK’s pre-eminent national provider of television and radio broadcast infrastructure and provides end-to-end connectivity solutions in the media and utility industries. The Group is also a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels available for UK DTH satellite broadcast. The Group has been an early and leading participant in the development of smart utility infrastructure in the UK through its smart water and energy metering services and provides satellite connectivity services for electricity networks. The Group’s unique asset base enables it to generate revenues underpinned by long-term inflation-linked contracts, as demonstrated by a strong orderbook of £3.2 billion as at 30 June 2022, with significant revenue visibility. Approximately 90% of the Group’s actual revenues realised in the year ended 30 June 2022 were already contracted as at 30 June 2021.

The Group operates through two main commercial functions Broadcast & Media and SUN. The Group’s Broadcast & Media revenue function is comprised of DTT and Radio, Digital Platforms DTT Multiplex, DTH and Global Media segments. The Group’s second revenue function, smart utility networks, is comprised of its smart metering business and satellite data communications segments.

The Group benefits from a regulated position as the sole UK national provider of transmission services for DTT broadcasting, the most popular television broadcast platform in the UK in terms of the number of homes served. The Group operates all television transmission sites used for DTT broadcasting in the UK, with over 1,450 broadcast transmission sites of which 1,150 are television transmission sites covering 98.5% of the UK population. Through its Digital Platforms division, the Group is also the UK market leader for the provision of access to the DTT platform for broadcast channels, operating the licence for two (of six) DTT Multiplexes used for transmission of DTT services in the UK. The Group’s DTT Multiplexes have 32 streams carrying 36 channels including full-time 24/7 TV channels in addition to part-time and radio services as at 30 June 2022, enabling leading broadcasters such as Sky, Warner Bros Discovery, UKTV, to deliver broadcasting content using its channel capacity. Since 2021, the Group has won 66% of the DTT channels that come to market, and 90% of UK’s DTH high definition (“**HD**”) channels. DTT, through the subscription-free platform, Freeview, enables the public service broadcasters (“**PSBs**”) to meet the obligation under their licences to extend coverage to 98.5% of the UK population. While consumer preference indicates rising use of “over the top” (OTT) services, popularly known as streaming services, free to air “FTA” television retains majority share of live video viewing in the UK as per published TV viewing data. The near-universal coverage of DTT combined with both affordability & broadband coverage constraints suggest that the future is likely to remain a hybrid of FTA TV, Pay-TV & OTT with a substantial share of viewing driven by FTA TV.

The Group also benefits from its regulated position as the leading UK national provider of radio broadcast transmission services with a 100% national market share, covering both analogue and digital services through Digital Audio Broadcast (“**DAB**”). The Group had radio network infrastructure comprising approximately 1,700 analogue transmitters and 1,020 DAB transmitters on 714 radio sites, providing coverage of up to 99 percent of the UK population as at 30 June 2022. The Group is also the operator of the two (of two) national commercial digital radio multiplexes (including through JVs) and held 25 of the UK’s 59 local DAB radio licences as at 30 June 2022. Further, the Group is the service provider for the BBC national digital radio Multiplex. The Group intends to support its customers and the industry by continuing to develop digital DAB radio as an attractive medium for listeners and planning for the expected eventual phase-out of analogue radio (AM closure is expected to be phased over time and completed before 2030 while the Government has

indicated its support for no FM switch-off before 2030), and positioning DAB as the default replacement network for analogue services.

The Group's UK DTH satellite and global media business segment is a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels uplinked for UK DTH satellite broadcast. The satellite and global media business has an estimated outsourced market share of approximately 25% of fully managed channels and market share of UK DTH as at 30 June 2022. The Group operates more than 80 uplink dishes in five teleports (ground stations that act as a hub to connect a satellite network to a terrestrial telecommunications network), accessing more than 25 satellites and delivering media content to five continents. The Group also procures third party ground-based teleport services where a line of sight to a satellite cannot be achieved from its UK assets. This infrastructure enables the Group to provide customers with a comprehensive range of services to deliver their data, broadcast content and media services internationally. In addition, the Group provides encryption, multiplexing, uplinking and satellite space to channel operators through its global media distribution offering. The Group also provides video-on-demand, streaming, metadata management and other OTT and cloud based services. The Group also provides network connectivity capabilities at over 300 key media and broadcast locations delivering content in the UK through its own optical and IP enabled networks and to the five continents around the world through leased access to a third party global fibre network.

Smart Utility Networks – The Group has invested in building machine-to-machine (“M2M”) networks, which support major energy metering contracts spanning 15 years and covering more than 10 million premises as at 30 June 2022. With the adoption of Advanced Metering Infrastructure (“AMI”) by major water companies in the UK due to regulatory and societal pressures on reducing customer-end leakage and domestic consumption, the Group has secured 93% of the addressable AMI market with 1,283,000 AMI meters installed for Thames Water, Anglian Water and Northumbrian Water as at 31 December 2022, and trials are in place with a water company in the Midlands and SES, and is the market leading provider of AMI metering networks at scale. The Group also offers satellite data communications for electricity distribution networks, and satellite data connectivity services to electricity and grid networks at major sites.

The Group continuously reviews its business to ensure it focuses on core areas that are important to its customers.

Despite a decrease in revenue over the past two years with revenue of £618.4 million and £598.2 million for the years ended 30 June 2021 and 2022 respectively, the Group has demonstrated EBITDA growth over the past two years with EBITDA of £331.8 million and £339.8 million, for the years ended 30 June 2021 and 2022, respectively.

Competitive strengths

Arqiva believes that its success to date and its potential for future cash generation and growth are primarily attributable to the following strengths:

Unique and long-life asset base underpinning defensible market leading positions in all business areas

The Group has an unrivalled Broadcast & Media asset base, which Arqiva believes is not economically feasible to replicate. The Group benefits from a regulated position as the sole UK national provider of transmission services for DTT broadcasting, the most popular television broadcast platform in the UK in terms of the number of homes served. It operates all television transmission towers used for DTT broadcasting in the UK, with over 1,150 transmission sites covering 98.5% of the UK population. Through its Digital Platforms division, the Group is also the UK market leader for the provision of access to the DTT platform for broadcast channels, owning two of the three national commercial DVB-T Multiplexes (out of a total of six main DTT Multiplexes). Despite pricing pressures the Group has achieved new channel launches and maintained strong capacity utilisation with average levels of approximately 98% on its DVB-T Multiplexes for the periods under review. The Group is a leading national provider of radio broadcasting transmission services, operating approximately 1,700 analogue transmitters and 1,020 DAB transmitters on 714 radio sites, providing coverage of up to 99% of the UK population as at 30 June 2022. The Group's satellite and media segment is a leading operator in the fragmented satellite and media market in the UK. The Group owns a significant asset base with 80 uplink dishes providing access to more than 25 satellites owned by third parties and five teleports delivering media content to five continents, supported by connectivity access to over 300 key media and broadcast content processing locations around the globe through its own optical and IP enabled networks in UK and leased access to a third party global fibre network.

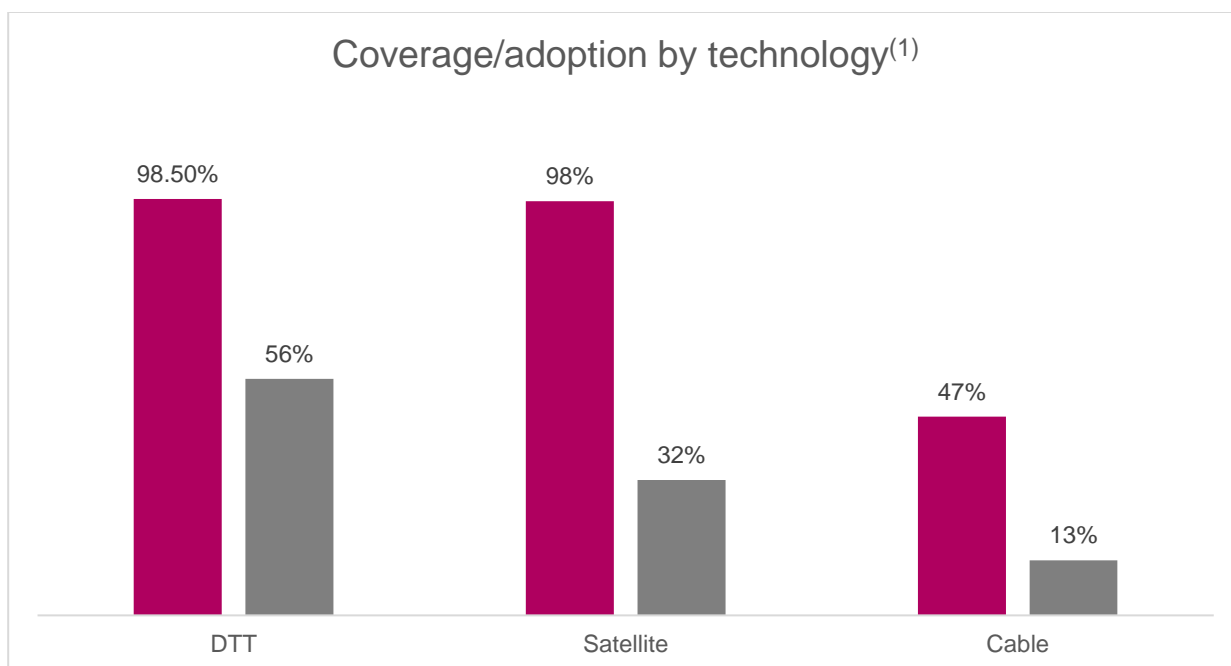
The Group has also positioned itself as a market leader in the UK for smart meter networks. It is one of only two communication service providers for smart energy meter connectivity in the UK and a leading provider for smart water

meter connectivity. The Group believes its long-range radio solution provides a more resilient solution and better penetration for smart metering, compared to cellular.

Structurally stable underlying dynamics in the Group’s core markets

The UK TV market is large and stable. Within this market, the Group serves the FTA segment via the DTT platform. DTT, through Freeview, remains the most used TV platform for the consumption of linear and live content in television homes across the UK and a high adoption rate platforms at 59% of all households with at least one TV set (*Source: BARB*). The UK DTT platform is supported by a number of important favourable structural drivers, including the cultural role it plays in delivering live TV to viewers and its high relevance to broadcasters and advertisers given the platform’s wide reach and strong political support (FTA viewing is popular amongst the key voting demographics), as well as the difficulty of replicating coverage and access by other means. The Group has the most efficient platform in the UK capable of enabling the PSBs to meet their 98.5% universal coverage obligations imposed by Ofcom, making its infrastructure “mission critical” to the PSBs. TV shows on PSB stations continue to attract the highest viewing in the UK. In the week commencing 3 April 2023, all 50 of the UK’s 50 most watched programmes were on PSB channels (*Source: Thinkbox*). The Group believes there is also presently no credible replacement technology to DTT which would rival DTT’s ability to provide universal coverage, its reach and installed base, and its ability to deliver content free at the point of access. The role of DTT is not expected to change in the medium term, as demonstrated by the UK Government’s support to give Ofcom the power to carry out an early renewal of the five out of six DTT Multiplex licences until 2034 (PSB1 which is managed under the Charter renewal in 2028).

The chart below shows the percentage of TV households in the UK which are covered by and have adopted DTT, satellite and cable as at 31 December 2022.



Notes:

(1) Adoption as per BARB establishment survey Q4 2022. Share of households with at least one TV set using a given platform. Household may use more than one technology platform to watch TV.





In recent years, the UK has seen the emergence of alternative viewing platforms and these platforms can be complementary with DTT and traditional pay platforms which are broadcast through Satellite or Cable. Hybrid platforms leverage the reach and cost effectiveness of DTT to deliver the FTA services with interactive services typical of IP, such as catch-up and on-demand. The increase in “pay lite” services (e.g. Netflix, Amazon, Disney+) gives consumers further

optionality to combine DTT with a cheaper OTT offering. This trend also supports the satellite and global media segment within the Broadcast & Media division, which has been providing IP streams and video-on-demand (“VoD”) processing services since 2015 and has over the past two years invested in cloud-based delivery services.

Stable revenue underpinned by long term inflation-linked contracts

The Group has significant revenue visibility with an orderbook of £3.2 billion as at 30 June 2022, representing more than five times coverage of revenues for the year ended 30 June 2022. The orderbook is underpinned by the Group’s established relationships with its high-quality customers. Long-term contracts provide the Group with a high degree of visibility over a significant portion of its expected annual revenue at the commencement of each financial year. Approximately 90% of the Group’s actual revenues realised in the year ended 30 June 2022 were already contracted as at 30 June 2021. The Group has a diverse, blue-chip customer base across all business functions, including all the UK’s PSBs (BBC, ITV, Channel 4, Channel 5), and major international broadcasters (e.g. Warner Bros Discovery, Paramount, Multichoice, Sky, DAZN), major radio groups (BBC, Global Radio, Bauer Media) and major smart metering customers (Data Communications Company (the “DCC”), Thames Water, Anglian Water and Northumbrian Water). These established long-term relationships demonstrate the importance of Arqiva’s assets and infrastructure to its customers. Certainty over contract renewals is supported by limited viable alternatives, as well as the ‘mission critical’ nature of the services that Arqiva provides, leading to significant switching costs and operational risks for customers.

Within the Broadcast & Media business function, DTT transmission contracts are typically over 20 years in original duration with residual durations of 8-12 years as of June 2022. Moreover, the Group’s DTT transmission contracts are inflation-linked with additional protection from power inflation in form of straight pass through of power costs, and otherwise set to deliver a fixed rate of return relative to the underlying asset base. The PSBs have been willing to sign long-term agreements with the Group for DTT broadcast, given the Group’s position as the only provider capable of meeting PSB coverage obligations and the PSB licences, which obligate them to use the Group’s DTT network. As a result of these features of the contractual terms and the fact that there are no scheduled regulatory reviews of customer contracts once contractually agreed, the Group benefits from a degree of long-term revenue visibility. Digital Platforms contracts are typically three to six years in duration. Radio contracts within the Broadcast & Media business function are typically eight to 12 years in original duration and are often inflation-linked. In addition, National DAB Radio services are supply constrained due to limited number of multiplexes (two), thus providing further stability to customer longevity on those platforms. In satellite and global media, contracts are typically two to five years in duration, however come with lower capex intensity. Within Smart Utility Networks business function, smart metering contracts are typically between 15 – 20 years in duration and inflation-linked.

Established Relationships with Blue-Chip Customers			
Business Segments	Customers	Avg. Contract Length ¹	Inflation Linkage
Terrestrial Broadcast		DTT: 20+ years Radio: 8 – 12 years	✓
Digital Platforms		3 – 6 years	✓
Smart Utilities Networks		15 – 20 years	✓
Satellite		2 – 5 years	Partial

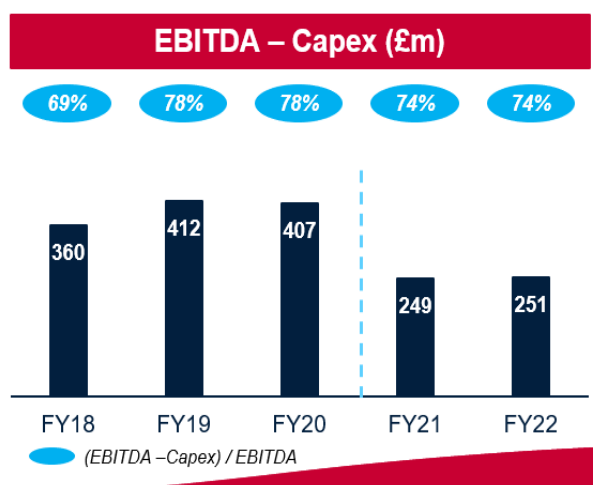
 Public Service Broadcasters

✓ Tick indicates inflation linkage is a typical feature of contracts in this division

Strong cash conversion combined with a resilient business provides sustainable cashflows

The Group is able to convert its stable contracted revenues into cash, achieving strong cash flow conversion throughout 2020 to 2022, despite reaching a peak in its investment cycle over the same period. In addition, EBITDA margins have improved over the same period as the Group has made progress on its efficiency programmes.

Capital expenditure is expected to decline after 2023 as the major capital expenditure requirements relating to the roll out of projects such as smart metering and the current phase of DAB roll-out projects are completed, significantly enhancing cash conversion. The majority of the capital expenditures for the Group's smart metering contracts with the DCC and Thames Water have been completed, as the networks have been mostly built. In addition, the commercial terms of these contracts mostly allow for capital expenditures to be paid upfront, and any change request payments are mostly pre-paid against delivery milestones. All major capital expenditure programmes are directly linked to contracts in place, keeping speculative capital expenditure to a minimum. The Group has achieved tight control over its maintenance capital expenditure, contributing to cash conversion on an EBITDA less maintenance capital expenditure basis of approximately 95% over recent years.



The Group's underlying business and long-term nature of its contracts as well as its cash earning track record is evidenced by the Group's investment grade rating at the senior level.

The Group has recently completed the implementation of a company-wide transformation programme to streamline processes, modernise IT systems and achieve cost efficiencies. The Group believes this programme, aimed at achieving efficiencies and reducing costs by optimising the Group's cost base will help support margins against the existing macroeconomic backdrop by reducing overhead, consolidating business units into a more efficient structure and other initiatives, will continue to result in improvements in the efficiency of Group operations and further headcount efficiencies.

Experienced management team and workforce partnered with a supportive shareholder base comprised of key experienced infrastructure players

The Group is managed by a highly experienced senior management team with a breadth of Telecoms & Media experience including tenures at Cable & Wireless, Vodafone, Virgin Media O2, ICG, Dixon Carphone, ITV, The Walt Disney Company & DAZN. The Group's divisional heads have an average of 25 years' industry experience and a proven track record in their respective areas. The Group also benefits from a highly talented workforce with approximately 600 skilled engineers. Further, management have brought significant operating experience to the Group, focusing on driving margin improvement through a comprehensive cost transformation programme.

Performance against financial covenants

The Borrower has covenanted to provide certain publicly available information with relation to its performance against financial covenants. In its most recent Compliance Certificate dated 20 February 2023, the Borrower reported being compliant with the relevant financial covenants in the Common Terms Agreement. Please see further details in the Compliance Certificate dated 20 February 2023 available on the Borrower's website at [Microsoft Word - 2e Compliance certificate - SENIOR - Dec 22.docx \(arqiva.com\)](#). This information on this website does not form part of this Prospectus.

Business strategies

Vision 2031

The Group's strategy which is also referred to as Vision 2031, was launched in 2020 following the mobile towers business sale. Vision 2031 sought to build upon the foundations of the business areas that existed at the time, whilst seeking other areas where the Group could apply its resources and capabilities toward.

The key components of the Group's strategy are as follows:

Maximise value of strong core business and infrastructure

Broadcast & Media – Leading provider of UK TV and radio broadcast and transition global media to cloud solutions

The Group's DTT platform and radio networks are the UK's leading platforms for delivery of TV and radio in the UK. The Group works closely with customers, industry bodies, regulators and Government which influence the strategy, product development, licensing arrangement and policy perspective of the networks. The Group's strategy is to reinforce DTT's long-term position as one of the most popular TV platforms in the UK by continuing to support the development of the hybrid DTT/IPTV platform (which can be accessed through DTT sets capable of connecting to the internet or through a set top box), which is expanding the range of catch-up services available as well as serving the needs of a pay-lite audience base. By continuing to work with industry organisations, the Group aims to support the uptake of platforms that utilise DTT as a core FTA delivery mechanism and improve the viewer experience through improved content discovery and seamless integration of new types of content. The Group also aims to expand HD and SD channel choice, thereby maximising Arqiva-owned DTT Multiplex utilisation, and work with the TV manufacturing market through Everyone TV and Freeview to ensure that the hybrid DTT/IP services remain the default technology.

The Group's radio networks are used by approximately 38 million adults each week (broadcast platforms deliver 77% of overall radio listening). Where the Group is the licensed DAB multiplex operator, the Group intends to continue to assess options to expand the coverage of its networks as well as the range of channels available to give listeners the best possible DAB experience. The Group intends to support its customers and the industry by continuing to develop digital DAB radio as an attractive medium for listeners and planning for the expected eventual phase-out of analogue radio, rolling out DAB to fill the remaining coverage gaps, and positioning DAB as the default network for future broadcast services. The Group expects that it would be able to reduce its costs following any eventual Digital Radio Switchover ("DRS"), given that DAB transmission equipment is more reliable than analogue and will require fewer maintenance visits, DAB transmission also uses less power than analogue.

The Group plans to continue to improve operational efficiency and service excellence within the satellite and global media business unit, and intends to take advantage of international growth opportunities served by its UK infrastructure, entrenched relationships with UK & global media customers and virtualised capabilities. The Group aims to help broadcasters and rightsholders navigate and exploit the trends underlying the video market, including "hybrid" consumer behaviour, increasing operational complexity and the need for operational and commercial flexibility, by investing in solutions for content acquisition, processing, and distribution (including managed IP and OTT services). The Group plans to do this through the expansion and development of its global media management services and distribution capabilities. The Group's expertise as a managed service provider, developed over a number of years of operating & managing transmission & multiplexing platforms, strongly position it to differentiate its global media service offering with a managed service wrap. The Group will also continue to focus on providing high levels of operational efficiency and service excellence, including through its InSite e-service capability which was launched in 2018 and provides real-time service interaction and data to customers via electronic interfaces. As part of the continuous effort to focus on growth core areas, the Group expects to reposition the events and occasional use service to focus on managed IP and OTT services, and the Group expects payout services to reduce over the coming periods.

Smart Utility Networks – UK's leading smart utilities platform

In Smart Utility Networks, the Group plans to leverage its existing communications technology (for example the network deployed for the DCC and Thames Water) for the potential roll-out of new smart metering contracts. Historically SUN has a strong track record of turning proof of concepts or trials into long term contracts. This includes Anglian Water, which is now a customer under a long-term contract for Advanced Metering Infrastructure (AMI) deployment). The Group has trials with a water company in the Midlands and SES Water with a view to securing long-term contracts in future

procurement rounds. The Group offers market-leading solutions that are highly suited to smart metering (for example, the Group's solution compares very highly with MNO solutions as it requires fewer towers and has a better reliability and quality of meter reads) and the Group's spectrum licence for the 412 MHz spectrum is well suited for communication with meters which are up to 2 meters underground. For smart water metering the Group is broadening its solution to expand customer choice and remain highly competitive in an evolving market, this will include NB-IoT and LoRaWAN networks to complement the existing radio-based network.

Developing new broadcast & media and smart utility network products

The need to deliver content across multiple networks – from Digital Terrestrial Television (DTT), Mobile and Broadband – to multiple devices, running multiple technologies and resolutions is creating more complex platforms than ever before. Broadcast & Media is diversifying its services by directly tackling the challenges faced by broadcasters, content owners and platform operators by investing in Cloud and IP technologies to provide new services to support their global distribution strategies, reducing the complexity and cost of managing content delivery. Arqade is a new cloud based self-service content exchange which addresses this opportunity, enabling content owners, channels and sports rights owners to distribute their content widely in a cost-efficient manner. Pay TV platform owners globally are seeing opportunities in aggregating broadcast channels and OTT streaming services on their platforms, this requires a service which helps provide necessary encoding & compression for both linear channels and OTT. Broadcast & Media is well placed to address this, with Arqplex adding a cloud based headend as a service, in addition to on-prem capability, to new TV distribution platforms in global geographies.

The SUN function has identified a number of market opportunities which are being driven by industry end-of-life services such as PSTN switch-off in 2025, digital transformation of the utilities sector and the requirement to meet regulatory targets. SUN has developed new products which provide satellite and LTE based communications networks for the energy sector, a managed sensors proposition to monitor utilities networks including gas pressure, water quality and sewer levels and a data analytics service to interpret the data from both meters and sensors for example to specifically identify domestic leaks.

Simplify and standardise business in order to optimise operational costs and efficiency

The Group intends to maintain its focus on delivering comprehensive cost transformation, building on its progress since the sale of the Telecoms business in 2020 and driving efficiencies and operational excellence across the organisation. The cost savings programme is largely underpinned by detailed execution programmes and headcount efficiencies are expected to be realised as a part of increased organisational capability in applied Strategic and Operational Workforce Planning, focussed organisational design review and further modernisation and digitisation of the workplace which has already seen a number of key corporate and operational systems moved into the cloud. Delivery of savings is overseen by the project management office of the business "Simplification" programme.

In addition, the Group may from time to time undertake disposals of assets in line with its strategy to exit sub-scale businesses and focus on core offerings.

Maintain a stable long term capital structure

The Group has deleveraged significantly since 2012. Senior leverage has been reduced from 5.6x to 3.0x between 31 December 2012 and 31 December 2022, and total leverage has been reduced from 7.0x to 4.2x over the same period. This reduction in leverage reflects the decision by shareholders to prioritise re investing in the company over making distributions and significant deleveraging the Group has undertaken after disposing of its Telecoms business. For example, the Group has successfully completed a number of major capital programmes over the past few years, including smart metering and DAB roll out, which are now generating significant recurring cashflows. Shareholders have not taken any distributions over this period. With the level of capital expenditure investment expected to fall over the coming years, shareholders may consider regular distributions consistent with maintaining a stable long term capital structure and investment grade senior debt ratings.

History and development

The existing Group was formed following the acquisition of NTL Broadcast by Macquarie Communications Infrastructure Group ("MCG") in January 2005 and its merger with National Grid Wireless ("NGW") in April 2007. The Group's origins can be traced to the transmission functions of the BBC, which was established in 1922, and the Independent Television

Authority, which was established in 1954 (later the Independent Broadcasting Authority (“**IBA**”)). In 1993 the engineering division of the IBA entered the private sector as National Transcommunications Ltd (“**NTL**”), which after MCG’s acquisition was rebranded as Arqiva. In 1997, the home broadcast transmission division of the BBC was acquired by Castle Transmission International, which was in turn acquired in 2004 by National Grid Transco, later named NGW, and which was acquired by Arqiva in April 2007. The Group’s significant acquisitions include Inmedia Communications Ltd in 2005 and BT’s Satellite Services businesses in 2007. The Group has also disposed of significant non-core and subscale businesses, including the 2015 sales of its Secure Solutions assets and its payphone assets/business (NWP Street Limited), the 2016 sale of the Group’s WiFi business to Virgin Media and the 2020 sale of the Group’s Telecoms tower site share business to Cellnex.

The Group, through its predecessors, has been a provider of FTA television and radio transmission in the UK since the inception of broadcasting in the UK. For example, the Group’s predecessors broadcast the world’s first national radio service in 1922 and carried the BBC’s first television broadcast in 1936.

Between 2007 and 2008, the Group signed contracts with the national TV broadcasters and DTT multiplex operators to carry out the UK government’s digital switchover programme. The digital switchover programme consisted of the nationwide replacement of existing analogue and low-power DTT transmitters with high-power DTT equipment. The digital switchover process commenced in 2007 and was completed on schedule and under budget on October 2012. Following the completion of the digital switchover, DTT now reaches 98.5% of the population.

The Group entered into a 15 year contract to provide a smart metering network for gas and electricity providers in 2013, and won contracts to provide smart water metering for Thames Water and Anglian Water in 2015 and 2016, respectively. The Group was also awarded a significant contract with Ofcom and the major UK broadcasters to clear the 700 MHz spectrum, known as the 700 MHz Clearance Programme, which has recently released the expected spectrum for Ofcom. The remaining enabling works are now being concluded.

Sale of the Telecommunications Towers Business

In 2019, Arqiva Holdings Limited entered into a sale purchase agreement with Cellnex UK Limited (“**Cellnex**”) to sell Arqiva Services Limited (“**ASL**”) and its subsidiaries to Cellnex.

In 2020, the Group undertook a corporate reorganisation of the Senior Financing Group, by separating its telecommunications towers business (“**Tower Assets**”) from its other businesses and consolidating the Tower Assets into an existing entity within the Senior Financing Group, ASL and certain subsidiaries of ASL (“**TowerCo**”, now known as On Tower UK Limited).

The deal closed on 8 July 2020. The sales price was approximately £1.991 billion of which £1.779 billion was used to fund transaction costs and repay senior debt and swaps.

The remaining business (“**NetworkCo**”) consists of the media networks business which incorporates the Terrestrial Broadcast TV and Radio, Digital Platforms, Satellite products, as well as the Group’s M2M business.

Telecom Towers Master Site Share Agreement (“MSSA”)

Arqiva Limited and TowerCo also entered into a master site share agreement on 1 July 2020 (the “**Telecom Towers MSSA**”), which governs the use by Arqiva Limited of Sites that are “owned” (including leased) by TowerCo.

Terms used in this paragraph but not defined in this Report have the meanings given to them in the MSSA.

The Telecom Towers MSSA has an Initial Term of 30 years, starting from 1 July 2020. The Telecom Towers MSSA will automatically extend for a further period of 10 years after the expiry of the Initial Term, unless Arqiva Limited gives TowerCo six months’ notice that it does not wish to extend.

Under the Telecom Towers MSSA, Arqiva Limited uses the Sites (i.e. those listed in the Site List from time to time) to install Equipment for its broadcast services and/or M2M (machine to machine transmission of radio frequency) services. Arqiva Limited may request and undertake (or have TowerCo undertake on its behalf) Approved Works (meaning works on a Site which have been approved through the Demand Planning Process, or which explicitly do not require approval by Arqiva Limited).

The parties also entered into a Special Customer Additional Obligations Agreement on 1 July 2020. It does not amend the terms of the Telecom Towers MSSA, but instead creates additional rights and obligations for the parties so as to

enable Arqiva Limited to comply with its contractual obligations to certain “NetworkCo Special Customers” (in this case, Arqiva Limited is NetworkCo). NetworkCo Special Customers are defined as: (i) Smart DCC Limited; and (ii) the BBC, in each case only for so long as: (a) they have Equipment on Telecom Towers MSSA Sites; or (b) AL provides services using Equipment on a Site.

Telecom Towers Portfolio Management Agreement (“PMA”)

Arqiva Limited and TowerCo also entered into a portfolio management agreement on 1 July 2020 (the “**Telecom Towers PMA**”), which governs the use by TowerCo of Sites that are “owned” (including leased) by Arqiva Limited. Terms used in this paragraph but not defined in this Report have the meanings given to them in the PMA.

The PMA has an Initial Term of 30 years, starting from 1 July 2020. When the Initial Term comes to an end, the PMA will automatically extend for further consecutive periods of five years each, unless TowerCo gives Arqiva Limited six months’ notice that it does not wish to extend.

Under the PMA, TowerCo has the exclusive right to manage its existing and future customers (comprising UK mobile network operators and other electronic communications services providers) installed on the in-scope Sites (i.e. those listed in the Site List from time to time), and to receive and retain all revenue from those customers.

The parties also entered into a Special Customer Additional Obligations Agreement on 1 July 2020. It does not amend the terms of the PMA, but instead creates additional rights and obligations for the parties so as to enable TowerCo to comply with its contractual obligations to certain “TowerCo Special Customers”. TowerCo Special Customers are the customers under the Brunel Agreement (most notably Mobile Broadband Network Limited), only for so long as: (a) they have Equipment on PMA Sites; or (b) TowerCo provides services using Equipment on a Site. In certain circumstances pertaining to the TowerCo Special Customers only, Arqiva Limited may be required to provide additional assistance including information sharing and audit.

Telecom Towers Transitional Service Agreement (“TSA”)

Arqiva Limited is currently providing certain transitional services to TowerCo under a transitional services agreement dated 1 July 2020. The majority of these relate to information technology services, are expected to terminate prior to 31 December 2021. Management has confirmed three transitional services relating to information technology will terminate on 27 October 2021 and a further seven services relating to small cells monitoring will terminate by 31 October 2021.

Sale of Canada Pension Plan Investment Board (“CPP Investments™”) stake

On 19 October 2022, Digital 9 Infrastructure (“**DGI9**”), a closed-end investment trust focused on digital infrastructure, completed its acquisition of CPP Investment’s entire stake in Arqiva Group Limited.

Business Functions

Broadcast & Media Business Function

The Group’s Broadcast & Media business consists of the following segments:

- Broadcast & Media DTT & Radio, which provides terrestrial TV and radio transmission, multiplexing and distribution services.
- It operates as the sole UK national provider of end-to-end broadcast services for national television and radio through its national infrastructure of sites and transmitters. For historical reasons related to competition and regulation, the DTT Digital Platforms multiplexing business is operated separately.
- Digital Platforms, which provides access to the DTT platform for channel broadcasters.
- UK satellite direct-to-home (DTH) for access to the Sky Satellite platform, provision of compression /multiplex services, up linking content from its owned teleport infrastructure to satellites, and providing satellite transponder capacity. Arqiva is the 2nd largest reseller of satellite capacity in the UK after Sky. The Group is No. 1 in the World Teleport Association Independent Top 10 teleport operators list.
- Global Media provides services to international broadcasters and content owners which includes aggregation, affiliate distribution, processing, and distribution.

DTT and Radio

Within the Broadcast & Media division, terrestrial TV and radio transmission services are offered in two parts, Network Access (“NA”) and Managed Transmission Services (“MTS”). MTS is the managed transmission service the Group offers to its customers to design, install, maintain and monitor the transmitter equipment. NA is the arrangement whereby the Group provides access to its network of broadcast sites (such as building access including towers, combiners, feeders and antennas, power resources, and the opportunity to install their own transmitter equipment, if required). Together these services allow delivery of broadcast media content to end consumers over the air.

The Group’s transmission services are regulated by Ofcom, are subject to the Undertakings given to the Competition Commission (now its successor, the Competition and Markets Authority (“CMA”)) and are overseen by the Office of the Adjudicator – Broadcast Transmission Services (“OTA-BTS”), appointed by and reporting to Ofcom. Under the Reference Offer framework, pricing for transmission services can be reviewed by the OTA-BTS. See “*Regulation of the Communications Industry in the United Kingdom— Competition Regulation*”. The Group’s broadcast transmission services contracts are long-term, with third-party television broadcast transmission contracts currently in place extending to between 2030 and 2034, while radio contracts typically have initial contract terms of eight to 12 years, some with customer break clauses. The Group’s Broadcast & Media contracts usually pass through the costs of certain expenses such as rent, rates and electricity directly to customers and are linked to inflation, as well as setting a guaranteed return on capital from the asset base. The Group also provides transmission services to itself (in its capacity as a Multiplex operator), and significant intercompany revenue is derived from the Digital Platforms division.

In the years ended 30 June 2021 and June 2022, revenue for the regulated business within the Broadcast & Media division was £254.2 million, and £258.1 million, respectively, which represented 51.5% and 55.4%, respectively, of segment revenue of £493.5 million and £466.3 million for the Broadcast & Media reporting segment for the corresponding periods.

Digital Platforms

The Group’s Digital Platforms division owns two of the three commercial DVB-T Multiplex licences used for DTT and Freeview, which is subscription-free (other than a TV licence fee) and the leading UK TV platform, as well as other DTT-reliant platforms, such as BT TV, TalkTalk TV and YouView. The Group’s Multiplex licences provide the Group access to spectrum and the Group sells individual channel capacity to commercial broadcasters. Revenue from the Broadcast & Media business function was £237.7 million, and £222.2 million, which represented 78.2%, and 76.6% of the Group’s total revenue for the six month period ended 31 December 2021 and 2022. The table below shows the Broadcast & Media business function’s revenue by market segment for the periods indicated:

	Six months ended		Year Ended 30 June	
	31 December			
	2021	2022	2021	2022
		(£ millions)		
Broadcast	176.0	166.4	366.2	344.6
Digital Platforms	61.7	55.8	127.3	121.7
Total	237.7	222.2	493.5	466.3

Broadcast & Media

Television

The Group provides critical national infrastructure for DTT, the leading TV platform in the UK, with installed user base of approximately 16 million households as at 31 December 2022, with approximately 11.3 million primary TV sets using DTT or hybrid DTT/IPTV (Source: Ofcom). See “*Industry—The Television and Broadcast Industry in the UK—UK Television Delivery Platforms—Digital Terrestrial Television—Freeview*”.

(i) Network access services

The Group provides NA services to Multiplex operators (including to Arqiva in its capacity as Multiplex Operator through its Digital Platforms division) through a nationwide portfolio of sites, consisting of physical infrastructure, support such as maintenance and on-site entry to facilities. Physical infrastructure owned by the Group comprises the antennas, masts and sites, power sources, feeders, combiners and remote monitoring devices necessary to broadcast terrestrial signals. It also includes the buildings for utilities and maintenance. As at 30 June 2022, the Group operated over 1,150 television transmission sites and masts throughout the UK. See “—*Properties—Communications Sites*” for a description of the Group’s sites.

(ii) Managed transmission services

The Group offers MTS to Multiplex operators (including to Arqiva in its capacity as Multiplex Operator through its Digital Platforms division), which allows the Multiplex operators to compile, sequence and broadcast the transmission signal from their customers, DTT broadcasters. Through its MTS offering, the Group facilitates use of the infrastructure provided through NA by managing dedicated transmitter equipment and infrastructure and provides an end-to-end service and administers content distribution for DTT. This consists of collecting television channel signals from broadcasters’ studios, distributing them to over 1,150 Arqiva transmitter sites across the country, ensuring the transmission signals can be received by television sets nationwide.

(iii) Regulatory framework and contracting

As the sole provider of DTT broadcast transmission services in the UK, the Group’s activities are regulated by Ofcom, subject to the Undertakings given to the Competition Commission (now its successor, the CMA) and overseen by the OTA-BTS, appointed by and reporting to Ofcom. The Undertakings and procedures established by Ofcom require the Group to publish Reference Offers for NA and MTS (a “**NA Reference Offer**” and “**Reference Offer**”, respectively) setting out terms for wholesale access to its network infrastructure and management of the broadcast of the transmission signal whenever any relevant new spectrum becomes available for broadcast purposes or when an existing contract for transmission services is renewed. In view of its monopoly position with respect to NA, the Weighted Average Cost of Capital (“**WACC**”) the Group is permitted to make on NA contracts is set by the OTA-BTS.

Under the NA Reference Offer pricing framework, the Group is allowed to make a fixed rate of return of 7.71 percent. WACC (real pre-tax) on a pre-2015 regulated asset base and 7.5 percent. WACC (real pre-tax) on post-2015 new capital assets. The Group is also permitted to make a regulated return on certain capital expenditure projects which will result in higher revenue. In the year ended 30 June 2015, OTA-BTS reviewed the Group’s regulatory pricing framework, resulting in a minor adjustment to the regulated return allowed on new capital investments. In its decision, OTA-BTS indicated that the revised return allowed on new capital investments would remain valid until at least 2025, but that it retains the ability to conduct an intermediate review prior to such date. While the Group has not received any indication of an intermediate review of the return allowed on new capital investments, the Group believes that any such review could potentially be triggered if there is a material change in circumstances relating to Arqiva’s markets or its financial position. The relevant circumstances or criteria which may potentially prompt an intermediate review of the return allowed on new capital investments are not defined by OTA-BTS, but the Group believes that they would include a change in the broadcast transmission market, a significant alteration to the Group’s capital structure or a deviation in the pricing methodology used by OTA-BTS in connection with the WACC.

Unlike the NA pricing framework, pricing for MTS services under the Transmission Services Reference Offer framework is set in accordance with market prices. However, the Transmission Services Reference Offer framework requires the Group to provide MTS services upon reasonable request and upon terms which are fair, reasonable and non-discriminatory. While another MTS provider could request a NA reference offer and install its transmitter equipment on the Group’s sites to provide Transmission services to end customers, no such competitor is currently active in the UK market for the provision of DTT MTS.

The NA and Transmission Services Reference Offer framework permit the Group to pass through costs for elements such as rent, rates, electricity and operating costs and its transmission services contracts are inflation-linked.

The Group's current third party television transmission contracts have expiry dates between 2030 and 2034. Unlike contracts for other public services such as utilities, there is no periodic regulatory review of DTT contracts which the Group believes leads to long-term revenue visibility. However, a review process with the OTA-BTS, based on the Group's Competition Commission undertakings, can be carried out by the OTA-BTS for new contract pricing. For further detail on the regulatory transmission services framework, see "*Regulation of the Communications Industry in the United Kingdom—Competition Regulation—The Undertakings*".

(iv) Customers and contracts

Given that the Group is the exclusive provider of transmission services for DTT, its customers include all DTT Multiplex operators in the UK, including the Group's Digital Platforms division. The Group's commercial agreements cover the provision of both NA and MTS. Fees are generated by broadcasting a signal according to agreed criteria that meets a specified level of service availability as formalised in a service level agreement ("SLA"). Depending on the circumstances customers may have the right to receive service and other credits if the requisite service levels are not met. Persistent and material breaches of SLA requirements may give rise to termination rights. For the year ended 30 June 2022, the Group's top three DTT contracts were with the BBC, Digital 3&4 (a PSB DTT Multiplex operator owned by ITV and Channel 4) ("D3&4") and S4C Digital Networks (a commercial DTT Multiplex operator owned by ITV) ("SDN").

(v) Competition

In the DTT business, the Group currently has 100% UK market share of NA and MTS, as well as sole ownership of its physical coverage network in the UK. Accordingly, the Group's DTT activities are regulated by Ofcom and the establishment of its market position was cleared (remaining subject to the Undertakings) by the Competition Commission (currently, the CMA) in 2008. As a result of the Group's market position, there are significant financial, infrastructural, contractual, regulatory and reputational barriers facing any competitor. See "*Regulation of the Communications Industry in the United Kingdom—Ofcom – Significant Market Power*". An MTS provider could enter the market by requesting a NA Reference Offer and installing its equipment in the broadcast sites. However, all existing contracts run until 2030 and 2034, and any new competitor must be capable of providing specialist broadcast skills with a national maintenance field force and be able to win the contract renewals from the Group, which is the incumbent provider.

The Group's DTT platform faces competition from other platforms for delivery of television services, such as satellite, cable, IPTV and OTT, which provide alternative means of delivering content, which competes for the Group's customers and serves as an alternative platform for delivery of television services to which the Group's customers could switch. See "*Industry—The Television and Broadcast Industry in the UK*".

Radio

The Group benefits from its regulated position as the leading UK national provider of transmission services for radio broadcasting. The Group provides NA and MTS for nearly 100% of the analogue and DAB digital radio transmission market in the UK, serving the BBC and commercial radio broadcasters. The Group is also the service provider of the two national commercial digital radio multiplexes and held 25 of the UK's 59 local radio licences (including through JVs) as at 30 June 2022.

(i) Network access services

As with television, the Group provides NA services to analogue radio customers and Multiplex operators (including Arqiva in its capacity as Multiplex operator) through a nationwide portfolio of radio transmission sites, consisting of physical infrastructure, support such as maintenance and on-site entry to facilities. Physical infrastructure owned by the Group comprises the antennas, masts and sites, power sources, feeders, combiners and remote monitoring devices necessary to broadcast radio signals. It also includes the buildings for utilities and maintenance. As at 30 June 2022, the Group operated approximately 1,700 analogue transmitters and 1,020 DAB transmitters on 714 radio sites, providing coverage of up to 99% of the UK population as at 30 June 2022. See "*—Properties—Broadcast & Media*" for a description of the Group's radio sites.

(ii) Managed transmission services

The Group provides MTS to Multiplex operators and analogue broadcasters, allowing them to broadcast radio transmission signals through to the listener. There are three national DAB Multiplexes. The Group wholly owns and operates one of the two commercial national DAB Multiplexes, Digital One (“D1”). D1 covers 92% of the UK population and currently carries 24 stations based on mutually agreed commercial terms. The second commercial national DAB Multiplex is owned by Sound Digital (“SDL”), a consortium of Arqiva, Bauer Media and Wireless Group (part of News International). SDL provides coverage to 83% of the UK population and carries 19 stations. The consortium operate this DAB Multiplex through a joint venture, under which each partner has rights to capacity and has committed to capacity in proportion to its shareholding. The Group has a 40% share in SDL and is the sales agent for all capacity on SDL.

DCMS has enabled the process to allow both national commercial multiplex renewals until 2035. The Group has submitted an application with Ofcom to secure the D1 renewal and it awaits the outcome. The SDL application is expected to be submitted by Wireless Group on behalf of SDL before the relevant date – 12 months before the end of the current term in 2028.

The third national DAB Multiplex is owned and used exclusively by the BBC and currently provides 10 streams accessible to 97% of the UK population, and the Group provides MTS to the BBC for this DAB Multiplex. In addition to its national DAB Multiplexes, the Group owns 25 of the 59 local DAB Multiplexes in the UK (including through JVs), primarily in the South and Midlands regions, and the remaining local DAB Multiplexes utilise NA and MTS infrastructure owned by the Group. One local DAB multiplex operator has an MTS contract with a third-party provider. Some small local analogue radio customers (typically local charities or small commercial radio stations) choose to install their own equipment on the Group’s sites and self-provide the MTS service in order to keep costs down or work with other small service providers, taking a risk with the availability of the service in the event the service goes off air.

(iii) Regulatory framework and contracting

As the Group is the leading provider of DAB and analogue radio infrastructure in the UK, the Group’s radio broadcast activities are regulated by Ofcom, subject to the Undertakings given to the Competition Commission (now its successor, the CMA) and are overseen by the OTA-BTS, appointed by and reporting to Ofcom. The Undertakings and procedures established by Ofcom require the Group to publish NA and Transmission Services Reference Offers setting out terms for wholesale access to its network infrastructure and management of the broadcast of the transmission signal whenever any relevant new spectrum becomes available for broadcast purposes or when an existing contract for transmission services is renewed. In view of its monopoly position with respect to NA, the Group’s return on NA contracts is set by the OTA-BTS.

Under the NA Reference Offer pricing framework, the Group is allowed to make a fixed rate of return of 7.71 percent. WACC (real pre-tax) on a pre-2015 regulated asset base used for NA services and 7.5 percent. WACC (real pre-tax) on post-2015 new capital assets. The Group is permitted to make a regulated return on certain capital expenditure projects such as building out DAB coverage in advance of the expected DRS. See “—*Digital Radio Switchover*”. In the year ended 30 June 2015, OTA-BTS reviewed the Group’s regulatory pricing framework, resulting in a minor adjustment to the regulated return allowed on new capital investments. In its decision, OTA-BTS indicated that the revised return allowed on new capital investments would remain valid, at least, until 2025, but that it retains the ability to conduct an intermediate review prior to such date. While the Group has not received any indication of an intermediate review of the return allowed on new capital investments, the Group believes that any such review could potentially be triggered if there is a material change in circumstances relating to Arqiva’s markets or its financial position. The relevant circumstances or criteria which may potentially prompt an intermediate review of the return allowed on new capital investments are not defined by OTA-BTS, but the Group believes that they would include a change in the broadcast transmission market, a significant alteration to the Group’s capital structure or a deviation in the pricing methodology used by OTA-BTS in connection with the WACC.

Pricing for MTS services under the Transmission Services Reference Offer framework is set in accordance with market prices. However, the Transmission Services Reference Offer framework requires the Group to provide Transmission Services upon reasonable request and upon terms which are fair, reasonable and non-discriminatory.

The NA and Transmission Services Reference Offer framework permit the Group to pass through costs for elements such as rent, rates, electricity and operating costs and its transmission services contracts are inflation-linked.

Unlike contracts for other public services, such as utilities, there is no periodic regulatory review of radio contracts, which the Group believes leads to long-term revenue visibility. However, a review process with the OTA-BTS, based on the Group's Competition Commission undertakings, can be carried out by the OTA-BTS for new contract pricing. For further detail on the regulatory transmission services framework, see "*Regulation of the Communications Industry in the United Kingdom—Competition Regulation—The Undertakings*".

The Group's radio contracts extend to between 2020 and 2030, and some include provisions for price adjustments if additional DAB Multiplexes are licensed by Ofcom.

(iv) Customers and contracts

The Group's customers include the majority of radio broadcasters in the UK. The Group's transmission services contracts are with the Multiplex operators (including Arqiva in its capacity as Multiplex operator) for DAB and individual broadcasters for analogue radio. The Group's radio contracts, both analogue and DAB, typically have initial contract terms of eight to 12 years, some with break clauses. The Group's radio contracts are also inflation-linked. The Group's key contracts with BBC expire between 2023 and 2030, including the BBC DAB Phase 3 contract (expiring 30 Sep 2023, renewal of which is currently in progress), the BBC New Radio Agreement for analogue radio services (expiring 31 December 2025), the BBC DAB Phases 1 and 4 contract (expiring 24 October 2030) and the BBC DAB Phase 2 contract (expiring 24 October 2030).

In addition to charging a recurring fee to radio broadcasters, the Group also charges radio stations for the cost of providing a link from the studio to transmission sites. The Group's analogue contracts that are subject to periodic renewal generally contain provisions that contemplate the possibility of analogue signals in the UK being switched off during the term of the contract. The top three radio contracts, with the BBC, Global Radio and Bauer, represented 70.8% of the Group's radio revenue and 15.3% of the Group's Broadcast & Media business function's revenue for the year ended 30 June 2022.

The Group's DAB multiplexes show high utilisation levels driven by strong market demand. As at 30 June 2022 National capacity is 100% utilised with very high demand when a channel becomes available with multiple bids, some above rate card pricing in recent auctions.

Approximately 90% of the Group's actual revenues realised in the year ended 30 June 2022 were already contracted as at 30 June 2021.

(v) Digital Radio & Audio Review

The Digital Radio and Audio Review was commissioned by the government in February 2020 with the primary objective of assessing future trends in listening and to make recommendations on ways of strengthening the UK radio and audio sector. The Review was led by DCMS and undertaken in conjunction with a broad cross-section of industry stakeholders, Group played a role in this review contributing to and informing the report recommendations. The report was published in October 2021, one of the conclusions made in this report was that "Radio remains a strong, trusted medium in the UK delivering significant public value. 89% of the population tunes in every week, a figure which has remained remarkably consistent in the last decade. Traditional radio, including FM services, is valued by many listeners – particularly those who are older or vulnerable, drive older cars or live in areas with limited DAB or broadband coverage. On current trends, therefore, the Review's conclusion is that FM will be needed until at least 2030".

A closure of the AM platform is expected prior to 2030, however the FM analogue radio platform is not expected to close before 2030 with its life expectancy into the 2030s and beyond. A further review of the sector is planned to report in 2026.

(vi) Competition

In the radio broadcast business, the Group has a leading market position and has been subject to competition and economic regulation since 2005. See *“Regulation of the Communications Industry in the United Kingdom—Competition Regulation—The Undertakings”*.

The Group’s radio platform faces competition from other forms of media and audio content, including IP listening services, such as Spotify, Deezer, Apple Music and Tidal. See *“Industry—The UK Radio Industry”*.

Digital Platforms

Overview

Through its Digital Platforms division, the Group is also the UK market leader for the provision of access to the DTT platform for broadcast channels. The Group owns two of the three national commercial DVB-T Multiplexes used for Freeview broadcasts, the leading UK TV platform. A DTT Multiplex licence grants a company the right to manage certain spectrum frequencies over which it can broadcast combined digital transmission signals. These streams are organised for viewers through an electronic program guide channel number assignment that is coordinated by Everyone TV (a non-profit organisation that facilitates Freeview use and sets the strategy for DTT, owned by the BBC, ITV, Channel 4 and Channel 5).

As the Group is the sole UK provider of national terrestrial broadcast infrastructure necessary for DTT and the leading national provider of terrestrial broadcast infrastructure necessary for radio transmission in the UK and since the Group’s Digital Platforms division is a customer of the Group’s Broadcast & Media function, the Undertakings also require the Group to impose strict information barriers between the Broadcast & Media division and the Digital Platforms division, and subject the Group to regular audit. See *“Risk Factors—Risks relating to the Group’s business and industry—The Group is subject to UK government and other regulations that govern the way it conducts its businesses, and the effects of, or changes in, regulations and government policy could have a material adverse impact on the Group’s business, financial condition and results of operations”*.

Revenue for the Digital Platforms division was £61.7 million, and £55.8 million, which represented 20.3%, and 19.2% of the Group’s total revenue for the six months ended 31 December 2021 and 2022, respectively.

700 MHz Clearance

The DTT platform used spectrum in the 470–790 MHz bands. Following a November 2015 decision at the World Radiocommunication Conference, Ofcom decided to clear the 700 MHz band of spectrum and auction it for mobile data usage. Consequently, the Group’s DTT Multiplexes that were currently utilising the 700 MHz spectrum range were reallocated to the 600 MHz band and below by 2020. This requires realignment of the current physical infrastructure of all DTT transmission to some extent, with associated capital expenditures. The Group contracted with the major broadcasters and Ofcom for the delivery of the programme on a cost-plus basis. The Group was responsible for the spectrum planning, network design, programme management, infrastructure changes, service continuity, structural work, asset replacement and retuning of broadcast transmitters to enable broadcasters to move into a lower frequency. The programme was completed successfully and funded by grants from Ofcom throughout. All 700 MHz clearance events scheduled have been completed successfully in line with the programme requirements. The remaining enabling works are now in the process of being removed later in 2023. See *“Regulation of the Communications Industry in the United Kingdom—Spectrum Regulation—Multiplex and WT Act Licences—700 MHz Clearance Project and DVB-T2 Multiplex licences”*.

Customers and contracts

As a DTT Multiplex owner and licence holder, the Group generates revenue by charging customers, who purchase capacity on its streams to broadcast on its DTT Multiplexes. Demand has been driven by a combination of limited DTT Multiplex capacity and there remains demand for channel capacity given the attractiveness of DTT to content providers and advertisers as a result of its broad geographic reach and levels of uptake in the UK. The Group has a strong track record of rapidly filling available capacity, and expects there to be ongoing demand for DTT Multiplex capacity.

Customers using the Group’s DTT Multiplex spectrum include commercial broadcasters such as Warner Bros Discovery, Sky, Channel 4, UKTV and news channels, all of which purchase digital channel space on the Group’s DTT Multiplexes

for fixed-term contracts typically of three to five year durations, sometimes with customer renewal options of similar terms. Some of the Group's Digital Platforms contracts are inflation-linked.

The top four customers for the Digital Platforms segment as at 30 June 2022 were Warner Bros Discovery, UKTV, Channel 4 and Sky, together representing approximately 53% of the revenue of the Digital Platforms function. Other customers of the Group's Digital Platforms division include Earth X, PBS America and Talking Pictures. The Group considers that most of its Digital Platforms customers to have generally high levels of creditworthiness, reflecting independently strong credit ratings. Utilisation of the Group's Multiplexes at the time of the Prospectus is 97% (32 of 32 streams occupied).

Competition

The DTT competitive landscape is highly consolidated in the UK. Apart from the Group, other owners of national spectrum for DTT broadcasting are the BBC, D3&4 and SDN. SDN owns the only other national commercial DTT Multiplex licence (as compared with the Group's four national licences) and is therefore the main commercial competitor to the Group's Digital Platforms division, although the other Multiplex operators (the BBC and D3&4) have allowed a small number of channels to purchase spare capacity on their Multiplexes. SDN's primary broadcast clients include Five, ITV and QVC. On a local level, Comux UK owns and operates the multiplex for local TV channels but does provide limited channel capacity to other channels and covers less than 60% of the UK population.

UK DTH Satellite & Global Media

The Group provides international managed services to the video and broadcast industry, where the Group believes there is an advantage to outsource to a scale provider that can leverage shared assets and expertise.

The Group's UK DTH satellite and media services offer managed networks for international contribution and distribution, UK DTH services and satellite data communications services to blue-chip customers such as Warner Bros Discovery, Canal+ and Multichoice. The Group has been increasingly focussed on higher-profit margin services and has exited lower margin market segments i.e. Payout.

The Group is the primary independent owner of UK DTH uplink distribution services, provided via transponder capacity on the Eutelsat 28E, F and G and SES Astra 2 satellites, which are leased on a range of commercial terms (the majority of Group's 15 transponders are leased on fixed terms through to 2025 (x9 transponders) and 2028 (x6 transponders). As at 30 June 2022 the Group has five teleports, more than 80 satellite uplink dishes, an international terrestrial fibre network, and approximately 1.0 GHz leased capacity on 25 global satellites globally serving all product areas. The Group's independent teleport network consists of five teleports in the UK, located at Winchester-Crawley Court, Winchester-Morn Hill (an unmanned back-up site), Chalfont (one of only five teleports accredited to World Teleport Association (WTA) Tier 4 accredited globally) Bedford, and Ipswich (Martlesham – which provides direct access to markets in the Middle East and North Africa).

The Group also procures third party ground-based teleport services in Hong Kong, Australia and the United States where a line of sight to a satellite cannot be achieved from its UK assets. This comprehensive network of infrastructure allows the Group to satisfy the international distribution requirements for a number of its major customers (for example, by using its fibre network to transport content from the United States and then broadcasting it onward to Europe and elsewhere). As at 30 June 2022, approximately 8% of the Group's Broadcast and Media revenue was transacted in currencies other than sterling with a combination of Euros (6%) and US dollars (2%).

For customers needing international distribution, the Group offers comprehensive managed network solutions, including teleport services, satellite capacity management, fibre connectivity management, and disaster recovery solutions.

The Group's satellite and media uplink services consist of the transmission of a broadcast signal from a teleport to a satellite, while downlink services consist of the reception of a broadcast signal that is transmitted from a satellite to a teleport and turnaround consists of downlinking a satellite signal and instantaneously uplinking it again, either to transmit a signal beyond the range of a single satellite or to change the signal from one transmission bandwidth to another.

The Group has been expanding its IP-based solutions, including the launch of IP streaming products in 2015, and more recently the development of Arqade a cloud based self-service content interchange and Arqplex a cloud based headend-as-a service with which the Group aims to retain its existing customers and gaining new clients. The Group is continuing investment in IP related products: IP streaming, IP contribution, video-on-demand, remote and edge payout. The Group is also building out its scalable and secure IP-based media service routing platform. The platform will offer customers

greater flexibility, as it is controlled by a “drag and drop” service orchestration system used to reduce costs, improve service delivery and improve efficiency.

The Group is a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels available for UK DTH satellite broadcast, with an estimated outsourced market share of approximately 25% of fully managed channels as at 30 June 2022. As at 30 June 2022, the Group delivered approximately 150 TV channels to approximately 8 million homes in the UK, making it the largest provider (by channel count) of UK DTH services. The Group’s market share has remained stable and in the year ended 30 December 2022 Group had launched four SD and 9 HD services which were all new to market.

The Group provides a number of services for the satellite data communications market and is the Number 1 (as voted by World Teleport Association) independent teleport operator.

The Group has sales offices and representatives in France and Dubai, which the Group believes will serve as a platform to capitalise on international opportunities. Going forward, virtualisation (utilising developments in IT storage and computer technology to run virtualised systems, in either the public or private cloud) may make new markets and geographies accessible to the Group by enabling the shift from a hardware-based model to a software-based model. In addition, the Group’s “pay-as-you-go” model does not require the Group to invest or pre-pay for infrastructure, as was typical with traditional Broadcast & Media technologies.

Revenue from the UK DTH satellite and global media business function was £31.9 million, and £32.0 million, which represented 10.5% and 11% of the Group’s total revenue for the six months ended 31 December 2021 and 2022, respectively.

The Group’s UK DTH revenues are primarily driven by the volume of channels being distributed to the Sky platform and the volume of Mb bandwidth required to distribute the channels. Revenues are derived on a price per Mb basis. The volume of Mb required to distribute the channel depends on a number of factors including, but not limited to, the broadcast channel type (SD, HD or UHD), the complexity of the content (e.g. low dynamic news picture versus high dynamic sports picture) and the quality of broadcast required by the broadcaster (e.g. an SD channel could require approximately 2 to 6 Mb, a HD channel could require approximately 9 to 12 Mb).

Customers and contracts within satellite and global media

The satellite and global media business has a large and diverse customer base. Among the Group’s customers are most of the Tier 1 international broadcasters, such as Canal Plus, Warner Bros Discovery, Comcast, Paramount as well as Tier 2 and Tier 3 customers. The top three customers in UK DTH are BT, Discovery, and CBS Networks representing 27% of Satellite and Global Media revenue as at 30 June 2022. For Global Media the top three customers Al Jazeera, Irdeto Africa and Discovery represent 31% of Satellite and Global Media revenues as at 30 June 2022.

Typical contract lengths are three to five years with a historic gross renewal rate of approximately 90% with existing customers and very low default rates. Gross churn, which is defined as annual revenue lost on contracts not renewed or terminated divided by revenue pre-renewals, has averaged approximately 7% for UK DTH and Global Media for the year ended 30 June 2022. Approximately 38% of the Group’s satellite and media contracts have price increases linked to RPI.

Since July 2021, the Group has reached an agreement for the renewal of over 183 Mbits of UK DTH capacity across major customers, including Discovery, Narrative, AETN and Bloomberg. The Group believes this further reinforces its position as the leading premium service provider of UK DTH services.

Competition

The Group’s major UK competitor in the provision of satellite telecommunications and uplink services is Globecast. The BBC buys transponder capacity directly for its own purposes and Sky sources capacity for itself and for many of its channels or those who are part of their subscriber packages. Another of the Group’s competitors in satellite is MX1, a global media services provider wholly owned by SES (a communications satellite owner and operator based in Luxembourg).

As at 30 June 2022, the Group believes it had a 25% outsourced market share of fully managed channels in the UK. As of June 2022, the Group estimates Sky had a market share of approximately 16% of the managed channels, Globecast had approximately 13% of the market share, and SES has <5%

The Group provides satellite and global media services across a wide array of product offerings. Various global competitors compete with this business function in these product areas, but the overall competitive landscape for satellite and global media services is fragmented along the value chain. The Group offers a full range of products and solutions either on an integrated or standalone basis. The Group competes globally but has a focus on the UK and Western Europe.

Smart Utility Networks Business Function

The Group is a leading provider of smart metering and M2M networks, with a long-term contract to provide smart energy metering communication services to approximately ten million premises in northern England and Scotland for electricity and gas, and a smart water metering network for Thames Water and Anglian Water serving over three million homes once fully deployed.

Revenue for the Smart Utility Networks business function was, £66.2 million, and £68.0 million, which represented, 21.8%, and 23.4%. of the Group's total revenue for the six months ended 31 December 2021 and 2022, respectively

	Six months ended		Year Ended 30 June	
	31 December		2021	2022
	2021	2022	2021	2022
	(£ millions)			
Metering Networks	50.3	52.2	90.4	98.8
Satellite Data Comms.....	4.6	4.9	8.7	10.5
Site share and TSAs	11.3	10.9	25.8	22.6
Total	66.2	68.0	124.9	131.9

Licensed sites portfolio

Smart Utility Networks

The Group has been an early participant in the development of Smart Utility Networks infrastructure in the UK and is a leading provider of smart metering and Metering Networks networks, with a long-term contract to provide smart energy metering communication services to serve approximately ten million premises in northern England and Scotland for electricity and gas, and smart water metering for Thames Water covering three million homes once fully deployed, as well as with Anglian Water and Northumbrian Water

Smart Energy Metering

Smart energy metering is a government initiative (with the UK government mandating smart energy metering rollouts) to ensure that every home in the UK is offered a smart meter by the end of 2025. Smart meters link to in-home displays, which enables consumers to see how much energy they are using and monitor costs. Smart meters also communicate directly with energy suppliers, which allows suppliers to provide consumers with more accurate bills, thus removing the need for manual meter readings and estimated billing. The core communications technology for the project has been successfully deployed internationally, and is capable of broadening the application of smart services, including to locations deep inside buildings that other communications technologies have struggled to reach.

The Group has deployed a smart metering communication network in the north of England and Scotland as part of a 15-year contract signed in September 2013 with the DCC, a body licensed by statute and backed by the utility companies, and DCC manages the rollout of the smart metering programme. Under its contract with the DCC, the Group earns revenue for the build-out of a smart metering network from set-up charges, which are milestone based payments, including design, build and testing milestones, related to the network roll-out. In addition, the Group earns revenue from network availability charges and related fixed operational charges as the smart metering network enters operational service, which the Group is able to charge throughout the lifetime of the contract. The Group also earns revenue from developing and implementing Change Requests specified by DCC, to modify existing or develop new communication network capabilities. Finally, the Group earns revenue from monthly asset charges, which are triggered upon accepted delivery of the communication hubs, and monthly maintenance charges, which are triggered upon activation of communication hubs, and both of which the Group is able to charge throughout the lifetime of the contract. While the

Group provides the network infrastructure, the meters and communications hubs are owned and installed by the energy suppliers. In November 2016, the DCC service entered operational service throughout the UK following the completion of integration testing. The Arqiva network is successfully transmitting and receiving messages between DCC users (the energy companies), and consumer electricity and gas meters. The roll-out of the service to consumers' homes has commenced with three million communications hubs deployed as at the date of this Prospectus. Roll-out is expected to be substantially complete by 2025, with the network build already completed and providing coverage of 99.5% of all homes in the agreed coverage zone. Capital expenditures are financed upfront under the Group's commercial terms with the DCC, and any change request payments are pre-paid against milestones. Payment under the contract is governed by an established regulatory framework (the Smart Energy Code), under which the DCC directly charges distribution network operators and energy suppliers for charges applied by the Group. Network operators and energy suppliers are responsible for the bad debts of consumers and failure by a network operator or energy supplier to pay the DCC results in costs being assumed by other network operators and energy suppliers in the industry. The DCC began paying set-up costs to the Group upon the achievement of agreed milestones associated with the network roll-out. The set-up charges are paid over a period with the start date being defined against a milestone. The DCC also commenced paying fixed network operating charges in November 2016. When additional charges arise in respect of the supply and support maintenance of communication hubs and change requests, such charges are passed on to the DCC.

Smart Water Metering

Smart water metering is an industry-led initiative to install smart water meters in homes, with a focus on "water stressed areas". There are no national targets set by the government or Ofwat for the installation of water meters in homes in the UK, but suppliers in "water stressed" areas have the ability to offer meters to customers to limit the number of reservoirs and desalination plants. The use of smart meters provides benefits including faster leak detection, enhanced supply and demand planning, better capital investment targeting and lower consumption. It is estimated that smart metered customers will use 17% less water than customers who do not have a smart meter (Source: National Infrastructure Commission).

While the water meter market is less developed as compared to gas and electricity, the Group believes this is a growth opportunity in a market in which it has already established a strong position. Water companies have recently come under significant criticism for their performance, particularly on the issue of leakage and sewage overflows into rivers and seas.

Water companies are currently drawing up their business plans for 2025-2030 (Asset Management Period 8), which are assessed and approved by the sector regulator, Ofwat. These business plans will determine water companies' level of investment in smart metering and other infrastructure projects.

The regulatory pricing process (PR24) managed by Ofwat sets out the framework which water companies will follow, leading to final decisions on each company's future plans and customers' bills, in December 2024. At the end of 2022, as part of this process the water companies submitted their water resource management plans. These plans outlined an indicative Advanced Metering Infrastructure (AMI) water metering roll-out programme for 14 of the 17 water companies regulated by Ofwat.

The top five water providers cover more than 50% of UK households, with Thames Water being the largest.

In March 2015, the Group signed a contract with Thames Water for the provision of smart metering fixed network infrastructure and associated water meters that enable the collection, management and transfer of metering data from households. The contract was for an initial six-year term to cover meter deployment with a 15 year operate contract. The service is expected to cover three million homes once fully deployed. This was extended in 2021 to cover the period up to 2031.

Following successful trials the Group has also secured a contract with Anglian Water to deliver a fully managed AMI water metering network to serve 2 million homes in its supply area. The contract is a 15 year operate contract. As at 30 March 2023, approximately 542,000 AMI meters have been deployed and the network is fully deployed across the defined Anglian Water coverage area.

In 2021 the Group signed an initial pilot agreement with Northumbrian Water, operating as Essex and Suffolk Water, for a small area in Dagenham, this was expanded in 2022 to a larger solution of up to 80,000 meters for 15 years of operation.

Under its contract with Thames Water and Anglian Water, the Group provides fixed network services, subcontracting to Sensus UK Systems Limited ("**Sensus**") to supply water meters, software and services, which the Group sells on to the

customer. The Group only builds sites as ordered by the customer (i.e. the network build is not speculative). The Group earns revenue for the network roll-out on completion of certain milestones and sites with Thames or Anglian Water funding the associated build costs as well as for the supply of water meters, software and services. In addition, the Group incurs revenue from ongoing network service charges. The Group purchases the meters from Sensus and Thames or Anglian Water installs the meters, together with the rest of the equipment, in its customers' homes.

In the future, the Group intends to leverage its success with Thames Water and Anglian Water to work with other water companies who have identified plans in relation to smart water metering.

Employees

In the year ended 30 June 2022, the Group employed an average of 1,267 full-time equivalent persons. The Group works in partnership with BECTU, the UK's primary media and entertainment trade union, on all issues relating to employment, organisation change and terms & conditions. Despite addressing challenging issues over recent years (including the closure of the Defined Benefit Pension Scheme to future accrual, the harmonisation of terms & conditions, and organisation restructuring), the Group has experienced no significant employee relations or industrial relations issues. As of 31 December 2022, approximately 34% of the Group's employees were covered by collective bargaining agreements, including through BECTU.

The table below shows the average number of full-time employees for the years ended 30 June 2020, 2021 and 2022 in each of the Group's business functions and Corporate Support (which covers finance, IT, legal and strategy functions, human resources, safety health & environment and sales & business development for the Group), noting that Arqiva transitioned from a divisional business structure to a functional business structure in 2021 following the Sale of the Telecoms business (271 FTE reduction):

	Year Ended 30 June		
	2020	2021 ⁽¹⁾	2022
Media Networks.....	989	0	0
Telecoms & M2M ⁽²⁾	402	0	0
Corporate Support.....	447	351	333
Technology & Transformation	0	389	381
Operations	0	548	553
Total	1,838	1,288	1,267

Note:

- (1) Following the sale of the Telecoms division in 2020 which resulted in a reduction of 271 FTE, Arqiva transitioned from a divisional structure to a functional structure that included the introduction of a centralised operations and technology function
- (2) The M2M/Utilities element of the division has been spread across the new functional structure in 2021, with operational and service management capability moving into the operations function and the engineering, design and data management capability moving into technology

Properties

The Group's operational headquarters are located near Winchester, UK, with the corporate headquarters based in London. The Group has a further 37 occupied sites across the UK.

Broadcast & Media

The Broadcast & Media business function has a large portfolio of sites for the transmission of DTT and radio and also operates the Group's licensed Multiplexes and delivers related engineering projects. The key equipment required to provide end-to-end network services to both DTT and radio broadcasters are mast and towers, antennas (both main and

reserve), transmitters (used to produce signals for distribution), programme input equipment (used to process video and audio signals) and combiners (used to combine outputs from different channels for broadcast via the antenna network). Of the Group's 1,154 DTT sites as at 30 June 2022, approximately 80 are main or major stations and the remainder are smaller relay sites. The Group owns a freehold interest in approximately 35% of its total DTT sites (60% for its main stations and major sites), whereas it leases the remaining 65% of sites (40% for its main stations and major sites) primarily on medium- to long-term leases. The average initial lease length for the Group's DTT sites is 32 years, although the average initial lease length is slightly longer (49 years) for its main stations and major sites. Many of the Group's DTT sites are valuable for multiple uses – featuring telecommunications, radio and smart utility equipment.

A typical site consists of a compound enclosing the site, a tower structure and one or more equipment shelters that house a variety of transmitting, receiving and switching equipment. Tower structures are typically stand-alone or guyed towers, as tall as 350 metres, or small monopole/tubular structures, often used to address space or aesthetic constraints in more densely populated areas. The site portfolio also contains the UK's largest free-standing concrete structure at 330 metres based in Yorkshire.

Each of the Group's five satellite teleport sites consist of multiple satellite antennas arranged in an array over a single site, plus supporting infrastructure which allows for control and maintenance of the antennas. A typical site consists of a compound enclosing the site with antennas/dishes ranging from small (1.2 metres) to large (16.4 metres) structures (9 metres is the most commonly used size) with several equipment cabins and a master control centre. The Group has also a data room, downlink antenna and monitoring control room in France.

Spectrum Licences

Licence	Licence Expiry Date	Application
COM 5	31 December 2034 ⁽¹⁾	DTT
COM 6	31 December 2034 ⁽¹⁾	DTT
D1	2023 – application with Ofcom to extend to 2035	Radio
SDL ⁽²⁾	2028 – option to extend to 2035	Radio
Arqiva Local DAB Multiplexes ⁽³⁾	2022 to 2025 applications with Ofcom to extend to 2030 as they become due.	Radio
412 MHz	In perpetuity	Smart Utility Networks
Bedford	Renewed annually	Uplink services
Chalfont	Renewed annually	Uplink services
Crawley Court	Renewed annually	Uplink services
Martlesham	Renewed annually	Uplink services
Morn Hill.....	Renewed annually	Uplink services
Ofcom Licences for Microwave Fixed Links.....	Renewed annually	Fixed link services As at 30 June 2022, the Group held the following revenue generating spectrum
28 GHz Spectrum Access	2026	Satellite earth station gateway licences at specific locations only

Notes:

- (1) Approved by Ofcom on 6 April 2023. The Group expects draft versions of the licences to be circulated shortly. Licences to be subject to revocation for reasons related to the management of the radio spectrum, subject to the consent of the Secretary of State and any revocation taking effect with five years' notice and not earlier than 31 December 2030.
- (2) Licence owned by consortium of Arqiva, Bauer Media and Wireless Group (part of News International).
- (3) 25 total (including licences owned through JVs) as at 31 December 2022.

Insurance and Risk Management

The Group maintains insurance coverage of £100 million for public and product liability, up to £50 million for property, £50 million for employers' liability, £50 million for terrorism and £20 million for professional indemnity, indemnity levels which are customary for the Group's industries. The Group also maintains other types of insurance that are typical of the Group's industries and which it believes to be adequate. The Group's insurance policies are subject to customary deductibles and exclusions. See "*Risk Factors—Risks relating to the Group's business and industry—The Group's infrastructure assets may be affected by natural disasters and other unforeseen events or damage*".

The Group adopts an Enterprise Risk Management approach, which conforms to the intent of ISO31000, enables the Group to meet its corporate objectives and forms an important part of good corporate governance. Risk management is a structured approach for taking informed decisions on managing risk, establishing a risk aware culture and encouraging the discussion of business issues. This extends from project risk, through to programme, and operational risks which are consolidated at business unit level and reported to senior management and the Audit & Risk Committee. This approach incorporates an Operational Resilience Board which focuses on Information Security, Quality, Business Continuity, Physical Security and Health & Safety. Managing risk and ensuring resilience in these areas is a core responsibility of management at all levels. In addition, the Group has a formal Health & Safety audit plan in force with formal risk assessments being carried out, and documented with relevant Safe Systems of Work.

Exceptional operating expenses for the Group during the six month period ended 31 December 2022 were £3.9 million, a decrease from £13.0 million incurred in the prior period ended 31 December 2021. Exceptional items charged to operating profit in the current year related to restoration costs arising from the Bilsdale fire and restructuring and severance costs as the Group continues to embed the changes from its transformation programme.

Included within exceptional operating expenses for the six month period ended 31 December 2022 were restoration costs of £2.4 million a decrease from £5.5 million in the prior period. The restoration costs were associated with the Bilsdale transmitter following a fire which broke out on 10 August 2021.

Management are still assessing the financial impact of the incident and the assets damaged by the fire, and have engaged with the Group's insurers. Whilst the insurers have concluded their investigations, the precise findings have not been publicly shared. At this stage the Group cannot comment on the findings while the claims process is ongoing. A second stage payment of £10.0 million was received from the insurers in September 2022 which has been recognised as exceptional other income in the income statement. This is in addition to the first stage payment of £5 million received in June 2022 and recognised in the prior year financial statements bringing the total insurance receipts to date of £25 million.

Contractual Obligations and Commitments

The following table sets out the payments due by period under the Group's contractual obligations as at 30 June 2022:

	Payments due by Period				
	Total	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	After 5 Years
			(£ millions)		
Bank loans – Working capital facility ⁽¹⁾	53.0	53.0	—	—	—
Senior debt – Institutional Term Loan ⁽¹⁾	90.0	—	90.0	—	—
Senior debt – European Investment Bank ⁽¹⁾ .	172.0	—	172.0	—	—
Senior bonds, notes and US Private Placement ⁽¹⁾⁽²⁾	707.4	50.4	45.3	178.6	433.1

Payments due by Period

	Total	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	After 5 Years
			<i>(£ millions)</i>		
Lease liability obligations	85.6	18.8	16.2	27.9	22.7
Sub total (excluding impact of off-setting hedge arrangements)	1,089.0	103.2	323.5	206.5	455.8
Trade payables	38.2	38.2	—	—	—
Capital commitments	16.6	9.7	6.4	0.5	—
Other payables (incl. accruals and accrued interest)	63.3	63.3	—	—	—
Total non-Group	1,207.1	214.4	329.9	207.0	455.8
Amounts owed to Group undertakings	1,895.7	1,398.9	—	—	496.8
Total	3,102.8	1,613.3	329.9	207.0	952.6

Notes:

- (1) For a description of these facilities, see “*Summary of the Transaction Documents*”.
- (2) Senior bonds, notes and US Private Placement include U.S.\$ denominated debt presented gross of offsetting hedge arrangements.

As part of the Group’s 2013 refinancing, the majority of the balances within amounts owed to group undertakings were formalised under a single subordinated loan agreement with the direct parent company which has a long-term maturity date of 2033. Under the terms of the subordinated loan agreement, these loans cannot be recalled earlier than the final maturity date other than with the agreement of the Borrower, and interest can be deferred if the Borrower does not have sufficient available cash flow. The Group continues to defer these amounts in accordance with the terms of the loans, and this deferred amount is presented as being due within one year.

The Group does not, and has not used off-balance sheet special purpose vehicles or similar financing arrangements on an historical basis. In addition, the Group has not had and does not have off-balance sheet arrangements with any of its affiliates.

Pension Obligations

The Group currently operates two pension arrangements. The Group operates a defined contribution group personal pension scheme for employees employed in the UK to which the relevant employer makes contributions of between 6% and 10% depending on the employee’s level of contributions. The Group also operates a defined benefit pension scheme which is closed to new entrants and was closed to future accrual with effect from 31 January 2016. As at 30 June 2020 (latest triennial valuation) the defined benefit pension scheme had approximately 323 deferred members and 506 pensioner and dependant members. The defined benefit pension scheme was closed to future accrual from 31 January 2016, meaning that active members then became deferred or pensioner members. As part of the transitional arrangements for closure, payments are being made to former members of the defined benefit pension scheme of between 50% and 65% of pensionable salary over the next two to five years. The valuation for 30 June 2020 (latest valuation) indicates a deficit of £7.1 million on an ongoing (technical provisions) basis, representing a funding level of 98% (technical provisions basis) and the cost of buying out the members’ benefits in the defined benefit pension scheme would have been around £97.8 million. The proposed schedule of contributions requires Arqiva Limited to make annual contributions in respect of the defined benefit pension scheme deficit of between £5.4 million and £7.0 million until 2023. A small number of employees (estimated to be less than 100) have entitlements to enhanced early retirement benefits under the defined benefit pension scheme which would transfer on any future TUPE transfer.

Legal Proceedings

At any given time, the Group may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of the Group's business. In May 2023, the BBC issued proceedings against Arqiva claiming service and other credits alleged to be due to the BBC under its contracts with Arqiva, owing to the loss of service occasioned by the fire at the Bilsdale mast in August 2021. The amount claimed is c.£22.3m. The Group has taken legal advice and is defending the claim.

There are no other material legal proceedings outstanding as at the date of this Prospectus.

Trademarks

The Group has obtained trademark registrations for the name "Arqiva" in the UK, the United States and the EU. The initial terms of the Group's registered trademarks (held directly or indirectly) are for at least 10 years from the date of filing and are renewable thereafter. The Group's trademark registrations were recently renewed and extended, with the latest running until 2025.

Regulation

For regulations the Group believes are material to its business, see "*Regulation of the Communications Industry in the United Kingdom*".

Environmental Policies

The Group is subject to a broad range of environmental laws and regulations. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, radiation emissions, the protection of employee health and safety, noise and historical preservation. The Group has environmental policies the Group believes are in compliance with applicable laws and regulations and typical for the Group's industries. See "*Risk Factors—Risks relating to the Group's business and industry—The Group is subject to stringent regulation relating to environmental protection and health, and if the Group is found to have not been in compliance with any portion of such applicable rules, the Group could be exposed to fines, increased costs, or sanctions, or could be liable for damages to third parties*".

Sustainability

The Group has set out an Environmental Sustainability plan which has three key goals: to be net zero by 2031 for scope 1 and 2 emissions (scope 3 by 2040), to enhance biodiversity across its sites and to minimise waste across its operations. The Group's Environmental Sustainability plan relates to the UN Sustainability Goals number 13 on climate action, 15 life on land and 12 responsible consumption and production.

The Group has abatement plans in place for reduction of scope 1 carbon emissions which are focused on electrification of fleet vehicles, transition to low carbon fuel for stand by generators, swap out of gas and oil central heating and minimising gas leakage from air conditioning systems. The Group's scope 2 reductions are dependent on reducing its energy demand through re-engineering or replacement of technical equipment, and securing green energy for the remainder of its supply through a combination of investment in power purchase agreements, self-generation initiatives, and purchase of renewable energy certified by The Carbon Trust. The Group has base-lined its emissions in accordance with TCFD (Task Force Climate-related Financial Disclosures) and SEC (Streamlined Energy and Carbon Reporting) regulations. The Group is now validating its plans in more detail to support emission reduction reporting in accordance with science-based targets and is submitting a letter to the Science Based Targets initiative ("**SBTi**") in October 2023 to establish this intent, enabling it to measure its progress towards net zero and provide credibility to its plans. Analysis is expected to commence in the second half of 2023 to establish the Group's scope 3 emissions such that the Group can report on these in more detail and work with its suppliers to understand their plans towards net zero.

MANAGEMENT

Board of Directors

The Board of Directors of Arqiva Group Limited currently consists of an independent non-executive director Chairman and six other non-executive directors. The Board meets approximately six times per annum to discuss the performance of the Group against its strategic objectives, to assess current and future projects and innovations, and to discuss significant issues and risks that may impact the business.

The Board is the main policy making and oversight body of the Group and, together with the Executive Committee, oversees the day-to-day operations and activities of the Group. The Executive Committee is made up of the CEO, the CFO and other members of the senior leadership team of the Group. Information on the Executive Committee is set out below.

The following table sets out certain information with respect to the members of the Board of Directors as at the date of this Prospectus. The address for each of the directors is Crawley Court, Winchester, SO21 2QA, United Kingdom.

Name	Age	Position
Michael Darcey	57	<i>Independent Non-Executive Director Chairman</i>
Paul Donovan	64	<i>Non-Executive Director</i>
Susana Leith-Smith	45	<i>Non-Executive Director</i>
Arnaud Jaguin.....	40	<i>Non-Executive Director</i>
Matthew Postgate	48	<i>Non-Executive Director</i>
Scott Longhurst.....	55	<i>Non-Executive Director</i>
Max Fieguth	36	<i>Non-Executive Director</i>

Biographies

Michael Darcey

Non-Executive Director and Chairman

Appointed Chairman in February 2023, Mike has over 25 years of experience in the technology, media and telecommunications industry with numerous positions held ranging from CEO of News International to COO of British Sky Broadcasting Group. He has also provided strategic advisory services to a range of clients in the media industry.

Mike has served or is currently serving on boards including Dennis Publishing (UK) Ltd (Chairman), M247 (Chairman), Home Retail Group (Senior Independent Director), Sky New Zealand (Director) and Tide End Consulting (Director). He is also Chairman of British Gymnastics.

He holds an MSc Economics from the London School of Economics.

Paul Donovan

Non-Executive Director

Paul served as a non-executive director at Arqiva from 2018 to 2020. He was reappointed to the Board in July 2022 following two years in the role as Arqiva's CEO. He is currently CEO of the CH Foundation, a not for profit organisation, CEO of TCI Investment Services, CEO of Parktown Consulting Limited and the Chairman of Eku Energy and of Action Artificial Intelligence Limited. Mr Donovan has over twenty years' experience in senior executive roles across the technology, media and telecommunications sectors, as a member of the Executive Committee at Vodafone Group, and as CEO at eircom Group (now known as Eir) and Odeon and UCI Cinemas Group. Mr Donovan holds an MBA from Bradford University where he is also an Honorary Doctor and Alumni Advisory Panel Member. Mr Donovan is also the director of SC01 Limited and SCI SC01.

Susana Leith-Smith

Non-Executive Director

Susana was appointed to the Board in May 2022. She is a Senior Managing Director in Macquarie Asset Management's Real Assets business in EMEA. Susana has a wealth of experience in capital markets. Prior to joining Macquarie, she was at Barclays, most recently as the EMEA Head of Leveraged Finance and managing all transactions in the telecoms, media and tech sectors. Susana is serving on boards of Nuuday, Open Fiber, TDC Holdco, and Womankind Worldwide.

Max Fieguth

Non-Executive Director

Max has been on the Arqiva board since late 2017. He also works closely with several other IFM portfolio companies including Manchester Airports Group and Aqualia. At IFM, Max leads a team of Asset Management professionals responsible for implementing value creation opportunities across the IFM infrastructure portfolio, delivering global best practice initiatives and supporting the execution of infrastructure transactions.

Prior to joining IFM in 2016, Max worked as a management consultant with McKinsey & Company and on the Crossrail project with Bechtel. He holds degrees from Imperial College London and INSEAD and is a chartered engineer & member of the ImechE.

Arnaud Jaguin

Non-Executive Director

Arnaud has over 15 years' experience in telecoms and digital infrastructure, with a strong focus on fibre and wireless networks. Within the team, Arnaud leads on investment analysis, portfolio management and strategy, and engages actively with investors. He also sits on the Boards of Aqua Comms Designated Activity Company, Verne Holdings Limited, Digital 9 DC Limited, Digital 9 Fibre Limited, Digital 9 Holdco Limited, Digital 9 Subsea Holdco Limited, Digital 9 Subsea Limited, Digital 9 Wireless Limited, D9 DC OpCo Can 1 Limited, Ficolo Oy Giggle Fibre Limited and Giggle Broadband Limited.

He began his career in telecoms M&A advisory at UBS Investment Bank in London, advising on £50bn of transactions. He then had a varied career in the industry with Level3 Communications (corporate development and strategy), CenturyLink (marketing), RETN (sales operations) and Ontix (finance). Arnaud holds a Master's degree in Finance from Sciences Po Paris.

Matthew Postgate

Non-Executive Director

Matthew is Digital and Technology orientated leader with extensive experience in new digital businesses and with the digital transformation of existing organisations. He is a Non-Executive director of UK Strategic Command within the Ministry of Defence. Matthew also sits on the Boards of M2A Media, Infometa and Kantor Public. He also provides selective advisory services supporting technology enabled businesses and digital transformation.

He has over 20 years of experience managing the impact of digital technology along with general management expertise developed within large scale, complex organisations. His deep technical expertise provides a foundation for a rich understanding of the broader issues organisations need to tackle in order to unlock value from digital technologies.

Previously Matthew was the BBC's Chief Technology and Product Officer, leading the BBC's Design & Engineering division. The division had a global remit, developing the BBC's digital strategy and wider transformation while maintaining the technology operations that keep the BBC on-air, online and reaching 500 million people a month.

Prior to this role Matthew held various roles at the BBC including CTO and leading the Internet Operations function, Business Development Group and its Research & Development department. He started his career at the BBC in product management roles and was part of the leadership team that launched BBC iPlayer and was responsible for building the corporation's world leading mobile services. Before joining the BBC, Matthew worked as a consultant and start-up co-founder.

Matthew holds a BSc from Bristol University, is a graduate of the Stanford GSB Stanford Executive Programme, is a fellow of the IET and a member of the Raspberry Pi foundation.

Scott Longhurst

Non-Executive Director

Appointed to the board in February 2023, Scott has over 25 years of experience in Infrastructure and Utility businesses. He was formerly Group Finance Director of Anglian Water Group (AWG) and Managing Director of its non-regulated business until 2019.

Prior to AWG, he was Chief Accounting Officer of TXU Corporation and CFO of its regulated electric and gas businesses. Scott also held a number of financial and commercial roles with Shell encompassing corporate, operating company and joint venture activities across Europe, the Far East and Middle East.

He is currently also on the boards of FCC Aqualia S.A., Madrid, EVOS BV, Amsterdam (Audit Chair), Infinis Energy Management Limited (Audit Chair), Water Meadows Consulting Limited and a Senior Adviser to Igneo Infrastructure Partners.

Scott is a Fellow of the Institute of Chartered Accountants in England and Wales, and a founding member of the Accounting for Sustainability CFO Leadership Network.

Executive Committee (comprising the Senior Management Team)

The following table sets out certain information with respect to the senior management of Arqiva Group Limited as at the date of this Prospectus. The address for each of these managers is Crawley Court, Winchester, SO21 2QA, United Kingdom.

Name	Position
Shuja Khan	<i>Chief Executive Officer</i>
Sean West	<i>Chief Financial Officer</i>
Adrian Twynning	<i>Chief of Operations</i>
Gaurav Jandwani.....	<i>Executive Director of Media & Broadcast</i>
Mike Smith	<i>Executive Director of Smart Utilities Networks</i>
Vivian Leinster	<i>Chief Simplification Officer</i>
Sarah Jane Crabtree	<i>Chief People Officer</i>
Dom Wedgewood	<i>Chief Technical Officer</i>

Biographies

Shuja Khan

Chief Executive Officer

Shuja was appointed as Arqiva’s Chief Executive Officer in June 2022. Prior to that, as Arqiva’s Chief Commercial Officer from January 2020, Shuja was responsible for all the Group’s revenue generating activities. His remit also included strategy, product development, regulatory affairs and customer experience. He was at the heart of the creation of Vision 2031 – Arqiva’s vision and 10-year strategic plan – as well as the development of Arqiva’s purpose.

Shuja draws on more than 20 years of leadership experience in the technology, media and communications sector, including the Chief Commercial Officer across 24 territories at Cable & Wireless and various leadership roles at both Virgin Media and Liberty Global Europe focusing on driving growth.

Shuja also sits on the Boards of Sound Digital Limited and 282 Holdings.

Sean West

Chief Financial Officer

Sean was appointed Chief Financial Officer in May 2019, having joined Arqiva in 2015 as Director of Treasury and Corporate Finance. Sean has a background in all areas of corporate finance and financing, and as Director of Treasury and Corporate Finance was responsible for all aspects of the Group's capital structure.

Prior to joining Arqiva, Sean held senior corporate finance and treasury positions at The Immediate Capital Group and Land Sec. He brings a wealth of experience across a range of industries and financial markets.

Sean also sits on the Boards of Network Treasury Services Limited and Network Homes Limited.

Adrian Twyning

Chief of Operations

Adrian joined Arqiva in March 2021 and is accountable for building an integrated function that enables us to provide ever increasing levels of customer service delivery to our TV, radio, utilities and data network customers, optimising sites, structures and networks.

Gaurav Jandwani

Executive Director – Media & Broadcast

Gaurav joined Arqiva in January 2023 as Executive Director, Media & Broadcast, responsible for the commercial relationships with our broadcast customers across the globe.

Prior to Arqiva, Gaurav was Business Head, TV & Streaming at Telia, the Nordic and Baltic media house, and leading telecommunications provider.

He has also held senior roles at Walt Disney and Vodafone.

Mike Smith

Executive Director – Smart Utilities Networks

Mike joined Arqiva in February 2023 as Executive Director, Smart Utilities Networks, responsible for growing Arqiva's presence in this key business area.

Mike has delivered across a number of leadership roles spanning commercial, operational and general management.

Previously, he led the Enterprise and Public Sector business at Virgin Media O2, and before that was Managing Director of Virgin Media Business – Direct. His career began in Insurance, then Banking Services before spending the last 20 years in telecoms spanning Energis, Cable & Wireless and Virgin Media.

Vivian Leinster

Chief Simplification Officer

Vivian was appointed to the newly created role of Chief Simplification Officer in June 2022, from her previous role of Chief People Officer, which she has held since June 2020. As Chief Simplification Officer, Viv is responsible for the navigation of organisation wide programmes and projects, prioritisation, resource allocation, the simplification of our processes and improving our customer experience. By cutting complexity the Group hopes to be able to grow faster, collaborate better, and make Arqiva easier to do business with.

Sarah Jane Crabtree

Chief People Officer

Sarah Jane joined Arqiva as Chief People Officer in October 2022 to lead on the company's people agenda including diversity, inclusion and culture.

Sarah Jane joined after 17 years with BT where she held a number of senior HR roles. She was the HR Director BT Organisation Effectiveness, responsible for BT Group's people strategy and policies encompassing culture, operating

model and organisation design, strategic workforce management, leadership and development, engagement and diversity and inclusion.

Dom Wedgewood

Chief Technical Officer

Appointed June 2023, Dom Wedgewood leads our technology function, enabling Arqiva to provide best-in-class propositions to all our customers, regardless of industry and irrespective of where they are on their digital journey.

Dom joined Arqiva from the live and on-demand global sports streaming platform, DAZN Group, where he was Senior Vice President for Broadcast Technology and OTT Playback Experience. Responsible for end-to-end accountability for the product management and technology teams across broadcast, network and streaming.

Prior to this he was Broadcast Operations and Technology Director for Perform Group, managing services for sports rights holders and federations.

Compensation of Senior Management

For the financial years ended 30 June 2022, 2021 and 2020, the aggregate compensation paid to Arqiva's senior management team was £6.6* million, £7.2 million and £7.5 million, respectively (in each case including National Insurance contributions, cash compensation for salary, bonuses, pensions and other benefits).

Corporate Governance

There are three Committees of the Board of Directors:

- (a) the Audit & Risk Committee, chaired by Scott Longhurst, which has the responsibilities of handling risk management procedures and internal controls, compliance (including whistle blowing arrangements) and regulatory issues, accuracy of group financial statements, the appointment and remuneration of external auditors, and internal audit department reports to the Audit & Risk Committee;
- (b) a Governance and Remuneration Committee, chaired by Max Fieguth, which deals with strategic and policy matters concerning Group pay, remuneration and generally oversees the performance management of the Executive Committee; and
- (c) the Operational Resilience Committee, chaired by Paul Donovan, which oversees sustainability, IT and cyber security and the effectiveness of the operational resilience strategies and procedures of the Group (including principles, policies and practices adopted in complying with all aspects of safety, health and environment matters affecting the activities of the Group).

PRINCIPAL SHAREHOLDERS

The following table sets out the principal entities directly or indirectly owning at least 5% of the share capital of the Group's ultimate parent, AGL, as at the date of this Prospectus and the percentage of share capital held by such entities:

Name of relevant entities	Number of shares held	Percentage of share capital (%)
D9 Wireless Opco 2 Limited	314,028,405	48.0
MEIF II Luxembourg Communications S.à r.l.....	163,547,390	25.0
Conyers Trust Company (Cayman) Limited ⁽¹⁾	97,061,692	14.8
The Trust Company Limited ⁽²⁾	35,495,023	5.4
MTAA Superannuation Fund (NTL Broadcast) Utilities Pty Limited ⁽³⁾	33,789,299	5.2

Notes:

- (1) In its capacity as trustee of IFM Global Infrastructure Fund.
- (2) In its capacity as custodian for Health Super Investments Pty Ltd in its capacity as trustee of FSS Infrastructure Trust.
- (3) In its capacity as trustee of the MTAA Superannuation Fund (NTL Broadcast) Utilities Trust.

INDUSTRY

The information in the following section has been provided for background purposes. The information has been extracted from a variety of sources released by public and private organisations as described in “Presentation of Financial and Other Information”.

The Group confirms that the information in this section has been accurately reproduced from these sources and, as far as the Group is aware and is able to ascertain from information published by these sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Group believes that these industry publications, surveys and forecasts are broadly reliable but the Group has not independently verified them and cannot guarantee their accuracy or completeness.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See “Risk Factors” and “Forward Looking Statements”.

Introduction

The Group operates within the UK broadcast, media and communication sectors, particularly within the television, radio, satellite and global media distribution industries as well as providing connected solutions in the smart utilities industry. The Group is the UK’s pre-eminent national provider of terrestrial television and radio broadcast infrastructure and leading provider of smart utilities networks in the UK. The Group operates in the following areas:

- **Broadcast & Media** (representing 78% of the Group’s total revenue in the year ended 30 June 2022), comprising TV and radio transmission infrastructure, the operation of Multiplexes, UK DTH and global media distribution services which includes virtualised cloud based services; and
- **Smart Utility Networks** (representing 22% of the Group’s total revenue in the year ended 30 June 2022), comprising smart metering communications for electricity, gas and water and other machine-to-machine (M2M) and smart utility connectivity services and satellite data communications to electricity networks.

The Television and Broadcast Industry in the UK

The UK television market offers a broad choice of channels available to viewers on both free-to-air (“**FTA**”) television and pay-television platforms. Television delivery platforms are the means of linking channels to their audiences. Broadcasters select platforms to air their channels, with platform selection driven by the commercial incentive to maximise revenues or to meet public service obligations.

The Group’s Digital Terrestrial Television (“**DTT**”) platform is the largest TV platform in the UK with near universal coverage of 98.5% and with approximately 16 million households using the services out of the total approximately 28.1 million households in the UK with at least one active TV set irrespective of the platform used as at 31 December 2021 (*Source: Ofcom*). The Group believes that DTT has a long-term future as it provides near-universal coverage, a strong content offering and an economic model for FTA broadcasters. In addition, unlike other platforms, DTT is free at the point of use. As such, the Group believes that it will remain a popular TV platform with an established viewer base across UK households. The Group expects DTT to continue to be complemented, but not replaced by, certain over-the-top (“**OTT**”) services. The Group believes that there will remain a long-term need for FTA linear TV available to the UK population, given that (i) FTA linear TV plays an important role in the Public Service Broadcasting (“**PSB**”) system in the UK, including for the BBC, (ii) FTA linear TV provides unparalleled access to channels to the television advertising market, (iii) approximately 11.3 million households rely on DTT as their primary delivery mechanism for television broadcast services and (iv) Television services delivered via DTT are particularly important for vulnerable audiences, such as older age groups (68% of 75+ view weekly), single person households and non-workers (50% and 46% respectively view weekly) (*Ipsos, 2022*). For example approximately 22% of people in the UK lived in households with low income, £17,100 after housing costs were paid and highly value access to a free service (GOV UK). The Group believes that the DTT platform, as complemented by OTT services which can include catch-up TV and subscription VoD services, is best placed to

deliver this. In addition, the Group expects that any political agendas which could force voters to adopt paid-for alternatives are likely to be unpopular.









TV homes that have DTT as their primary delivery mechanism, rather than cable or satellite, make up the largest proportion of all homes at approximately 42.9%. The proportion of homes with pay-DTH satellite has fallen over time and digital cable has only seen marginal growth in uptake in recent years. Free-to-view satellite services such as Freesat account for only a small proportion of all homes.

UK Television Delivery Platforms

Platforms comprise a transmission network (such as terrestrial broadcast sites, satellite, cable or telecom networks) and an associated receiver, which may be integrated within the television set or may exist as a separate “set-top box”. The TV or set-top box allows users to search, receive and decode the channels and programmes they wish to watch. More advanced receivers allow users to record programmes on to a personal video recorder or connect to the internet.

Platforms can be divided into FTA platforms and pay platforms. The FTA platforms in the UK are operated primarily by the Freeview and Freesat consortiums (as well as Freesat from Sky and Youview), providing TV services that are free to the viewer at the point of consumption and provided through advertising or licence fee payments, while pay television platforms are run on a proprietary commercial basis (key providers include Sky, Virgin Media, BT TV and TalkTalk TV) and require payment to receive the services.

The following chart shows the various television delivery platforms available in the UK:

	 DTT	 DTT + IPTV ⁽¹⁾	 Satellite	 Cable
Description	<ul style="list-style-type: none"> • Transmission via radio signals • Reception via aerials and built into all new TVs 	<ul style="list-style-type: none"> • Hybrid solution with Internet Protocol (IP) television delivered by broadband via closed networks using DSL or fibre 	<ul style="list-style-type: none"> • Transmission via communication satellites • Reception via outdoor satellite dishes 	<ul style="list-style-type: none"> • TV signals transmitted through coaxial cables or light pulses through fibre-optic cable
Consumer brand				
Comments	<ul style="list-style-type: none"> • Largest TV platform reaching c.16m households as at 31 December 2022 • Nationwide network infrastructure with near universal coverage • Catch-up services offered via IP on connected TV sets 	<ul style="list-style-type: none"> • IPTV available in the UK as a hybrid solution, complementing DTT rather than directly competing • Typically includes pay services 	<ul style="list-style-type: none"> • Satellite has high coverage, but focus on pay platforms and the need to install dishes severely limits adoption levels • Online and app driven content, as well as proposition with Netflix embedded into core platform • Offers UHD channels 	<ul style="list-style-type: none"> • Cable platform coverage currently limited to 47% with no prospects of achieving similar coverage levels as DTT (high roll-out costs) • Online and app driven content, as well as proposition with Netflix embedded into core platform

Note:

(1) Service that provides the PSB and other key channels; pure play IPTV is not available.

Source: Company websites; BARB; Ofcom

Digital Terrestrial Television – Freeview

The DTT platform is principally used to provide FTA services marketed under the Freeview brand. Freeview is backed by four shareholders: BBC, Sky, Channel 4 and ITV. Freeview carries a range of PSB channels, FTA channels, shopping channels, digital radio stations and interactive services to households via an aerial.

DTT is the TV platform which covers the largest number of households in the UK, having an installed base of approximately 16 million households, including approximately 11.3 million sets with DTT as the primary TV platform in the household (Source: BARB). The majority of new TV sets in the UK have a default DTT tuner. DTT also offers a wide choice of popular content. In the week commencing 3 April 2023, all 50 of the UK’s 50 most watched programmes were on FTA DTT channels (Source: Thinkbox). HD services have been available on Freeview since 2010.

The number of channels on the Freeview platform has been expanded in recent years. As at 31 March 2023, the platform carried 115 channels in England, 51 of which were PSBs or PSB portfolio channels³ (Source: Freeview)

The revenue generated by a commercial DTT multiplex (bundle of digitalised and compressed TV services combined into a data-stream for transmission over a single channel) is the product of two factors: (i) the price broadcasters are willing to pay for a channel slot on a stream – either a full day or a part of a day – and (ii) the number of streams that can be accommodated in a DTT multiplex. The pricing of DTT multiplex streams is determined by the size and value of the audience that the broadcaster can reach, its position in the Electronic Programme Guide, and the subsequent revenue that can be generated (predominantly via advertising), as well as the balance between supply of streams and the demand from broadcasters who wish to use channels.

Multiplex operators (including Arqiva through its Digital Platforms division) pay the Group to transmit the content carried on their multiplexes. Contract prices for the provision of Network Access (NA) services and Managed Transmission Services (MTS) are set within the framework of a reference offer (a NA Reference Offer and Transmission Services, (NA and MTS), Reference Offer, respectively). Under a NA Reference Offer, the Group is allowed to make a fixed rate of return equivalent to a Weighted Average Cost of Capital (WACC) of 7.71% (real pre-tax) on a pre-2015 regulated asset base used for NA services and a 7.5% WACC (real pre-tax) on post-2015 new capital assets. Unlike the NA pricing framework, pricing for MTS services under the Transmission Services Reference Offer framework is set in accordance with market prices. However, the Transmission Services Reference Offer framework requires the Group to provide MTS services upon reasonable request and upon terms which are fair, reasonable and non-discriminatory. For further detail on the regulatory transmission services framework, see “—*Terrestrial Television Regulation in the UK*” and “*Regulation of the Communications Industry in the United Kingdom—Competition Regulation—The Undertakings*”.

The DTT network has capacity limitations as a result of the limited amount of spectrum available to use in the network which limits the number of multiplexes that can use it. However, improving compression technology has enabled additional channels to launch on the platform. The number of streams on DTT has grown over time, and DTT now supports over 115 channels. The Group expects demand for multiplex capacity from broadcasters to continue in the medium to long term, reflecting anticipated broadcaster demand for streams due to the strength of the hybrid DTT/IPTV platform and the importance of the DTT platform as a means to access the TV advertising market.

DTT coverage is now 98.5% for Public Service Broadcasters (PSBs) and approximately 90% for commercial channels (Source: Ofcom), making DTT the platform with the widest reach in the UK and the only platform that meets the coverage requirement of 98.5% for the PSBs as at 30 June 2022. In light of its coverage, high uptake and FTA capabilities, DTT benefits from very strong political and regulatory support with Government supporting the long-term role of DTT until at least 2034. Arqiva is part of a coalition called Broadcast2040+ which includes Age UK, Silver Voices, Rural Services Network, Voice of the Listener and Viewer, Childrens Media Foundation and the British Broadcasting Challenge. The Broadcast2040+ group calls for the UK Government to continue to recognise the important role of DTT and radio broadcast services and provide a commitment to support until at least 2040.

DTH Satellite

Direct-to-Home (DTH) pay-television uses satellite transmission to broadcast content. DTH satellite pay-television is provided by Sky and is available to approximately 98% of the population and had approximately 8 million households in the UK using it with subscription as at 31 December 2021 (Source: Ofcom). Sky has also developed a wide range of services, including multi-room services, the Sky+ personal video recorder service, multiple HD channels and UHD.

There are currently two providers of FTA DTH, Freesat and Sky. Freesat, launched in 2008, is a FTA DTH satellite service jointly owned by the BBC, ITV, Channel5 and Channel 5 and operated by Everyone TV. It offers over 170 channels, 98% service availability to UK homes and had approximately 1.4 million households in the UK using it as at 31 December 2021 (Source: Ofcom). While FTA DTH satellite offers more channels than Freeview and greater HD capability, adoption is far lower than DTT at approximately 4%.

Sky offers its own variation of the FTA DTH service, Freesat from Sky. Freesat from Sky customers have access to all the channels available on Freesat, along with some additional networks, with no subscription costs. Sky offers its own

³ There are different variations in different countries of the UK. Streaming channels not included.

variation of the FTA DTH service, Freesat from Sky. Freesat from Sky customers have access to all the channels available on Freesat, along with some additional networks, with no subscription costs.

Sky also offers VoD services, and has done so for over a decade. It is a Hybrid of DTH and broadband, and offers access to most of the OTT streamers via its aggregated platform.

Cable Television – Virgin Media

Virgin Media operates the UK's only cable television network and provides television, internet and telephony services to approximately 4 million households as at 31 December 2021 (*Source: Ofcom*). Due to the limited physical extent of the cable network, only approximately 15 million homes in the UK are capable of accessing the network, representing 47% of UK households (*Source: Virgin Media*) and less than 30% of households capable of accessing the network currently do so. Virgin Media has recently been expanding its network coverage. Three quarters of Virgin Media O2's network now gigabit ready, with 12.8 million homes across the UK able to access average download speeds of 1,130Mbps.

IPTV and OTT services Internet Protocol television (“**IPTV**”) and OTT services have been introduced in recent years, including as forms of non-linear on-demand television. Although both platforms use the internet to deliver content, they differ in the type of technology used. OTT offers content to all customers who have a broadband connection through open internet, giving access to a content library. IPTV typically uses a managed service over an IP network operated by a fixed network operator, creating dedicated connectivity when streaming content between the server and the customer.

The hybrid DTT/IP platform is currently available through DTT and a managed IP network (DTT+IPTV from providers such as BT TV and TalkTalk TV) or through DTT with a connected TV which can access services via the internet. These services provide the potential to be combined with OTT services such as Netflix or Amazon Prime, enabling the creation of a “pay-lite” model, meaning that customers can pay for specific content with greater flexibility. Pay-lite TV offers direct competition to traditional pay platforms, including satellite and cable, and offers significant scope for households to move from full pay TV to pay-lite offerings over time.

IPTV Services (Hybrid with DTT)

IPTV operates as a hybrid service in conjunction with DTT in the UK and represents a small yet growing segment of the market. Hybrid DTT/IPTV allows consumers to enjoy the breadth of DTT whilst providing an option for them to select the additional pay TV channels and/or free catch-up services, and has consequently been popular in the market, strengthening DTT's position as the leading TV platform. IPTV (hybrid with DTT) is now offered through a number of different platforms, including BT TV and TalkTalk TV.

YouView is the underlying technology used by BT TV and TalkTalk TV products. Developed by a consortium of BT, TalkTalk, the BBC, ITV, Channel 4, Arqiva and Channel 5, YouView builds on the existing Freeview platform to incorporate additional on-demand-catch-up services from broadcasters and pay services. The channels available on Freeview continue to be delivered over DTT as part of YouView. Compared to the current Freeview service, users of the YouView platform have access to a wider range of content, provided that they have an adequate broadband connection. The service was launched in July 2012 and is offered through BT or TalkTalk. YouView is also offered directly in some TVs by Sony, where it provides a comparable service to Freeview.

Other IP-delivered TV systems include Apple TV, Google TV, Roku and Sky Glass. These systems are generally capable of streaming and storing digital media, particularly video, and can provide access to web media content such as Netflix and Apple Music.

Full IPTV without DTT support is currently limited by overall broadband adoption, network and in-home performance. 21% of adults in the UK access the internet exclusively on a smartphone, and use no other device to go online and 6% of UK adults do not have access to the internet at home, this increases with age, with a fifth of those aged 65+ not having home internet access, compared to just 1% of 18-34s. The amount of people without internet is higher amongst rural populations, as well as among people with disabilities and people not working (*Source: Ofcom*). About 11 million adults in the UK are at risk of digital exclusion, missing the most basic digital skills (*Source: Lloyds Bank Essential Digital Skills Report 2022*). Whilst IP services can still be received at relatively low bandwidth speeds and average broadband speeds have increased, the potential of stand-alone IPTV platforms are dependent on the availability and uptake of high-speed broadband services and the capacity of the core network to cope with tens of millions of simultaneous viewers. 73% of households had a superfast broadband connection (at least 30Mbit/s) as of September 2022. In terms of coverage, full

fibre is available to 42%/12.4m of premises, Gigabit capable broadband covers 70%/20.8m of premises. Superfast coverage has increased to 97%.

OTT

Content is increasingly being delivered OTT via the internet – both in terms of streamed linear channels and through video-on-demand. Content can be delivered through third party platforms (such as Netflix or YouTube) or direct-to-consumer. There is also significant overlap between the various OTT platforms, with many households using two or more platforms.

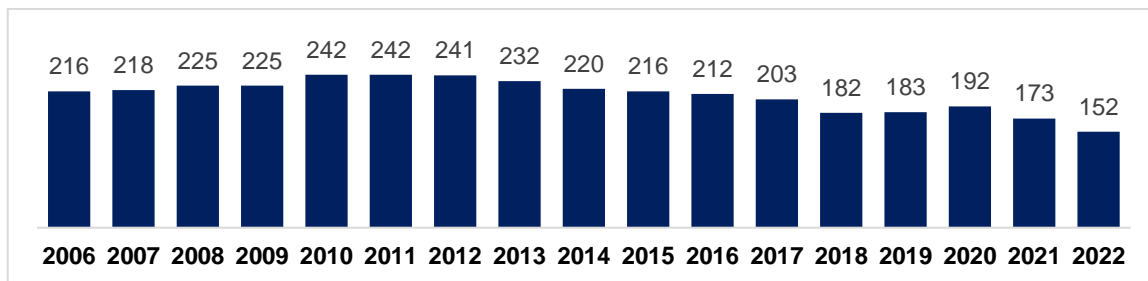
Most major UK and international broadcasters offer direct-to-consumer services either on a free or paid-for basis (including the BBC’s iPlayer service, Sky’s Now TV, Discovery+ and Disney+), which offers viewers “everywhere” access to linear TV programming and access to catch-up TV. There is also increasing monetisation of content through OTT direct-to-consumers by rightsholders (i.e. companies that own content rights but do not broadcast via a linear channel on traditional platforms, such as primary sports rightsholders monetising matches that are not part of broadcast deals, secondary sports rightsholders, content archives and independent studios).

In addition, companies such as Amazon, Facebook, Google, Apple and Netflix are monetising content OTT, and these companies have increasingly large expenditures on media management and distribution.

OTT platforms include: (i) advertising-funded video-on-demand platforms (such as YouTube, ITVX), which offer free access to a large library of video content with advertising; (ii) subscription video-on-demand platforms (such as Netflix and Amazon Prime), which offer access to a large library of movies and TV shows for a monthly fee; (iii) transactional video-on-demand platforms (such as iTunes and Amazon Video), which allow users to rent an electronic copy of video material to download or stream; and (iv) electronic sell-through platforms (such as iTunes, Amazon and Vudu), which allow users to purchase an electronic copy of video material for personal ownership.

UK Television Viewing Trends

The following chart shows UK average linear TV consumption (minutes/day/capita) for the periods indicated:



Source: Ofcom; BARB

Although broadly stable when looked at over the last two decades, linear TV, which is the traditional form of TV consumption watched live over one of the traditional platforms (i.e. DTT, satellite, cable) has been impacted in more recent years by non-linear TV viewing (catch-up and on-demand services) and other forms of non-linear TV viewing such as online video and social media. The launch of catch-up and on-demand services has led to a decrease in time spent watching live linear TV and a growth in non-linear viewing. Despite this overall decline in viewing, DTT has performed well, benefiting from the move towards ‘pay-lite’ services and away from traditional pay-TV. The average audience watching DTT has remained relatively stable with 43% of adults in Great Britain watching DTT weekly (with the figure being higher for rural areas and audiences aged over 55) (Source: Ipsos 2022). In light of the complementary nature of DTT and pay-lite non-linear platforms (e.g. IPTV and OTT), the Group believes DTT is well positioned to benefit from a continued interest in non-linear and pay-lite services which have helped to expand the overall DTT/OTT or DTT/IPTV landscape.

Broadcasters in the UK Television Industry

The broadcast industry in the UK consists of both PSB and commercial broadcasters, which have the ability to broadcast their content on any of the available platforms. The national PSBs (the BBC, ITV, Channel 4 and Channel 5) have obligations in their broadcast licences which require the PSBs to provide DTT services covering 98.5% of the population, which the Group’s DTT transmission services network provides. The purely commercial broadcasters, such as Sky and

Discovery, operate free of public service obligations with regards to either content or coverage. Despite the emergence of alternate competing channels, PSB audience share of consolidated viewing (including their portfolio of services) has remained high, growing by 1% in 2021 to approximately 71% in 2021. The main five PSB channels retain over half (55%) of the total consolidated TV viewing. (*Source: Ofcom*).

Sky is a large commercial broadcaster and platform operator which includes its DTH satellite service and new IP based services such as Now TV, Sky Glass (an integrated IP TV based service) and Sky Stream providing a broad range of Sky-branded channels as well its own proprietary content. Sky's licence requires it to provide access to third-party broadcasters and abide by the prominence rules for the PSB channels. Sky channels are predominantly distributed on this proprietary DTH distribution platform, though most are also distributed on the Virgin Media cable platform as well as some on BT TV. Sky's Pick TV, Sky News and Challenge are also available on a FTA basis on Freeview, carried on the Group's multiplexes.

Funding Framework

The array of television channels available in the UK has been shaped by the funding framework. There are three primary types of channel funding: television-licence funded, advertisement funded and subscription funded (e.g. pay-TV). Secondary sources of television funding include: transaction funded, sponsorship funded and other public funding sources.

BBC

The BBC, which is one of the Group's key customers for DTT transmission services and radio, was the first television broadcaster in the UK and remains a central element of the UK broadcasting environment. In the United Kingdom and its Crown Dependencies (Jersey, Guernsey and the Isle of Man), any household watching or recording live television transmissions as they are being broadcast (terrestrial, satellite, cable or internet) is required to purchase an annual television licence, except for people over the age of 75. As of 2022, fees were £159 for a colour TV licence and £53.50 for a black and white licence (*Source: TV Licensing*). Income from the licence is primarily used to fund the BBC's television, radio and online services. Total licence fee income was £3.8 billion in the year ending 31 March 2022 (*Source: BBC*).

As a result, to date the BBC has enjoyed one of the most stable and established funding sources in UK media. The BBC's Royal Charter sets out that the current licence fee model should remain in place until the Charter concludes on 31 December 2027. The Government published the licence fee settlement pricing for a five-year period from April 2022. It was concluded that the fee will remain at £159 until 2024 before rising in line with inflation for four years, as a result households will not see any change to the licence fee until 1 April 2024. The new agreement gives broadcaster certainty while protecting public from price increases during a cost-of-living crisis. Over recent years the two-year licence fee freeze will cause a funding gap affecting frontline output according to the BBC's Director General Tim Davie.

In February 2022, the House of Lords Communications and Digital Committee announced that it was launching an inquiry to examine "how the BBC should be funded in future to deliver what is needed from a national public service". The committee concluded that the BBC had a central role to play in the life of the nation and some form of public funding for the BBC remained necessary, and that substituting the licence fee entirely for advertising was unlikely to succeed. In May 2022, the DCMS announced that it will undertake a mid-term review of the BBC Charter, which must be completed by 2024.

The BBC Funding Model Review will be one part of the government's preparations for Charter Review, which is the process where any decision on a new funding model, and on the role and remit of the BBC over the next Charter Period, will be determined.

TV Advertising

Demand for the Group's DTT capacity is driven, in part, by the success of commercial broadcasters, which rely on television advertising revenues. Traditionally, television advertising revenues were generated by three main types of channels: PSB channels, PSB portfolio channels and commercial multi-channels. More recently OTT streamers such as Netflix and are now generating revenues through an advertising tier.

In 2021, TV advertising was £4.7bn in the year. Net TV advertising which excludes revenue generated by interactive services, programme sales, sponsorship and TV shopping reached £3.9 billion in 2021 (Ofcom). Collectively the commercial public service broadcasters (PSBs) ITV, Channel 4 and Channel 5 (including portfolio channels) generated

£2.8bn, representing 72% of commercial television advertising revenues (*Source: Ofcom*). Net advertising revenue for commercial multichannels (comprising all channels, excluding pay TV, publicly funded and commercial PSB portfolio channels) was approximately £1.1 billion in 2021 (*Source: Ofcom*). Traditional TV advertising faces potential economic slowdown in 2023 and continuing pressure from growing digital and online spend which could limit the overall growth in TV advertising going forward.

The Group believes that TV and online campaigns complement each other, and that TV continues to play an important role for brand advertisers, particularly those seeking to target a mass market.

Subscription

Subscription funded channels receive their revenue from viewers who purchase access to a channel (or a portfolio of channels) on top of the available FTA options. They can also generate income through advertising.

Terrestrial Television Regulation in the UK

Terrestrial transmission service in the UK has two distinct parts: MTS and NA. MTS is the managed transmission service the Group offers to Multiplex operators which allows them to broadcast the transmission signal to their customers. NA is the arrangement whereby a Multiplex operator (or other MTS provider) pays the Group for wholesale access to its network of transmitter sites (such as building access including sites and antennas, power resources, and the opportunity to install their own equipment). Together these services allow delivery of broadcast media content to end consumers over the air.

The Group has a monopoly position with respect to NA and was the sole provider of DTT MTS in the UK as at 30 June 2022. For this reason, the Group's transmission services are regulated by Ofcom, and are subject to the Undertakings given to the Competition Commission (now its successor, the Competition and Markets Authority (CMA)) and overseen by the Office of the Adjudicator – Broadcast Transmission Services (OTA-BTS), appointed by and reporting to Ofcom. Under the Reference Offer framework, pricing for transmission services can be reviewed by the OTA-BTS. For further background, see "*Business—Broadcast & Media Business Function*" and "*Regulation of the Communications Industry in the United Kingdom—Competition Regulation*".

Digital Platforms Regulation in the UK

In the UK, five national DVB-T Standard Definition (SD) DTT national multiplexes and one national High Definition (HD) capable DVB-T2 multiplexes are currently licensed, based on the amount of spectrum available in the Ultra High Frequency (UHF) television band between 470 MHz and 690 MHz (including local TV multiplexes). Increasing spectrum demand from UK mobile operators has led to a decision by Ofcom to clear the 700MHz band. Hence, DTT services that existed in the 700MHz band have been reallocated to the 600MHz band.

Out of the six licensed national multiplexes, three have been allocated to commercial broadcasters, and three to PSBs (two DVB-T and one DVB-T2). There is only one commercial national multiplex owned by another operator, SDN (owned by ITV). There is also a local commercial DVB-T multiplex, owned by Comux.

DTT multiplexes are set out below:

Multiplex	PSB Multiplexes			Commercial Multiplexes			Local
	PSB 1	PSB 2	PSB 3	COM 4	COM 5	COM 6	
Licence Expiry Date.....	2027	2034	2026	2034	2034	2034	2025
Operator.....	BBC	D34 (owned by ITV/4)	BBC	SDN (owned by ITV)	Arqiva	Arqiva	Comux
Technology.....	DVB-T	DVB-T	DVB-T2	DVB-T	DVB-T	DVB-T	DVB-T
Number of streams operating ⁽¹⁾⁽²⁾	8	13	8	18	16	16	5
Channel Type.....	BBC channels	ITV, Channel 4, Channel 5	BBC channels and ITV HD/ C4 HD/ C5 HD	A mix of commercial and some PSB portfolio channels			
Sites.....	1,154	1,154	1,154	85	85	85	43

Multiplex	PSB Multiplexes			Commercial Multiplexes			Local
	PSB 1	PSB 2	PSB 3	COM 4	COM 5	COM 6	
Coverage.....	98.5%	98.5%	98.5%	91%	91%	91%	58 %

Note:

- (1) Company estimates as of June 2022.
- (2) Capacity depends on the assumed HD/SD mix configuration, shows TV stream count only.

The Group had a market share of approximately 74% of commercial TV channels on Freeview as at 31 March 2023.

In August 2021 the DCMS concluded that the Government will give Ofcom the power to carry out an early renewal of the Group's two current DTT DVB-T multiplexes until 2034 accompanied by appropriate regulatory flexibility on international spectrum grounds via the inclusion of a new revocation power, which cannot take effect before the end of 2030. These powers have now been granted and Ofcom subsequently renewed the licences of two multiplexes – SDN and D34 – which were due to expire in 2022. Arqiva Muxco Limited has applied when permitted in December 2022 for the renewal of its multiplexes until 2034 and on 6 April 2023 Ofcom confirmed that its licences have been renewed. The Group is now waiting for Ofcom to issue the updated licences.

In 2013, Ofcom announced a potential framework for introducing spectrum rental fees under an Administered Incentive Pricing (AIP) scheme to encourage efficient spectrum use. Although Ofcom has, to date, decided to refrain from applying opportunity cost-based AIP pricing to broadcast spectrum, it is possible that AIP pricing will be implemented in the future. Currently, Ofcom has charged and is expected to continue to charge administrative cost-based fees to Multiplex operators, including the Group, based on Ofcom's direct costs associated with managing spectrum and the administration of broadcast licences. The Group has no information to suggest that Ofcom has any plans to change its current charging approach.

For further background, see "*Regulation of the Communications Industry in the United Kingdom— Spectrum Regulation— Multiplex and WT Act Licences*".

The UK Radio Industry

Radio services are available in the UK through analogue and digital terrestrial radio transmission, over the internet and through the transmission of audio-only streams on terrestrial and satellite TV platforms.

Compared to the television market, where broadcasters are nationally focused, local stations, whether BBC, commercial or community stations, are an important feature of the UK radio industry. Community radio licences were introduced by Ofcom in 2005 and operate on a non-profit basis.

Analogue radio works using frequency or amplitude modulation (FM and AM, respectively). An analogue radio has two main components – the transmitter and the receiver. The transmitter (the radio tower) sends out radio waves that have been modulated based on input from the content producer. The receiver picks up the signal and plays the audio. Analogue radio benefits from wide coverage areas due to its low frequency but faces the risk of distortion and interference. By contrast, Digital Audio Broadcast ("**DAB**") compresses and encodes the audio signal in a multiplex, resulting in lower rates of distortion and interference than analogue radio. The roll-out of DAB in the UK is primarily driven by its more efficient bandwidth use (which allows more stations to be broadcast) and enhanced experience through wider choice of features (including improved search functionalities).

Growth in DAB stations has been substantial, with the total number of digital radio stations has more than doubled over the last decade from 208 in 2011 to over 570 in 2021, of which the number of BBC national channels has remained stable at 12. The importance of the DAB platform will grow over time as listening reduces on the analogue networks. The Group plans to continue to assess options to expand the coverage of the networks in which it is the licensed DAB Multiplex operator, as well as the range of channels available, to give listeners the best possible DAB experience. and positioning DAB as the default replacement network for analogue services.

Small-Scale DAB (SSD) an initiative by Ofcom to facilitate the introduction of ultra-local and community stations on to DAB was introduced in 2018 further expanding DAB station choice. Ofcom have now licenced more than 100 SSD multiplexes. The Group has supported some the launched multiplexes with site access. These new multiplexes further support the industry and complement the bigger local and national services that the Group distributes for Radio customers.

Popularity of Radio

Total radio listening hours for adults (including ages 15+) in the UK has remained stable over the last decade, with total weekly listening in excess of one billion hours. Per listener, the average amount of weekly radio listening hours has remained high over the last ten years at above 20 hours per week, with those over 45 years of age maintain stable listening habits (Source: Rajar). This is despite the launch of disruptive internet radio and streaming services such as Spotify (2008), Deezer UK (2011), BBC iPlayer Radio (2012) and Apple Music (2015) as well as the significant growth in podcasts.

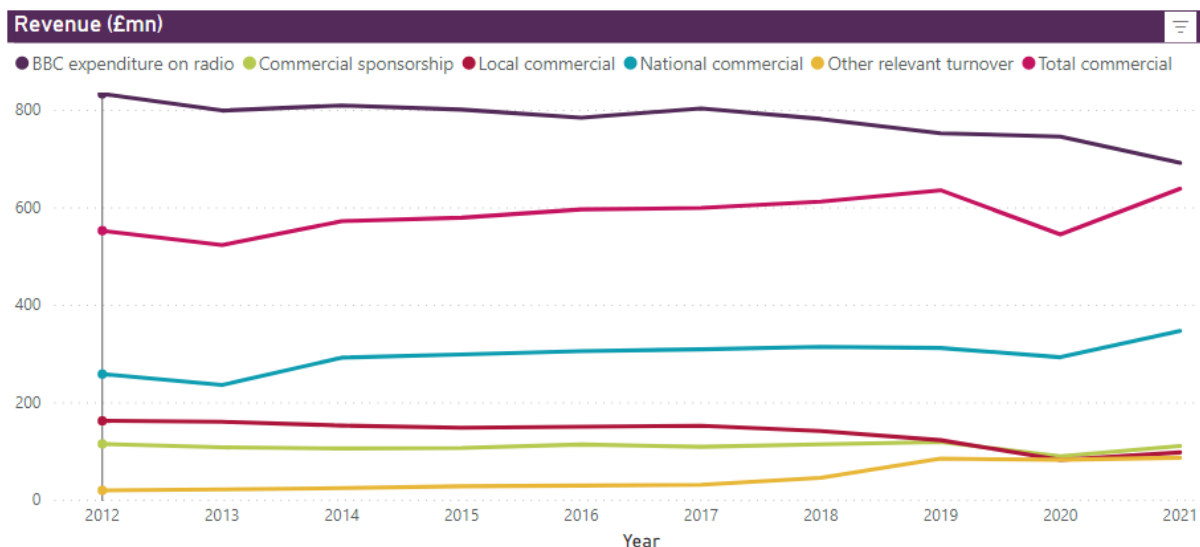
Radio listening via a broadcast platform has remained resilient with 77% of listening still AM, FM DAB and DTT (4%) despite the introduction of alternative audio sources. The Group expects it to remain resilient for a range of reasons, including that IP delivery is presently unable to reliably serve car listeners, households with an existing radio device have limited incentive to change due to the cost involved, and the fact that there is a high installed base of domestic radios. The Digital Radio & Audio Review published in 2021 led by the DCMS and industry also support the view that broadcast platforms will still deliver over two thirds of listening hours by 2035.

Radio Industry Revenues

Commercial radio is funded purely through radio advertising and sponsorship, unlike BBC radio, which is funded from the licence fee. In the year 21/22, £25.08 of the £159 annual licence fee was allocated to BBC Radio (Source: BBC).

Since 2011, radio advertising revenue has remained stable at approximately £0.6 billion each year, and has been unaffected by the rise of online advertising (Source: Ofcom). The sector generated total advertising revenues of £740 million last year, radio's highest ever total recorded revenue, breaking the previous record of £718.7m set in 2021 (Source: Radiocentre).

The following chart shows radio industry revenues for the period 2012 to 2021 (£ million):



Source: Ofcom "Media Nations Report 2022"

Digital Radio and DAB

Most BBC and commercial radio services broadcast using digital technology, particularly through DAB transmissions, digital television and online. Whilst total radio listening hours per week have remained stable, the proportion of digital radio listening hours has increased significantly from 34% in the first quarter of 2013 to 67% in the fourth quarter of 2022

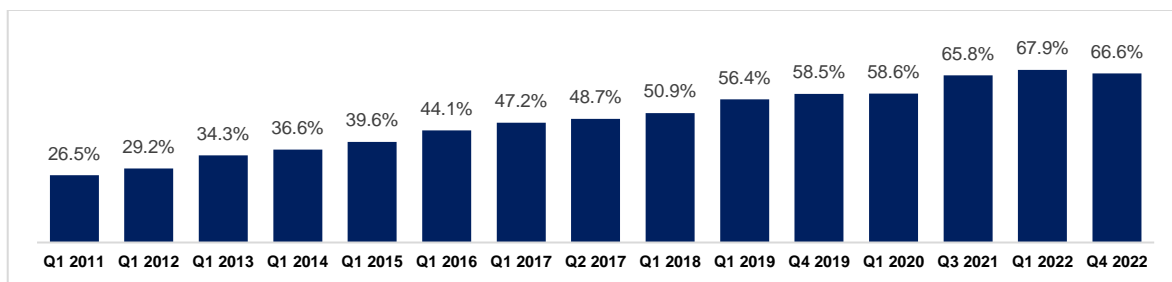
(Source: RAJAR). Of this total digital listening, 58% was via a DAB radio, 6% was on digital television platforms, 16% via web/online apps and 20% on smart speakers was delivered over the internet and mobile devices (Source: RAJAR). The number of DAB stations has also grown significantly in recent years, from 208 in 2011 to over 570 in 2021 and, of these, 46 are national commercial stations and 12 are national BBC stations (Source: Ofcom). Furthermore, DAB penetration has been increasing over the past years and the percentage of the adult population claiming to have access to a DAB receiver was approximately 65% as at February 2023 (Source: WorldDAB).

Digital Radio & Audio Review

The Digital Radio and Audio Review was commissioned by the government in February 2020 with the primary objective of assessing future trends in listening and to make recommendations on ways of strengthening the UK radio and audio sector. The Review was led by DCMS and undertaken in conjunction with a broad cross-section of industry stakeholders, Group played a major role in this review contributing to and shaping the report recommendations. The report was published in October 2021, one of the conclusions made in this report was that *“Radio remains a strong, trusted medium in the UK delivering significant public value. 89% of the population tunes in every week, a figure which has remained remarkably consistent in the last decade. Traditional radio, including FM services, is valued by many –listeners – particularly those who are older or vulnerable, drive older cars or live in areas with limited DAB or broadband coverage. On current trends, therefore, the Review’s conclusion is that FM will be needed until at least 2030”*.

A closure of the AM platform is expected prior to 2030, however the FM analogue radio platform is not expected to close before 2030 with its life expectancy into the 2030s and potentially beyond. A further review of the sector is planned to be completed by 2026.

The following chart shows the share of all radio listening via a digital platform (comprising DAB, online, radio applications and digital TV) in the UK for the periods indicated:



Source: RAJAR

In order for the DRS to occur, further roll-out of DAB would be likely be required, particularly to increase the BBC coverage levels to match the current levels of AM/FM coverage and to improve DAB coverage on roads. BBC and commercial broadcasters are likely to exit most analogue AM radio broadcasts as per announced plans due to low listening shares.

Radio Broadcast Regulation in the UK

As with TV, radio broadcast service has two distinct parts: MTS and NA. Together these services allow delivery of broadcast media content to end consumers over the air. The Group has a monopoly position with respect to NA and provides MTS for the BBC and nearly all commercial radio broadcasters in the UK as at the time of publication of this Prospectus. For this reason, the Group’s radio transmission services are regulated by Ofcom, and are subject to the Undertakings given to the Competition Commission (now its successor, the CMA) and overseen by the OTA-BTS, appointed by and reporting to Ofcom. Under the Reference Offer framework, pricing for transmission services can be reviewed by the OTA-BTS. For further background, see *“Business—Broadcast & Media Business Function”* and *“Regulation of the Communications Industry in the United Kingdom—Competition Regulation”*.

Internet of Things, Machine-to-Machine and Smart

The IoT is a “network of networks” of uniquely identifiable endpoints (or ‘things’) that communicate without human interaction using a common connectivity platform. It involves multiple devices communicating with each other through sensors and digital connectivity to form a combined network of services.

The IoT industry is still nascent in terms of its commercial development. However, some of the world’s largest technology companies, such as Microsoft, Siemens and Intel are actively pursuing the market opportunity. Alongside technology

companies, telecoms infrastructure providers are a key enabler of any type of IoT use given the reliance of IoT on the ability to communicate data across a cellular or radio wireless network. Generally, the five key groupings of companies active in the IoT business are: (i) enterprise software & service providers; (ii) internet companies; (iii) specialised start-ups; (iv) industry & technology providers; and (v) telcos, though overlaps exist between the five groups.

Current IoT applications in the UK – Smart metering

Gas and electricity smart metering in the UK

Smart meters provide real time data on energy use across premises which can be used to help customers to lower their energy consumption. This, in turn, can generate significant economic benefits for utility companies and consumers.

In the UK, the Government has mandated the roll-out of energy smart metering, at the end of March 2021, there were 24.2 million smart and advanced meters in homes and small businesses across Great Britain, representing 44% smart coverage. The Government is targeting 100% smart meter installation in homes and small businesses by the end of 2025 (Source BEIS).

The programme has been retail energy supplier led, with utility companies being required to install smart meters for their customers. These meters are then linked to a communications network via a communications hub linked to the electricity and gas meters. The contracts for the provision of these communication services, including the provision of the communications hubs, were tendered by the government at the start of the smart metering roll-out process in 2013. Telefónica won the contracts for South and Central England and the Group won the contract for the north of England and Scotland, a region containing approximately ten million households.

Water smart metering in the UK

Domestic water use in the UK can be metered using the following devices:

- A 'dumb' meter which logs water use and is read manually by an engineer and reported back to the company, water meter reading is infrequent i.e. half-yearly
- Automated Meter Reading (AMR), which includes data loggers, this data can be collected remotely and again infrequently (every two weeks) i.e. via a localised wireless logger attached to a waste disposal lorry
- Advanced Metering Infrastructure (AMI), always connected meter delivering real-time usage data to water companies

Smart metering can provide a range of benefits to water companies, households and society. Key benefits include:

- A reduction in water usage as smart metering encourages households to reduce consumption, and identifies and reduces customer-side leakage. Lower water usage
- Reduces water companies' operating and capital costs on future water resource schemes, lower meter reading costs, improved demand forecasting and providing better data to manage the infrastructure.
- Better customer engagement, accurate bills and lower bills where the net benefits are positive.
- Societal improvements include reduction in water consumption (reducing stress on local water environments) and an associated reduction in carbon emissions.

The rollout of smart water meters has continued supported by growing concerns around water scarcity, particularly in the South of England, increasingly dry summers and the loss of water arising from leaks within the water network. Most water companies have included the rollout of smart water meters within the recent water management plan documents which will inform the upcoming PR24 / AMP8 regulatory settlement by Ofwat.

While suppliers in areas classed as water stressed by the Environment Agency have the right to offer meters to customers to address the challenges of water scarcity, there are no nationally set targets by the UK Government or the regulator for the installation of water meters in homes in the UK.

The main driver of the rollout of smart is the economic benefit of smart meters such as faster leak detection, enhanced supply/demand planning, better capital investment targeting, lower water consumption and lower energy use and carbon emissions, all of which can lead to significant cost savings and environmental and social benefits. There is growing

support from DEFRA and Ofwat for the role smart water meters can play in addressing the challenges of water scarcity. In April 2023, Ofwat, published its draft decision to accelerate approximately £400 million to be invested in water resilience schemes, including seven smart metering schemes. Around 462,000 smart meters would be delivered by the end of 2025 in advance of pricing/funding settlements for AMP8.

As with gas and electricity smart metering, communications technology is crucial in allowing the two-way communication of data between smart water meters in the home and utility providers. The Group currently provides these communications services to Thames Water, Anglian Water and Northumbrian Water, the number 1, number 6 and number 5 in terms of households covered in their respective regions. The Group has installed the UK’s two largest AMI deployments (for Thames Water and Anglian Water) as part of these communications. The Group is further engaged in two trials for a water company in the Midlands and SES Water. At the date of the prospectus, the next water industry price review (PR24) is underway. Early public commentary from Ofwat has indicated that 14 of 17 water companies have declared an intention to roll-out AMI meters delivering a cumulative 50% of total UK households by 2035. This supports a large-scale AMI roll-out where the Group has a proven track record.

Managed sensors, connectivity networks and data analytics

Utilities customers are facing increased cost and complexity of operations whilst trying to deliver for their customers and meet challenging regulatory targets.

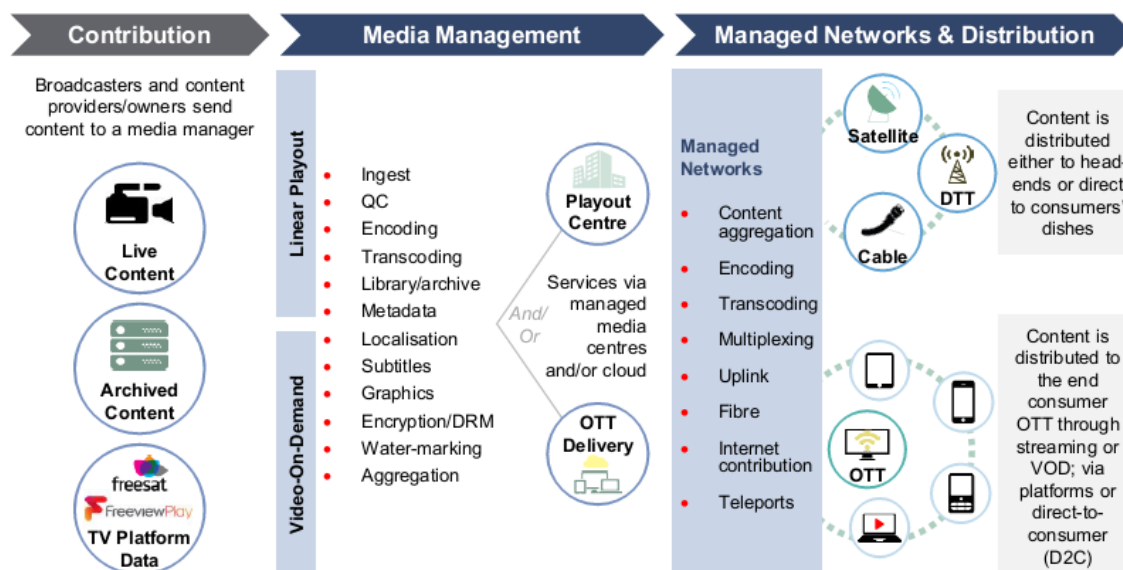
For example, in the water industry regulatory targets (ODIs) with significant (>£50m) penalties for leakage, pollution incidents and wastewater management are driving network investment decisions and digital transformation is a key priority delivering better visibility and management of their assets.

In the energy sector the closure of BT’s PSTN connectivity for network monitoring by 2025 is acting as a catalyst for seamless integration of different technologies to provide asset connectivity and redundancy.

The Group has developed new services to tackle these key challenges and win market share in new segments. These include hybrid communications networks, managed sensors (such as sewer-level monitoring) and a data analytics product (i.e. customer-side leakage detection).

Satellite and global media industry

Within the broader Satellite and Media industry that encompasses the various steps from content creation by broadcasters or independent producers to viewer consumption, the Group operates across the following steps of the value chain:



Source: Company information

Once video content is produced, it is then processed through the media management part of the value chain and value is added through services such as metadata creation, localisation, etc. Prepared content is made ready for delivery as linear channels or VoD via multiple distribution paths, such as satellite (DTH), DTT, cable or OTT. For satellite distribution,

scale providers “multiplex” a number of channels that are then uplinked to satellites before transmitting down to end consumers to receive via their satellite dishes. For OTT distribution, providers supply services such as transcoding and watermarking before content is delivered as linear streams or as VoD, either direct-to-consumers or via third party platforms.

Historically, components of the media value chain such as on-premise Multiplexing have been capital expenditure heavy, requiring investment in physical kit and facilities (such as teleports), but the market is evolving towards virtualisation of media management and distribution capabilities, which enables delivery of less capital-intensive services.

The competitive landscape is fragmented along the media management and distribution value chain. Broadcasters (and rightsholders who do not distribute via broadcast) may insource or outsource all or part of that value chain, though there is a growing trend to outsource given the advantages of a unified, seamless service across media management and (increasingly) multiple paths to distribute content, as well as the trend to virtualisation. The Group believes it has the opportunity to grow on the back of increased outsourcing. There are few providers that operate across the entire media management and distribution value chain like the Group does giving the Group a distinct competitive advantage. Within Broadcast & Media, there are satellite and media business segment that complement the broadcasting business function, and the two business functions have a number of customers who buy multiple service lines (including media management, OTT, DTH and DTT).

A number of trends are currently affecting the video market. First, consumer behaviour is becoming increasingly “hybrid”, with growing demand for viewing of video-on-demand anytime, anywhere, and a parallel growing demand for multiple screen/device viewing, for both video-on-demand and linear content.

Second, the video distribution industry is facing a number of changes, which include:

- A growing number of distribution platforms (DTH, DTT, cable, IPTV, and OTT);
- Improvements in compression technology, enabling more efficient distribution of high-quality video at lower cost;
- Globalisation of content, providing better monetisation of valuable content rights
- Increasing volumes of HD content, in both linear and VoD formats; and
- A slow growth in demand for UHD content, primarily focused on sport content on DTH, but more widely available on IPTV.

These video distribution trends have resulted in increased operational complexity for broadcasters, impacting business models.

As a result, broadcasters have been investing more in securing exclusive content rights, which in turn creates an incentive to monetise expensive content globally, and to monetise OTT as well as through traditional distribution. In addition, rightsholders (who do not broadcast) seek to monetise content OTT (via streaming or VoD, and either through third party platforms or direct-to-consumer). In addition, these trends have resulted in increasing virtualisation of media management and distribution capabilities,

These developments have encouraged operational and commercial flexibility, rather than a rigid focus on one business model that has been prevalent previously.

The Group is specifically targeting the move to IP and cloud-based distribution building on its credentials and expertise in traditional Broadcast & Media markets. New products such as Arqade which is a self-service content interchange and Arqplex which brings traditional liner and OTT services together in a headend-as-a-service offering.

Satellite distribution services: the UK DTH Distribution Market

There are two main routes through which broadcasters can access DTH. Broadcasters can either self-manage their DTH capacity (i.e. lease satellite capacity directly from satellite operators) or access a fully managed proposition by outsourcing to a third party intermediary. The majority of satellite channels in the UK have adopted an outsourced proposition, at approximately 57% of the 602 total satellite channels in the UK as of 31 March 2023 according to Group estimates.

Services provided can be divided into multiplexing, distribution and the provision of satellite capacity which in turn can be owned or leased from a satellite operator. Distribution is enabled via media teleports, making technology an essential part of the satellite broadcasting value chain. Satellite service providers who also own the infrastructure (e.g. the Group in the UK) have a competitive advantage as they are able to generate higher margins resulting in higher profitability. Furthermore, they can ensure that quality standards are maintained which is important given the emphasis that customers place on the quality of the service delivered.

In the UK, four main operators provide DTH services to satellite platforms: Arqiva, Sky, Globecast and SES. The Group is the market leader in the managed proposition market, with an estimated outsourced market share of approximately 25% of fully managed channels as of June 2022. As of June 2022, the Group estimates Sky had a market share of approximately 16% of the managed channels, Globecast had approximately 13% of the market share, and SES has <5%.

Demand for satellite capacity for UK DTH is impacted by three things: (i) Uptake of HD/UHD; (ii) improved compression (MPEG-4 vs. MPEG-2); and (iii) switch off of SD channels driven by platform competition, overall brand/channel consolidation and channel economics (SD+1).

In aggregate, the overall demand for UK DTH satellite capacity is expected to decline over the next decade as platform competition from IP alternatives increases. This will be driven by SD channel closure i.e. PSB regional HD services have now launched and their respective SD channels will close by 2024 and +1s are increasingly uneconomic due to low incremental advertising revenue generation.

Global Media, managed networks

Managed networks consist of the distribution of video content either via satellite or fibre to broadcasters across the globe. Content is received from broadcasters and content owners and then distributed via leased satellite and fibre to a specific coverage area (e.g. Europe or a part of Asia). The broadcasters then receive the video content and distribute it further to end consumers.

Key players in the market include SES, Globecast, Babcock and Arqiva. SES and Globecast are global players in relation to both contribution and distribution whilst Babcock and Arqiva offer a predominantly UK/EMEA focused contribution service with global distribution. The Group provides an attractive and fully managed customer proposition by leveraging on its strong global client relationships.

Key trends for Managed Networks

There are three major trends that are expected to drive change in the managed network industry over the next 15 years:

- (a) **Customer needs:** customers are primarily concerned about receiving a reliable service that meets their needs. Broadcasters are looking for reliable managed networks, typically achieved by using a minimum of two transmission systems (either two working systems or one primary/one back-up) and up to four systems for larger channels, combined with the mix of different transmission mediums and providers.
- (b) **Data volumes:** overall content transmitted across networks has been growing significantly in recent years, mainly driven by strong demand for occasional use and OTT. In addition to increased demand for Tier 1 sports, there is growing demand for Tier 2 live sports events (e.g. e-sports) and better geographic coverage as well as increased demand for OTT content and remote production.
- (c) **Technology:** High Throughput Satellite for point-to-point distribution provides higher bandwidth at lower costs. Furthermore, new IP-based (open internet) distribution networks are increasingly being adopted as an alternative to established point to point solutions while offering geographic growth opportunities, these will result in additional pressure on prices. The market is transitioning to cloud and IP delivery for global media content aggregation, affiliate distribution, processing (headend services), and distribution. There is also shifting demand from on premise multiplexing services to virtual and cloud-based solutions.

The Group is supporting this market transition and has established itself as a provider of products to access media contribution and distribution services without physical infrastructure installation. Originators can create their content, packages and channel bouquets of content. The content is made available through the Arqade platform. Broadcasters and TV platforms discover, review and select packages of their content. Content can be automatically processed in the required formats and protocols. Channels and/or live events packages are then distributed to where required for the broadcasters' audiences.

Arqiva's Arqade is a platform that is aiming to use and provide services through the advantages of the public cloud. Arqade brings rights holders/originators and broadcasters/recipients together. The former have a single virtual interchange where they can showcase and syndicate content to the latter – who can rapidly discover, review and request that content to create new channels or fill live event schedules. All of this is implemented in the cloud, without having to invest in physical infrastructure or customers having to build their own future-ready cloud environments.

Satellite Data Communication

Satellite Data Communication (SDC) provides data services for those that cannot easily access 'normal' internet connections (e.g. oil rigs). The customer has a modem or router that links its workstations to a satellite receiver or transmitter. Then, the data is transmitted from the customer's location to the satellite transponder, which has dedicated capacity to receive and transmit data. Finally, data is transmitted from teleport locations and linked to the internet backbone. The Group has leased dedicated capacity on satellite to receive and transmit data, it receives data from its own teleport locations and links this to the internet backbone or dedicated circuits.

In the medium-to-long term, demand for SDC services is expected to remain stable.

REGULATION OF THE COMMUNICATIONS INDUSTRY IN THE UNITED KINGDOM

Overview

The Group's business is subject to extensive regulation. Key areas of regulation relevant to the Group include:

- Undertakings given to the Competition Commission (now its successor, the Competition and Markets Authority ("**CMA**")) supervised and enforced by the Office of the Adjudicator – Broadcast Transmission Services ("**OTA-BTS**") and the CMA;
- communications regulation under the Communications Act 2003 (the "**Communications Act**") and related regulations, supervised and enforced by Ofcom, the UK's independent communications regulator;
- spectrum licence regulation including under the Wireless Telegraphy Act 2006 (the "**WT Act**") and the Broadcasting Act 1990 and Broadcasting Act 1996 (the "**Broadcasting Acts**");
- the Electronic Communications Code set out in Schedule 3A of the Communications Act 2003 (the "**EC Code**");
- the Product Security and Telecommunications Act 2022; and
- regulation relating to the Group's sites and infrastructure.

Competition Regulation

The Undertakings

Overview

As a result of historical reasons related to competition, the Group is subject to competition undertakings. In its present form, the Group was formed from the 2008 acquisition by Macquarie UK Broadcast Ventures Limited ("**MUBVL**") of the NGW group. MUBVL and NGW both provided broadcast transmission services to terrestrial television and radio broadcasters and Multiplex operators as well as infrastructure systems and services to mobile network operators ("**MNOs**") or fixed network operators. The acquisition was reviewed by the UK Office of Fair Trading and the Competition Commission, the UK competition authorities at the time. On 11 March 2008, the Competition Commission concluded that the acquisition might have been expected to result in a substantial lessening of competition in the market for transmission services, which includes the provision of managed transmission services ("**MTS**") and network access ("**NA**") to television broadcasters and certain radio broadcasters within the UK. Given this conclusion, Arqiva Group Limited (formerly Macquarie UK Broadcast Holdings Limited), Macquarie MCG International Limited, Macquarie European Infrastructure Fund II, Macquarie European Infrastructure Fund III and Macquarie Infrastructure and Real Assets (Europe) Limited (formerly Macquarie Capital Funds (Europe) Limited) (the "**Signatories**") gave undertakings to the Competition Commission (the "**Undertakings**").

The entities who provided the Undertakings in 2008 were the shareholders of Arqiva Group Limited ("**AGL**") at the time. Since then, the shareholding structure has changed, with Canada Pension Plan Investment Board ("**CPPIB**") selling its c. 48.02% stake (held through the relevant CPPIB owned Macquarie funds) to Digital 9 Infrastructure plc. ("**Digital 9**"), a UK-headquartered infrastructure investor. There is no prescribed process for the Competition and Markets Authority ("**CMA**") to provide its consent to the change of control over AGL under the Undertakings. The CMA has consented to the transfer of CPPIB's c.48.02% stake to Digital 9 and, while the entities that have initially signed the Undertakings formally remain signatories to the same, the CMA has confirmed that it now considers Digital 9 (rather than CPPIB) to be bound by the Undertakings.

The Competition Commission accepted the Undertakings on 1 September 2008 and approved the acquisition. As set out in the Undertakings, the Signatories will not act in a manner which would prevent AGL from complying with the Undertakings. In addition, the Signatories are subject to restrictions on transferring control of a member of the Group that carries on activities that are or may be material to the "Relevant Business Activities", being the activities "conducted by Arqiva in relation to the provision of MTS and Network Access and associated assets", without the prior written consent

of the CMA. On 19 October 2022, Digital 9 completed its acquisition of a 48.02% stake in Arqiva, for which it received the necessary regulatory clearances, including confirmation from the CMA that it consents to the change of control over AGL pursuant to the Undertakings.

The Undertakings further include:

- in respect of contracts existing at the time the Undertakings were given:
 - a requirement to provide enhanced service availability levels for services consisting of transmission services provided to a radio or television Multiplex operator or broadcaster;
 - the introduction of a “super credit” service credit regime as an alternative to the exercise of termination or step-in rights;
 - the introduction of percentage discounts on the contract price for transmission services;
 - provisions governing new contracts for transmission services including contract terms and pricing (see “—*Undertakings – undertaking to provide NA*” and “—*Undertakings – undertaking to provide Transmission Services*”). In short, new transmission agreements must be concluded on “fair and reasonable” terms and charges must be cost-related, to the satisfaction of the Adjudicator; and
 - a re-affirmation of the requirement to provide NA to any provider of transmission services (see “—*Undertakings – undertaking to provide NA*”). In short, NA must be provided on “fair and reasonable” terms and charges must be cost-related, to the satisfaction of the Adjudicator and, if relevant, Ofcom;
- additional provisions upon renewal of existing agreements:
 - rights of renewal for radio customers in relation to existing contracts on the same terms and conditions (as amended as a result of the Undertakings) to the extent relating to transmission services;
 - the requirement to grant certain of its television and radio customers the right to purchase transmitter equipment dedicated to that customer’s agreement upon exit of the agreement and, if taken up, a plan to facilitate transfer of ownership and control of such equipment to the customer;
 - a requirement to maintain appropriate accounting records to enable Arqiva to prepare (and have audited) annual statements of revenues, costs and assets employed for transmission services;
 - restrictions on the use of confidential information and a requirement to publish an information security strategy detailing Arqiva’s principles for access to and use of confidential information (recognising that Arqiva’s own Multiplex business could be in competition with that of its broadcast transmission customers);
 - a requirement to report monthly on the integration of NGW in relation to the planned cessation of analogue terrestrial television broadcasting services and the transition to all digital terrestrial television (“**DTT**”) broadcasting services in the UK (the digital switchover);
 - a requirement to report and provide information to the Competition Commission to allow it (and Ofcom the Adjudicator) to monitor or enforce compliance with the undertakings; and
 - restrictions as to the terms under which AGL can provide transmission services and/or NA to itself. Where AGL proposes to provide transmission services and/or NA to itself under terms which materially differ from those provided to customers, AGL must provide a copy of the proposal to the Adjudicator.

Arqiva is subject to the Undertakings in respect of both MTS and NA with respect to terrestrial broadcast. The Undertakings remain in effect, applying both to existing and new contracts that the Group enters into to provide services to television and radio broadcasters and Multiplex operators, and to the related infrastructure, in a number of ways. The Undertakings are now enforced by the OTA-BTS and the CMA, as successor to the Competition Commission.

Enforcement

Under the Enterprise Act, if the CMA considers that an Undertaking has not been, is not being or will not be fulfilled, then the CMA may make an order to remedy, mitigate or prevent the Substantial Lessening of Competition (“**SLC**”) concerned and to remedy or prevent any adverse effects which have resulted from, or may be expected to result from the SLC.

Such an order may contain anything permitted by the Enterprise Act, which includes (i) prohibiting anything the CMA may consider to be (a) discrimination between persons in the prices charged for services or (b) a preference in respect of the supply of goods or services; (ii) prohibiting charging prices different to those in any published list or notification; (iii) regulating the prices that can be charged for goods or services; (iv) prohibiting or restricting the acquisition of all or any part of the undertakings or assets of another person’s business; or (v) providing for the compulsory division of any business (for example by way of a sale of any part of the undertakings or assets of a business).

To date, Arqiva has not been subject to any enforcement procedures in respect of the Undertakings.

AGL has further confirmed that to date there have not been any difficulties in meeting these Undertakings and that the Undertakings have been complied with other than a minor technical breach in 2010. In response to this breach, the Office of Fair Trading noted the exceptional circumstances of the case, the prompt reaction of AGL and the actions taken to strengthen AGL’s internal procedures, and confirmed there was no intention to escalate the matter further.

Adjudicator (OTA-BTS)

The Undertakings provide for the appointment of an adjudicator and setting up of the OTA-BTS (the “**Adjudicator**”), who is required to make periodic reports to the CMA (copied to Ofcom) including the OTA-BTS’s views on the performance of Arqiva in complying with the Undertakings. The reports are [available](http://ota-bts.org.uk/) at <http://ota-bts.org.uk/>. OTA-BTS published the latest compliance report for the period between 1 January 2023 to 31 March 2023 and concluded that Arqiva complied with the Undertakings during the said period, further noting that “the performance of Arqiva continues to be generally satisfactory”.

The OTA-BTS has certain powers to give directions in respect of the Undertakings (including but not limited to Reference Offers and to resolve disputes in relation to Arqiva’s obligations under the Undertakings. To date, no disputes have been referred to the OTA-BTS for resolution under its dispute resolution powers.

Authority (CMA)

The Undertakings also require AGL to deliver an annual report to the CMA, setting out: (i) the steps it has taken during the preceding year to comply with the Undertakings; (ii) instances where a breach or potential breach of the Undertakings has been identified and the steps taken to remedy it; and (iii) how the annual compliance report was compiled. There were no instances of non-compliance.

Additionally, the CMA regularly reviews undertakings previously agreed to ensure that they are still appropriate in the current circumstances. As part of this programme, the CMA reviewed the Undertakings in 2015 and held that most major stakeholders were satisfied with the situation. The updated version of this review in 2019 indicated that the Undertakings appeared “to be working well”. See the CMA’s report “*Understanding past merger remedies*”.

Following the CMA’s initial review, Ofcom reviewed the broadcasting transmission services market and determined in November 2016 that the Undertakings were sufficient constraints on AGL and the Signatories. See Ofcom’s paper “*Broadcasting Transmission Services: a review of the market*”.

The CMA can vary or terminate undertakings where they are no longer appropriate for the circumstances surrounding the perceived competition issue.

Undertakings — undertaking to provide NA

The terms, conditions and charges pursuant to which Arqiva will provide NA under a new transmission agreement are set out in the relevant reference offer for services (a “**NA Reference Offer**”). In preparing a NA Reference Offer Arqiva must (i) comply with the provisions in the Undertakings regarding charges (see further below), (ii) comply with any direction and have regard to any guidance issued by the OTA-BTS and (iii) have regard to the principles relevant to that type of Reference Offer set out in the Undertakings (“**Principles**”). The Principles set out, at a high level, the terms and conditions of each type of Reference Offer (whether DTT or radio) and include (among other things) provision for liquidated damages to be payable by Arqiva for any station delivered late (subject to appropriate carve outs), an indemnity

in favour of Arqiva for any content related liability, a service credit and super credit regime and the warranties to be provided by Arqiva.

With regard to charges, Arqiva must be able to demonstrate (to the OTA-BTS) that each charge payable for NA (i) is reasonably derived from the costs of provision allowing recovery of common costs and including an appropriate return (being currently a fixed rate of return of 7.71% WACC (real pre-tax) on a pre-2015 regulated asset base and 7.5% WACC (real pre-tax) on post-2015 new capital assets), (ii) has been calculated in compliance with any direction and has regard to any guidance issued by the OTA-BTS and (iii) has regard to the Principles. With respect to charges the Principles provide that (i) the forecast costs of provision are only to include those costs that Arqiva will reasonably and efficiently incur in providing the NA, (ii) electricity charges will be passed through at cost, and (iii) where actual costs of provision are higher than forecasted costs the charges may not be increased (unless as a result of a change in the specification or any other matter outside of Arqiva's control) but where actual costs are lower, an appropriate gainshare mechanism is to be applied. There are further provisions relating to the terms, conditions and charges applicable to Transmission Services, (which are a combined MTS and NA service), set out in a Transmission Services Reference Offer (a "**Transmission Services Reference Offer**") (see "*—Undertakings – undertaking to provide Transmission Services*" below).

Existing radio customers may elect to renew their existing contracts on the same terms and conditions, as amended in accordance with the Undertakings (see "*—The Undertakings—Overview*"). Alternatively, where a new agreement is entered into, the customer has the option to adopt the terms of its existing agreement, rather than the terms of the relevant Reference Offer (other than the provisions relating to charges which are to be determined in accordance with the Undertakings).

The OTA-BTS has certain powers to give directions in respect of the Undertakings (including but not limited to Reference Offers) and to resolve disputes in relation to Arqiva's obligations under the Undertakings. To date, no disputes have been referred to the OTA-BTS for resolution under their dispute resolution powers.

Undertakings — undertaking to provide Transmission Services

Pursuant to the Undertakings, Arqiva undertook to provide Transmission Services of MTS and NA to any customer for the purposes of providing analogue and/or digital terrestrial broadcasting transmission services in the UK to deliver broadcast content to end users. Such Transmission Services must be on fair, reasonable and non-discriminatory terms, conditions and charges and in accordance with the relevant Transmission Services Reference Offer. This permits the Group to establish prices at market levels, provided the Group can demonstrate to the OTA-BTS that the Group's pricing is consistent with market standard rates.

Under the Undertakings, (i) charges for Transmission Services are to be capable of being demonstrated to be (a) reasonably derived from the costs of provision allowing an appropriate mark up for the recovery of common costs and including an appropriate return and (b) calculated in compliance with any direction and with regard to any guidance issued by the OTA-BTS; and (ii) the costs of electricity are to be passed through to the customer with no additional mark up. These provisions also apply to the NA element of any Transmission Services offered or provided by Arqiva under new transmission agreements.

The OTA-BTS has certain powers to give directions in respect of the Undertakings (including but not limited to Reference Offers) and to resolve disputes in relation to Arqiva's obligations under the Undertakings. To date, no disputes have been referred to the OTA-BTS for resolution under their dispute resolution powers.

Ofcom – Significant Market Power

The Communications Act (discussed further below) was part of a regulatory framework that implemented a package of five European directives. This regulatory framework aimed to respond specifically to competition issues in the rapidly developing industry, including harmonising regulation across Europe and reducing entry barriers and fostering prospects for effective competition for the benefit of consumers. Section 45 of the Communications Act enables Ofcom to impose regulatory conditions on undertakings that it has determined have "significant market power".

Ofcom imposed a number of regulatory conditions on Arqiva (then Crown Castle UK Limited and National Transcommunications Limited) under Section 45 of the Communications Act on 28 April 2005, following a review of the broadcasting transmission services market. These were revoked on 10 November 2016, on the basis that the Undertakings, described above, had effectively incorporated the content of the 2005 regulatory conditions. Ofcom stated

that it retains the ability to open a fresh review into the market should there be any significant changes in the market, “in particular the removal or significant alteration” of the Undertakings.

The regulatory conditions related to the provision of access to the mast and site network and shared or shareable antenna systems acquired, constructed or installed by Arqiva for the purpose of providing analogue and/or digital terrestrial broadcasting transmission services in the United Kingdom. Further details are set out in Ofcom’s Final Statement “Broadcasting Transmission Services: a review of the market” dated 10 November 2016.

Telecommunications Regulations

Overview

The activities of the Group are directly subject to regulation:

- (i) where a relevant Group company is the licence holder for media or broadcast services such as DTT multiplexes and digital radio multiplexes; and
- (ii) in relation to broadcast transmission services under the undertakings that Arqiva provides for customers who are holders of their own terrestrial broadcast licences for DTT and radio services,

collectively, the “**Media Service Activities**”. There are other areas where Arqiva’s customers are regulated, such as utilities, but Arqiva is not itself regulated in these areas.

The following telecommunications regulations are applicable to the Group’s Media Services Activities:

- (i) the Broadcasting Acts, which regulate broadcasting in a digital form of television and sound programme services as well as the broadcasting in that form on television or radio frequencies of other services;
- (ii) the Communications Act, which regulates the provision of electronic communications networks and services, the use of the electro-magnetic spectrum, broadcasting and the provision of television and radio services; and
- (iii) the EC Code.

The Group is subject to these regulations as a result of (among other things) being a provider of an “electronic communications network” and “multiplex services”. To permit it to carry out its terrestrial broadcast operations in both television and radio, the Group therefore holds a number of multiplex licences. It has also been granted “Code powers” under the Communications Act, to allow it to more readily install and maintain apparatus on, under and over public spaces.

Communications Act

The Communications Act is the relevant regulatory regime governing communications in the UK, supervised and enforced by Ofcom.

Ofcom

The UK’s independent communications regulator is Ofcom, which was established by the Office of Communications Act 2002, replacing a number of existing authorities (the Office of Telecommunications, the Radio Authority, the Radio Communications Agency, the Broadcasting Standards Commission and the Independent Television Commission). Ofcom’s main decision-making body is its board, which provides its strategic direction.

Under the Communications Act, Ofcom’s two primary duties are:

- to further the interests of citizens in relation to communication matters; and
- to further the interests of consumers in relevant markets, where appropriate, by promoting competition.

Subject to these primary duties, the Communications Act also requires Ofcom to exercise and perform its powers and duties to secure:

- the optimal use for wireless technology of the electro-magnetic spectrum;
- the availability throughout the UK of a wide range of electronic communications services;

- the availability throughout the UK of a wide range of television and radio services which (taken as a whole) are both of high quality and calculated to appeal to a variety of tastes and interests;
- the maintenance of a sufficient plurality of providers of different television and radio services;
- the application, in the case of television and radio services, of standards that provide adequate protection to members of the public from the inclusion of offensive and harmful material in such services; and
- the application, in the case of all television and radio services, of standards that provide adequate protection to members of the public and all other persons from both unfair treatment in programmes included in such services and unwarranted infringements of privacy resulting from activities carried on for the purposes of such services.

In carrying out its duties, Ofcom is obliged to have regard, in all cases, to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.

Ofcom regulates the television and radio sectors, fixed line telecoms, mobile, postal services and the airwaves over which wireless devices operate. In the context of Arqiva's business units, this means that Ofcom regulates significant aspects of the Media and Terrestrial Broadcast division within the Media and Broadcast business unit, including with respect to NA, MTS and spectrum, and also regulates Arqiva's use of spectrum in the UK in its respect of its satellite operations in both the Smart Utility Networks and Media and Broadcast business units. Ofcom is also the regulator for a number of Arqiva's significant customers, broadcasters and Multiplex operators.

General Conditions of Entitlement

Overview

The Communications Act grants a general authorisation for providers of electronic communications networks ("ECNs") and electronic communications systems ("ECSs"), to operate without requiring an individual licence provided they comply with the generally applicable conditions of providing an ECN or ECS. Arqiva Limited operates under this general authorisation regime.

The general authorisation regime is subject to the general conditions of entitlement (the "**General Conditions**"). The General Conditions include requirements for providers to comply with certain technical standards relating to, for example, general access and interconnection obligations. The current unofficial consolidated version of the General Conditions came into force on 3 April 2023.

Enforcement

If Ofcom determines that there are reasonable grounds for believing that a provider is in contravention of any of the General Conditions which apply to that provider, it may issue a notification. The provider must comply with the notified conditions and remedy the consequences of the notified contraventions (usually within one month). If the provider does not comply with the notification, the Communications Act provides that:

- Ofcom may issue an enforcement notification in which Ofcom will specify the steps required to be taken by the provider; and
- Ofcom may bring civil proceedings for an injunction, specific performance or any other appropriate remedy or impose a financial penalty if a provider is in contravention of an enforcement notification.

Any financial penalty is to be such amount as Ofcom considers appropriate and proportionate to the relevant contravention, up to a maximum of 10% of the turnover generated by the notified provider's relevant business in the relevant period. For this purpose, the relevant business is how much of the provider's business relates to the provision of ECNs and ECSs (and related activities) and relevant period is the preceding 12-month period ending on 31 March prior to the first notification being given.

To date, Arqiva has not been subject to any enforcement procedures in respect of the General Conditions.

Revisions to the General Conditions

The Communications Act conferred powers on Ofcom to set, modify or revoke the General Conditions at any time provided that any condition or modification imposed: (i) is objectively justifiable in relation to the networks, services or facilities to which it relates; (ii) does not unduly discriminate against particular persons or descriptions of persons; (iii) is

proportionate to what the condition or modification is intended to achieve; and (iv) in relation to what it is intended to achieve, is transparent.

The latest change to the General Conditions to require relevant communications providers to develop and operate a new One Touch Switch process for residential customers switching landline and broadband services came into force on 3 April 2023.

Code Powers

Overview

The EC Code was originally enacted, in 1984, to regulate landline telephone provision and govern the rights of designated electronic communications Operators (as defined below) to construct, keep and operate equipment on public and private land (the “**1984 Code**”).

The Government reformed the 1984 Code by introducing a new version within the Digital Economy Act 2017, which came into force on 28 December 2017.

The new EC Code is set out in Schedule 3A of the Communications Act and includes new and stronger statutory rights for Operators to facilitate the installation and maintenance of electronic communications networks. Code powers can only be granted to providers of electronic communications networks and/or system infrastructure that have obtained a direction from Ofcom that the EC Code applies to them (an “**Operator**”).

The granting of Code powers to an Operator gives that Operator certain rights (as set out in the EC Code) to install and maintain apparatus on, under and over public spaces and results in considerably simplified planning procedures.

Key changes to the EC Code affecting the Group

Assignment of Code powers, upgrading and sharing of apparatus

Any terms in agreements that prevent or restrict Operators from assigning the agreement to another Operator are void, except a term requiring the assignor to provide a guarantee in respect of the assignee. Terms that impose conditions on the assignment, such as a condition requiring the payment of money, are also void.

An Operator can also upgrade its electronic communications apparatus or share that apparatus with another Operator if both of the following conditions are met: (i) changes to the electronic communications apparatus have no adverse impact on its appearance, or no more than a minimal adverse impact; and (ii) no additional burden is imposed on the other party to the agreement. An additional burden includes anything that adversely affects the other party’s enjoyment of the land or causes them loss, damage or expense.

Any terms in agreements that prevent or restrict Operators from upgrading or sharing where the two above conditions are met are void. In addition, terms that impose conditions on the upgrading or sharing, such as conditions requiring the payment of money, are also void.

Power of Court to impose a Code agreement

An Operator can require a site owner to confer a Code right or to be bound by a Code right that is exercisable by the Operator, including a right to keep electronic communication apparatus installed on that land, or to execute works on that land in connection with installing, maintaining or repairing that apparatus. To do so, the Operator must give the relevant site owner a written notice stating that it seeks that site owner’s written agreement to the Code right and to any other terms which the Operator has set out in the notice. If the relevant site owner does not agree within 28 days of the notice being served, or at any time after the Operator’s notice is given provides the Operator a counter notice that they do not agree with, then, under the EC Code, the Operator may apply for a court order imposing an agreement. If the court is satisfied that any prejudice caused can be adequately compensated for by money and is outweighed by the public benefit likely to result from the making of an order conferring the right(s) requested by the operator (and so dispensing with the need for the person to consent), then it may make such order. As a result, Operators now enjoy greater freedom to collaborate and more flexibility to build, operate and maintain their networks and system infrastructure.

The new EC Code also provides a right for a party to an expired Code agreement to require the other party to agree to renew or otherwise vary the terms of the agreement upon six months’ notice. If at the end of the six-month notice period the Operator and site provider have not reached an agreement, then either party may apply to the court for an order imposing the agreement or the proposed modifications to the agreement.

Statutory continuation of a Code agreement

Upon contractual termination or expiry, a Code agreement statutorily continues unless and until determined in accordance with the new EC Code.

Termination of a Code agreement by a site provider

To terminate a Code agreement the site provider must:

- (i) give a notice in the form prescribed by Ofcom;
- (ii) specify the termination date (which must be no earlier than contractual expiry or an earlier date for termination provided in the agreement);
- (iii) give at least 18 months' notice; and
- (iv) specify one of four statutory grounds for termination. The grounds which can be relied on by a site provider are:
(a) substantial breaches by the Operator of its obligations in the Code agreement; (b) persistent delay by the Operator in making payments to the site provider under the Code agreement; (c) the site provider intends to redevelop all or part of the land, or neighbouring land, and could not reasonably do so unless the Code agreement ends; and (d) the Operator does not meet the paragraph 21 test (which sets out when the court can impose a Code agreement).

No-scheme valuation for rent

If a Code agreement is imposed upon a site owner, or the court is required to specify terms where the parties are unable to agree, the valuation of the compensation will be based on market value, which excludes any element of value attributable to the intention of the operator to use the site as part of its network. This "no scheme" valuation is based on compulsory purchase principles and standards and is expected to result in substantial savings in rental outgoings for operator tenants, even where the cases do not go to court.

The effect of the 2017 Code on the Group's existing agreements

The new EC Code affects existing agreements, subject to the modifications contained in Schedule 2 to the Communications Act. These include, but are not limited to, the following:

- (i) the provisions relating to assignment, upgrading or sharing do not apply to existing agreements (so any restrictions on assignment, sharing or upgrading in existing agreements will remain in force);
- (ii) the expression "Code rights" will be interpreted in the way set out in the 1984 Code;
- (iii) the persons who would have been bound by the rights created by an existing agreement by virtue only of paragraph 2(3) of the 1984 Code will continue to be bound by the rights for the period set out in paragraph 2(3) of the 1984 Code. In effect, existing agreements under the 1984 Code will continue on existing terms until expiry. Upon expiry, the parties to the agreement can renew or vary the terms of the agreement under the new EC Code;
- (iv) the 1984 Code will continue to apply to the removal of apparatus if, before 28 December 2017, a notice requiring removal of apparatus was served under paragraph 21 of the 1984 Code; and
- (v) part 5 (Termination and modification of agreements) and part 6 (Rights to require removal of electronic communications apparatus) of the new EC Code apply to the termination or renewal of agreements made under the 1984 Code, except agreements subject to the Landlord and Tenant Act 1954.

Street works

Part 8 of the new EC Code permits the Operator to construct and maintain electronic communications networks and infrastructure (such as ducts, cabinets and poles) on public highways, without the need to obtain a street works licence to undertake the works and without the need for any separate ongoing proprietary interest in the land.

Code powers benefiting the Group

In March 2005, Arqiva Limited was granted Code powers in accordance with section 106(3) of the Communications Act for the purposes of the provision of an electronic communications network. Prior to the implementation of the Communications Act, Arqiva Limited could not benefit from the powers conferred upon Operators as it does not run a telecommunications network, but the Communications Act takes a broader view of who can and should benefit from Code powers, extending the EC Code to providers of electronic communications networks. Ofcom explained that it granted

Code powers to Arqiva Limited because Arqiva Limited: (i) provides apparatus which supports five mobile network Operators' networks and is therefore important in terms of ensuring that Operators can all offer widespread coverage; (ii) provides a large network that promotes competition in the communications market; and (iii) requires Code powers to protect sites on expiry of agreements by requiring landowners to follow a statutory process for removal of apparatus.

In September 2018, Ofcom granted Arqiva Limited a modification of the Code powers it was granted in July 2005. Arqiva Limited's Code powers were modified so that, in addition to the Code powers applying under section 106(4)(a) for the purposes of the provision of electronic communications networks, the Code powers shall also apply for the purposes set out in section 106(4)(b) of the Communications Act, namely for purposes of the provision of a system of infrastructure which is made available for use by other providers of electronic communications networks.

Operators are required (pursuant to the Electronic Communications Code (Conditions and Restrictions) Regulations 2003) to lodge a certificate in respect of the funds for liabilities obligation ("**FFL**"), which is an obligation to ensure that sufficient funds are available to meet certain specified liabilities. Such specified liabilities include, but are not limited to, costs or expenses of a responsible authority to repair damage caused by the installation or removal of electronic communications apparatus and liabilities arising under the New Roads and Street Works Act 1991.

The certification process requires the Code power holders to consider whether a provision needs to be made for FFL and, if so, a bond must be lodged with Ofcom. There is also a requirement for Operators to periodically review their decisions regarding FFL and, if provision has been made, whether the bond continues to be sufficient.

Further changes to the EC Code

The Product Security and Telecommunications Infrastructure Act 2022 received royal assent on 6 December 2022. This Act made several changes to the EC Code in part to "further the expansion of mobile, full fibre and gigabit capable networks across the UK" by encouraging "faster and more collaborative negotiations for the installation and maintenance of telecoms equipment on private land". In particular, the Act introduces: (i) express Code rights for operators to share with other operators the use of electronic communications apparatus installed on, under or over land, and to access land to carry out works associated with such sharing; and (ii) amendments to the EC Code, so that sharing and upgrading can apply to agreements that were in place before the EC Code came into force. Additionally, the Act amends the Landlord and Tenant Act 1954, such that rent under a new tenancy granted by order of the court will be valued according to the "no scheme" valuation method (i.e. the "open market valuation" method used under previous versions of the 1954 Act will no longer apply). See *No-scheme valuation for rent* section above.

Spectrum Regulation

International Spectrum Regulation

Radio spectrum (a term which is generally understood to mean the electromagnetic frequency range from 3 kHz to 300 GHz) is the means by which all wireless devices communicate. Spectrum is a finite resource, demand for which greatly exceeds supply in many frequency bands and many geographical areas. The frequencies below 1 GHz combine both capacity (bandwidth) and coverage (propagation), which makes them suitable for a wide range of different applications, and so are considered to be the most valuable.

Radio spectrum propagation does not align with national borders. Therefore, international co-operation has long been a feature of spectrum management policy.

At an international level, radio spectrum falls within the remit of the International Telecommunication Union ("**ITU**"), an agency of the United Nations, which co-ordinates the global exploitation of the radio spectrum; promotes international co-operation in assigning satellite orbits; and establishes worldwide standards to foster interconnection of communications systems. The ITU's legal framework is based on its constitution and convention (which has treaty status and to which the UK is a party) and the Administration Regulations (comprising the Radio Regulations and the International Regulations). World Radiocommunication Conferences are organised by the ITU to review and, where necessary, amend the Radio Regulations (the international treaty governing, among other things, the use of radio-frequency spectrum). These are held every three to four years. The most recent was in November 2019.

The policies of the ITU on management of radio spectrum and allocation of frequencies may impact the terms of the UK licensing regime that the business lines of Arqiva dependent on spectrum operate under, including its Media and Broadcast Smart Utility Networks divisions.

Wireless Telegraphy Act Licences

Licences

Unless expressly licence-exempt, a licence under the WT Act is required in order to install or use wireless telegraphy apparatus or to establish or use a wireless telegraphy station. Wireless telegraphy apparatus or a wireless telegraphy station is apparatus or a station for the emitting or receiving (over paths that are not provided by any material substance constructed or arranged for the purpose) of electromagnetic energy of a frequency not exceeding 3,000 GHz that:

- can be used for conveying messages, sound or visual images, or for operating or controlling machines or apparatus; or
- is used in connection with determining the position, bearing or distance, or for gaining information as to the presence, absence, position or motion of an object (or class of objects).

A wireless telegraphy licence is an authority granted by Ofcom authorising a named person to install or use radio equipment in a clearly defined way. Such a licence may be granted either in relation to a particular station or particular apparatus or in relation to any station(s) or apparatus falling within a description specified in the licence. Any licences granted under the WT Act may be issued subject to such terms, provisions and limitations as Ofcom thinks fit, including in particular, limitations as to the position and nature of the station; the purposes for and the persons by whom the station may be used; and the apparatus that may be installed or used there.

See “*Multiplex and WT Act Licences*” section below for details on the WT Act licences Arqiva holds.

Enforcement

Ofcom may revoke a wireless telegraphy licence or vary its terms, provisions or limitations either by giving notice to the licensee or by issuing a general notice applicable to all licences of that class. In February 2006, Ofcom published a Wireless Telegraphy General Licence Conditions Booklet the terms of which are incorporated into and form part of the terms of each wireless telegraphy licence to which the conditions apply. This Booklet was supplemented in January 2023 by an updated version applying in respect of Business Radio, Fixed Link, Maritime, Aircraft and Satellite licence classes above 10Watts E.I.R.P. transmit power. Under the general licence conditions, Ofcom may not revoke a wireless telegraphy licence to which the general conditions apply other than in certain specified circumstances, which include: (i) where the licensee consents, (ii) if a condition has been breached, (iii) in the interests of national security, or (iv) for reasons related to the management of the radio spectrum.

If Ofcom proposes to revoke or vary a wireless telegraphy licence it must notify the licensee stating the reasons for its proposed revocation or variation and specifying the period the licensee has: to make representations on the matter. Within one month of the end of such period, Ofcom must decide whether or not to revoke or vary the licence in accordance with its proposal (or a modified version of its proposal) and notify the licensee of its decision.

To date, Arqiva has not been subject to any enforcement procedures in respect of any of its WT Act licences.

Arqiva expects to receive a notice of revocation shortly for eight of the microwave link licences that are used by Arqiva in the 26GHz spectrum band as part of Ofcom’s statement on mmWave spectrum bands for new uses. The statement was made on 13 March 2023 and Arqiva understands that Ofcom will begin the process to revoke for specified fixed links giving a five year notice period shortly for spectrum management purposes. Of the current eight microwave links, four are already being replaced. The remaining four are expected to be re-engineered to use alternative spectrum before the licences are revoked.

Spectrum Trading

The WT Act allows Ofcom to make regulations authorising wireless telegraphy licence holders to transfer rights and obligations under licences which have been designated as tradeable to a third party (known as spectrum trading). Only certain types of spectrum licences have been designated as tradeable and spectrum trading does not, for example, apply to the WT Act licences that Arqiva holds in respect of its television and radio Multiplexes (unless selling the relevant Multiplex as well).

Spectrum trading was first introduced in the UK by the Wireless Telegraphy (Spectrum Trading) Regulations 2004, which was subsequently replaced by the Wireless Telegraphy (Spectrum Trading) Regulations 2012. The latter. The latter allows for three different types of transfer:

- outright transfers — where all rights and obligations under a licence are transferred from one party to another (so that the transferor no longer has any rights or obligations under the licence);
- concurrent transfers — where the rights and obligations under a licence are transferred on a concurrent basis (so that the transferor and transferee both share the rights and obligations under the licence); and
- partial transfers — where only some of the rights and obligations under a licence are transferred from one party to another. Partial transfers can be outright or concurrent and the transfer can be on a frequency, geographical or time basis.

The type of transfer a licensee can undertake will depend on which class the licence is in and whether that class allows for all or only some types of trade.

With spectrum trading, the transferee is granted its own WT Act licence. In 2011, spectrum leasing was also introduced. With spectrum leasing, the lease holder is not granted its own licence (as is the case with spectrum trading) but uses the licence holder's spectrum by virtue of a lease contract with the licence holder. Currently, spectrum leasing is limited to business radio area defined licences and most auction licences.

In relation to Arqiva's spectrum licences, the two spectrum licences that Arqiva acquired at auction (national licences for the 412-414 MHz and 28 GHz frequencies) are tradeable.

Arqiva and Airwave entered into a memorandum of understanding on 16 May 2008, under which Arqiva granted Airwave an option to take a lease of radio spectrum between 412-414 MHz and 422-424 MHz, which was licensed by Ofcom to Arqiva at the time. Arqiva exercised its right to call back 20 of the 80 channels in 2008 to use for electricity and gas smart metering. The Group repurchased a further 20 channels in December 2017 to provide increased capacity for the Group's smart metering contracts with the DCC and Thames Water.

With the application by Ofcom of Administered Incentive Pricing, "AIP", in 2021, Arqiva has continued to hold the radio spectrum between 412-414 MHz and 422-424 MHz along with Airwave and now shares the payment of the annual fee for this spectrum.

For the national 28GHz spectrum access licence, ahead of the application of an Annual Licence Fee, "ALF", by Ofcom in February 2023, Arqiva was granted a variation to this licence to restrict the licence to the geographical areas around three earth station gateway sites. This significantly reduced the ALF payment for this licence while allowing existing customer contracts to continue.

Multiplex and WT Act Licences

Background

Ofcom has granted the Group a number of licences under the Broadcasting Act 1996 and the WT Act, which enable the Group to carry out its terrestrial broadcast operations in both television and radio.

This section identifies the key multiplex licences held by Group companies, and sets out the expiry dates, grounds for revocation and change of control restrictions found in those licences.

Key multiplex licences held by the Group

For the purpose of this Prospectus, we have reviewed only the key multiplex licences held by Group companies. These multiplex licences are typically issued under the Broadcasting Act 1996, and require a corresponding WT Act licence for the use of radio spectrum over which the multiplex is broadcast.

The key multiplex licences granted by Ofcom are as follows:

Under the Broadcasting Act 1996:

- the multiplex C licence issued to Arqiva Services Limited (now known as On Tower UK Limited), dated 16 August 2002 and renewed on 17 February 2012 (the "**Multiplex C Licence**"); and
- the multiplex D licence issued to Arqiva Services Limited (now known as On Tower UK Limited), dated 16 August 2002 and renewed on 17 February 2012 (the "**Multiplex D Licence**").

Under the WT Act:

- a licence issued to Arqiva Services Limited (now known as On Tower UK Limited) on 14 February 2020, having first commenced on 21 October 2014, for the transmission of the digital terrestrial television multiplex service authorised by the Multiplex C Licence (the “**Multiplex C WT Act Licence**”); and
- a licence issued to Arqiva Services Limited (now known as On Tower UK Limited) on 14 February 2020, having first commenced on 21 October 2014, for the transmission of the digital terrestrial television multiplex service authorised by the Multiplex D Licence (the “**Multiplex D WT Act Licence**”).

These licences were transferred from Arqiva Services Limited (now known as On Tower UK Limited) to Arqiva Muxco Limited after approval by Ofcom (or, in cases of the revocation of licences in the name of Arqiva Services Limited (now known as On Tower UK Limited), new licences were granted in the name of Arqiva Muxco Limited), as a condition to the completion of the Digital Platform BTA. We also note that clause 1 of the main terms of the Multiplex D WT Act Licence, as available on the Ofcom website, defines the “relevant Broadcasting Act 1996 licence” as Multiplex C. This should be defined as Multiplex D (though this is only a typographical error – the details on the front page are correct).

Other licences held by the Group

The Group also holds the following licences that are relevant to its broadcast (television and radio) operations, but which have not been reviewed as part of preparing this Report.

Under the Broadcasting Act 1996:

- a national commercial digital radio multiplex licence granted on 11 November 1999 to Digital One Limited (a member of the Group) by Ofcom under Part 2 of the Broadcasting Act 1996 (the “**National Radio Licence**”), which commenced on 15 November 1999, and covers services on the multiplex such as Classic FM and talkSPORT;
- a national commercial digital radio multiplex licence granted on 24 February 2016 to Sound Digital Limited (a joint venture set up by the Group, Bauer Radio and Wireless Group Media) by Ofcom under Part 2 of the Broadcasting Act 1996 (the “**Second National Radio Licence**”) which commenced on 29 February 2016, and covers services on the multiplex such as Mellow Magic and talkSPORT2; and
- a number of local radio multiplex licences held under the Broadcasting Act 1996.

In relation to the two national commercial digital radio multiplex licences, Ofcom has been granted the power to renew these licences until December 2035. See Ofcom’s press release – “*Commercial digital radio multiplex licences renewed until 2035*”.

Under the WT Act:

- a licence granted on 21 September 2011 to Digital One Limited by Ofcom for the transmission of the sounds broadcasting services authorised in the National Radio Licence;
- a licence granted on 24 September 2016 to Sound Digital Limited by Ofcom for the broadcasting of the radio multiplex service licensed in the Second National Radio Licence; and
- local radio multiplex licences under the WT Act in respect of each radio multiplex held by the Group, such as a licence granted on 14 February 2013 to Now Digital Limited by Ofcom (the “**HBB Local Radio WT Act Licence**”) for the broadcasting of the radio multiplex service licensed in the HBB Local Radio WT Act Licence.

Expiry and revocation of the key multiplex licences

Expiry

Unless revoked or surrendered:

- the Multiplex C Licence and Multiplex D Licence will expire on 15 November 2026; and
- the Multiplex C WT Act Licence and Multiplex D WT Act Licence will expire on 15 November 2026.

The Multiplex C WT Act Licence and Multiplex D WT Act Licence may also expire prior to 15 November 2026 if the corresponding licence under the Broadcasting Act 1996 is terminated.

Following a consultation carried out by the DCMS (a government department) on the renewal of digital terrestrial television multiplex licences expiring in 2022 and 2026, in August 2021 the government gave Ofcom the power to carry out renewal of the Multiplex C Licence & Multiplex D Licence through to 2034. Ofcom has confirmed on 6 April 2023 that it has granted

the renewal of the licences for multiplexes C and D until 31 December 2034. The Group understands that Ofcom is currently in the process of re-issuing the updated licences.

Revocation

In relation to the Multiplex C Licence and Multiplex D Licence, Ofcom may serve a notice on the licensee for failing to comply with any licence conditions, and revoke the licences if:

- the licensee fails to take the steps to remedy the failure as set out in the notice; and
- it is in the public interest to do so.

Additionally, Ofcom may also revoke such licences by written notice if:

- the licensee ceases to provide the licensed service before the end of the relevant licence period; or
- the parties agree in writing that the licence should be revoked.

In relation to the Multiplex C WT Act Licence and Multiplex D WT Act Licence, Ofcom may revoke the licences: (a) at the request of, or with the consent of, the licensee; (b) for breach of licence conditions or non-payment of licence fees; (c) for breach of any conditions of the licence; (d) to comply with international obligations or for reasons of national security; (e) where the licensee ceases to provide the licensed service or ceases to exist; (f) to comply with a direction of the Secretary of State under certain circumstances (e.g. relating to network functions or spectrum); or (g) on 60 months' notice for reasons related to the management of the radio spectrum.

Change of control requirements with respect to the key multiplex licences

Under the Broadcasting Act 1990, "control" is defined as:

- (i) a person that holds, or is beneficially entitled to, more than 50% of the equity share capital in, or possesses more than 50% of the voting power in, the relevant body;
- (ii) a person that could direct the affairs of the relevant body (even if they do not hold the interest set out in (i)); or
- (iii) a person that holds, or is beneficially entitled to, 50% of the equity share capital in, or possesses 50% of the voting power in, the relevant body, and an arrangement exists between them and any other participant in the body as to how any voting power either of them have will be exercised.

Multiplex C Licence and Multiplex D Licence

Each of the key multiplex licences issued under the Broadcasting Act 1996 (i.e. the Multiplex C Licence and Multiplex D Licence) contains a change of control provision, meaning that Ofcom could revoke the licence if there were a change of control of the licensee such that Ofcom would not issue the licence to the licensee if it were to apply for it under its new control arrangements.

In addition, Schedule 2 of the Broadcasting Act 1990 provides that the following may not control an applicant or acquire control of a licensee granted a licence under Part 1 or Part 2 of the Broadcasting Act 1996:

- (i) a local authority (i.e. UK local government bodies);
- (ii) a political body, a body affiliated to a political body or associates of either;
- (iii) a company in which a local authority or political body (or its affiliates or associates) has more than a 5% interest;
- (iv) an officer of a political body;
- (v) a religious body or an officer of a religious body;
- (vi) an advertising agency (including its director, officers or employees) or any of its associates; or
- (vii) a publicly funded body (i.e. a body which has in its last financial year received more than half its income from UK public funds). A publicly funded body is disqualified only in relation to the radio multiplex licence (i.e. a licence granted under Part 3 of the Broadcasting Act 1990 or Part 2 of the Broadcasting Act 1996).

The Broadcasting Act 1996 licences listed above also contain provisions which require the licensee to give notice of a change of control as soon as reasonably practicable.

Multiplex C WT Act Licence and Multiplex D WT Act Licence

Although the Multiplex C WT Act Licence and Multiplex D WT Act Licence do not expressly contain change of control provisions, each would terminate if the corresponding licence under the Broadcasting Act 1996 were to be revoked due to a change of control, in accordance with the above.

Fit and Proper Person Test

As well as the explicit conditions and restrictions on change of control and the identity of licensees set out above, under section 3(3) of the Broadcasting Acts, Ofcom is subject to an ongoing duty to be satisfied that a person holding a relevant licence remains “fit and proper” to hold that licence.

In determining whether someone meets the fit and proper persons test, the central consideration is whether that person can be expected to be a responsible broadcaster. This consideration stems from Ofcom’s role as a broadcast regulator. The following items are key in considering whether a person can be expected to be a responsible broadcaster, and in turn whether a person satisfies the fit and proper persons test:

- (i) how well a person has complied with regulatory standards and licence terms (i.e. a good compliance record suggests fitness and properness); and
- (ii) how well a person has conducted themselves beyond the broadcasting arena (i.e. the commission of serious crime (e.g. fraud or theft) may be deemed to pose a substantial harm to an audience thereby justifying removal of a broadcasting licence.

It is also important to note that the behaviour of people who exercise material influence or control over the broadcaster (e.g. directors or shareholders), as well as the broadcaster’s own conduct, may be taken into account in Ofcom’s assessment that someone is, or is not, a fit and proper person to hold a broadcast licence.

The practical application of this test is likely to be limited, given that the current scope of the transaction is not expected to involve a change of control of the relevant licensees within the meaning of the fit and proper persons test. However, this may need to be reconsidered on a case-by-case basis in the event of any enforcement of share pledges, which are expected to be granted in the context of the transaction.

In August 2021 the DCMS concluded that the government will give Ofcom the power to carry out an early renewal of Multiplexes 2, A, C and D until 2034 accompanied by appropriate regulatory flexibility via the inclusion of a new revocation power, which cannot take effect before the end of 2030. Multiplexes 2 and A were renewed by D34 and SDN respectively in May 2022 until 2034. Arqiva Muxco Limited was granted the renewal of the licenses for multiplexes C and D until December 2034 on 6 April 2023.

In April 2022 DCMS updated the 1996 Broadcasting Act to allow renewal of the national commercial digital radio multiplex licences until 2035. Digital One Limited has since applied for this licence renewal and awaits consideration by Ofcom. The Sound Digital Limited licence will be applied for when confirmed by the JV shareholders.

Arqiva has applied for licences ahead of their renewal dates and Ofcom have agreed the licence renewals as they have become due. To date, nine licence renewals have been applied for to Ofcom and three have been processed and renewed by Ofcom. Further renewal applications will be completed during the next two years.

Digital Radio Switchover

The Digital Economy Act 2010 gives the Secretary of State the power to nominate a date for the switch from analogue to digital radio broadcasting and sets out changes to the licensing regime to take into account radio digital switchover. The Digital Radio Action Plan launched in 2010 was finalised in November 2013 and the DCMS announced it was not yet time to commit to the switchover. The government stated that it would undertake a review which would consider setting a date for the digital radio switchover when the following two criteria were met: when 50% of all radio listening is via digital platforms; and when national DAB coverage is comparable to FM and local DAB reaches 90% of the population and all major roads. These conditions were met and DCMS undertook a Digital radio and audio review (see <https://www.gov.uk/government/publications/digital-radio-and-audio-review>). It concluded and recommended that FM spectrum will be needed for BBC, commercial and community radio services at least until 2030 and that there should be no mandated switchover before that time and that DAB spectrum will be needed for national (BBC and commercial), local and small-scale services beyond 2030 and for the foreseeable future. With AM services it suggested that the BBC, Ofcom and commercial radio need to prepare for the retirement of national services. However, in October 2021, DCMS

concluded that FM spectrum will be needed until at least 2030 and therefore decided against a mandated FM switch off before then. See the Department's policy paper - "*Digital radio and audio review*".

Penalties If Ofcom is satisfied that a television or commercial radio Multiplex licensee has failed to comply with a condition of the licence or a related Ofcom direction, Ofcom can require the licensee to pay a financial penalty or reduce the licence period by up to two years. The amount of any financial penalty imposed:

- in respect of a television or national radio commercial Multiplex licensee, is not to exceed the greater of £250,000 (or such other sum as the Secretary of State may specify) and 5% of the aggregate amount of the share of Multiplex revenue attributable to the licensee (as defined in the Broadcasting Acts) for its last complete accounting period falling within a period for which the licence has been in force; and
- in respect of a local radio commercial Multiplex licensee, is not to exceed £250,000.

Future Pricing of Spectrum for Terrestrial Broadcasting

Up to 2014, terrestrial broadcasters only paid administrative cost-based fees for their use of spectrum. Some commercial broadcasters also paid certain fees under the Broadcasting Acts that include an implicit charge for use of spectrum. In 2013, Ofcom announced a potential framework for introducing spectrum rental fees under an AIP scheme to encourage efficient spectrum use (i.e. based on the opportunity cost of the spectrum used). Currently Ofcom has charged and is expected to continue to charge administrative cost-based fees to Multiplex operators, like the Group, based on Ofcom's direct costs associated with managing spectrum and the administration of broadcast licences. Since late 2014, Ofcom has charged operators £188,000 per national DTT Multiplex per year in such fees. These fees have been and are expected to remain modest and there was no suggestion of increased fees included in the recent renewal of the DTT multiplexing licences by Ofcom for D34 or SDN that have been completed and within the current application process for the multiplex C and D licences being undertaken by Arqiva.

Site Regulation

Landlord and Tenant Act

While the EC Code ended the duplication of control that has existed over several decades by providing that new EC Code leases will not benefit from security of tenure provisions in the Landlord and Tenant Act 1954 ("**1954 Act**") (see "*— Communications Act—Code Powers—Review of Electronic Communications Code*"), existing EC Code leases which enjoyed security of tenure under the 1954 Act had to be renewed one more time under the 1954 Act (whereas agreements completed after the introduction of the EC Code were simply renewable under the EC Code). When the new lease renewed under the 1954 Act is completed, it will be governed by the new EC Code and the 1954 Act will no longer apply. The 1954 Act affords a tenant under a qualifying business an automatic right to renew its lease unless the landlord successfully opposes the grant of a new lease on one of the grounds contained in section 30(1) of the 1954 Act (such as the landlord intends to occupy the premises himself or to demolish, reconstruct or carry out a substantial redevelopment of the premises). However, the 1954 Act does not apply to genuine licences (rather than agreements which are labelled licences but are, in fact, leases – the key difference being that a licensee does not have exclusive possession of the premises) and it is possible to contract out of the 1954 Act. This is in contrast to the EC Code which applies to both leases and licences and cannot be contracted out of. The Product Security and Telecommunications Infrastructure Act 2022 has introduced changes to the 1954 Act, which, when brought into force, will bring it in line with the EC Code, including with regard to (i) the valuation method for determining rent under section 34 of the 1954 Act, and (ii) giving the court powers to order compensation to be paid to site providers for damage and loss incurred as a result of the exercise of any EC Code rights. In addition, the Product Security and Telecommunications Infrastructure Act 2022 widened EC Code rights for telecommunications operators to include sharing electronic communications apparatus with other operators and upgrading and sharing rights in relation to that shared apparatus.

Town and Country Planning Legislation

Different planning systems operate across the four main UK jurisdictions (England, Scotland, Wales, and Northern Ireland), although the key elements are substantially similar. Each jurisdiction requires planning permission for operational development and material changes of use. Such planning permissions can be granted either on application to the local planning authority (with the right to appeal if planning permission is refused) or by the relevant General Permitted Development Order ("**GPDO**") in each jurisdiction. GPDOs grant permitted development rights (i.e., an

automatic grant of planning permission) to EC Code operators, like Arqiva, however, these vary across the UK and such rights are subject to certain limitations and conditions. For example, in England most new masts up to a height of 25 metres are permitted in undesignated areas or 20 metres in designated areas (e.g. highways, national parks, areas of outstanding natural beauty and conservation areas) subject to local planning authority approval on detailed siting and appearance (called “prior approval”), which can be refused. Conversely, in Wales, a new mast of up to 15 metres benefits from permitted development rights subject to prior approval.

Notably, in Scotland, changes to existing permitted development rights for EC Code operators came into force on 31 July 2017 whereby new ground based masts up to 25 metres in height and which are outside designated areas are subject to prior approval. Similarly, Northern Ireland carried out a consultation on permitted development rights for EC Code Operators in 2016 where permitted development rights exist in respect of existing masts. In each case and where planning applications are required to be made to the local planning authority, they must be determined in accordance with the relevant national and local planning policy. These policies universally encourage mast or site sharing as the first option to explore in deploying new radio masts. For example in England, the National Planning Policy Framework provides that in preparing local plans, local planning authorities should:

- support the expansion of Electronic Communications Networks (“**ECN**”), including telecommunications and high speed broadband;
- aim to keep the numbers of radio and telecommunications masts and the sites for such installations to a minimum consistent with the efficient operation of the network; and
- existing masts, buildings and other structures should be used, unless the need for a new site has been justified.

This policy requirement echoes a statutory requirement placed on EC Code operators, who include the MNOs. Regulation 3(4) under the EC Code requires a code operator to share the use of electronic communications apparatus, where practicable.

Telecommunications (Security) Act 2021

A number of related requirements on industry have been enacted since 2021, in particular relating to the security of communication networks.

The requirements are not stand-alone regulations applying to their own subject matter. Rather, the three instruments apply in common, with obligations cascading from one instrument to the next as follows:

- (a) the *Telecommunications (Security) Act 2021* amends the *Communications Act 2003* (the “**Act**”), to add overarching security duties;
- (b) the *Electronic Communications (Security Measures) Regulations 2022* (the “**Regulations**”) sets out specific measures to be taken to meet the overarching duties under the Act; and
- (c) the *Telecommunications Security Code of Practice* (the “**Code of Practice**”) sets out the UK Government’s preferred approach to demonstrating compliance with the overarching duties in the Act and specific measures in the Regulations.

Application to a telecoms operator

The Telecoms (Security) Act legislation passed in 2021 enabling a subsequent statutory instrument, the Electronic Communications (Security Measures) Regulations 2022 and technical guidance, the Telecommunications Security Code of Practice, to be issued (together, the “**Security Instruments**”) only apply to a telecoms operator to the extent that they are a “Public Communications Provider” in respect of their networks they operate and services they provide.

Where an operator uses products of third parties, such as connectivity from Virgin Media and BT, and space segment capacity from third parties:

- (a) that person would not be responsible for the obligations under the Security Instruments in respect of the third party’s network, as operation remains with the third party;

- (b) however, where a person is purchasing a wholesale service from another operator and is selling this to its customers, then the Act considers that person to be providing the service itself. In this case, the relevant security obligations under the Security Instruments would apply to the services relying on the third party network.

The legal regime under the Security Instruments is new, and the definitions of Public Electronic Communications Network, "PECN", and Public Electronic Communications Service, "PECS" are untested in respect of how they should be interpreted under this new regime. There is further, a lack of guidance given by the Government other than referring operators to the definitions in the Communications Act without any suggestion for how these definitions would be applied practically. Where guidance has been given, it is very high level and therefore open to interpretation. The UK Government has stated that it will not decide if an operator is a provider of a PECN or PECS, and this is something which operators must decide for themselves.

Arqiva is actively considering the various networks and services that it operates and is expecting to engage with Ofcom on the applicability of the instruments as they are implemented in a defined timetable over the next two years.

RELATED PARTY TRANSACTIONS

Trading transactions

During the six months ended 31 December 2022 and 31 December 2021 and the years ended 30 June 2022, 30 June 2021 the Group entered into the following transactions with related parties who are not members of the Group:

	Sale of goods and services				Purchase of goods and services			
	Six months to 31 December 2022	Six months to 31 December 2021	Year ended 30 June 2022	Year ended 30 June 2021	Six months to 31 December 2022	Six months to 31 December 2021	Year ended 30 June 2022	Year ended 30 June 2021
	(£m)							
Associates	—	0.1	0.1	—	—	0.1	0.1	3.6
Joint ventures	2.7	2.2	4.4	3.8	2.8	1.2	2.2	2.0
Entities under common influence	8.4	1.5	13.8	16.9	—	—	—	—
Other group entities	35.0	28.7	57.4	49.2	—	—	—	—
	<u>46.1</u>	<u>32.5</u>	<u>75.7</u>	<u>69.9</u>	<u>2.8</u>	<u>1.3</u>	<u>2.3</u>	<u>5.6</u>

The disclosure of transactions with related parties reflects the periods in which the related party relationships exist. The disclosure of amounts outstanding to/from related parties at the reporting date reflects related party relationships at that date.

All transactions are on third-party terms and all outstanding balances, with the exception of the amount outstanding referenced below, are interest free, un-secured and are not subject to any financial guarantee by either party.

As at 31 December 2022, the amount receivable from associates was £nil (31 December 2021: £nil, 30 June 2022: £nil, 30 June 2021: £0.2m).

As at 31 December 2022, the amount payable to joint ventures was £0.2m (31 December 2021: £0.2m, 30 June 2022: £0.2m, 30 June 2021: £0.3m).

As at 31 December 2022, the amount receivable from entities under common influence was £2.7m (31 December 2021: £3.4m, 30 June 2022: £2.6m, 30 June 2021: £5.0m).

Arqiva Group Limited is the ultimate UK parent undertaking and is the largest group in which these financials are consolidated.

AGL is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities.

DESCRIPTION OF THE ISSUER

The Issuer, Arqiva Financing plc, was incorporated in England and Wales on 19 December 2012. The Issuer was incorporated under the Companies Act 2006, as amended, as a public limited company. Its registered number is 8336354.

The Issuer's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where the Issuer's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of the Issuer may be inspected at the registered office of the Issuer.

The Issuer is wholly owned by the Intermediate Parent, a private limited company incorporated in England and Wales (registered number 8126989) and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. The Issuer has no subsidiaries.

Directors, Secretary and Corporate Officer Provider

The Directors of the Issuer and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities
Shujauddin Mohammed Khan	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Chief Executive Officer
Scott Robert James Longhurst	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Michael William Darcey	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Arnaud Jaguin	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Investment Director
Paivi Helena Whitaker	Finnish	1 Bartholomew Lane, London, EC2N 2AX	Company Director

The secretary of the Issuer is Sean West.

The Issuer Corporate Officer Provider has agreed, pursuant to the terms of the Issuer Corporate Officer Agreement dated on or about the Signing Date, to provide certain directorial services to the Issuer. Fees are payable to the Issuer Corporate Officer Provider thereunder.

The directors of the Issuer may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Issuer, regardless of any other directorship he or she may hold.

None of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interests or other duties as listed above.

Principal Activities

The Issuer was established as a special purpose vehicle and its principal activities will be the acquiring, holding and managing its rights and assets under the Issuer/Borrower Facilities Agreement and the other Issuer Transaction Documents following an issuance of the Notes and executing and performing the Issuer Transaction Documents and all other documents to which it is expressed to be a party and exercising all related rights and powers and other activities reasonably incidental thereto.

Share Capital

The current share capital of the Issuer is £50,000, comprising 50,000 shares of £1 each. The issued and paid up share capital of the Issuer is £50,000 as at the date of this Prospectus.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers LLP with its registered office at 1 Embankment Place, London, WC2N 6RH.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

DESCRIPTION OF THE OBLIGORS UNDER THE ISSUER/BORROWER FACILITIES AGREEMENT

The Borrower

The Borrower, Arqiva Financing No 1 Limited, was incorporated in England and Wales on 5 March 2007 as a private limited company with registered number 06137924. The Borrower operates under the Companies Act 2006.

The Borrower's registered office is at Crawley Court, Crawley, Winchester, Hampshire SO21 2QA, where the Borrower's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of the Borrower may be inspected at the registered office of the Borrower.

The Borrower is currently wholly owned by the Intermediate Parent, a private limited company incorporated in England and Wales (registered number 8126989) and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. For further details, see "*Overview of the Business and the Transaction — Transaction Overview*".

Directors and Secretary

The directors of the Borrower and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Shujauddin Mohammed Khan	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Chief Executive Officer
Scott Robert James Longhurst	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Michael William Darcey	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Arnaud Jaguin	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Investment Director

The Borrower does not have a company secretary.

The directors of the Borrower may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Borrower, regardless of any other directorship he or she may hold.

None of the directors of the Borrower has any actual or potential conflict between their duties to the Borrower and their private interests or other duties as listed above.

Principal Activities

The Borrower was established as a private limited company and its principal activities are other business activities 70100 – Activities of Head Offices.

The Borrower is primarily a holding company and receives income by way of distribution from its subsidiaries whose business is further disclosed in this Prospectus.

Management and Control

The Borrower is managed and controlled in England.

Share Capital

The current share capital of the Borrower is £100, comprising 100 shares of £1 each. The issued and paid up share capital of the Borrower is £1.00 as at the date of this Prospectus.

Arqiva Muxco Limited

Arqiva Muxco Limited was incorporated in England and Wales on 10 January 1989 as a private limited company with registered number 02333949. Arqiva Muxco Limited operates under the Companies Act 2006.

Arqiva Muxco Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Muxco Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Muxco Limited may be inspected at the registered office of Arqiva Muxco Limited.

Arqiva Muxco Limited is wholly owned by Arqiva Holdings Limited, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 3242381.

Directors and Secretary

The directors of Arqiva Muxco Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Sean Allan West	Australian	Crawley Court, Winchester, Hampshire, England, SO21 2QA	CFO

The directors of Arqiva Muxco Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Muxco Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Muxco Limited has any actual or potential conflict between their duties to Arqiva Muxco Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Muxco Limited was established as a private limited company and its principal activities are 82990 – Other business support service activities not elsewhere classified.

Management and Control

Arqiva Muxco Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Muxco Limited is £100,000 comprising 100,000 shares of £1 each. The issued and paid up share capital of Arqiva Muxco Limited is £100,000 as at the date of this Prospectus.

Arqiva Group Intermediate Limited

Arqiva Group Intermediate Limited was incorporated in England and Wales on 02 July 2012 as a private limited company with registered number 08126989. Arqiva Group Intermediate Limited operates under the Companies Act 2006.

Arqiva Group Intermediate Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Group Intermediate Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Group Intermediate Limited may be inspected at the registered office of Arqiva Group Intermediate Limited.

Arqiva Group Intermediate Limited is wholly owned by Arqiva Group Parent Limited, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 8085794.

Directors

The directors of Arqiva Group Intermediate Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
David Stirton	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment manager

Arqiva Group Intermediate Limited does not have a company secretary.

The directors of Arqiva Group Intermediate Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Group Intermediate Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Group Intermediate Limited has any actual or potential conflict between their duties to Arqiva Group Intermediate Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Group Intermediate Limited was established as a private limited company and its principal activities are 70100 – Activities of head offices.

Management and Control

Arqiva Group Intermediate Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Group Intermediate Limited is £50,002 comprising 50,002 shares of £1 each. The issued and paid up share capital of Arqiva Group Intermediate Limited is £50,002 as at the date of this Prospectus.

Arqiva Group Parent Limited

Arqiva Group Parent Limited was incorporated in England and Wales on 28 May 2012 as a private limited company with registered number 08085794. Arqiva Group Parent Limited operates under the Companies Act 2006.

Arqiva Group Parent Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Group Parent Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Group Parent Limited may be inspected at the registered office of Arqiva Group Parent Limited.

Arqiva Group Parent Limited is wholly owned by Arqiva Broadcast Intermediate Limited, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 8085710.

Directors

The directors of Arqiva Group Parent Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Jackie Sarpong	British	Crawley Court, Winchester, Hampshire, SO21 2QA	Transaction Manager
David Stirton	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment manager

Arqiva Group Parent Limited does not have a company secretary.

The directors of Arqiva Group Parent Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Group Parent Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Group Parent Limited has any actual or potential conflict between their duties to Arqiva Group Parent Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Group Parent Limited was established as a private limited company and its principal activities are 70100 – Activities of head offices.

Management and Control

Arqiva Group Parent Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Group Parent Limited is £50,002 comprising 50,002 shares of £1 each. The issued and paid up share capital of Arqiva Group Parent Limited is £50,002 as at the date of this Prospectus.

Auditors

The auditors of Arqiva Group Parent Limited are PricewaterhouseCoopers LLP with its registered office at 1 Embankment Place, London, WC2N 6RH.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Arqiva Group Holdings Limited

Arqiva Group Holdings Limited was incorporated in England and Wales on 19 September 2012 as a private limited company with registered number 08085794. Arqiva Group Holdings Limited operates under the Companies Act 2006.

Arqiva Group Holdings Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Group Parent Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Group Holdings Limited may be inspected at the registered office of Arqiva Group Holdings Limited.

Arqiva Group Holdings Limited is wholly owned by the Borrower.

Directors

The directors of Arqiva Group Holdings Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
David Stirton	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment manager
Sean Allan West	Australian	8th Floor, The Met Building, 22 Percy Street, London, England, W1T 2BU	Interim Cfo

Arqiva Group Holdings Limited does not have a company secretary.

The directors of Arqiva Group Holdings Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Group Holdings Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Group Holdings Limited has any actual or potential conflict between their duties to Arqiva Group Holdings Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Group Holdings Limited was established as a private limited company and its principal activities are 70100 – Activities of head offices.

Management and Control

Arqiva Group Holdings Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Group Holdings Limited is £1,001 comprising 1,001 shares of £1 each. The issued and paid up share capital of Arqiva Group Holdings Limited is £1,001 as at the date of this Prospectus.

Arqiva UK Broadcast Holdings Limited

Arqiva UK Broadcast Holdings Limited was incorporated in England and Wales on 8 October 2004 as a private limited company with registered number 05254048. Arqiva UK Broadcast Holdings Limited operates under the Companies Act 2006.

Arqiva UK Broadcast Holdings Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva UK Broadcast Holdings Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva UK Broadcast Holdings Limited may be inspected at the registered office of Arqiva UK Broadcast Holdings Limited.

Arqiva UK Broadcast Holdings Limited is wholly owned by Arqiva Group Holdings Limited, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 8221064.

Directors

The directors of Arqiva UK Broadcast Holdings Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
David Stirton	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment manager
Sean Allan West	Australian	8th Floor, The Met Building, 22 Percy Street, London, England, W1T 2BU	Interim Cfo

Arqiva UK Broadcast Holdings Limited does not have a company secretary.

The directors of Arqiva UK Broadcast Holdings Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva UK Broadcast Holdings Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva UK Broadcast Holdings Limited has any actual or potential conflict between their duties to Arqiva UK Broadcast Holdings Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva UK Broadcast Holdings Limited was established as a private limited company and its principal activities are 70100 – Activities of head offices.

Management and Control

Arqiva UK Broadcast Holdings Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva UK Broadcast Holdings Limited is £3,077,034 comprising 3,077,034 shares of £1. The issued and paid up share capital of Arqiva UK Broadcast Holdings Limited is £3,077,034 as at the date of this Prospectus.

ABHL Digital Limited

ABHL Digital Limited was incorporated in England and Wales on 01 April 1998 as a private limited company with registered number 03538787. ABHL Digital Limited operates under the Companies Act 2006.

ABHL Digital Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where ABHL Digital Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of ABHL Digital Limited may be inspected at the registered office of ABHL Digital Limited.

ABHL Digital Limited is wholly owned by Arqiva UK Broadcast Holdings Ltd, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 05254048.

Directors

The directors of ABHL Digital Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Nathan Andrew Hodge	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Director Of Group Finance

ABHL Digital Limited does not have a company secretary.

The directors of ABHL Digital Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of ABHL Digital Limited, regardless of any other directorship he or she may hold.

None of the directors of ABHL Digital Limited has any actual or potential conflict between their duties to ABHL Digital Limited and their private interests or other duties as listed above.

Principal Activities

ABHL Digital Limited was established as a private limited company and its principal activities are 70100 – Activities of head offices.

Management and Control

ABHL Digital Limited is managed and controlled in England.

Share Capital

The current share capital of ABHL Digital Limited is £13 comprising 13 shares of £1 each. The issued and paid up share capital of ABHL Digital Limited is £13 as at the date of this Prospectus.

Arqiva Telecoms Investment Limited

Arqiva Telecoms Investment Limited was incorporated in England and Wales on 18 Jan 1999 as a private limited company with registered number 03696564. Arqiva Telecoms Investment Limited operates under the Companies Act 2006.

Arqiva Telecoms Investment Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Telecoms Investment Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Telecoms Investment Limited may be inspected at the registered office of Arqiva Telecoms Investment Limited.

Arqiva Telecoms Investment Limited is wholly owned by Arqiva Group Holdings Limited, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 8221064.

Directors

The directors of Arqiva Telecoms Investment Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
David Stirton	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment manager
Sean Allan West	Australian	8th Floor, The Met Building, 22 Percy Street, London, England, W1T 2BU	Interim Cfo

Arqiva Telecoms Investment Limited does not have a company secretary.

The directors of Arqiva Telecoms Investment Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Telecoms Investment Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Telecoms Investment Limited has any actual or potential conflict between their duties to Arqiva Telecoms Investment Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Telecoms Investment Limited was established as a private limited company and its principal activities are 61900 - Other telecommunications activities.

Management and Control

Arqiva Telecoms Investment Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Telecoms Investment Limited is £297,700,002 comprising 297,700,002 shares of £1 each. The issued and paid up share capital of Arqiva Telecoms Investment Limited is £297,700,002 as at the date of this Prospectus.

Arqiva Holdings Limited

Arqiva Holdings Limited was incorporated in England and Wales on 27 August 1996 as a private limited company with registered number 03242381. Arqiva Holdings Limited operates under the Companies Act 2006.

Arqiva Holdings Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Holdings Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Holdings Limited may be inspected at the registered office of Arqiva Holdings Limited.

Arqiva Holdings Limited is wholly owned by Arqiva Telecoms Investment Ltd, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 03696564.

Directors

The directors of Arqiva Holdings Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Michael William Darcey	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Vice President
Arnaud Jaguin	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment Director
Shujauddin Mohammed Khan	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Chief Executive Officer
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Asset Management
Scott Robert James Longhurst	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Company Director
David Stirton	British	Crawley Court, Winchester, Hampshire, England, SO21 2QA	Investment manager
Sean Allan West	Australian	8th Floor, The Met Building, 22 Percy Street, London, England, W1T 2BU	Interim Cfo

Arqiva Holdings Limited does not have a company secretary.

The directors of Arqiva Holdings Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Holdings Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Holdings Limited has any actual or potential conflict between their duties to Arqiva Holdings Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Holdings Limited was established as a private limited company and its principal activities are 70100 - Activities of head offices.

Management and Control

Arqiva Holdings Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Holdings Limited is £1,902,534,934 comprising 1,902,534,934 shares of £1 each. The issued and paid up share capital of Arqiva Holdings Limited is £1,902,534,934 as at the date of this Prospectus.

Auditors

The auditors of Arqiva Group Parent are PricewaterhouseCoopers LLP with its registered office at 1 Embankment Place, London, WC2N 6RH.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Arqiva Limited

Arqiva Limited was incorporated in England and Wales on 2 April 1990 as a private limited company with registered number 02487597. Arqiva Limited operates under the Companies Act 2006.

Arqiva Limited's registered office is at Crawley Court, Winchester, Hampshire SO21 2QA, where Arqiva Limited's register of members is kept (telephone number 01962 823434). The memorandum and articles of association of Arqiva Limited may be inspected at the registered office of Arqiva Limited.

Arqiva Limited is wholly owned by Arqiva Holdings Limited, a private limited company incorporated in England and Wales and having its registered office at Crawley Court, Winchester, Hampshire SO21 2QA. Its registered number is 3242381.

Directors and Secretary

The directors of Arqiva Limited and their respective addresses and other principal activities are:

Name	Nationality	Business Address	Other Principal Activities/Business Occupation
Shujauddin Mohammed Khan	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Chief Executive Officer
Scott Robert James Longhurst	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Matthew Postgate	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Michael William Darcey	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Maximilian Jacob Fieguth	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Paul Michael Donovan	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Susana Durante Teixeira Gomes Leith-Smith	Portuguese	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Company Director
Arnaud Jaguin	British	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	Investment Director
Sean Allan West	Australian	Crawley Court, Crawley, Winchester, Hampshire SO21 2QA	CFO

Arqiva Limited does not have a company secretary.

The directors of Arqiva Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interest of Arqiva Limited, regardless of any other directorship he or she may hold.

None of the directors of Arqiva Limited has any actual or potential conflict between their duties to Arqiva Limited and their private interests or other duties as listed above.

Principal Activities

Arqiva Limited was established as a private limited company and its principal activities are 59113 – Television programme production activities, 61900 – Other telecommunications activities, 62090 – Other information technology service activities, 93290 – Other amusement and recreation activities not elsewhere classified or owner, provider and operator of transmission and other communications infrastructure and services.

Management and Control

Arqiva Limited is managed and controlled in England.

Share Capital

The current share capital of Arqiva Limited is £30,000,300, comprising 30,000,300 shares of £1 each. The issued and paid up share capital of Arqiva Limited is £30,000,201 as at the date of this Prospectus.

Auditors

The auditors of Arqiva Limited are PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London, WC2N 6RH.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by, and is a member of, the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

SUMMARY OF THE TRANSACTION DOCUMENTS

The following is a summary of certain terms of the principal Transaction Documents, including the CTA, the STID, the Note Trust Deed and the Security Documents and is qualified in its entirety by reference to the detailed provisions of the Transaction Documents. Potential investors should refer to “Cashflows”, for a detailed description of the various Priorities of Payments.

General Overview

The Authorised Facility Providers (which includes the Issuer) all benefit from common terms under their relevant debt instrument and a common security package granted by the Borrower, the Parent, the Intermediate Parent and the other Obligor. It is a requirement of the CTA that any future provider of an Authorised Facility must accede to and be bound by the terms of the CTA (see “— *Common Terms Agreement*” below) and the intercreditor arrangements contained in the STID (see “— *Security Trust and Intercreditor Deed*” below). The Issuer, as provider of each Issuer/Borrower Loan to the Borrower corresponding to the proceeds of an issuance of Notes, will also be party to and be bound by the CTA and the STID. Any such indebtedness under an Issuer/Borrower Loan will also have the benefit of the covenant to pay granted by each Obligor pursuant to the Security Deed.

The CTA sets out the common terms applicable to the Issuer/Borrower Facilities and each other Authorised Facility (which includes the Borrower Bank Facilities) into which the Borrower enters. Save for certain limited exceptions, no Finance Party can have additional representations, covenants, trigger events or events of default beyond the common terms deemed to be incorporated by reference into their Authorised Facilities through their execution of, or accession to, the CTA.

The STID regulates among other things (i) the claims of the Obligor Secured Creditors, (ii) the exercise and enforcement of rights by the Obligor Secured Creditors and (iii) 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 are governed by English law and subject to the exclusive jurisdiction of the English courts.

Common Terms Agreement

General

As noted above, all Authorised Facility Providers not originally party thereto must accede to the CTA in respect of their Authorised Facilities (including, for the avoidance of doubt, the Issuer/Borrower Facilities and the Issuer/Borrower Hedges).

Other Obligor Secured Creditors which are party to the CTA include the Borrower Hedge Counterparties, the Liquidity Facility Providers (in their capacity as lenders to the Borrower), the Working Capital Facility Providers, the ITL Providers, the European Investment Bank and the Issuer.

The Borrower will be able to incur additional debt under (a) Issuer/Borrower Loans corresponding to an issuance of new Notes or (b) any other new Authorised Facility pursuant to which new term Financial Indebtedness is to be incurred, provided that the existing Notes will continue to be rated at least the lower of (X) the then current rating of the existing Notes or (Y) the initial rating of the first Series of Notes.

The CTA also sets out the cash management arrangements applicable to the Obligor and the hedging policy applicable to the Borrower and the Issuer (see “— *Hedging Arrangements*” below). Arqiva Limited is appointed as borrower cash manager on behalf of each Obligor and is entitled to manage all payments from each account of each Obligor (including to satisfy the payment obligations of each Obligor).

Representations

Each Obligor has made certain representations and warranties severally with respect to itself (subject to detailed carve-outs, exceptions and qualifications set forth in the CTA) (which are made severally in respect of itself only) to each Finance Party. These include the following representations and warranties as to:

- (a) limited liability company, due incorporation and power to carry on its business as currently carried on by it;

- (b) power to enter into and perform its obligations under and the transactions contemplated by the Obligor Transaction Documents to which it is a party;
- (c) the Obligor Transaction Documents to which it is a party are legal, binding, valid and enforceable and the Obligor Security Documents create the intended security interests which are valid and effective, subject to reservations as to matters of law;
- (d) no conflict with constitutional documents, laws, licences, regulations or other documents by entering into the Obligor Transaction Documents to which it is a party which, in the case of other documents only, would reasonably be likely to have a Material Adverse Effect;
- (e) all consents, authorisations, approvals and licences in place, any absence of which would reasonably be likely to have a Material Adverse Effect;
- (f) no materially overdue tax returns or overdue payments of any material amount of tax and no claim or investigation which otherwise would reasonably be likely to have a Material Adverse Effect;
- (g) ownership or right to use material intellectual property;
- (h) ownership of its assets;
- (i) no steps taken for its winding-up, administration or liquidation;
- (j) effectiveness of its insurances;
- (k) no defaults under laws, regulations or licences which would reasonably be likely to have a Material Adverse Effect;
- (l) (in relation to the Borrower only) from and including the first Test Date following the Closing Date, good faith assumptions will be used in respect of the Financial Covenant Ratios, the Trigger Event Financial Covenant Ratios;
- (m) pensions participations and liabilities;
- (n) no litigation (excluding any frivolous or vexatious claims) which, if adversely determined, would reasonably be likely to have a Material Adverse Effect;
- (o) compliance with environmental and other laws (including obtaining any necessary Environmental Permits) which otherwise would reasonably be likely to have a Material Adverse Effect; and
- (p) to the best of its knowledge all necessary written information, (i) provided for the purposes of preparing the information memorandum for the Borrower Bank Facilities and the Term Facilities and (ii) to the providers of any due diligence reports, is true and accurate in all material respects and not misleading in any respect.

The CTA provides that an Authorised Facility may contain such additional representations and warranties by the Obligors with respect to U.S. law, U.S. securities law and/or U.S. tax law issues which are customary to include in agreements entered into in connection with the issue of U.S. private placement notes.

The CTA also provides that additional representations and warranties may be provided to another acceding Obligor Secured Creditor provided that such additional representations and warranties will also be provided to the existing parties to the CTA.

Certain of the representations and warranties, including as regards to status, title to assets and status of security are deemed to be repeated by the relevant Obligor (by reference to the facts and circumstances existing at such time) on (i) the date of each utilisation request and the first day of any borrowing, (ii) each Interest Payment Date, (iii) on each Issue Date, (iv) on each issue date in respect of U.S. private placement notices and (v) in the case of an Obligor acceding to an Authorised Facility, on the date of its accession.

Covenants

The CTA contains certain covenants from each of the Obligors. There is an Additional Covenants Deed dated 4 June 2020, which added additional covenants to the CTA. A summary of the covenants which are included in the CTA is set out in “ – *Information Covenants*” and “ – *Operating and Financial Covenants*” below.

Information Covenants

The Borrower has covenanted to provide to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Borrower Bank Facility Providers, the Term Facilities Providers, the Borrower Hedge Counterparties, the Issuer Hedge Counterparties, the Rating Agencies and the Paying Agents:

- (a) consolidated audited financial statements of the Parent, prepared as if they constituted a statutory group for consolidation purposes, and related accountants' reports, within 120 days after the end of each financial year (such financial statements to comprise profit and loss account, balance sheet and cashflow statement);
- (b) consolidated unaudited financial statements of the Parent, prepared as if they constituted a statutory group for consolidation purposes, for the first financial half-year in each financial year, within 60 days after the end of such financial half-year (such financial statements to comprise profit and loss account, balance sheet and cashflow statement); and
- (c) audited financial statements of each other Obligor whose contribution to EBITDA is 10% or more and related accountants' report, (i) in respect of Arqiva Limited within 120 days and (ii) in respect of each other Obligor within 180 days, after the end of each financial year (such financial statements to comprise profit and loss account, balance sheet and cashflow statement (if applicable)).

The Borrower must notify the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee of any material change to the basis on which any of the financial statements are prepared to the extent that such change is not specifically and expressly set out in the most recent financial statements.

In respect of the calculation of any Financial Covenant Ratio, if such a change to the basis on which any of the financial statements are prepared could reasonably be expected to result in a deviation of equal to or greater than 5% from the result of the calculation of such Financial Covenant Ratio, Trigger Event Financial Covenant Ratio if such change had not occurred, the Borrower and the Obligor Security Trustee, if directed in accordance with the STID (and subject as provided in the STID), shall enter into discussions for a period of not more than 60 days with a view to agreeing any amendment required to be made to the CTA to place the Borrower, the Obligor Secured Creditors and the Obligor Security Trustee in a comparable position to that in which they would have been if such change had not happened. Any agreement between the Borrower and the Obligor Security Trustee in relation to such amendments will be subject to receipt by the Obligor Security Trustee of a direction given in accordance with the STID (and subject as provided in the STID) and will be binding on all the parties to the CTA.

If no such agreement is reached or any financial statements on the changed basis are delivered before any such agreed amendments take effect, the Borrower must ensure that each set of financial statements is accompanied by a statement signed by a director of the Borrower showing sufficient information required by the Obligor Security Trustee (acting on the instructions of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt) to enable the Obligor Secured Creditors:

- (a) to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and its most recent audited consolidated financial statements or, if none, the base case model prepared according to the accounting principles then applicable; and
- (b) to test the Financial Covenant Ratios and the Trigger Event Financial Covenant Ratios as if the set of financial statements prepared on the changed basis had been prepared according to UK GAAP.

The Borrower will (i) publish onto a freely accessible website (designated for investors) (the "**Designated Website**") and (ii) deliver to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Borrower Bank Facility Providers, the Borrower Hedge Counterparties, the Issuer Hedge Counterparties, the Rating Agencies and the Paying Agents at the same time as its financial statements (see above) are delivered, a compliance certificate (each a "**Compliance Certificate**") prepared by the Borrower or on the Borrower's behalf confirming or (in the case of paragraph (c) below) setting out:

- (a) the Historic Net Debt to EBITDA Ratio, the Historic Cashflow ICR and the Historic Cashflow DSCR for the relevant Test Period ending on (and including) the relevant Test Date;

- (b) the Projected Net Debt to EBITDA Ratio, the Projected Cashflow ICR and the Projected Cashflow DSCR for the relevant Test Period commencing on (but excluding) the relevant Test Date;
- (c) in reasonable detail (based on the type of financial statements that are provided), to permit reconciliation back to the financial statements provided, the computations made in respect of the calculations referred to in paragraphs (a) and (b) above;
- (d) no Rating Downgrade Event has occurred;
- (e) no Default or Trigger Event has occurred and is continuing;
- (f) the Borrower is in compliance with the Hedging Policy;
- (g) the amount standing to the credit of the Borrower Accounts and the amount of Excess Cash Flow that has been credited to the Lock-Up Account and applied and/or retained (as applicable) during the most recent Test Period or is to be credited to the Lock-Up Account during the most recent Test Period and details of its intended or required application;
- (h) the accuracy or otherwise of any Interim Compliance Certificate delivered following the previous Compliance Certificate; and
- (i) summary details of any material acquisition of subsidiaries, subsidiary undertakings, properties, assets, contracts or businesses by any Obligor or any material subsidiary, subsidiary undertaking, property, asset, contract or business disposals by any Obligor or Restricted Payments to any Senior Group Holding Company or any other Non-Senior Financing Group Company or any Shareholder (in each case other than pursuant to or in accordance with the Obligor Transaction Documents), in each case since the previous such report.

The Borrower will (i) publish onto the Designated Website and (ii) deliver to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Borrower Bank Facility Providers, the Borrower Hedge Counterparties, the Issuer Hedge Counterparties, the Rating Agencies and the Paying Agents, on a quarterly basis, an investors' report setting out similar details as described in paragraphs (a) to (e) and (i) above as well as details of the total Growth Capex expenditure, major Growth Capex expenditure and amount of Maintenance Capex expenditure during the previous quarter and year to date.

Each Obligor will also be obliged to deliver other information to the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee, from time to time, including details of (in the case of paragraphs (b) to (e) (inclusive) below, only to the extent reasonably likely to have a Material Adverse Effect):

- (a) any downgrade action by the Rating Agencies in respect of the Notes;
- (b) any changes to relevant licences;
- (c) any regulatory or governmental proceedings and notices;
- (d) any litigation or proceedings;
- (e) any non-compliance with laws or regulations;
- (f) any information required by any other Obligor Secured Creditors to fulfil normal "know your customer" requirements;
- (g) any material insurance claims or vitiation of any material insurance claims;
- (h) the occurrence of a change of control; and
- (i) any other event likely to have a Material Adverse Effect.

The Obligors are also required to provide certain additional information upon the occurrence of a Trigger Event (for a further description see "*— Trigger Event Consequences*" below).

Financial Covenants

The covenants given by each of the Obligors include the following (subject to detailed carve-outs, exceptions and qualifications set forth in the CTA):

- (a) Historic Net Debt to EBITDA Ratio is not higher than 7.50:1 and (following the implementation of the STID Proposal in 2020 after the sale of the Telecoms business) 6.0:1;
 - (b) Historic Cashflow DSCR is not lower than 1.05:1; and
 - (c) Historic Cashflow ICR is not lower than 1.55:1,
- (together the “**Financial Covenant Ratios**”).

The “**Historic Net Debt to EBITDA Ratio**” will be calculated for each Test Date in respect of the Test Period ending on (and including) such Test Date as the ratio of Net Debt to EBITDA (calculated on a pro-forma basis to take into account the earnings from any asset acquired from the start of such Test Period and to exclude the earnings from any asset disposed of during such Test Period for the entirety of such Test Period).

“**Net Debt**” means, for any Test Date, the aggregate Outstanding Principal Amount of Senior Debt (excluding amounts under any Hedging Agreements except to the extent as provided in paragraphs (i) below) as at the Test Date (and without double counting):

- (i) plus (for the avoidance of doubt) any accretion by indexation to the notional amount under any Hedging Agreements and the accretion portion of any other Senior Debt;
- (ii) plus in respect of any Hedging Agreement, the amount (if any) that is payable by the Borrower to the relevant Hedge Counterparty if an Early Termination Date (as defined in the Hedging Agreement) has been designated on or prior to such Test Date in respect of the transaction or transactions arising under the Hedging Agreement and is outstanding on such Test Date;
- (iii) in respect of two Hedging Transactions, that are subject to and part of the same Hedging Agreement, one of which is an Offsetting Hedge in respect of the other or a portion thereof, the net amount which would be payable (if any) by the Borrower to the Hedge Counterparty if an “Early Termination Date” (as defined in the Hedging Agreement) were to occur on such date with respect to both such Hedging Transactions and with the Borrower as sole “Affected Party”;
- (iv) less the aggregate amount of any Senior Debt purchased and held by any Senior Financing Group Company;
- (v) less Cash and Cash Equivalents held by any Senior Financing Group Company.

“**EBITDA**” means, for any Test Date, the consolidated earnings of the Senior Financing Group calculated in accordance with UK GAAP during the Test Period ending on (and including) such Test Date before (without double counting):

- (i) the deduction of taxation;
- (ii) the deduction of any interest, commission, fees, discounts, prepayment fees, premiums, charges or other payments in the nature of a finance charge whether paid, payable or capitalised by any member of the Senior Financing Group (calculated on a consolidated basis);
- (iii) the addition of interest receivable;
- (iv) the deduction of any amount attributable to amortisation of goodwill or other intangible assets and any deduction for depreciation or impairment;
- (v) the deduction or addition (as applicable) of any non-cash charges resulting from fair value adjustments and mark-to-market adjustments;
- (vi) the deduction of any non-cash charges relating to long-term compensation schemes;
- (vii) taking into account any non-cash charges relating to recognition of pension plan deficits; and
- (viii) taking into account fair value gains or losses on any financial instrument other than any derivative instrument which is accounted for on a hedge accounting basis,

and after adjusting to (i) exclude exceptional items which shall include (but not be limited to) transaction costs, integration costs, separation costs, restructuring costs, reorganisation costs and other one-off expenditure and (ii) deduct any

amounts paid by a Senior Financing Group Company to a Non-Senior Financing Group Company pursuant to paragraph (e) of the definition of Restricted Payments,

less the consolidated earnings (before the deductions and adjustments referred to above) of the Senior Financing Group Companies that are incorporated outside of the United Kingdom and in aggregate exceed 5% of the consolidated earnings (before deductions and the adjustments referred to above) of the Senior Financing Group.

The “**Historic Cashflow DSCR**” will be calculated for each Test Date in respect of the Test Period ending on (and including) such Test Date as the ratio of Cashflow to Debt Service.

The “**Historic Cashflow ICR**” will be calculated for each Test Date in respect of the Test Period ending on (and including) such Test Date as the ratio of Cashflow to Net Interest Payable.

“**Cashflow**” means, for any Test Date, Net Cash Flow during the Test Period ending on (and including) such Test Date (without double counting):

- (i) plus any insurance proceeds related to business interruption (where to be applied to cover operating losses in respect of which the relevant insurance claim was made) and third-party liability received by a member of the Senior Financing Group (to the extent such amounts are not subsequently paid to a third party);
- (ii) plus any Finance Lease payments in respect of interest payable and equivalent financial charges included in Net Cash Flow; and
- (iii) plus any dividends or other distributions received in cash by any Senior Financing Group Company from any entity which is not a Senior Financing Group Company, including any cash receipts from joint ventures,

in each case during the Test Period ending on (and including) such Test Date.

“**Net Cash Flow**” means, for any Test Date, EBITDA for such Test Date (and without double counting):

- (i) less the greater of Maintenance Capex during the Test Period ending on (and including) such Test Date and the Minimum Maintenance Capex Spend Amount for the Test Period ending on (and including) such Test Date (which shall be the same as the Minimum Maintenance Capex Spend Amount for each financial year);
- (ii) less all amounts of corporation tax paid net of any tax rebate or refund for corporation tax during the Test Period ending on (and including) such Test Date; and
- (iii) less all amounts of Issuer Profit Amount payable during the Test Period ending on (and including) such Test Date.

“**Debt Service**” means, for any Test Date, the sum of Net Interest Payable during the relevant Test Period ending on (and including) such Test Date and scheduled amortisation in respect of the Senior Debt due as an obligation of any Senior Financing Group Company during the Test Period ending on (and including) such Test Date (without double counting):

- (i) excluding any principal payment due on the Final Maturity Date (other than any final scheduled repayment for fully amortising debt) of any Senior Debt; and
- (ii) taking into account any interim principal exchange payments that are payable and receivable under any Hedging Agreements (but excluding, for the avoidance of doubt, (i) any final principal exchange payments that are payable and receivable under any Hedging Agreements (other than in respect of any final scheduled repayment of fully amortising debt) and (ii) any accretions by indexation to the notional amount under any Inflation Linked Hedging Agreements).

“**Net Interest Payable**” means, for any Test Date, the interest, fees (including commitment fees (but excluding, for the avoidance of doubt any Issuer/Borrower Facilities Fees)), charges, commissions or equivalent finance charges that are paid or payable (excluding, for the avoidance of doubt, non-cash charges and imputed interest) or accrued as an obligation of any Senior Financing Group Company in respect of the Senior Debt during the Test Period ending on (and including) such Test Date and all Finance Lease payments in respect of interest payable and equivalent financial charges during the Test Period ending on (and including) such Test Date, but (without double counting):

- (i) excluding any upfront or amortised fees or costs;

- (ii) excluding the fees and expenses of the Administrative Parties;
- (iii) excluding any break costs;
- (iv) excluding the mark-to market under any Treasury Transactions;
- (v) excluding any interest or equivalent finance charge accrued in respect of Financial Indebtedness between Senior Financing Group Companies;
- (vi) excluding any interest or equivalent finance charge on deferred income or on unwinding a discounted liability;
- (vii) deducting any interest or equivalent finance charge receivable by any Senior Financing Group Company (after deducting applicable withholding tax) in respect of Cash or Cash Equivalents held by such Senior Financing Group Company;
- (viii) before taking into account fair value gains or losses on any financial instrument other than any derivative instrument which is accounted for on a hedge accounting basis and only to the extent gains and losses in the hedged item are also included in EBITDA;
- (ix) excluding any interest or equivalent finance charge which is capitalised, rolled up or deferred during such Test Period; and
- (x) excluding any fees, costs and expenses incurred in respect of the implementation of the refinancing of the Existing Bank Facilities and the Existing Hedges,

and taking into account any net payment or net receipt which is payable or receivable under any Hedging Agreements (including, for the avoidance of doubt, any net payment and net receipt under any Inflation Linked Hedging Agreements (but excluding, for the avoidance of doubt, any accretions paid, payable or accruing under any Inflation Linked Hedging Agreements and any mark-to-market termination payments under any Hedging Agreements)).

For the purposes of paragraph (x) above, Existing Bank Facilities and Existing Hedges means the Previous Bank Facilities and the Hedges entered into prior and restructured on the Closing Date, respectively.

The Financial Covenant Ratios will be calculated for the Senior Financing Group semi-annually as at 30 June and 31 December in each year (each a “**Test Date**”) on an historical basis for the 12 month period ending on (and including) the relevant Test Date (each a “**Test Period**”) commencing with the Test Date occurring on 30 June 2013.

The Financial Covenant Ratios will be calculated in accordance with UK GAAP:

- (a) with respect to a Test Date occurring on 30 June, using the consolidated audited financial statements for the Parent prepared in accordance with the Accounting Principles (and in the case of IFRS, converted into UK GAAP); and
- (b) with respect to a Test Date occurring on 31 December, using the consolidated unaudited financial statements of the Parent prepared in accordance with the Accounting Principles (and in the case of IFRS, converted into UK GAAP).

In the event that a Compliance Certificate for any period shows that a Financial Covenant Ratio has been breached (a “**Financial Covenant Ratio Breach**”), if the relevant Compliance Certificate includes a notice by the Borrower of an intention to apply the proceeds of an Equity Cure (as defined below) to cure the relevant Financial Covenant Ratio Breach, the Subordinated Lender may within 20 business days after the delivery of that Compliance Certificate provide or procure the provision of Additional Equity in an amount (the “**Equity Cure Amount**”) at least sufficient to cure the relevant Financial Covenant Ratio Breach (the “**Equity Cure**”) by the Borrower applying such Equity Cure Amount in the same order of priority as under the mandatory prepayment provisions set out below in “*Mandatory Prepayment and Voluntary Prepayment — Mandatory Prepayment following a Trigger Event*”.

On application of the Equity Cure, the relevant Financial Covenant Ratio will be re-calculated by the Borrower on a pro-forma basis to take into account such prepayment or purchase (as if such prepayment or purchase had occurred at the start of the most recent Test Period). If after the relevant Financial Covenant Ratio is re-calculated the Financial Covenant Ratio Breach has been cured, the relevant Financial Covenant Ratio shall be deemed to have been satisfied on the

relevant Test Date as though no Financial Covenant Ratio Breach had ever occurred and the related Financial Covenant Ratio Breach shall be deemed not to have occurred.

Provided that any Senior Debt remains outstanding, the right to utilise the Equity Cure will be limited to a maximum of three Test Dates in any rolling 60 month period, but shall not be utilised in respect of consecutive Test Dates (the “**Equity Cure Limitation**”).

“**Additional Equity**” means (in each case in addition to such amounts subscribed, committed or incurred on or before the Closing Date or the relevant Test Date):

- (a) any amount subscribed by the Subordinated Lender in cash for shares in the Parent or any other form of capital contribution in cash to the Parent by the Subordinated Lender (which is not Financial Indebtedness and provided that repayment (if any) of such amounts is subject to the terms of the STID); or
- (b) the incurrence of Subordinated Debt by the Parent from the Subordinated Lender.

Operating Covenants

Each Obligor has given certain covenants in favour of the Obligor Security Trustee, which include:

- (a) other than Permitted Acquisitions or Authorised Investments, no Obligor shall acquire or subscribe for shares or ownership interest in or securities of any company or other person or acquire any business;
- (b) other than Permitted Joint Ventures (and/or as contemplated within paragraph (d) of the definition of Permitted Acquisitions) no Obligor may enter into, invest in or acquire any interest in any partnership or joint venture;
- (c) the Obligors shall, and the Borrower shall procure that each other Senior Financing Group Company shall, limit their business at all times to the Permitted Business applicable to it or actions which are contemplated by the Obligor Transaction Documents;
- (d) other than a Permitted Disposal, no Obligor may enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, licence, transfer or otherwise dispose of any asset or all or any part of its business or undertaking without the prior written consent of the Obligor Security Trustee;
- (e) each Obligor shall maintain insurance cover with reputable underwriters or insurance companies (including any captive insurer from time to time) which is consistent with reasonable and prudent practices in carrying out its Permitted Business;
- (f) except as provided below, no Obligor may enter into any transaction with any person otherwise than on arm's-length basis or better than arm's length terms from the perspective of any such Obligor, provided that where such Obligor enters into more than one transaction with a person all such transactions shall be considered together for the purposes of determining compliance with this covenant. The following transactions shall not be a breach of this arm's length covenant:
 - (i) Permitted Senior Financing Group Loans;
 - (ii) fees, costs and expenses payable by the Obligors under the Obligor Transaction Documents in the amounts set out therein;
 - (iii) any transactions between Senior Financing Group Companies;
 - (iv) any charitable or pro bono activities of Senior Financing Group Companies up to £1 million (RPI indexed) (or its equivalent) of cash donations in any consecutive twelve month period;
 - (v) transactions with employees, directors or consultants of members of the Senior Financing Group Companies in relation to staff discounts, loans, bonuses, share incentive schemes or the payment of reasonable costs and expenses if the amount of such transactions (other than in respect of bonuses and share incentive schemes) when aggregated with the amount of all other such transactions made pursuant to this paragraph (v) does not exceed £5 million (RPI indexed) (or its equivalent) in any consecutive twelve month period; and
 - (vi) Permitted Tax Transactions.

(g) except in the case of any Permitted Security Interest or Permitted Disposal, no Senior Financing Group Company shall:

- (i) create or permit to subsist any security or Quasi-Security over any of its assets;
- (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (iii) 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
- (iv) enter into any other preferential arrangement having a similar effect,

in relation to items (ii) to (iv) (inclusive) above, 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;

(h) no Obligor shall, and the Borrower shall procure that no other Senior Financing Group Company shall, incur any Financial Indebtedness other than Permitted Financial Indebtedness which satisfies the Maturity Concentration Limits;

(i) no Obligor shall enter into any new Authorised Facility or incur any Senior Debt (other than in respect of a Permitted Facility that is not incurred to borrow money) after the Closing Date unless following the entry into such Authorised Facility or incurring such Senior Debt:

- (i) the sum of (1) the aggregate principal amount outstanding of the Senior Debt (other than in respect of a Permitted Facility that is not incurred to borrow money) which has an Expected Maturity Date within any period of 24 consecutive months and (2) the aggregate accretions by way of indexation at the relevant Inflation Rate to each relevant date to the notional amount under any Inflation Linked Hedging Agreements which have a scheduled date for payment of accretion or a scheduled termination date or will terminate pursuant to mandatory termination within any period of 24 consecutive months, each expressed as a percentage of the aggregate principal amount outstanding of all Senior Debt (other than in respect of a Permitted Facility that is not incurred to borrow money) as at the proposed date of entry into of such Authorised Facility or incurring of such Senior Debt (other than in respect of a Permitted Facility that is not incurred to borrow money), shall not exceed 30%; and
- (ii) the sum of (1) the aggregate principal amount outstanding of the Senior Debt which has an Expected Maturity Date within any period of 60 consecutive months and (2) the aggregate accretions by way of indexation at the relevant Inflation Rate to each relevant date to the notional amount under any Inflation Linked Hedging Agreements which have a scheduled date for payment of accretion or a scheduled termination date or will terminate pursuant to mandatory termination within any period of 60 consecutive months, each expressed as a percentage of the aggregate principal amount outstanding of all Senior Debt (other than in respect of a Permitted Facility that is not incurred to borrow money) as at the proposed date of entry into of such Authorised Facility or incurring of such Senior Debt (other than in respect of a Permitted Facility that is not incurred to borrow money), shall not exceed 50%,

provided that there shall be disregarded for these purposes:

- (A) any amount outstanding under any Working Capital Facility which is subject to the requirement of being repaid in full for a minimum of five consecutive Business Days in each financial year and under any Liquidity Facility at any time; and
- (B) all amounts owed or scheduled to be payable under any Hedging Agreements that would otherwise be included in such calculation other than accretions by way of indexation at the relevant Inflation Rate to each relevant date to the notional amount under any Inflation Linked Hedging Agreements which have a scheduled date for payment of accretion or a scheduled termination date or will terminate pursuant to mandatory termination within the relevant period,

(the “**Maturity Concentration Limits**”);

(j) the Borrower shall, prior to incurring (a) an Issuer/Borrower Loan corresponding to an issuance of new Notes, (b) Financial Indebtedness pursuant to an issuance of U.S. private placement notes or (c) any other new Authorised Facility pursuant to which new term Financial Indebtedness is to be incurred (excluding, for the avoidance of doubt,

Finance Leases) (together, "**New Term Financial Indebtedness**") (i) obtain a confirmation from each of the Rating Agencies that are currently appointed by the Issuer that the incurrence of such New Term Financial Indebtedness will not result in the existing Notes ceasing to be rated at least the lower of (X) the then current rating of the existing Notes and (Y) the initial rating of the first Series of Notes or (ii) in the event that any one or more of the Rating Agencies is or are unable to provide such confirmation for any reason other than related to the rating itself, certify (after having made all reasonable enquiries), and provide evidence to support such certification, that the incurrence of such New Term Financial Indebtedness will not, in its reasonable belief, result in the existing Notes ceasing to be rated at least the lower of (X) the then current rating of the existing Notes and (Y) the initial rating of the first Series of Notes from such Rating Agencies (the "**New Term Financial Indebtedness Ratings Requirement**");

- (k) each Obligor shall maintain in full force and effect, and comply with the terms of, all authorisations, licences and approvals required for the conduct of its business and to enable it to perform its obligations under the Obligation Transaction Documents and to ensure the legality, validity, enforceability and admissibility of the Obligor Transaction Documents (to the extent that failure to do so, or not to do so, would reasonably be likely to have a Material Adverse Effect or which would otherwise adversely affect the Security Interests of the Obligor Secured Creditors)
- (l) no Obligor may compromise or settle any claim, litigation or arbitration (other than to the extent such claim, litigation or arbitration relates to Tax, but without prejudice to paragraph (q) below) without prior notification to the Obligor Security Trustee if any such compromise or settlement would be reasonably likely to have a Material Adverse Effect;
- (m) each Obligor shall promptly notify the Obligor Security Trustee upon becoming aware of any litigation or environmental claim against it which (in either case), if adversely determined, would reasonably be likely to have a Material Adverse Effect;
- (n) each Obligor must ensure that it, and must also ensure that each other Senior Financing Group Company, obtains all Environmental Permits applicable to it and obtains and complies with all Environmental Law and Environmental Approvals applicable to it, where in each case failure to do so would be reasonably likely to have a Material Adverse Effect;
- (o) each Obligor shall at all times retain auditors of national repute and standing;
- (p) each Obligor must comply with good industry practice with respect to any outsourcing contracts;
- (q) each Obligor shall and (in the case of the Borrower) shall take all reasonable endeavours to procure that each other Senior Financing Group Company shall pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring material penalties unless and only to the extent that:
 - (i) such payment is being contested in good faith and with adequate reserves being held;
 - (ii) provision or disclosure is made in the financial statements for those Taxes and the cost reasonably anticipated as being required to contest them; and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (r) no Obligor shall enter into any Treasury Transactions other than Permitted Treasury Transactions;
- (s) no Obligor may, without the prior written consent of the Obligor Security Trustee, change its memorandum or articles of association provided that each Obligor may change its memorandum or articles of association or other constitutional documents without the Obligor Security Trustee's consent if such change would not be reasonably likely to have a Material Adverse Effect;
- (t) each Obligor must not at any time be an employer (for the purposes of sections 38 to 51 of the Pension Act 2004) of an occupational pension scheme which is a defined benefit scheme (except in the case where such defined benefit scheme is already established on the Closing Date or is acquired as part of a Permitted Acquisition) or connected with or an associate of such an employer;
- (u) each Obligor shall carry on its business at all times in accordance with its constitutional documents, all applicable laws and regulations and all required licences, authorisations, permissions and conditions and the requirements

of any governmental authority or regulatory body, where failure to do so would reasonably be likely to have a Material Adverse Effect;

- (v) each Obligor shall use all reasonable endeavours to preserve and maintain the subsistence and validity of the intellectual property rights necessary for its business, where failure to do so would reasonably be likely to have a Material Adverse Effect;
- (w) each Tax Obligor shall comply at all times with the Tax Deed of Covenant; and
- (x) each Obligor incorporated in England or Scotland undertakes that the Obligor Security granted by such Obligor shall, at all times, secure by way of a floating charge or by way of a floating charge and a fixed charge the whole or substantially the whole of such Obligor's assets, revenues and undertakings.

"Permitted Acquisitions" are the following acquisitions:

- (a) an acquisition of property or assets or a contract to supply goods and/or services by or the grant of a lease or licence to the relevant Obligor for use in or to form part of or for the purposes of a Permitted Business, but excluding any interest in any partnership or joint venture other than a Permitted Joint Venture and any shares in any company other than pursuant to paragraph (e) below, in each case made in the ordinary course of business and on arm's length terms and for bona fide commercial purposes of the Permitted Business;
- (b) an acquisition or holding of Authorised Investments made on arm's length terms;
- (c) an acquisition on arm's length terms of assets required to replace surplus, obsolete, redundant, worn-out, damaged or destroyed assets which, in the reasonable opinion of the relevant Obligor, are required for the operation of its Permitted Business;
- (d) the establishment or acquisition of or subscription for shares or ownership interests in or securities of any company or other person, including any interest in any partnership or joint venture, made on arm's length terms in furtherance of the relevant Obligor's statutory and regulatory obligations;
- (e) an acquisition on arm's length terms of all of the issued shares in any company, provided that such company carries on a Permitted Business and (if required) accedes to the Common Documents as an Obligor;
- (f) an acquisition on arm's length terms of a Permitted Joint Venture;
- (g) any acquisition pursuant to a Permitted Tax Transaction;
- (h) any acquisition of assets as part of Capex, including Maintenance Capex and, in the case of Growth Capex, provided in accordance with the Growth Capex covenant in the CTA;
- (i) any acquisition of assets that is an operating expense of the relevant Obligor;
- (j) any licence renewal or purchase on arm's length terms as part of a Permitted Business;
- (k) (for so long as a Trigger Event is not continuing (unless the relevant acquisition has been contractually committed to prior to the occurrence of the Trigger Event) any acquisition on arm's length terms in the ordinary course of trading where the consideration payable (when taken together with the consideration paid for any other acquisitions pursuant to this paragraph (k)) does not exceed £20 million (RPI indexed) in any financial year;
- (l) the establishment or acquisition of or subscription for shares or ownership interests in any company as part of a corporate reorganisation of the Senior Financing Group (including the insertion of any new holding companies or any tax restructurings), provided that the Principal Subsidiaries Test will be met on the next Test Date and equivalent security is provided over such companies after such reorganisation as is provided by the Obligors before such reorganisation;
- (m) any acquisition of property or assets or a contract to supply goods and/or services from or grant of a lease or licence by another Senior Financing Group Company (including as part of a corporate reorganisation of the Senior Financing Group pursuant to paragraph (l) above), provided that equivalent security is provided over such property, assets, contracts, leases or licences as is provided before such acquisition of property or assets or contract or grant of such lease or licence (if any);

- (n) any capitalisation by way of the issue of shares of any Permitted Senior Financing Group Loans;
- (o) the exercise by Now Digital Limited of its option to acquire additional shares in Now Digital (East Midlands) Limited;
- (p) any acquisition made in accordance with a Remedial Plan; or
- (q) any acquisition made with the consent of the Obligor Security Trustee,

provided that in respect of paragraphs (a) and (e) above only,

- (i) other than in respect of any such acquisition funded from Additional Equity or Subordinated Debt, the Historic Trigger Event Financial Covenant Ratios were not breached for the Test Period ending on (and including) the immediately preceding Test Date;
- (ii) other than in respect of any such acquisition funded from Additional Equity or Subordinated Debt, no other Trigger Event has occurred and is continuing unless such acquisition has been contractually committed to prior to the occurrence of such Trigger Event;
- (iii) the relevant Obligor or the Borrower on its behalf has certified to the Obligor Security Trustee that such acquisition will not cause any of the Projected Trigger Event Financial Covenant Ratios to be breached for a period of 36 months commencing on (but excluding) such Test Date (calculated on a pro-forma basis to take into account (without double counting) (A) the earnings from (i) the asset which is the subject of the Permitted Acquisition (ii) any asset acquired on or following such Test Date to the date of the pro-forma calculation and (iii) any asset for which as at the date of the pro-forma calculation a member of the Senior Financing Group is subject to a binding obligation to acquire on or following the pro-forma calculation date to the end of such period, in each case from the start of the Test Period or (without double counting) to exclude the earnings from (i) any asset disposed of since such Test Date to the date of the pro-forma calculation and (ii) any asset for which as the date of the pro-forma calculation a member of the Senior Financing Group is subject to a binding obligation to dispose of on or following the pro-forma calculation date to the end of such period of, in each case for the entire Test Period and (B) for the avoidance of doubt, Senior Debt incurred or projected to be incurred in connection with any acquisition referred to in (A) above); and
- (iv) the sum of the last reported annual EBITDA for all acquisitions (other than pursuant to a Permitted Joint Venture) made in the most recent 3 financial years does not exceed 5% of the aggregate EBITDA for the most recent 3 financial years.

“Permitted Business” means owning and/or developing and/or operating broadcasting, media distribution and communications infrastructure, networks and spectrum, and any business complimentary thereto in each case.

The Group EBITDA attributable to Senior Financing Group Companies that are incorporated outside of the United Kingdom must not in aggregate exceed 10% of Group EBITDA.

If, on any two consecutive Test Dates, the aggregate contribution to Group EBITDA of the Senior Financing Group Companies that are incorporated outside of the United Kingdom exceeds 10% of Group EBITDA, then the Borrower shall procure the agreement to the acquisition and/or disposal of such subsidiary or subsidiary undertakings of the Senior Financing Group within 45 days of the latest such Test Date, with completion of any such acquisition and/or disposal to take place within 90 days of such Test Date, so that the aggregate contribution to Group EBITDA of the Senior Financing Group Companies that are incorporated outside of the United Kingdom does not exceed 10% of Group EBITDA if recalculated for the latest such Test Date and assuming that such acquisition and/or disposal had been made as at the start of the Test Period ending on such Test Date.

“Permitted Disposals” are any sale, lease, licence, transfer or other disposal which:

- (a) is made in connection with an arm’s length transaction entered into for *bona fide* commercial purposes of the Permitted Business;
- (b) is a lease or licence in the ordinary course of business;
- (c) is of assets in exchange for other assets comparable or superior as to type, value and quality;

- (d) is of equipment pursuant to or to be leased under a Finance Lease permitted by the Obligor Transaction Documents;
- (e) arises as a result of any Permitted Security Interest;
- (f) is a disposal of any surplus, obsolete, redundant, worn out, damaged or destroyed assets;
- (g) is a disposal which is a Permitted Tax Transaction;
- (h) is of Authorised Investments:
 - (i) for cash in the ordinary course of trading; or
 - (ii) in exchange for other Authorised Investments;
- (i) is of trading stock or Cash in the ordinary course of trading;
- (j) is a Restricted Payment permitted by the Obligor Transaction Documents;
- (k) is a disposal of assets to a partnership or joint venture made on arm's lengths terms in furtherance of the relevant Obligor's statutory and regulatory obligations or any other disposal, divestment step or course of conduct or obligation required by any regulatory, merger control or competition authority;
- (l) is a disposal of equipment upon the termination of any contract entered into by the relevant Obligor in the ordinary course of business and, in each case, in connection with an arm's length transaction entered into for bona fide commercial purposes of the Permitted Business;
- (m) is in the ordinary course of trading where the consideration received (when taken together with the consideration received for any other disposals pursuant to this paragraph (m)) does not exceed £20 million (RPI indexed) in any financial year;
- (n) constitutes the winding-up or transfer of or reduction in the capital of any company as part of a solvent liquidation or corporate reorganisation of the Senior Financing Group (including the removal of any holding companies or any tax restructurings), provided that payments or assets distributed as a result thereof are distributed to another Senior Financing Group Company and following such winding-up, transfer or reduction in capital equivalent security is provided as is provided by the Obligors before such winding-up, transfer or reduction in capital (if any);
- (o) constitutes any sale, lease, licence, transfer or other disposal to another Senior Financing Group Company (including as part of a corporate reorganisation of the Senior Financing Group pursuant to paragraph (n) above), provided that equivalent security is provided over such property, assets, contracts, leases or licences as is provided by the Obligors before such disposal (if any); or
- (p) is a disposal made with the prior written consent of the Obligor Security Trustee,

provided that in the case of paragraph (a) above only (but subject to the ability to make a Disposal Cure in accordance with the CTA), except to the extent such sale, lease, licence, transfer or other disposal is made in accordance with the Disposal Cure covenant:

- (i) the Historic Trigger Event Financial Covenant Ratios were not breached as at the immediately preceding Test Date for the Test Period ending on (and including) such Test Date and the relevant Obligor or the Borrower on its behalf has certified to the Obligor Security Trustee that such disposal will not cause any of the Projected Trigger Event Financial Covenant Ratios to be breached for a period of 36 months commencing on (but excluding) such Test Date (calculated on a pro-forma basis to take into account (without double counting) (A) the earnings from (i) any asset acquired on or following such Test Date to the date of the pro-forma calculation and (ii) any asset for which at the date of the pro-forma calculation a member of the Senior Financing Group is subject to a binding obligation to acquire on or following the pro-forma calculation date to the end of such period, in each case from the start of the Test Period or (without double counting) to exclude the earnings from (i) the asset which is the subject of the Permitted Disposal, (ii) any asset disposed of since such Test Date to the date of the pro-forma calculation and (iii) any asset for which as the date of the pro-forma calculation a member of the Senior Financing Group is subject to a binding obligation to dispose of on or following the pro-forma calculation date to the end of

such period, in each case for the entire Test Period and (B) for the avoidance of doubt, Senior Debt incurred or projected to be incurred in connection with any acquisition referred to in (A) above);

- (ii) no other Trigger Event has occurred and is continuing unless such disposal has been contractually committed to prior to the occurrence of the Trigger Event; and
- (iii) the sum of the last reported EBITDA for all disposals made in the most recent 3 financial years does not exceed 5% of the aggregate EBITDA for the most recent 3 financial years.

The net proceeds of sale by the Obligors received on any Permitted Disposal of any asset pursuant to paragraphs (a), (d) (but only in respect of any proceeds after the close out of any costs due under the relevant Finance Lease), (f) (but only in respect of any worn out, damaged or destroyed assets), (k), (l) and (m) (but only, for the avoidance of doubt, where the consideration received (when taken together with the consideration received for any other disposals pursuant to this paragraph (m)) exceeds £20 million (RPI indexed) in any financial year) of the definition of Permitted Disposal above in an aggregate amount in excess of £20 million (RPI indexed) in any financial year (the “**Disposal Proceeds**”) must be promptly deposited into the Proceeds Account.

If the Disposal Proceeds have not been committed for reinvestment within 12 months of receipt by the relevant Obligor and actually applied within 18 months of receipt by the relevant Obligor towards a Permitted Acquisition (but excluding pursuant to paragraphs (b), (g) and (n) of the definition thereof) (the “**Unused Disposal Proceeds**”), the Borrower shall procure that such Unused Disposal Proceeds or an amount equal thereto are promptly used in accordance with “*Mandatory Prepayment and Voluntary Prepayment – Mandatory Prepayment of Issuer/Borrower Loans using Unused Proceeds*” below.

The Borrower shall procure that the proceeds of any insurance claim received by any Obligor (the “**Insurance Proceeds**”) must be promptly deposited into the Proceeds Account. If any Insurance Proceeds other than any proceeds of any claim:

- (i) in relation to third-party liabilities that are actually applied or to be applied to meet such liabilities;
- (ii) in relation to consequential loss policies that are actually applied or to be applied to cover operating losses, loss of profits or business interruption;
- (iii) in relation to physical loss policies that are, or are to be, applied towards the repair, reinstatement or replacement of an asset to cover, or otherwise in amelioration of, such loss; or
- (iv) paid directly by any insurer to a third-party claimant,

have not been committed for reinstatement of the relevant insured asset or for reinvestment within 12 months of receipt by the relevant Obligor and actually applied within 18 months of receipt by the relevant Obligor towards such reinstatement or reinvestment (the “**Unused Insurance Proceeds**” and together with any Report Recovery Proceeds and any Unused Disposal Proceeds, the “**Unused Proceeds**”), the Borrower shall procure that such Unused Insurance Proceeds or an amount equal thereto are promptly used in accordance with “*Mandatory Prepayment and Voluntary Prepayment – Mandatory Prepayment Issuer/Borrower Loans using Unused Proceeds*” below.

“**Permitted Financial Indebtedness**” means:

- (a) Senior Debt incurred under the Borrower Facilities entered into on the Closing Date (including any drawings on or following the Closing Date under the Capex Facility, the Working Capital Facility and/or the Liquidity Facility) and the Finance Leases existing prior to the Closing Date;
- (b) Senior Debt incurred to refinance the Senior Debt referred to in paragraph (a) above (or any Senior Debt which previously refinanced the Senior Debt referred to in paragraph (a) above), including the extension of the Final Maturity Date of the Borrower Facilities entered into on the Closing Date or the entry into of new Borrower Facilities following the Closing Date, provided that:
 - (i) if any such Senior Debt includes any corresponding New Term Financial Indebtedness the New Term Financial Indebtedness Ratings Requirements covenant is met;
 - (ii) such Senior Debt satisfies the Maturity Concentration Limit covenant; and
- (c) any Financial Indebtedness incurred under a Permitted Facility;

- (d) any Financial Indebtedness incurred under a Permitted Treasury Transaction;
- (e) any Financial Indebtedness incurred to fund mark-to-market termination payments in respect of any Hedge terminated in accordance with the Hedging Policy;
- (f) any unsecured Financial Indebtedness provided that the aggregate of such Financial Indebtedness does not exceed £10 million (RPI indexed);
- (g) Permitted Guarantees;
- (h) Permitted Senior Financing Group Loans;
- (i) any Financial Indebtedness under Permitted Finance Leases;
- (j) Subordinated Debt;
- (k) any Financial Indebtedness incurred in respect of trade credit in the ordinary course of trading;
- (l) any Financial Indebtedness where BACs or similar daylight-banking facility is provided;
- (m) any Financial Indebtedness incurred pursuant to the operation of cash-pooling, net balance or balance transfer arrangements made available to Senior Financing Group Companies or their bankers;
- (n) any Financial Indebtedness incurred with the prior written consent of the Obligor Security Trustee; and
- (o) any Financial Indebtedness under any Authorised Facility,

provided that in regards to paragraph (b) (except to the extent already addressed by the proviso to paragraph (b) and other than in respect of paragraphs (ii), (iv) and (ix) below), paragraph (e) (other than in respect of paragraph (iv) below) and paragraph (o) above:

- (i) in respect of the incurrence of New Term Financial Indebtedness following the Closing Date, the New Term Financial Indebtedness Ratings Requirements covenant is met;
- (ii) in respect of the Issuer/Borrower Loan corresponding to any Notes, such Notes are rated at least BBB- (or equivalent) by the Rating Agencies;
- (iii) such Financial Indebtedness satisfies the Maturity Concentration Limit covenant;
- (iv) a Trigger Event is not occurring and the Projected Trigger Event Financial Covenant Ratios would not be breached for a period of 36 months commencing on (but excluding) the immediately preceding Test Date as a result of such Financial Indebtedness;
- (v) the provider of such Financial Indebtedness if not already party thereto has acceded to the Common Documents;
- (vi) the Hedging Policy continues to be complied with;
- (vii) (except in the case of any increase in the commitment under the Liquidity Facility or for Super Senior Borrower Hedges) such Financial Indebtedness ranks *pari passu* or subordinated to existing Senior Debt; and
- (viii) no Obligor Event of Default has occurred and is continuing or would result from such Financial Indebtedness.

“Permitted Guarantees” means:

- (a) guarantees in favour of contractual parties for performance or financial obligations (including, for the avoidance of doubt, under the Material Contracts), in each case given in the ordinary course of business and in connection with an arm’s length transaction for bona-fide commercial purposes of the Permitted Business and not in respect of Financial Indebtedness;
- (b) guarantees in favour of regulatory authorities, local authorities or customs authorities;

- (c) any guarantee given in respect of any deficit in any pension scheme to the extent that the pension scheme is for the benefit of any directors, officers or employees of any Senior Financing Group Company;
- (d) any guarantee given in respect of any netting or set-off arrangement permitted pursuant to the definition of Permitted Security Interest;
- (e) any guarantee of any Financial Indebtedness permitted by the definition of Permitted Financial Indebtedness;
- (f) guarantees given in respect of the liabilities of a Permitted Joint Venture;
- (g) any endorsement of negotiable instruments in the ordinary course of trade;
- (h) guarantees, performance or other similar bonds given or issued by a Senior Financing Group Company in respect of any obligation or liability of any other Senior Financing Group Company which is not incurred in breach of the Obligor Transaction Documents;
- (i) any guarantee arising under the Obligor Security Documents or the Obligor Transaction Documents; and
- (j) any guarantee not permitted by the preceding paragraphs provided that the aggregate liability (actual or contingent) of the Senior Financing Group under such guarantees does not exceed £10 million (RPI indexed) (or its equivalent) in aggregate at any time,

and not (in the case of (a) and (b) above) in respect of Financial Indebtedness.

If either the Historic Net Debt to EBITDA Ratio for the Test Period ending on (and including) the immediately preceding Test Date or the Projected Net Debt to EBITDA Ratio for the Projected Test Period commencing on (but excluding) such Test Date is (or would have been, if calculated on a pro-forma basis to take into account the relevant Limited Payment as if such Limited Payment occurred during the relevant Test Period) equal to or higher than 5.0, the Borrower shall not, and shall procure that no Senior Financing Group Company shall, make a Limited Payment (as defined below).

For the purposes of this paragraph, “**Limited Payments**” means any payments (including distributions, dividends, bonus issues, return of capital, fees, interest, principal or other amounts whatsoever) by way of loan or repayment of any loan or otherwise (in cash or in kind) by any Senior Financing Group Company to any Senior Group Holding Company, any other Non-Senior Financing Group Company (other than the Issuer or FinCo (but including any payments made by the Borrower to FinCo under the FinCo/Borrower Capitalisation Loan)) or any Shareholder (in each case other than pursuant to or in accordance with the Obligor Transaction Documents) other than:

- (a) payments made pursuant to any contract for the provision to any Senior Financing Group Company of any lease, licence, goods or services (other than management services pursuant to paragraph (b) below) provided on arm’s length terms or better than arm’s length terms from the perspective of such Senior Financing Group Company;
- (b) payments made for the provision of management services and which are entered into on bona fide arm’s length terms and in the ordinary course of trading to the extent that the aggregate of all such payments together with all payments made pursuant to paragraph (d) below does not exceed £1 million (RPI indexed) in any consecutive twelve month period, provided that no such payment may be made to meet general corporate purposes of any Senior Group Holding Company or any other Non-Senior Financing Group Company;
- (c) payments made pursuant to a Permitted Tax Transaction;
- (d) any payments of insurance premiums to a captive insurer that are on arm’s length terms; and
- (e) any payment made by a Senior Financing Group Company not otherwise permitted above if the amount of that payment when aggregated with the amount of all other payments made under this paragraph (e) together with all payments made pursuant to paragraph (b) above does not exceed £1 million (RPI indexed) (or its equivalent) in any consecutive twelve month period.

Trigger Events

The CTA contains a separate category of events, the occurrence of which do not result in a default, but which do result in certain increased operational restrictions and requirements for the Parent, including the prohibition of distributions to Intermediate HoldCo. This section describes these Trigger Events and their consequences which will apply from the Closing Date.

Trigger Event Types

The Obligors will be subject to the following Trigger Events (the “**Trigger Events**” and (a), (b) and (c) below the “**Trigger Event Financial Covenant Ratios**”):

- (a) either the Historic Net Debt to EBITDA Ratio for the Test Period ending on (and including) the immediately preceding Test Date or the Projected Net Debt to EBITDA Ratio for the Projected Test Period commencing on (but excluding) such Test Date (each as calculated for the purposes of the Financial Covenant Ratios above, but subject as provided below in respect of the Projected Net Debt to EBITDA Ratio) is higher than 6.50:1;
- (b) either the Historic Cashflow ICR for the Test Period ending on (and including) the immediately preceding Test Date or the Projected Cashflow ICR for the Projected Test Period commencing on (but excluding) such Test Date (each as calculated for the purposes of the Financial Covenant Ratios above, but subject as provided below in respect of the Projected Cashflow ICR) is lower than (i) up to (and including) the Test Date occurring in June 2013, 1.80; (ii) from (and including) the Test Date occurring in December 2013 to (and including) the Test Date occurring in June 2014, 1.90; and (iii) from (and including) the Test Date occurring in December 2014 to (and including) each Test Date thereafter, 2.00:1;
- (c) either the Historic Cashflow DSCR (together with the Historic Net Debt to EBITDA Ratio and the Historic Cashflow ICR, the “**Historic Trigger Event Financial Covenant Ratios**”) for the Test Period ending on (and including) the immediately preceding Test Date or the Projected Cashflow DSCR (together with the Projected Net Debt to EBITDA Ratio and the Projected Cashflow ICR, the “**Projected Trigger Event Financial Covenant Ratios**”) for the Projected Test Period commencing on (but excluding) such Test Date (each as calculated for the purposes of the Financial Covenant Ratios above, but subject as provided below in respect of the Projected Cashflow DSCR) is lower than 1.30:1;
- (d) the occurrence and continuation of an Obligor Event of Default;
- (e) the Liquidity Facility is drawn (other than a Standby Drawing);
- (f) the sum of interest, recurring fees and commissions (that are accounted for as interest under UK GAAP), scheduled principal amounts and other scheduled amounts payable by the Borrower on the Borrower Facilities (other than the Issuer/Borrower Facilities) and under any Issuer/Borrower Hedges, Borrower Hedges or by the Issuer on the Notes and under any Issuer Hedges, in each case without double counting consolidating obligations (including any Issuer Hedge with a corresponding Issuer/Borrower Hedge), for the Projected Test Period commencing on (but excluding) such Test Date (but excluding any principal payment due on the Final Maturity Date (other than any final scheduled repayment for fully amortising debt) of the Borrower Facilities (other than the Issuer/Borrower Facilities) and of the Notes and taking into account:
 - (i) (in the case of the Borrower) any interest payments receivable by the Borrower and any interim principal exchange payments payable and receivable by the Borrower under any Issuer/Borrower Hedging Agreements other than in respect of any final scheduled repayment except for fully amortising debt, Borrower Hedging Agreements (but excluding, for the avoidance of doubt, (i) any final principal exchange payments that are payable and receivable by the Borrower under any Borrower Hedging Agreements other than in respect of any final scheduled payment in respect of fully amortising debt and Issuer/Borrower Hedging Agreements and (ii) any accretions by indexation to the notional amount under any Inflation Linked Hedging Agreements or corresponding Issuer/Borrower Hedging Agreements entered into by the Borrower); and
 - (ii) (in the case of the Issuer) any interest payments receivable by the Issuer under any Issuer Hedging Agreements (but excluding, for the avoidance of doubt, any final principal exchange payments that are payable and receivable by the Issuer under any Issuer Hedging Agreements other than in respect of any final exchange payment in respect of fully amortising debt),

is more than the sum of amounts available to the Borrower and the Issuer for drawing under the Liquidity Facility and the balance (if any) on the Liquidity Standby Account, the Borrower Liquidity DSR Account and the Issuer Liquidity DSR Account (the “**Debt Service Shortfall Test**”);

- (g) as at any Test Date, there is a shortfall in the amounts available to the Senior Financing Group for the Projected Test Period commencing on (but excluding) such Test Date:
- (i) under any Capex Facility, any Working Capital Facility, any Ancillary Facilities, any Permitted Facilities and/or any other Authorised Facilities (together, the “**Available Facilities**”); and
 - (ii) from any Cash and Cash Equivalents available to the Senior Financing Group and the forecast Cashflow for the Projected Test Period commencing on (but excluding) the immediately preceding Test Date (as calculated for the purposes of the Trigger Event Financial Covenant Ratios above),
- to cover Capex, Debt Service and any other principal amounts due under the Senior Debt for such Projected Test Period (including, for the avoidance of doubt, (i) any principal payments due on the Final Maturity Date taking into account any final principal exchange payments that are payable and receivable by the Borrower under any Borrower Hedging Agreements and Issuer/Borrower Hedging Agreements and (ii) any accretions by indexation to the notional amount under any Inflation Linked Hedging Agreements or (without double counting) inflation linked Issuer/Borrower Loans entered into by the Borrower which has a scheduled date for payment of accretion or a scheduled termination date or will terminate pursuant to mandatory termination);
- (h) without prejudice to the other remedies in respect thereof, the occurrence of an Obligor Event of Default which is continuing;
 - (i) the aggregate amounts outstanding by way of accretion or indexation of the notional amount under any Inflation Linked Hedging Agreement exceeds 8% of the aggregate notional amount of the Borrower Facilities; and
 - (j) the auditors qualify or restate their report on any audited consolidated (if applicable) financial statements of an Obligor so that such Obligor is no longer a going concern.

The “**Projected Net Debt to EBITDA Ratio**”, the “**Projected Cashflow DSCR**” and the “**Projected Cashflow ICR**” for the purposes of the Trigger Event Financial Covenant Ratios above will be as calculated for each Test Date for the purposes of the Financial Covenant Ratios above but for the 12 months commencing on (but excluding) the relevant Test Date (each a “**Projected Test Period**”) commencing with the Test Date occurring on 30 June 2013 and using the management projections which shall be prepared on a consistent basis and the assumptions which shall be updated by reference to the most recently available relevant financial information and the most recently delivered financial statements.

In the event that a Trigger Event has occurred and is continuing, a Senior Financing Group Company may not make a Permitted Disposal (pursuant to paragraph (a) of the definition of Permitted Disposal) unless in accordance with a Remedial Plan or unless:

- (a) the Trigger Event has occurred and is continuing solely as a result of a breach of the Projected Trigger Event Financial Covenant Ratios;
- (b) the proceeds of such Permitted Disposal are applied towards prepayment of Senior Debt in the same order of priority as set out in “*Mandatory Prepayment and Voluntary Prepayment – Mandatory Prepayment of Issuer/Borrower Loans following a Trigger Event*” below;
- (c) the sum of the last reported contribution to Group EBITDA from the assets of the Senior Financing Group Companies which have been disposed of in the most recent 3 financial years (taking into account such Permitted Disposal) does not exceed 5% of the aggregate Group EBITDA for the most recent 3 financial years; and
- (d) the relevant Projected Trigger Event Financial Covenant Ratios as recalculated by the Borrower on a pro-forma basis to take into account such prepayment (as if such prepayment had occurred at the start of the most recent Test Period) will either not have been breached or will have improved,

(the “**Disposal Cure**”).

Trigger Event Consequences

If a Trigger Event occurs and is continuing, the following consequences (the “**Trigger Event Consequences**”) will apply:

- (a) no Senior Financing Group Company may make any Restricted Payments;

- (b) the Borrower shall credit the Lock-up Account with Excess Cash Flow (the aggregate of such amounts so credited being the “**Lock-up Amounts**”) in accordance with “*Mandatory Prepayment and Voluntary Prepayment – Mandatory Prepayment following a Trigger Event*” below;
- (c) in the event that a Trigger Event has been subsisting for 12 months or more and for so long as any Senior Debt remains outstanding, the Borrower shall apply all amounts then standing to the credit of the Lock-Up Account in accordance with “ *Mandatory Prepayment and Voluntary Prepayment – Mandatory Prepayment following a Trigger Event*” below;
- (d) provided that the Trigger Event is continuing for 6 months or more, the Borrower must (subject to confidentiality, commercially sensitive caveats and any applicable legal or regulatory restrictions) (i) provide information to the Obligor Security Trustee as may be reasonably requested by the Obligor Security Trustee (which the Obligor Security Trustee shall request on the written instruction of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt) and (ii) if requested by the Obligor Security Trustee (which the Obligor Security Trustee shall request on the written instruction of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt), meet with the Obligor Secured Creditor Representatives (other than the Note Trustee) of the Qualifying Secured Creditors to discuss plans for remedial action with a view to agreeing and implementing a remedial plan acceptable to the Obligor Security Trustee (acting on the instructions of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt) (each a “**Remedial Plan**”); and
- (e) in the event that the Borrower does not prepare a Remedial Plan or agree a Remedial Plan which is acceptable to the Obligor Security Trustee (acting on the instructions of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt) within 3 months following the occurrence of a Trigger Event that is continuing for 6 months or more, the Obligor Security Trustee may and (acting on the written instructions of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt) shall appoint and instruct an independent financial adviser to prepare a Remedial Plan at the cost of the Borrower. The Borrower shall use all reasonable endeavours to implement in all material respects the Remedial Plan that has been produced in accordance with the above. Such Remedial Plan is to be reviewed and amended annually with the approval of the Obligor Security Trustee (acting on the instructions of the Qualifying Secured Creditors which are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% of the aggregate Outstanding Principal Amount of all Qualifying Debt) until such time as the relevant Trigger Event is no longer subsisting.

“**Restricted Payments**” are any payments (including distributions, dividends, bonus issues, return of capital, fees, interest, principal or other amounts whatsoever) by way of loan or repayment of any loan or otherwise (in cash or in kind) by any Senior Financing Group Company to any Senior Group Holding Company, any other Non-Senior Financing Group Company (other than the Issuer) or any Shareholder (in each case other than pursuant to or in accordance with the Obligor Transaction Documents) other than:

- (a) payments made pursuant to any contract for the provision to any Senior Financing Group Company of any lease, licence, goods or services (other than management services pursuant to paragraph (b) below) provided on arm’s length terms or better than arm’s length terms from the perspective of such Senior Financing Group Company;
- (b) payments made for the provision of management services and which are entered into on bona fide arm’s length terms and in the ordinary course of trading to the extent that the aggregate of all such payments together with all payments made pursuant to paragraph (d) below does not exceed £1 million (RPI indexed) in any consecutive 12 month period, provided that no such payment may be made to meet general corporate purposes of any Senior Group Holding Company or any other Non-Senior Financing Group Company;
- (c) payments made pursuant to a Permitted Tax Transaction;
- (d) any payments of insurance premiums to a captive insurer that are on arm’s length terms; and

- (e) any payment made by a Senior Financing Group Company not otherwise permitted above if the amount of that payment when aggregated with the amount of all other payments made under this paragraph (e) together with all payments made pursuant to paragraph (b) above does not exceed £1 million (RPI indexed) (or its equivalent) in any consecutive twelve month period; and
- (f) any payments made on the Closing Date pursuant to the Structure Paper.

The Borrower shall procure that no Senior Financing Group Company shall make a Restricted Payment unless the following conditions are satisfied:

- (a) the payment is made after a duly constituted board meeting approving the Restricted Payment;
- (b) (i) no Financial Covenant Ratio Breach has occurred and is continuing or would result from such Restricted Payment (recalculated on a pro-forma basis to take into account such Restricted Payment as if such Restricted Payment occurred at the start of the most recent Test Period) and (ii) no other Default has occurred and is continuing or would result from such payment;
- (c) (i) no breach of a Trigger Event Financial Covenant Ratio has occurred and is continuing or would result from such Restricted Payment (recalculated on a pro-forma basis to take into account such Restricted Payment as if such Restricted Payment occurred at the start of the most recent Test Period) and (ii) no other Trigger Event has occurred and is continuing or would result from such payment;
- (d) no Equity Cure has been made since delivery by the Borrower to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Borrower Bank Facility Providers, the Term Facilities Providers, the Borrower Hedge Counterparties, the Issuer Hedge Counterparties, the Rating Agencies and the Paying Agents of the immediately preceding Compliance Certificate or (if applicable) Interim Compliance Certificate;
- (e) the payment is made within 60 days of the delivery of the most recent Compliance Certificate or the most recent certificate (which shall be based off the most recently available management accounts) delivered by the Borrower to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Borrower Bank Facility Providers, the Term Facilities Providers, the Borrower Hedge Counterparties, the Issuer Hedge Counterparties, the Rating Agencies and the Paying Agents after a Test Date and prior to delivery of the Compliance Certificate to them in respect of the same Test Date (see below) (an “**Interim Compliance Certificate**”); and
- (f) if a Rating Downgrade Event has occurred and is continuing, to the extent permitted by “*Rating Downgrade Event*” section below.

Anticipated Tax Liability

In the event that the provisions of Clause 8.3(a) of the Tax Deed of Covenant apply in respect of any Potential Tax Matter, the amount available to be applied as a Restricted Payment in respect of the relevant Test Period pursuant to the definition of “Restricted Payments” above shall be reduced by an amount equal to the Anticipated Tax Liability in respect of that Potential Tax Matter.

Notwithstanding any other provision of the Common Terms Agreement, an Obligor shall apply an amount equal to such Anticipated Tax Liability in accordance with Clause 8.3 of the Tax Deed of Covenant.

“Potential Tax Matter” and “Anticipated Tax Liability” shall have the meanings given to them in the Tax Deed of Covenant.

Mandatory Prepayment and Voluntary Prepayment

For the purposes of “*Mandatory Prepayment and Voluntary Prepayment*”:

“**Relevant Standby Drawing**” means a Standby Drawing that remains outstanding following the seventh anniversary of the date on which it is drawn.

Issuer/Borrower Loans Mandatory Prepayment following Expected Maturity Date

Whilst any Issuer/Borrower Loans and/or Borrower Bank Loans remain outstanding following their Expected Maturity Date, but prior to an Obligor Enforcement Notice and/or an Obligor Acceleration Notice being served or an Obligor having become aware of a Trigger Event having occurred, then the Borrower must:

- (a) deposit into the Lock-up Account no later than the earlier to occur of the Interim Compliance Certificate Date and the Compliance Certificate Date in respect of the relevant Test Date until such Issuer/Borrower Loan and/or Borrower Bank Loan has been repaid in full, an amount equal to 100% of all Excess Cash Flow determined in respect of the Semi-Annual Test Period ending on such Test Date (less the aggregate amount of any voluntary prepayments of any Issuer/Borrower Loans and/or Borrower Bank Loans that remain outstanding following their Expected Maturity Date during such Test Period made in accordance with “*Voluntary Prepayment*” below); and
- (b) apply such amounts to prepay or to terminate (as applicable) in accordance with the Liquidity Facility Agreement, the Issuer/Borrower Facilities Agreement or the relevant Issuer/Borrower Hedging Agreement (as applicable), pro rata and *pari passu* according to the respective amounts thereof:
 - (i) each Issuer/Borrower Loan that is outstanding following its Expected Maturity Date;
 - (ii) each Issuer/Borrower Hedge corresponding to an Issuer Hedge in respect of the Notes corresponding to such Issuer/Borrower Loan;
 - (iii) each Relevant Standby Drawing (by transferring an amount equal to the pro rata entitlement pursuant to this paragraph (b)(v) to the Borrower Liquidity DSR Account and/or the Issuer DSR Liquidity DSR Account); and
 - (iv) each other Borrower Bank Loan (under which term debt has been provided),

in each case, including any accrued interest thereon and applicable Repayment Costs and in compliance with the Hedging Policy,

(such prepayments, “**Issuer/Borrower Loans Mandatory Prepayment**”).

Mandatory Prepayment of Issuer/Borrower Loans using Unused Proceeds

Prior to an Obligor Enforcement Notice and/or an Obligor Acceleration Notice being served or an Obligor becoming aware of a Trigger Event having occurred, the Borrower shall apply all Unused Proceeds unless and until an Obligor Enforcement Notice and/or an Obligor Acceleration Notice has been delivered at its discretion, (A) to prepay any Issuer/Borrower Loan; (B) to terminate any Issuer/Borrower Hedge corresponding to an Issuer Hedge in respect of the Notes corresponding to such Issuer/Borrower Loan; and/or (D) to repay any other Borrower Bank Loan (under which term debt has been provided),

in each case, including any accrued interest thereon and applicable Repayment Costs and in compliance with the Hedging Policy, (such prepayment, “**Loans and Unused Proceeds Mandatory Prepayment**”).

Any prepayments by the Borrower using Unused Proceeds may be deferred until the immediately following Payment Date following the date on which the Borrower was required to make such prepayments.

Mandatory Prepayment following a Trigger Event

- (a) Application of Excess Cash Flow where a Trigger Event has occurred

Prior to an Obligor Enforcement Notice and/or an Obligor Acceleration Notice being served, in the event that a Trigger Event has occurred and is outstanding and any Senior Debt remains outstanding, an amount equal to all Excess Cash Flow determined in respect of the Semi-Annual Test Period in which such Trigger Event occurs and in respect of each subsequent Semi-Annual Test Period (as applicable) shall be credited to the Lock-up Account on the earlier to occur of the Interim Compliance Certificate Date and the Compliance Certificate Date in respect of each such Semi-Annual Test Period for so long as a Trigger Event is continuing (the aggregate of such amounts so credited being, the “**Lock-up Amounts**”);

- (b) Application of Lock-up Amounts whilst a Trigger Event is continuing

No amounts may be withdrawn from the Lock-Up Account except pursuant to paragraphs (c) (Mandatory Prepayment) and (d) (*Application of Lock-Up Amounts following remedy*) below.

- (c) Mandatory prepayment

Subject to paragraph (e) (*Defeasance*) below, in the event that a Trigger Event has been subsisting for 12 months or more and for so long as any Senior Debt remains outstanding then, following the credit of Lock-up Amounts in

accordance with paragraph (a) (*Application of Excess Cash-flow where a Trigger Event has occurred*) above, the Borrower shall apply all amounts then standing to the credit of the Lock-Up Account no later than the next Payment Date to prepay or terminate (as applicable) in accordance with the Issuer/Borrower Facilities Agreement, the Liquidity Facility Agreement and the relevant Issuer/Borrower Hedging Agreement pro rata and *pari passu* according to the respective amounts (after deducting, in the case of any Issuer/Borrower Loan, the aggregate amount already standing to the credit of the Defeasance Account Ledger in respect of such Issuer/Borrower Loan) thereof:

- (i) each Borrower Bank Loan;
- (ii) each Borrower Hedge;
- (iii) each Issuer/Borrower Loan;
- (iv) each Issuer/Borrower Hedge; and
- (v) each Relevant Standby Drawing (by transferring an amount equal to the pro rata entitlement pursuant to this paragraph (c)(vii) to the Borrower Liquidity DSR Account and/or the Issuer DSR Liquidity DSR Account),

in each case, including any accrued interest and applicable Repayment Costs and provided that,

- (i) no amounts shall be required to be applied in prepayment of any Issuer/Borrower Loan unless the aggregate amount available on the applicable Payment Date for application pursuant to this Paragraph 6.3 is at least £25,000,000; and
- (ii) the Borrower shall be deemed to have discharged its obligation to make any prepayment of any Issuer/Borrower Loan that corresponds to Fixed Rate Notes or Inflation Linked Notes (as applicable) by crediting on the applicable Payment Date to the Defeasance Account (and making a corresponding entry on the Defeasance Account Ledger established for such Issuer/Borrower Loan) an amount equal to the Issuer's pro rata entitlement to the amounts otherwise to be applied on such Payment Date from the Lock-up Account in prepayment of such Issuer/Borrower Loan, (such prepayment, "**Trigger Event Mandatory Prepayment**").

- (d) Application of Lock-Up Amounts following remedy

Following the earlier to occur of (i) the repayment, defeasance or termination (as applicable) in full of the Senior Debt (including, for the avoidance of doubt, the discharge in full of all payments under Hedging Agreements), (ii) all outstanding Senior Debt being owed by the Borrower to another Senior Financing Group Company or (iii) the remedy of all then outstanding Trigger Events, any amounts standing to the credit of the Lock-Up Account shall at the request of the Borrower be immediately released to the Borrower who may apply such amounts at its discretion (and not otherwise in breach of any other provision of this Agreement).

Mandatory Prepayment of Issuer/Borrower Loans following enforcement but prior to acceleration

Following an Obligor Enforcement Notice being served but prior to an Obligor Acceleration Notice being served, an amount equal to all Excess Cash Flow from the Semi-Annual Test Period in which such notice is served and in respect of each subsequent Semi-Annual Test Period (as applicable) shall be credited to the Lock-up Account on the earlier to occur of the Interim Compliance Certificate Date or the Compliance Certificate Date in respect of such Semi-Annual Test Period for so long as the Obligor Event of Default the subject of such Obligor Enforcement Notice is continuing and apply such amounts no later than the immediately following Payment Date:

- (a) first, following any termination of a Super Senior Borrower Hedge in part but not in whole in accordance with the STID, pro rata and *pari passu* according to the respective amounts due in respect of each Super Senior Borrower Hedge under each relevant Super Senior Borrower Hedging Agreement; and
- (b) thereafter, in the same order of priority as under paragraph (c) (*Mandatory Prepayment*) above,

in each case, including any accrued interest and applicable Repayment Costs (such prepayment, "**Post-Enforcement Mandatory Prepayment**").

Voluntary Prepayment

Whilst any Issuer/Borrower Loans remain outstanding following their Expected Maturity Date but except where “Mandatory Prepayment following a Trigger Event” or “Mandatory Prepayment of Issuer/Borrower Loans following enforcement but prior to acceleration” above applies and/or an Obligor Acceleration Notice has been served, any prepayments by the Borrower using Excess Cash Flow other than as provided for pursuant to “Issuer/Borrower Loans Mandatory Prepayment following Expected Maturity Date” above, must be applied by the Borrower in the same order of priority and amounts as set out under Issuer/Borrower Loans Mandatory Prepayment or be used to pay any accretion under any Inflation Linked Hedging Agreements.

Any voluntary prepayments in accordance with paragraphs (a), (b) or (c) above are “**Voluntary Prepayments**”.

The above Issuer/Borrower Loans Mandatory Prepayment, New Proceeds Mandatory Prepayment, Unused Proceeds Mandatory Prepayment, Trigger Event Mandatory Prepayment and Post-Enforcement Mandatory Prepayment covenants together with this Voluntary Prepayment covenant are referred to as the “**Prepayment Covenants**”.

Relevant Standby Drawing Mandatory Prepayment

If a Relevant Standby Drawing is outstanding, for so long as not all or any part of the Excess Cash Flow in respect of a Semi-Annual Test Period is required to be applied in another mandatory prepayment described in the section “Mandatory Prepayment and Voluntary Prepayment” above, while a Relevant Standby Drawing remains outstanding, the Borrower must deposit into the Lock-up Account all Excess Cash Flow determined in respect of the Semi-Annual Test Period ending on the Test Date following the date on which the Standby Drawing becomes a Relevant Standby Drawing and each following Semi Annual Test Period whilst such relevant Standby Drawing remains outstanding (less the aggregate amount of any voluntary prepayments of any Relevant Standby Drawing made during such Test Period), no later than the earlier to occur of the Interim Compliance Certificate Date and the Compliance Certificate Date in respect of the relevant Test Date until any all Relevant Standby Drawings have been repaid in full, and apply such amounts no later than the immediately following Payment Date in repayment of, pro rata and pari passu according to the respective amounts thereof, each Relevant Standby Drawing (by transferring an amount equal to the pro rata entitlement pursuant hereto to the Borrower Liquidity DSR Account) and/or the Issuer Liquidity DSR Account, in each case, including any accrued interest thereon and applicable Repayment Costs.

Rating Downgrade Event

So long as any Senior Debt is outstanding, if (i) one or both of the ratings assigned to the Notes (in the case where the Notes are rated by two Rating Agencies) or (ii) two or more ratings assigned to the Notes (in the case where the Notes are rated by three or more Rating Agencies), fall below BBB-/Baa3 (or equivalent) by a Rating Agency then a “**Rating Downgrade Event**” will occur. For so long as a Rating Downgrade Event is outstanding, a Senior Financing Group Company may only make Restricted Payments (provided that no Trigger Event has occurred and is continuing) to the extent that such Restricted Payments are used exclusively to pay interest on or repay the Subordinated Loans for the purpose of the Subordinated Lender paying interest to or repaying principal AF No 2 and AF No 2 (in its capacity as the Junior Intercompany Borrower) paying interest and an amount equal to the Junior FinCo Senior Amounts to Junior FinCo (in its capacity as the Junior Intercompany Lender) and Junior FinCo paying interest on the Junior Notes and the Junior FinCo Senior Amounts (as applicable). The occurrence of a Rating Downgrade Event will be remedied if (i) both of the ratings assigned to the Notes (in the case where the Notes are rated by two Rating Agencies) or (ii) two or more ratings assigned to the Notes (in the case where the Notes are rated by three or more Rating Agencies) are no longer below BBB-/Baa3 (or equivalent) by a Rating Agency.

Obligor Events of Default

The CTA contains a number of events of default (the “**Obligor Events of Default**”) which will be Obligor Events of Default under each Obligor Transaction Document (other than, in respect of the Hedge Counterparties, the Hedging Agreements and, in respect of the Liquidity Facility Providers, the Liquidity Facility Agreement). Subject, in some cases and including, as stated below, to agreed exceptions, materiality thresholds and qualifications, reservations of law, grace periods and remedies, the Obligor Events of Default are:

- (a) a breach of the Financial Covenant Ratios which is not cured in accordance with the terms of the CTA;
- (b) non-payment by the Obligors of amounts due under the Obligor Transaction Documents, unless due to a technical error and such payment is made within 5 Business Days of the payment falling due;

- (c) a breach by the Obligors of any Material Borrower Covenant, where such breach if capable of remedy is not remedied within 10 Business Days of the earlier of the Obligor Security Trustee being given notice and an Obligor becoming aware of such breach;
- (d) a breach of any covenant (except for those referred to in paragraphs (a) and (c) above) or undertaking under any Obligor Transaction Document or the Obligor representations and warranties, where such breach if capable of remedy is not remedied within 20 Business Days of the earlier of the Obligor Security Trustee being given notice of such breach to the Borrower and an Obligor becoming aware of such breach;
- (e) a breach by an Obligor or a Subordinated Creditor of any of its respective obligations under the STID, except where such breach is capable of remedy and remedied within 20 Business Days of the earlier of (i) the Obligor Security Trustee giving notice to the Borrower or Subordinated Creditor (as applicable) and (ii) any Obligor becoming aware of such breach;
- (f) any Financial Indebtedness of the Obligors (except for amounts due under the Obligor Transaction Documents or any Subordinated Debt) in an aggregate amount exceeding £10 million (RPI indexed) or its equivalent is not paid when due after the expiry of any applicable grace period;
- (g) subject to paragraph (iv) below:
 - (i) any Financial Indebtedness of the Obligors (except for amounts due under the Obligor Transaction Documents or any Subordinated Debt) 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) any commitment for any Financial Indebtedness of the Obligors (except in respect of the Obligor Transaction Documents or any Subordinated Debt) is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described);
 - (iii) any creditor of an Obligor (except in respect of the Obligor Transaction Documents or any Subordinated Debt) becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described);
 - (iv) no Obligor Event of Default under this paragraph (g) will occur if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iii) (inclusive) above is less than £25 million (or its equivalent in any other currency or currencies);
- (h) an insolvency event occurs in respect of an Obligor;
- (i) it is or becomes unlawful for any Obligor to perform its obligations under any Obligor Transaction Document or any Obligor Transaction Document becomes invalid or unenforceable against any Obligor;
- (j) where a change or cessation of the business of the Senior Financing Group taken as a whole (other than as contemplated within the Permitted Business definition) which would reasonably be likely to have a Material Adverse Effect;
- (k) any expropriation, attachment, sequestration, distress or execution or any analogous process in any applicable jurisdiction affects any material part of the property, assets or revenues of an Obligor and is not discharged within 30 days;
- (l) where the authority or ability of the Senior Financing Group taken as a whole to conduct its business is wholly or substantially impeded by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority;
- (m) repudiation and rescission of any Material Contract by an Obligor which would reasonably be likely to have a Material Adverse Effect;
- (n) an Issuer Event of Default occurs and is continuing;
- (o) a Restricted Payment is made on the basis of an Interim Compliance Certificate and the Compliance Certificate in respect of the Test Date or the Test Period to which such Interim Compliance Certificate relates evidences that such Restricted Payment should not have been made; and

- (p) any litigation is brought against any Senior Financing Group Company or in respect of its assets or revenues which would reasonably be likely to be adversely determined and which, if so adversely determined, would reasonably be likely to have a Material Adverse Effect.

A “**Material Borrower Covenant**” means, among others, each of the following covenants:

- (a) the Restricted Payments covenant (to the extent that a Restricted Payment is made in breach thereof or there is a breach of a Trigger Event Consequence, but not the occurrence of a Trigger Event);
- (b) the Rating Downgrade Event covenant (to the extent that a Restricted Payment is made in breach thereof, but not the occurrence of the Rating Downgrade Event);
- (c) the mergers covenant;
- (d) the Permitted Business covenant;
- (e) the Permitted Acquisitions covenant;
- (f) the Permitted Disposals covenant;
- (g) the additional Financial Indebtedness covenant;
- (h) the New Term Financial Indebtedness Ratings Requirement covenant;
- (i) the Maturity Concentration Limit covenant;
- (j) the Negative Pledge covenant;
- (k) the Hedging Policy covenant.
- (l) the mandatory prepayment and voluntary prepayment covenants; and
- (m) the Principal Subsidiaries Test.

Defeasance

- (a) Credits to the Defeasance Accounts

Amounts may be credited to the Defeasance Accounts (and corresponding entries on the Defeasance Account Ledger established for the relevant Issuer/Borrower Loan) by the Borrower as follows:

- (i) pursuant to the mandatory prepayment and voluntary prepayment provisions of “*Mandatory Prepayment and Voluntary Prepayment*” above; and
 - (ii) pursuant to an Equity Cure made in accordance with the CTA, in respect of an Issuer/Borrower Loan corresponding to a Fixed Rate Note or an Index Linked Note.
- (b) Withdrawals from the Defeasance Accounts following the occurrence of a Trigger Event.
- If a Trigger Event has occurred and is continuing, the Borrower may at any time in its absolute discretion withdraw amounts standing to the credit of the Defeasance Account to:
- (i) repay the relevant Issuer/Borrower Loan together with accrued interest and any related Repayment Costs (and the Issuer will make a corresponding repayment of the Fixed Rate Notes or the Index Linked Notes corresponding to such Issuer/Borrower Loan); and/or
 - (ii) make market purchases of any Fixed Rate Notes and/or Index Linked Notes corresponding to the relevant Issuer/Borrower Loan for a purchase price not exceeding the aggregate of (i) par and (ii) any accrued interest and related Repayment Costs;
- (c) Withdrawals from the Defeasance Accounts following remedy of the relevant Trigger Event. If, following a credit to the Defeasance Account following a Trigger Event:
- (i) the Compliance Certificates in respect of the most recent Test Date shows that no Trigger Event Financial Covenant Breach is continuing or (in respect of a Trigger Event which is not a Trigger Event Financial Covenant Breach) that such Trigger Event has been remedied; and

- (ii) the Borrower certifies that the proposed application of the amounts standing to the credit of the Defeasance Account will be applied in accordance with the Transaction Documents and not result in a further Trigger Event occurring,

then amounts standing to the credit of the Defeasance Accounts may be released from the Defeasance Account to be applied by the Borrower towards such purpose.

- (d) Withdrawals from the Defeasance Accounts following exercise of an Equity Cure If, following a credit to the Defeasance Account in respect of an Equity Cure:

- (i) the Compliance Certificates in respect of the most recent Test Date shows that no Financial Covenant Ratio Breach is continuing; and

- (ii) the Borrower certifies that the proposed application of the amounts standing to the credit of the Defeasance Account will be applied in accordance with the Transaction Documents and not result in a further Financial Covenant Ratio Breach,

then amounts standing to the credit of the Defeasance Account may be released from the Defeasance Account and applied by the Obligor towards such purpose.

- (e) Obligor Enforcement

Following the service of an Obligor Enforcement Notice, amounts standing to the credit of the Defeasance Account shall be applied solely in repayment of the relevant Issuer/Borrower Loan without regard to the Borrower Post-Enforcement Post-Acceleration Payment Priorities.

- (f) Defeasance Account Ledgers

- (i) In the event that the Borrower elects to deposit any Excess Cash Flow into the Defeasance Account pursuant to paragraph (a) (Credits to the Defeasance Accounts) in respect of an Issuer/Borrower Loan for the first time, the Borrower (or the Borrower Cash Manager on its behalf) shall establish a Defeasance Account Ledger corresponding to the relevant Issuer/Borrower Loan and shall make a corresponding credit entry on such Defeasance Account Ledger in respect of any such deposit; and

- (ii) thereafter each time that the Borrower deposits an additional amount into the Defeasance Account in respect of that Issuer/Borrower Loan, the Borrower (or the Borrower Cash Manager on its behalf) shall make a corresponding credit entry on the relevant Defeasance Account Ledger corresponding to that Issuer/Borrower Loan.

On each occasion that an amount is withdrawn from the Defeasance Account pursuant to paragraphs (b) (Withdrawals from the Defeasance Accounts following the occurrence of a Trigger Event), (c) (Withdrawals from the Defeasance Accounts following remedy of the relevant Trigger Event), (d) (Withdrawals from the Defeasance Accounts following exercise of an Equity Cure) and (e) (Obligor Enforcement) above, the Borrower (or the Borrower Cash Manager on its behalf) shall make a corresponding debit entry on relevant Defeasance Account Ledger corresponding to the relevant Issuer/Borrower Loan.

Borrower Accounts

The CTA requires the Borrower, on or prior to the Closing Date, to open and maintain the Debt Service Payment Account and the Lock-Up Account with the Borrower Account Bank and, following the Closing Date as and when required by the relevant Obligor Transaction Documents, to open and maintain the Proceeds Account, the Minimum Maintenance Capex Reserve Account, the Defeasance Account, the Borrower Liquidity DSR Account and a Liquidity Standby Account if the Liquidity Standby Provider in respect of whom a Standby Drawing has been made does not have the Liquidity Facility Provider Requisite Rating with the Borrower Account Bank provided that the Borrower Account Bank has consented to the opening of such Liquidity Standby Account.

Prior to the delivery of any Obligor Enforcement Notice and/or an Obligor Acceleration Notice being given by the Obligor Security Trustee, payments from the Debt Service Payment Account to an Obligor Secured Creditor will be paid in accordance with the Borrower Pre-Enforcement Payment Priorities which is set forth in detail in "*Cashflows – Borrower Pre-Enforcement Payment Priorities*". Following the delivery of any Obligor Enforcement Notice but prior to an Obligor Acceleration Notice being given by the Obligor Security Trustee, payments from the Debt Service Payment Account to

an Obligor Secured Creditor will be paid in accordance with the Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities which is set forth in detail in “*Cashflows – Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities*”. Following the delivery of any Obligor Enforcement Notice and any Obligor Acceleration Notice being given by the Obligor Security Trustee, payments from the Debt Service Payment Account to an Obligor Secured Creditor will be paid in accordance with the Borrower Post-Enforcement (post-Acceleration) Payment Priorities which is set forth in detail in “*Cashflows – Borrower Post-Enforcement (Post-Acceleration) Payment Priorities*”.

The Borrower shall ensure that all amounts of Excess Cash Flow that are required to be applied in accordance with “Mandatory Prepayment and Voluntary Prepayment” above are deposited into the Lock-up Account no later than the dates required pursuant to “*Mandatory Prepayment and Voluntary Prepayment*” above.

Each Obligor shall ensure that certain Insurance Proceeds, Disposal Proceeds and Report Recovery Proceeds are deposited into the Proceeds Account and if not applied in accordance with “*Obligor Covenants*” above will be used in accordance with “*Mandatory Prepayment and Voluntary Prepayment*” above.

Each Obligor shall ensure that any Unused Capex Spend Amount is deposited into the Minimum Maintenance Capex Reserve Account. Any amounts standing to the credit of the Minimum Maintenance Capex Reserve Account may only be utilised by the Senior Financing Group Companies in connection with a payment of Maintenance Capex in respect of future financial years, provided that such amounts shall not count towards the Minimum Maintenance Capex Spend Amount for any future financial year.

Following the Signing Date, as and when required by the relevant Liquidity Facility Agreement, the Borrower shall open (in the joint names of the Borrower and the Issuer) and maintain and hold a Liquidity Standby Account at the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made or, if such Liquidity Facility Provider does not have the Liquidity Facility Provider Requisite Rating, at the Borrower Account Bank provided that the Borrower Account Bank has consented to the opening of such Liquidity Standby Account.

If the Liquidity Facility is to be replaced in whole or part by cash, the Borrower shall open a Borrower Liquidity DSR Account in the name of the Borrower and deposit such amount thereof as it determines in the Borrower Liquidity DSR Account.

If the Borrower is required to apply Excess Cash Flow in prepayment of an Issuer/Borrower Loan which corresponds to Fixed Rate Notes or Inflation Linked Notes, it may open a Defeasance Account.

Authorised Investments

The Borrower or the Borrower Cash Manager on its behalf may invest in Authorised Investments from such part of the amounts standing to the credit of any of the Borrower Accounts from time to time.

“**Authorised Investments**” means investments in Cash Equivalents.

Security Trust and Intercreditor Deed

General

The intercreditor arrangements (the “**Intercreditor Arrangements**”) will be contained in the STID and, in relation to the Issuer, also in the Issuer Deed of Charge. The Intercreditor Arrangements will bind each of the Secured Creditors (including the Issuer as Obligor Secured Creditors) and each of the Obligors only.

The Obligor Secured Creditors will include all providers of Senior Debt that enter into or accede to the STID (including the Issuer as provider of the Issuer/Borrower Facilities and the Issuer/Borrower Hedges). The Issuer Secured Creditors will also enter into or accede to the Issuer Deed of Charge and in some cases the STID. Any new Ancillary Facility Provider, Permitted Facility Provider and/or other Authorised Facility Provider to the Borrower (including any new Liquidity Facility Provider) will be required to accede to the STID, the CTA and the MDA and any Issuer Hedge Counterparties and Liquidity Facility Providers will be required to accede to the STID and the Issuer Deed of Charge.

The STID also contains provisions restricting the rights of Subordinated Creditors.

The purpose of the Intercreditor Arrangements is to regulate, among other things (a) the claims of the Obligor Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Obligor Secured Creditors; (c) the rights of the Obligor Secured Creditors through their Secured Creditor Representatives to instruct the Obligor Security Trustee (d) the

Entrenched Rights and the Reserved Matters of the Obligor Secured Creditors; and (e) the giving of consents and waivers under and the making of modifications to the CTA, the MDA, the STID, the Security Deed, the other Security Documents, the CP Agreement, the Tax Deed of Covenant and the Borrower Account Bank Agreement and any other agreement, instrument or deed designated by the Obligor Security Trustee and at least one Obligor as a Common Document (together the “**Common Documents**”).

Modifications, Consents and Waivers

General

Subject to Entrenched Rights and Reserved Matters (which will always require the consent of, in the case of Entrenched Rights, all the affected Secured Creditors (the “**Affected Secured Creditors**”) and, where the Issuer is an Affected Secured Creditor, the affected Issuer Secured Creditors (“**Affected Issuer Secured Creditors**”) and, in the case of Reserved Matters, only the relevant Secured Creditors) and Discretion Matters, the Obligor Security Trustee will only agree to making any modification to, giving any consent under or granting any waiver in respect of any Common Documents (a “**STID Proposal**”) with the consent of, or if so instructed by, the relevant majority of Participating Secured Creditors by reference to the Voted Qualifying Debt, provided that the relevant Quorum Requirement has been met.

The Borrower is entitled to provide the Obligor Security Trustee with written notice requesting any STID Proposal. The notice will certify whether such STID Proposal is a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter or whether it gives rise to an Entrenched Right and stating the relevant Decision Period. If the STID Proposal is in relation to a Discretion Matter, the Borrower must also provide a certificate evidencing this status. If the STID Proposal is in relation to an Entrenched Right, the Borrower must include information as to all the Affected Secured Creditors.

The Obligor Security Trustee will, within five business days of receipt of a STID Proposal, send a request (a “**STID Voting Request**”) in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to each Obligor Secured Creditor and Issuer Secured Creditor (in each case, through its Secured Creditor Representative, which (in respect of the Issuer) shall be the Note Trustee on behalf of the Noteholders in respect of the Issuer/Borrower Loans and shall be the Issuer Hedge Counterparties in respect of the Issuer/Borrower Hedges under the Issuer/Borrower Hedging Agreement (or, if none, the Issuer/Borrower Facilities Agreement in respect of the Issuer Hedging Agreement) and the Issuer Security Trustee in respect of each other Issuer Secured Creditor. If the STID Proposal gives rise to an Entrenched Right, the STID Voting Request will contain a request that each relevant Affected Obligor Secured Creditor (including, where the Issuer is an Affected Obligor Secured Creditor and each Affected Issuer Secured Creditor) confirm whether or not it wishes to consent to the relevant STID Proposal that would affect the Entrenched Right (through its Secured Creditor Representative).

Types of Voting Categories

Ordinary Voting Matters

Ordinary Voting Matters include all matters which are not designated as Extraordinary Voting Matters or Discretion Matters (see “— *Extraordinary Voting Matters*” and “— *Discretion Matters*” below).

Extraordinary Voting Matters

Extraordinary Matters are matters which:

- (a) would change (i) any provision (including any definition) which would materially affect the voting mechanics in relation to the Extraordinary Voting Matters or (ii) any of the matters constituting Extraordinary Voting Matters;
- (b) would materially change any Obligor Events of Default or any Trigger Events each in relation to non-payment, the making of Restricted Payments, financial ratios or credit rating downgrade;
- (c) would relate to the waiver of the Obligor Event of Default in respect of any Obligor or a waiver of any Trigger Events in relation to non-payment, credit rating downgrade or financial ratios or the making of Restricted Payments;
- (d) would materially change or have the effect of materially changing the definition of Permitted Business;
- (e) would materially change or have the effect of changing the provisions or would relate to a waiver of the test for Permitted Financial Indebtedness set out in the CTA;

- (f) would change in any adverse respect any mandatory prepayment provisions set out in any Common Document (including, without limitation, the amount to be prepaid or the time by which such amount is to be applied in prepayment); or
- (g) would materially change any Material Borrower Covenant.

Entrenched Rights

Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Affected Obligor Secured Creditor(s). When the Affected Obligor Secured Creditor is the Issuer, such consent must be obtained from each Affected Issuer Secured Creditor.

Reserved Matters

Reserved Matters are matters which, subject to the STID and the CTA, 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 Facility to which it is a party as permitted pursuant to the terms of the CTA;
- (b) to make determinations of and require the making of payments due and payable to it under the provisions of the Authorised Facilities to which it is a party as permitted by the terms of the CTA;
- (c) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the terms of the STID, the CTA and the other Obligor Transaction Documents;
- (d) to give or receive notices, certificates, communications or other documents or information under the Obligor Transaction Documents or otherwise;
- (e) to assign its rights or transfer any of its rights and obligations under any Authorised Facility to which it is a party, subject to the provisions of the STID;
- (f) in addition, in the case of each Borrower Hedge Counterparty, (i) to terminate a Hedging Transaction under the relevant Borrower Hedging Agreement provided such termination is a Permitted Hedge Termination or to terminate a Hedging Transaction under the relevant Borrower Hedging Agreement in part and amend the terms of the Borrower Hedging Agreement to reflect such partial termination or (ii) to exercise rights permitted to be exercised by it under a Borrower Hedging Agreement; and
- (g) in addition, in the case of each Issuer Hedge Counterparty, (i) to terminate a Hedging Transaction under the relevant Issuer Hedging Agreement provided such termination is a Permitted Hedge Termination or to terminate a Hedging Transaction under the relevant Issuer Hedging Agreement in part and amend the terms of the Issuer Hedging Agreement to reflect such partial termination or (ii) to exercise rights permitted to be exercised by it under an Issuer Hedging Agreement.

Discretion Matters

The Obligor Security Trustee may (but is not obliged to), as requested by the Borrower by way of a STID Proposal designated by the Borrower as being in respect of a Discretion Matter, in its sole discretion concur with the Borrower and/or any other relevant party in making any modification to, giving any consent under, or granting any waiver in respect of, any Common Document or any Authorised Facility Agreement to which the Obligor Security Trustee is a party or over which it has the benefit of the Obligor Security (provided that, in the case of any modification to, giving any consent under, or granting any waiver in respect of an Authorised Facility Agreement, each other party to that Authorised Facility has consented to such modification, waiver or consent or, where applicable, the relevant majority of any class of party to that Authorised Facility has so consented (and the Obligor Security Trustee must consent to such modification, waiver or giving of consent under that Authorised Facility Agreement if it does not result in an increase in the obligations or liabilities of the Obligor Security Trustee)) if:

- (a) in its opinion, it is required to correct a manifest error, or an error in respect of which an English court could reasonably be expected to make a rectification order, or it is of a formal, minor, administrative or technical nature; or
- (b) such modification, consent or waiver is not, in the opinion of the Obligor Security Trustee, 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 in respect of the Senior Debt owed to the relevant Obligor Secured Creditors on the relevant due date for payment thereof).

The Obligor Security Trustee must not make or concur in making any modification to, give any consent under, or grant any waiver in respect of, any Common Document to which it is a party if such modification, consent or waiver if it:

- (a) is an Ordinary Voting Matter, unless and until the provisions in the STID relating to Ordinary Voting Matters have been complied with;
- (b) is an Extraordinary Voting Matter, unless and until the provisions in the STID relating to Extraordinary Voting Matters have been complied with;
- (c) is an Entrenched Right, unless and until the consent of each Affected Obligor Secured Creditor (and, if the Issuer is an Affected Obligor Secured Creditor, each Affected Issuer Secured Creditor) has been obtained or deemed to be obtained in accordance with the provisions in the STID; or
- (d) is subject to an ongoing disagreement with regard to the determination of the voting category or the application of Entrenched Rights.

Quorum Requirements

Pursuant to the terms of the STID, the “**Decision Period**” in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter (as applicable) is not less than 15 Business Days and the “**Quorum Requirement**” in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter (as applicable) is one or more Qualifying Secured Creditors representing in aggregate at least 20% of the Outstanding Principal Amount of all Qualifying Debt.

If the initial Quorum Requirement for an Ordinary Voting Matter or an Extraordinary Voting Matter (as applicable) is not met by the Business Day immediately preceding the last day of the Decision Period, the Decision Period will be extended by a further 10 Business Days and the Quorum Requirement will reduce to one or more Qualifying Secured Creditors representing in aggregate at least 10% of the Outstanding Principal Amount of all Qualifying Debt.

A resolution will be passed:

- (a) for an Ordinary Voting Matter, by more than 50% of the Participating Secured Creditors by reference to the Outstanding Principal Amount of the aggregate Voted Qualifying Debt; and
- (b) for an Extraordinary Voting Matter, by more than 66.67% of the Participating Secured Creditors by reference to the Outstanding Principal Amount of the aggregate Voted Qualifying Debt.

In relation to enforcement, the “**Decision Period**” is 20 Business Days and the “**Quorum Requirement**” will be:

- (a) within and including 12 months after the occurrence of an Obligor Event of Default where an Enforcement Instruction Notice or Further Enforcement Notice is delivered, one or more Qualifying Secured Creditors representing in aggregate at least 50% of the entire Outstanding Principal Amount of all Qualifying Debt; and
- (b) after 12 months of the occurrence of an Obligor Event of Default where an Enforcement Instruction Notice or Further Enforcement Notice is delivered, one or more Qualifying Secured Creditors representing in aggregate at least 33.34% of the entire Outstanding Principal Amount of all Qualifying Debt.

Voting

The majority required to pass a resolution to enforce will be:

- (a) in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling 12 months after the occurrence of the relevant Obligor Event of Default, at least 66.67% of the Participating Secured Creditors by reference to the aggregate Outstanding Principal Amount of all Voted Qualifying Debt;

- (b) in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling 12 months after the occurrence of the relevant Obligor Event of Default up to and including the date falling 24 months after the occurrence of the relevant Obligor Event of Default, at least 50% of the Participating Secured Creditors by reference to the aggregate Outstanding Principal Amount of all Voted Qualifying Debt; and
- (c) in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following (but not including) the date falling 24 months after the occurrence of the relevant Obligor Event of Default, at least 33.34% of the Participating Secured Creditors by reference to the aggregate Outstanding Principal Amount of all Voted Qualifying Debt.

The Note Trustee will, in respect of an Ordinary Voting Matter and an Extraordinary Voting Matter (each a “**Voting Matter**”) which is voted on by Noteholders, vote: (a) in an amount equal to the aggregate of the Outstanding Principal Amount under the Issuer/Borrower Loans corresponding to the series of Notes then owed to Noteholders that voted for a proposed resolution within the Decision Period and (b) in an amount equal to the aggregate Outstanding Principal Amount under the Issuer/Borrower Loans corresponding to the series of Notes then owed to Noteholders that voted against a proposed resolution within the Decision Period.

The BBF Agents will, in respect of a Voting Matter which is voted in favour of or against (as applicable) by the relevant Facility Providers in accordance with the relevant Facility Agreement, vote as such in an amount equal to the aggregate of the entire Outstanding Principal Amount of the relevant Facilities.

Appointment of an Administrative Receiver

If there is an Obligor Event of Default under the CTA relating to either (i) an application for the appointment of an administrator in respect of an Obligor or (ii) the giving of notice of intention of appointment of an administrator in respect of an Obligor, the Obligor Security Trustee shall, subject to having actual notice of the event in (i) or (ii) above, as the case may be, and to being able to do so, appoint an Administrative Receiver to such Obligor in accordance with the terms of the Security Deed such appointment to take effect upon the final day by which the appointment must be made in order to prevent an administration from proceeding or (where an Obligor or the directors of an Obligor have initiated the administration) not later than that final day.

Acceleration following receipt of security proceeds

Prior to delivery of an Obligor Acceleration Notice, any Obligor Enforcement Notice issued by the Obligor Security Trustee shall provide that each Obligor Secured Creditor may accelerate or terminate (as applicable) a portion of its respective claims to the extent necessary to apply proceeds of enforcement of the Obligor Security but in each case, only to the extent that such accelerated claims would be discharged out of such proceeds pursuant to the Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities or part 5 (Mandatory Prepayment And Voluntary Prepayment) of schedule 2 (Covenants) of the CTA (as applicable).

Entitlement to direct Obligor Security Trustee

Any Qualifying Secured Creditor which by itself or together with any other Qualifying Secured Creditor(s) is owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20% (or such other percentage as may be required pursuant to the Common Terms Agreement) of the entire Outstanding Principal Amount of all Qualifying Debt or, in respect of paragraph (a) below only, the Majority Lenders under any Capex Facility, Working Capital Facility, or Term Facilities, may instruct the Obligor Security Trustee 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 an Obligor Enforcement Notice or an Obligor Acceleration Notice) and the following additional rights:

- (a) to challenge any statement, calculation or ratio in any Interim Compliance Certificate or Compliance Certificate (as applicable), and call for other substantiating evidence in certain circumstances;
- (b) to appoint an Independent Expert;
- (c) to request further information pursuant to and subject to the information covenants in the CTA;
- (d) to request further information relating to a Trigger Event in connection with the Information and Remedial Plan pursuant to and subject to the CTA; and

- (e) following delivery of an Obligor Enforcement Notice but prior to delivery of an Obligor Acceleration Notice, to instruct the Obligor Security Trustee to send a Further Enforcement Instruction Notice.

Security Deed

Each Obligor has entered into a security agreement (the “**Security Deed**” and together with any further security documents entered into by any of the Obligors pursuant thereto, the “**Obligor Security Documents**”) with the Obligor Security Trustee.

Pursuant to the Security Deed, each Obligor has:

- (a) covenanted as primary obligor that it shall duly, unconditionally and punctually pay and discharge to each Obligor Secured Creditor (which includes the Issuer) when due all monies and Liabilities constituting the Obligor Secured Liabilities (which includes the liabilities owed to the Issuer under the Issuer/Borrower Facilities Agreement) in the manner provided for in the Obligor Transaction Documents (which includes the Issuer/Borrower Facilities Agreement);
- (b) guaranteed the obligations of each other Obligor under the Obligor Transaction Documents; and
- (c) granted security over its assets and undertakings (including security over, in the case of the Parent, its shares in the Intermediate Parent and, in the case of the Intermediate Parent, its shares in the Borrower, FinCo and the Issuer and, in the case of the Borrower, its shares in Operating HoldCo) to secure its obligations under the Obligor Transaction Documents.

The security granted by the Obligors (the “**Obligor Security**”) was granted to the Obligor Security Trustee as trustee for the Obligor Secured Creditors in respect of the Obligor Secured Liabilities.

The Security Deed, to the extent applicable, incorporates the provisions of the CTA and is subject to the STID.

The security constituted by the Security Deed is expressed to include (in each case, to the extent capable of being assigned and/or charged):

- (a) charges over:
 - (i) all material real property of each Obligor by way of first legal mortgage;
 - (ii) all other real property or proceeds thereof of each Obligor by way of first fixed equitable charge;
 - (iii) all plant and machinery of each Obligor,
 - (iv) all moneys standing to the credit of each Obligor’s bank accounts and the debts represented thereby;
 - (v) any intellectual property rights owned by each Obligor;
 - (vi) the goodwill and uncalled capital of each Obligor;
 - (vii) the Authorised Investments of each Obligor;
 - (viii) all shares of each Obligor in any Senior Financing Group Company and, in the case of the Intermediate Parent, FinCo and the Issuer or other person owned by each Obligor, including all dividends, interest and other monies payable in respect thereof and all other rights related thereto; and
 - (ix) all book and other debts owned by each Obligor;
- (b) an assignment (and, to the extent not assignable, charge) of each Obligor’s rights in respect of insurances taken out by it and to the proceeds of any such insurance policies (other than motor insurance, employer’s liability insurance, directors and officers liability insurance, pension fund trustee liability insurance and any other third-party liability insurance);
- (c) an assignment (and, to the extent not assignable, charge) of each Obligor’s rights in respect of the Obligor Transaction Documents; and
- (d) a first floating charge of each Obligor’s assets not otherwise mortgaged, charged or assigned under the Security Deed.

The Security Deed will provide that no Obligor is obliged to assign or charge or otherwise secure a contract or any Real Property under the Security Deed where that assignment or charge or other security would contravene a prohibition in a contract or a lease with a third party. If the relevant Obligor (acting reasonably) determines that such contract or any Real Property is material it shall notify the Obligor Security Trustee accordingly. Following any such notification, the relevant Obligor shall use reasonable endeavours to it to obtain any consent necessary to enable the assignment or charge or other security.

The Security Deed will secure all amounts which an Obligor may receive, or has received, under any contract or in connection with any Real Property which is not assigned or charged or otherwise secured because such an assignment or charge or other security would contravene a prohibition in a contract or a lease with a third party but will exclude the contract or Real Property itself.

The Obligor Security will be held on trust by the Obligor Security Trustee for itself and on behalf of the Obligor Secured Creditors in accordance with and subject to the terms of the STID.

The STID will provide that the Obligor Security Trustee will enforce the Obligor Security by appointing an administrative receiver in respect of an Obligor if it has actual notice of:

- (a) an application for the appointment of an administrator in respect of an Obligor; or
- (b) the giving of a notice of intention to appoint an administrator in respect of an Obligor.

STID Proposal 2020

In 2020, Arqiva sold its telecom towers business to Cellnex. To effect the sale, four of the original Obligors (being Arqiva Services Limited, Arqiva Aerial Sites Limited, Arqiva No 2 Limited and Arqiva No 3 Limited, together the “**Seceded Obligors**”) under the CTA and the STID left the Senior Financing Group ring-fence and seceded as Obligors, which required release of the security they had granted pursuant to a Global Deed of Release and Deeds of Secession.

Unless set out otherwise, all references to Obligors will therefore exclude the Seceded Obligors.

Hedging Arrangements

The Borrower has entered into the Interest Rate Hedges, Overlay Hedges and Inflation Linked Hedges with a number of Borrower Hedge Counterparties and may enter into further Hedges with one or more Borrower Hedge Counterparties from time to time. In addition, the Issuer may enter into Hedges with one or more Issuer Hedge Counterparties from time to time. Each Hedge Counterparty to any one or more Borrower Hedges will be party to the MDA, CTA and the STID and, in the case of the Issuer Hedges, the MDA, CTA, STID and the Issuer Deed of Charge.

The Issuer and the Borrower must at all times comply with the Hedging Policy.

The Borrower and the Issuer may from time to time enter into Issuer/Borrower Hedges, which will be back-to-back hedges which match the terms of any Issuer Hedges.

Hedged Debt Covenant

Interest Rate Hedging and Inflation Linked Hedging

The Issuer and the Borrower will ensure that, at each Hedging Test Date, the amount equal to:

- (a) the sum of:
 - (i) the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) which either:
 - (A) bear interest at a fixed rate; or
 - (B) pay a return that is index-linked to inflation; and
 - (ii) the aggregate notional amount of all outstanding Interest Rate Hedges and Inflation Linked Hedges which are entered into by either the Issuer or the Borrower (excluding any Issuer/Borrower Hedges) (together, the “**Rate Hedges**”); less

- (b) the aggregate notional amount of: (x) any Offsetting Hedges and the portion (which may be a part or the entirety) of any Primary Hedges which have been offset by such Offsetting Hedges, (y) any Overlay Hedges, and (z) any Inflation Linked Hedges in respect of which the Borrower or the Issuer (as applicable) receives a fixed rate of interest,

is not less than 80% and not more than 105% of the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) for the period up to (and including) the day that is five years from such Hedging Test Date.

The Issuer and the Borrower will ensure that at each Hedging Test Date the amount equal to:

- (a) the sum of:
- (i) total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) which either:
 - (A) bear interest at a fixed rate; or
 - (B) pay a return that is index-linked to inflation; and
 - (ii) the aggregate notional amount of all outstanding Rate Hedges; less
- (b) the aggregate notional amount of: (x) any Offsetting Hedges and the portion (which may be a part or the entirety) of any Primary Hedges which have been offset by such Offsetting Hedges, (y) any Overlay Hedges, and (z) any Inflation Linked Hedges in respect of which the Borrower or the Issuer (as applicable) receives a fixed rate of interest,

is not less than 75% and not more than 110% of the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) for the period up to (and including) the day that is seven years from such Hedging Test Date (the preceding two paragraphs, the “**Rate Hedged Debt Covenant**”).

Currency Hedging

If any Notes and Borrower Loans (excluding any Issuer/Borrower Loans) are denominated in a currency other than sterling, the Borrower or the Issuer (as applicable) will enter into Currency Hedges in respect of such foreign currency with an aggregate notional amount equal to 100% of the aggregate outstanding principal amount of such Notes and Borrower Loans denominated in such foreign currency until the Final Maturity Date, or any equivalent or analogous maturity date, of such Notes and Borrower Loans. Such Currency Hedges will cover interest and principal payments under the relevant Notes and Borrower Loans (excluding Issuer/Borrower Loans) (the “**Currency Hedged Debt Covenant**”, and together with the Rate Hedged Debt Covenant, the “**Hedged Debt Covenant**”).

General

No hedging is permitted for speculative purposes, but the Borrower and/or another Obligor may enter into general foreign exchange trades or interest rate risk management trades in the ordinary course of business (which shall be considered Permitted Treasury Transactions).

Ranking of Hedging Agreements

Any liability of the Issuer under the Issuer Hedges (other than Excluded Hedge Counterparty Amounts) will rank senior to (“**Super Senior Issuer Hedges**”) or *pari passu* with (“**Pari Passu Issuer Hedges**”) the Notes, as more fully set out in the provisions relating to the order of priority of payments applicable to the Issuer in the Common Documents. Any liability of the Borrower under the Borrower Hedges (other than Excluded Hedge Counterparty Amounts) will rank senior to (“**Super Senior Borrower Hedges**”) or *pari passu* with (“**Pari Passu Borrower Hedges**”) the Borrower Facilities (other than the Liquidity Facility, which will rank senior thereto), as more fully set out in the provisions relating to the order of priority of payments applicable to the Borrower in the Common Documents. *Pari Passu Issuer Hedges* will be subject to a *Pari Passu Issuer Hedging Agreement*. *Pari Passu Borrower Hedges* will be subject to a *Pari Passu Borrower Hedging Agreement*. *Super Senior Issuer Hedges* will be subject to a *Super Senior Issuer Hedging Agreement*. *Super Senior Borrower Hedges* will be subject to a *Super Senior Borrower Hedging Agreement*. Accordingly, if a Hedge Counterparty enters into more than one such category of Hedges, it must enter into a separate Hedging Agreement with the Borrower or the Issuer (as applicable) in respect of each category of Hedges.

The ranking of each Hedging Agreement shall be specified as such in that Hedging Agreement.

Hedging (with Breaks) Condition

The Borrower and the Issuer may enter into Hedges with Hedge Counterparties that contain mandatory break clauses (each a “**Hedge with Break Clause**” and together the “**Hedges with Break Clauses**”), provided that (i) the aggregate notional amount of all Hedges with Break Clauses does not exceed 10% of Senior Debt and (ii) the mandatory break clause is on or after the tenth anniversary of the entry into such Hedge with Break Clause. For the purpose of calculating the aggregate notional amount of all Hedges with Break Clauses, the following will not be included (i) any Offsetting Hedges and any Hedges which have been offset by such Offsetting Hedges, and (ii) any Overlay Hedges.

Overhedging

The Borrower and the Issuer may at any time reduce in part or in whole the notional amount of any Borrower Hedges and Issuer Hedges respectively and of any corresponding Issuer/Borrower Hedges (as required) (a “**Reduction**”), provided that the Borrower and the Issuer remain in compliance with the Hedged Debt Covenant.

In the event that the Borrower or the Issuer on any Hedging Test Date is overhedged pursuant to the above Hedged Debt Covenant, then Borrower or the Issuer (as applicable) must reduce the notional amount of the relevant Hedges in accordance with the terms of the relevant Hedging Agreement so that immediately following such Reduction it is in compliance with the above Hedged Debt Covenant.

Where the Borrower or the Issuer is in breach of the Hedged Debt Covenant by virtue of a disposal being applied towards repayment of the Senior Debt, the Borrower or the Issuer must effect an immediate Reduction across Currency Hedges or Rate Hedges (as applicable) such that following such Reduction the Borrower or the Issuer (as applicable) is in compliance with the Hedged Debt Covenant.

In respect of any Reduction in relation to a Rate Hedge or Currency Hedge (respectively), in the event that the relevant Hedge Counterparty is in-the-money in respect of such Rate Hedge or Currency Hedge (as applicable), the Borrower or Issuer (as applicable) shall pay to the relevant Hedge Counterparty the mark-to-market close-out value in respect of the portion of such Rate Hedge or Currency Hedge (as applicable) being reduced or terminated.

The Borrower and the Issuer may enter into one or more Offsetting Hedges which will be used for the purposes of determining whether or not it is overhedged. FinCo may not enter into any Offsetting Hedges.

Cap on Super Senior Borrower Hedges and Super Senior Issuer Hedges

The Borrower and the Issuer may not enter Super Senior Borrower Hedges and Super Senior Issuer Hedges (other than Overlay Hedges or Offsetting Hedges) if the risk-weighted notional amount of existing Super Senior Borrower Hedges and Super Senior Issuer Hedges is more than 50% of the outstanding principal amount of the Borrower Loans and Notes. The risk-weighting of the existing Super Senior Borrower Hedges and Super Senior Issuer Hedges will be determined by reference to their mark-to-market value.

Other Obligor Transaction Documents

USPP NPA

General

In connection with a U.S. private placement, the USPP Issuer, the Borrower, the other Obligors and the USPP Noteholders have entered into USPP NPAs pursuant to which the USPP Issuer issued the USPP Notes to the USPP Noteholders in respect of each issuance of USPP Notes by the USPP Issuer. In July 2014 the USPP Issuer issued USPP Notes of £300,000,000 due 2029 and in November 2016 the USPP Issuer issued USPP Notes of £218,500,000 due 2029. Each USPP NPA and each USPP Note are each an Authorised Facility and a Borrower Bank Facility and are each designated as an Obligor Transaction Document. Pursuant to the terms of the USPP NPA, the Borrower as an Obligor covenants to pay the USPP Noteholders all principal, interest and other amounts due to each USPP Noteholders from the USPP Issuer under the relevant USPP Notes (the “**USPP Covenant to Pay**”). Under the Security Deed, each Obligor has jointly and severally guaranteed to the Obligor Security Trustee (for and on behalf of the Obligor Secured Creditors) the performance and observance by each of the other Obligors of all the Obligor Secured Liabilities (including payments under each Authorised Facility) which therefore also includes the USPP Covenant to Pay of the Borrower to the USPP

Noteholders. Any payment by the Borrower under the USPP Covenant to Pay results in a corresponding discharge of the USPP Issuer/Borrower Loans. The terms of each USPP NPA are subject to the terms of the CTA, the STID and the MDA, including in respect of the Obligor Events of Default.

The USPP Issuer used the proceeds from each issuance of the USPP Notes to make intercompany loans to the Borrower (the “**USPP Issuer/Borrower Loans**”) under loan agreements entered into between the USPP Issuer, the Borrower and the Obligor Security Trustee (each a “**USPP Issuer/Borrower Loan Agreement**”), the terms of which correspond to the terms of the relevant USPP Notes. The USPP Issuer/Borrower Loan Agreements have been designated as an Obligor Transaction Document and a Common Document.

The USPP Noteholders acceded to the CTA, the STID and the MDA (including as Obligor Secured Creditors) by entering into an accession memorandum (the “**USPP Accession Memorandum**”).

Going forward, the USPP Issuer may enter into further USPP NPAs for the issuance of USPP Notes and enter into corresponding USPP Issuer/Borrower Loans under new USPP Issuer/Borrower Loan Agreements and USPP Accession Memorandums.

Voting

Each USPP Noteholder has voting rights in respect of the amount outstanding under its USPP Note, which will then be aggregated with the votes of each other Authorised Facility Provider (including of each other USPP Noteholder).

Other terms of the USPP Notes

As permitted by the CTA, under each USPP Accession Memorandum the Borrower procured that the USPP Issuer will comply with each of the operating covenants given by the Obligors under the CTA (other than in respect of Permitted Business, issuances and security) as if the USPP Issuer were an Obligor. See “*Operating Covenants – Common Terms Agreement – Summary of the Transaction Documents*” above.

Otherwise the representations, negative and affirmative covenants, financial covenants and events of default given in favour of the USPP Noteholders by the Obligors are these set out in the Common Terms Agreement for the benefit of all the Obligor Secured Creditors. See “*Operating Covenants – Common Terms Agreement – Summary of the Transaction Documents – Common Terms Agreement*” above.

Security

The security and collateral given by the Borrower for its obligations under the relevant USPP NPA are under the Security Deed. See “*Security Deed*” above.

Governing Law

Each USPP NPA, each USPP Accession Memorandum, the USPP Issuer/Borrower Loan Agreement and any non-contractual obligations arising out of or in connection therewith is governed by and shall be construed and enforced in accordance with English law.

Working Capital Facilities Agreement

General

The Borrower has entered into working capital facilities (the “**Working Capital Facilities Agreements**” and the providers thereof, the “**Working Capital Facility Providers**”).

The Working Capital Facilities Agreements provide for borrowings up to an aggregate of £135,000,000 on a committed basis in aggregate. Loans repaid may be re-borrowed by the Borrower. The Working Capital Facilities Providers rank as Obligor Secured Creditors. Working Capital Loans will be applied towards the working capital requirements of the Senior Financing Group.

Interest Rate

Interest will accrue on any drawing made under the Working Capital Facility at a rate equal to the aggregate of the applicable margin (subject to an upward adjustment over the term of each facility), RFR and mandatory costs (if any). For as long as an Obligor Event of Default is continuing, the margin for the Working Capital Facility will increase.

Security

The security and collateral given by the Borrower for its obligations under the Working Capital Facilities Agreement are under the Security Deed. Please see “*Security Deed*” above.

Prepayment

The Borrower may voluntarily prepay the Working Capital Facility, in whole or in part, save that if the Borrower prepays in part, a minimum amount is payable. The Borrower also has a right of cancellation and repayment in relation to a single Working Capital Facility Provider in the event of change in tax position or such lender becoming a defaulting lender.

Representations, covenants and events of default

The representations, negative and affirmative covenants, financial covenants and events of default given in favour of the Working Capital Facilities Providers by the Borrower are set out in the Common Terms Agreement. Please see “*Common Terms Agreement*” above.

Governing Law

The Working Capital Facilities Agreement is governed by and construed and enforced in accordance with English law.

Liquidity Facility Agreement

General and Purpose

The Borrower and the Issuer entered into a liquidity facility (the “**Liquidity Facility**” and the agreement under which such facilities are provided, the “**Liquidity Facility Agreement**” and the providers thereof, the “**Liquidity Facility Providers**”) pursuant to which the Liquidity Facility Providers agreed to make the Liquidity Facility available from the 9 July 2021 to meet certain liquidity shortfalls.

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Providers provide a 364-day commitment in an aggregate amount equal to £150,000,000 on a renewable basis for 25 years (unless terminated earlier in accordance with the terms of the Liquidity Facility Agreement) to permit drawings to be made by the Borrower and the Issuer (as applicable) to enable the Borrower to service interest and scheduled principal due on the Borrower Bank Facilities and the Issuer to service interest and scheduled principal on the Notes (as applicable), together with certain senior ranking expenses owed to other transaction parties, in the event of there being insufficient cash flow received by either the Borrower or the Issuer.

Interest Rate

Interest will accrue on any drawings under the Liquidity Facility at a rate equal to the aggregate of the applicable margin (subject to approved adjustment if drawn) and Compounded Reference Rate for that day.

Security

The security and collateral given by the Borrower for its obligations under the Liquidity Facility Agreement are under the Security Deed. Proceeds of enforcement of the security and collateral will be used in discharge of the indebtedness under the Liquidity Facility owed by the Borrower in accordance with the STID.

Events of Default

The Liquidity Facility Agreement provides for customary events of default for this type of agreement, which are subject to customary materiality and grace periods, including: (i) failure to pay any sum when due subject to a five business day grace; (ii) illegality; and (iii) cross acceleration (with respect to the Borrower only) or enforcement of the Notes (with respect to the Issuer).

Governing Law

The Liquidity Facility Agreement is governed by and construed and enforced in accordance with English law.

Institutional Term Loan

General

The Borrower entered into a term loan facility with, amongst others, the ITL Providers and on 19 December 2013. The ITL Agreement provides for borrowings up to an aggregate of £180,000,000. Loans repaid may not be re-borrowed by the Borrower. The ITL Agreement is designated as an Authorised Facility and an Obligor Transaction Document.

The proceeds from the ITL were applied by the Borrower towards repayment of an intercompany loan between the Borrower and FinCo and any fees, costs and expenses in connection with such repayment. The participation of the ITL Providers in the Institutional Term Loan is evidenced by notes issued by the Borrower to each ITL Provider.

Maturity and Amortisation

The ITL will mature on 28 February 2038 (and is expected to mature on December 2023). Borrowings must be repaid in full on or prior to that date. The Borrower may voluntarily prepay the Institutional Term Loan, in whole or part, save that if the Borrower prepays in part, a minimum amount is payable.

The Borrower may only deliver one utilisation request for one Senior Institutional Term Loan. The Borrower may not reborrow any part of the Institutional Term Loan which is repaid.

Interest Rate

The interest rate under the ITL will be the aggregate of the applicable margin and SONIA.

Any interest, commission or fee accruing under the ITL will accrue from day to day and be calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the relevant interbank market differs, in accordance with that market practice.

Security

The security and collateral given by the Borrower for its obligations under the ITL are under the Security Deed. See “*Security Deed*” above.

Governing Law

The ITL Agreement is governed by and construed and enforced in accordance with English law.

EIB Loan

General

The European Investment Bank agreed to provide the Borrower with a term facility (the “**EIB Facility**”) for the making of the EIB Loan (the “**EIB Loan**”) under a facility agreement entered into in June 2014 (the “**EIB Facility Agreement**”). The EIB Facility provided for a one time borrowing of £190,000,000. The EIB Loan was granted by the European Investment Bank in connection with certain projects of the Group and was applied towards the repayment of outstanding senior bank debt and payment of any fees, costs and expenses incurred in connection with the repayment such senior bank debt.

Maturity and Amortisation

The EIB Loan will mature on 28 February 2038 (and is expected to mature in June 2024). Borrowings must be repaid in full on or prior to that date. The Borrower may voluntarily prepay (with an indemnity if prepayment is on a day other than a payment date) the EIB Loan, in whole or part.

The Borrower may not reborrow any part of the EIB Loan which is repaid.

Interest Rate

The interest rate on the EIB Loan is the aggregate of (i) the spread, (ii) the applicable margin (subject to upward adjustment following the occurrence of certain breaches of, and triggers under, the EIB Facility Agreement and the Common Documents) and (iii) SONIA.

Security

The security and collateral given by the Borrower for its obligations under the EIB Facility Agreement is under the Security Deed. See “*Security Deed*” above.

Representations, Covenants and Events of Default

The representations, negative and affirmative covenants, financial covenants and events of default given in favour of the European Investment Bank by the Borrower are set out in the Common Terms Agreement. Please see “—*Common Terms Agreement*” below. In addition, under the EIB Facility Agreement the Borrower gives certain project related undertakings in favour of the European Investment Bank.

Governing Law

The EIB Facility Agreement is governed by and construed and enforced in accordance with English law.

FinCo

FinCo previously entered into term facilities and on lent the proceeds to the Borrower. The term facilities entered into by FinCo have since been repaid in full and terminated together with the intercompany loans between FinCo and the Borrower and all related hedging and security. FinCo does not undertake any other activities. In the event that FinCo incurs any future financial indebtedness, FinCo would on lend the proceeds to the Borrower under a FinCo/Borrower Loan and as an Authorised Facility would be subject to the terms of the Senior Financing and Common Documents. If incurred, any such FinCo/Borrower Loan would rank pro rata and *pari passu* with any Issuer/Borrower Loan (including in respect of any mandatory prepayment (see section “*Summary of the Transaction Documents – Common Terms Agreement – Mandatory Prepayment and Voluntary Prepayment*”)) and any related hedging arrangements would rank pro rata and *pari passu* with any *Pari Passu* Issuer/Borrower Hedging Agreements, in each case with corresponding intercreditor decision making rights and arrangements. The disclosure of the Senior Financing in this Prospectus is presented on this basis.

Issuer/Borrower Facilities Agreement

General

On the Signing Date, the Issuer, the Borrower, the Issuer Security Trustee and the Obligor Security Trustee entered into the Issuer/Borrower Facilities Agreement. The aggregate proceeds of the issuance by the Issuer of Notes under the Programme were on-lent to the Borrower under the Issuer/Borrower Facilities Agreement on the Closing Date. On each Issue Date, the Issuer/Borrower Loans will correspond to the principal amount of the corresponding Series of Notes issued such that the economic terms of each Issuer/Borrower Loan matches the economic terms of the corresponding Series of Notes (taking into account any applicable Issuer Hedges entered into on the relevant Issue Date, if any). The Issuer will make available further Issuer/Borrower Loans in an aggregate amount equal to the proceeds of each new issuance by the Issuer of Notes on each Issue Date after the Closing Date. The making of each Issuer/Borrower Loan will be subject to the satisfaction of the conditions precedent set out in the Issuer/Borrower Facilities Agreement.

Matching of obligations

Each Issuer/Borrower Loan is structured and tranching to match the tenor and payment dates of corresponding Notes (however the Expected Maturity Date and maturity date (as applicable) of the Issuer/Borrower Loans will occur on or before the maturity date of the corresponding Series of Notes (as applicable)) and the Issuer/Borrower Loans have characteristics that demonstrate capacity to produce funds to service any payments due and payable under the Notes.

Issuer/Borrower Loans

All Issuer/Borrower Loans made or to be made by the Issuer under the Issuer/Borrower Facilities Agreement are or will be in amounts and at rates of interest (or such discount or indexed amount and taking into account any applicable Issuer Hedges) corresponding to amounts and rates set out in the relevant Final Terms and will have interest periods which match the Interest Periods for the corresponding Notes. Interest on each Issuer/Borrower Loan made under the Issuer/Borrower Facilities Agreement will accrue from the date of such Issuer/Borrower Loan. The Issuer/Borrower Facilities Agreement has been designated as an Obligor Transaction Document.

Each Obligor has covenanted to duly, unconditionally and punctually pay and discharge to each Obligor Secured Creditor the Obligor Secured Liabilities in the manner provided for in the Issuer/Borrower Facilities Agreement. This covenant to pay is not contingent on a failure to pay by any other Obligor, including the Borrower. It is a direct covenant to pay owed directly to the Issuer by each Obligor and it is not required that repayments amounts from each Obligor are “routed through” the Borrower.

Prepayments

The Borrower:

- (a) may, if it has given to the Issuer the required notice to that effect:
- (i) prepay the whole or any part of any Issuer/Borrower Loan on any day (subject as provided in “*Common Terms Agreement – Mandatory Prepayment and Voluntary Prepayment*”);
 - (ii) prepay the whole (but not part) of any Issuer/Borrower Loans if any sum payable to the Issuer by the Borrower under that Issuer/Borrower Loan is or will be required to be increased arising from any deductions or withholdings for or on account of tax in respect of which the Borrower is required to gross-up, provided that (A) the Borrower may only prepay any Issuer/Borrower Loan if a corresponding right of redemption of the corresponding Notes is exercised in accordance with the applicable Final Terms in relation thereto and (B) the Borrower must pay to the Issuer an amount equal to all amounts payable by the Issuer in respect of the corresponding early redemption of the corresponding Notes;
- (b) shall, upon being served the required notice by the Issuer, prepay the whole or any part of, as applicable, an Issuer/Borrower Loan if the Issuer is required to redeem all (or some) of the corresponding Notes for indexation reasons pursuant to Condition 6.3 or for taxation reasons or illegality pursuant to Condition 6.4, at the Issuer’s option pursuant to Condition 6.2; and
- (c) shall also prepay the Issuer/Borrower Loans by paying to the Issuer an amount equal to all amounts payable by the Borrower in respect thereof in accordance with and in the manner contemplated in the Common Terms Agreement – Mandatory Prepayment and Voluntary Prepayments.

Provided that no Obligor Event of Default has occurred and is continuing, any mandatory prepayments using Unused Proceeds may be deferred until the immediately succeeding Payment Date following the date on which the Borrower was required to make such prepayments.

Any prepayment under the Issuer/Borrower Facilities Agreement shall be made together with accrued but unpaid interest on the amount prepaid and, if applicable, any amount of accrued but unpaid Issuer/Borrower Facilities Fee and any Repayment Costs.

Fees

In consideration for the Issuer agreeing to make the Issuer/Borrower Loans available under the Issuer/Borrower Facilities Agreement, the Borrower agreed to pay to the Issuer the initial and ongoing facility fees set out in the Issuer/Borrower Facilities Agreement.

On the Closing Date, the Borrower paid on behalf of the Issuer by way of an initial fee (the “**Initial Issuer/Borrower Facilities Fee**”) an amount to meet the costs and expenses of the Issuer incurred in connection with the establishment of the Programme and the issue of the first Series of Notes (including, *inter alia*, the fees and expenses of the Note Trustee, the Issuer Security Trustee and the Issuer’s legal advisers, accountants and auditors).

After the Closing Date, the Borrower will pay periodically, in respect of or on each Interest Payment Date, each Issue Date (after the Closing Date), any date of repayment or prepayment of all or part of any Issuer/Borrower Loan or any other date notified by the Issuer, to or to the order of the Issuer, an ongoing fee (the “**Issuer/Borrower Facilities Fee**”) which shall meet the costs and expenses of the Issuer in connection with the issue of Notes on such Issue Date (if applicable) or the redemption of all or part of the corresponding Notes (if applicable) and otherwise generally in respect of amounts owed to, *inter alios*, the Note Trustee, the Issuer Security Trustee (and any receiver appointed by the Issuer Security Trustee), the Principal Paying Agent, the Agent Bank, the Calculation Agent, the Registrar, the Exchange Agent, the Transfer Agent, the Issuer Cash Manager, the Issuer Account Bank, the Liquidity Facility Providers (in their capacity as lenders to the Issuer) and the Issuer’s legal advisers, accountants and auditors (in each case to the extent not covered by the Initial Issuer/Borrower Facilities Fee) and to cover the Issuer Profit Amount (out of which the Issuer will pay its tax).

Secured obligations

The obligations of the Borrower and each Obligor under the Issuer/Borrower Facilities Agreement are secured pursuant to the Obligor Security Documents, and such obligations are guaranteed by each other Obligor in favour of the Obligor

Security Trustee, who holds the benefit of such security and guarantees on trust for the Obligor Secured Creditors (including the Issuer) on the terms of the STID.

Obligor Event of Default

The Issuer's obligations to repay principal and pay interest on the Notes are intended to be met primarily from the payments of principal and interest received from the Borrower under the Issuer/Borrower Loans and payments received under any related Issuer Hedging Agreements. Failure of the Borrower to pay on the due date any amount payable by it under the Issuer/Borrower Facilities Agreement will be an Obligor Event of Default, although it will not, of itself, constitute an Issuer Event of Default. The Expected Maturity Date (if applicable) under the Issuer/Borrower Loan corresponding to any non-amortising Series of Notes will fall prior to the Final Maturity Date of such Series of Notes (but will match the Expected Maturity Date of such Notes (if applicable) and require mandatory prepayment of such Issuer/Borrower Loan on the Expected Maturity Date. In the event of the Notes remaining outstanding after the Expected Maturity Date of the corresponding Issuer/Borrower Loan, the Notes will accrue interest at a floating rate, which will be met from any available proceeds under the Issuer/Borrower Loans or, if insufficient, from drawings under the Liquidity Facility to the extent available. If the Notes are not redeemed in full by their Final Maturity Date, there will be an Issuer Event of Default.

Withholding/deductions

The Borrower agrees to make all payments to the Issuer free and clear of any withholding on account of tax unless it is required by law to do so. In such circumstances, the Borrower will gross-up such payments.

Governing Law

The Issuer/Borrower Facilities Agreement, each Issuer/Borrower Loan and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

Borrower Account Bank Agreement

General

The Borrower has established the Debt Service Payment Account and the Lock-up Account. As required after the Signing Date, the Borrower has established the Proceeds Account, the Defeasance Account, the Borrower Liquidity DSR Account and the Minimum Maintenance Capex Reserve Account (together with the Debt Service Payment Account, the Lock-up Account and any other bank accounts opened or maintained by the Borrower after the Signing Date (excluding any Liquidity Standby Accounts), the "**Borrower Accounts**"). The Borrower Accounts are being held with the Borrower Account Bank pursuant to the Borrower Account Bank Agreement dated the Signing Date between the Borrower, the Borrower Account Bank, the Borrower Cash Manager, the LF Agent, the Issuer, the Issuer Security Trustee and the Obligor Security Trustee.

Following the Signing Date, as and when required in accordance with the Liquidity Facility Agreement, the Borrower has with the consent of the Borrower Account Bank also opened (in the joint names of the Borrower and the Issuer), maintain and hold one or more Liquidity Standby Accounts at the Borrower Account Bank in the event that the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made does not have the Liquidity Facility Provider Requisite Rating.

Termination

The Borrower Account Bank may resign its appointment upon not less than 120 days' notice to the Borrower (with a copy to the Obligor Security Trustee) provided that (a) such resignation shall not take effect until a substitute Account Bank with the Requisite Ratings (in respect of the Rating Agencies rating the Notes) has been duly appointed and (b) if such resignation would otherwise take effect 30 days before the date upon which the Obligor Security created under the Obligor Security Documents is released, or any Interest Payment Date, it shall not take effect until the 30th day following such date.

The Borrower may revoke its appointment of the Borrower Account Bank by not less than 30 days' notice to the Borrower Account Bank (with a copy to the Obligor Security Trustee) provided that such revocation shall not take effect until a substitute has been duly appointed.

Furthermore, the appointment of the Borrower Account Bank shall terminate forthwith if, *inter alia*, (a) an Insolvency Event occurs in relation to the Borrower Account Bank, (b) the Borrower Account Bank no longer maintains the Requisite

Ratings (in respect of each of the Rating Agencies rating the Notes) unless if there is no other clearing bank which maintains the Requisite Ratings in respect of each of the Rating Agencies rating the Notes, the appointment of the Borrower Account Bank shall not terminate until such time as there is a bank which meet the applicable criteria or until some other arrangement is made subject to receipt of rating confirmation, (c) if the Borrower Account Bank defaults in the performance of any of its material obligations under the Borrower Account Bank Agreement, subject to the applicable grace period or (d) payments made to the Borrower Account Bank in connection with the Borrower Account Bank Agreement are or will be, at any time on or after 1 January 2014, subject to FATCA Withholding, and, as applicable, provided that such termination shall not take effect until a replacement financial institution or institutions meeting the Requisite Ratings shall have entered into an agreement in form and substance similar to the Borrower Account Bank Agreement.

Tax Deed of Covenant

A tax deed of covenant (the “**Tax Deed of Covenant**”) was entered into on the Closing Date by the Issuer, FinCo, the Borrower, the Parent, the Intermediate Parent and Intermediate HoldCo (together the “**Tax Obligors**”), the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee (the “**Finance Parties**”).

The purpose of the Tax Deed of Covenant is to insulate the Senior Group Companies from secondary tax liabilities arising in respect of primary tax liabilities of any holding company or any other non-Senior Group Company and to ensure that other unexpected tax liabilities do not arise in the Senior Group Companies and reduce the cashflow available to fund payments on the Notes, the Term Facilities and the Senior Debt by providing for (i) various representations and warranties to be given by the Tax Obligors (other than FinCo) regarding their tax position as set out in more detail below and (ii) a covenant to be given by Intermediate HoldCo to procure that the Senior Group Companies are compensated in respect of any secondary and other tax liabilities as set out in more detail below.

Under the Tax Deed of Covenant, *inter alia*:

- (a) The Tax Obligors (other than the Issuer and FinCo) give certain representations, warranties and covenants to the Finance Parties as to their tax position and that of the other Senior Group Companies, including representations, warranties and covenants as to the following:
 - (i) their residency for tax purposes (where applicable);
 - (ii) the due payment of current and future taxes;
 - (iii) compliance with relevant tax legislation;
 - (iv) existence of current and future material tax claims;
 - (v) existence of current outstanding tax liabilities;
 - (vi) due stamping of relevant documents;
 - (vii) preparation of tax returns on a proper basis;
 - (viii) entry into the transactions contemplated by the Transaction Documents by the relevant companies on arm’s length commercial terms;
 - (ix) no entry into transactions by a Senior Group Company of which the main purpose or one of the main purposes is obtaining a tax advantage;
 - (x) not taking certain steps which might result in financing expenses being disallowed in a Senior Group Company under the worldwide debt cap rules;
 - (xi) not taking certain steps which may render a Senior Group Company secondarily liable for any tax; and
 - (xii) no degrouping charges to be triggered for a Senior Group Company.
- (b) The Tax Obligors (other than the Issuer and FinCo) represent, warrant and covenant to the Finance Parties as to the following VAT matters in respect of the Senior Group Companies:
 - (i) VAT group membership;
 - (ii) compliance with all relevant VAT legislation; and

- (iii) recoverability of input tax.
- (c) Intermediate HoldCo covenants to compensate any Senior Group Company in respect of any secondary, contingent or attributed tax liability caused by it or any other non-Senior Group Company.
- (d) The Issuer gives representations and warranties relevant to its status as a securitisation company.

The Tax Deed of Covenant contains provisions in respect of surrenders of amounts by way of group relief and similar transactions (including in certain circumstances the surrender of losses out of the Senior Group for no consideration), the purpose of which is to ensure that entry into such transactions by Senior Group Companies does not result in a loss of value to the Senior Group (which, where losses are to be surrendered out of the Senior Group for no consideration, will be judged by reference to a cash flow model prepared by the Group subject to verification by certain approved advisors, and the Senior Group Companies not having anticipated cash tax liabilities within 7 years of such surrender).

The Tax Deed of Covenant contains limitations including a financial limitation such that there will be no breach (other than in respect of the Issuer and FinCo) unless that tax liability (together with certain other tax liabilities) exceeds a specified threshold amount of £25 million (as periodically adjusted by reference to EBITDA) over a rolling 3 year period.

Further limitations and exclusions provide that the restrictions and covenants in the Tax Deed of Covenant (other than in respect of the Issuer or FinCo) will not apply in other circumstances, including where:

- (a) the tax liability that would result from any breach consists of tax on actual commercial profits or gains;
- (b) the tax liability that would result from any breach is no greater than the amount of any restricted payment which could otherwise be made out of the Senior Group and Junior Financing ring-fenced group at that time and arrangements are put in place to ensure the tax is paid instead;
- (c) a satisfactory indemnity is provided in respect of the potential tax liability; or
- (d) Intermediate HoldCo is able to certify, broadly, that the proposed action will not adversely affect the value of the Senior Group (including by utilising tax losses, in which case the effect on the value of the Senior Group will be judged by reference to a cash flow model prepared by the Arqiva Group subject to verification by certain approved advisors, and the Senior Group Companies not having anticipated cash tax liabilities within 7 years of such utilisation) and such certification is supported by advice from an appropriate professional advisor.

The Issuer Deed of Charge

General

The Issuer has entered into a deed of charge (the “**Issuer Deed of Charge**”) with the Issuer Security Trustee, the Note Trustee for itself and on behalf of the Noteholders, the Liquidity Facility Providers (in their capacity as lenders to the Issuer), the Issuer Account Bank, the LF Agent, each Agent, the Issuer Cash Manager, the Borrower and the Issuer Corporate Officer Provider (together with any receiver of the Issuer and any other creditor of the Issuer which accedes to the Issuer Deed of Charge, the “**Issuer Secured Creditors**”).

The Notes will constitute secured obligations of the Issuer and will rank *pari passu* without preference or priority in right of payment and point of security amongst themselves and be secured by the Issuer Security. Each issuance of Notes will be backed by the same assets.

Issuer Security

Pursuant to the Issuer Deed of Charge, the Issuer has created security (the “**Issuer Security**”) over all of its assets and undertakings (including over its rights under the Issuer Charged Documents) in favour of the Issuer Security Trustee. The Issuer Security will be held on trust by the Issuer Security Trustee for itself and on behalf of the other Issuer Secured Creditors in respect of the Issuer Secured Liabilities (as defined in Condition 4) in accordance with and subject to the terms of the STID and the Issuer Deed of Charge.

Restrictions on the exercise of rights

The Issuer Deed of Charge contains certain restrictions on the exercise of rights. These include that, each of the Issuer Secured Creditors agrees with the Issuer and the Issuer Security Trustee that (a) only the Issuer Security Trustee may enforce the Issuer Security in accordance with the terms of the Issuer Deed of Charge, (b) it will not take any steps or

proceedings to procure the winding up, administration or liquidation of the Issuer and (c) it will not take any other steps or action against the Issuer or in relation to the Issuer Security for the purpose of recovering any of the Issuer Secured Liabilities or enforcing any rights arising out of the Issuer Transaction Documents against the Issuer or take any other proceedings in respect of or concerning the Issuer or the Issuer Security.

Furthermore, each of the Issuer Secured Creditors has agreed that all obligations of the Issuer to each Issuer Secured Creditor are limited in recourse to the Issuer Security. If (a) there is no Issuer Security remaining which is capable of being realised or otherwise converted into cash, (b) all amounts available from the Issuer Security have been applied to meet or provide for the relevant Issuer Secured Liabilities in accordance with the provisions of the Issuer Deed of Charge and (c) there are insufficient amounts available from the Issuer Security to pay in full the Issuer Secured Liabilities, then the Issuer Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Priority of payments following enforcement but prior to acceleration

Following the service of an Issuer Enforcement Notice by the Issuer Security Trustee, but prior to the service of an Issuer Acceleration Notice by the Note Trustee, all funds standing to the credit of the Issuer Accounts shall be applied to make payments in accordance with the Issuer Post-Enforcement Pre-Acceleration Payment Priorities. See “*Cashflows – Issuer Post-Enforcement Pre-Acceleration Payment Priorities*” for more detail.

Priority of payments upon acceleration

Following the service of an Issuer Acceleration Notice by the Note Trustee in accordance with Condition 10.3, funds standing to the credit of the Issuer Accounts (other than any amounts which are to be applied in redemption of the Notes in accordance with the Conditions) will be applied in accordance with the Issuer Post-Acceleration Payment Priorities. See “*Cashflows – Issuer Post-Acceleration Payment Priorities*” for more detail.

Enforcement of the Issuer Security

The Issuer Security Trustee will be bound to enforce the Issuer Security if directed to do so by the Note Trustee, provided that the Issuer Security Trustee has been indemnified and/or secured and/or prefunded to its satisfaction against any liabilities.

The Issuer Security will become immediately enforceable following the occurrence of an Issuer Event of Default and the delivery of an Issuer Enforcement Notice by the Issuer Security Trustee as directed by the Note Trustee or, if there are no Notes outstanding, upon failure by the Issuer to pay any other secured liability on its due date.

Note Trust Deed

General

On the Signing Date, the Issuer and the Note Trustee entered into a trust deed (the “**Note Trust Deed**”) pursuant to which the Notes will be constituted. The Note Trust Deed includes the form of the Notes and contains a covenant from the Issuer to the Note Trustee to pay all amounts due under the Notes. The Note Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

Enforcement

The Note Trustee may at any time, at its discretion and without notice and in such manner as it think fit (but subject at all times to the terms of the STID and the Note Trust Deed):

- (a) take such action, proceedings and/or other steps as it may think fit against or in relation to the Issuer or any other person to enforce its obligations under the Note Trust Deed, the Conditions, the Notes or any other Issuer Transaction Document and/or take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or any such party;
- (b) exercise any of its rights under, or in connection with, the Note Trust Deed, the Conditions, the Notes or any other Issuer Transaction Document; and/or

- (c) give any directions to the Issuer Security Trustee under or in connection with any Issuer Transaction Document (including, but not limited to, the giving of a direction to the Issuer Security Trustee to enforce the Issuer Security but excluding any directions involving waivers or modifications as set out below),

provided that the Note Trustee shall not be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

Waiver of Issuer Events of Default

The Note Trustee may, without the consent or sanction of the Noteholders of any Tranche, the related Receiptholders and/or Couponholders or any other Issuer Secured Creditor from time to time and at any time (but only, if in its opinion, such waiver will not be materially prejudicial to the interests of the Noteholders of the Notes then outstanding) on such terms and subject to such conditions as to it shall seem expedient: waive or authorise, or direct 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 the Note Trust Deed, the Conditions, the Notes or the other Issuer Transaction Documents (subject as provided in the STID and the Note Trust Deed in relation to any Common Document) or other documents to which it is a party or in respect of which it holds security or determine that any event which would otherwise constitute an Issuer Event of Default shall not be treated as such for the purposes of the Note Trust Deed, provided that to the extent such event, matter or thing relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent to the Issuer Security Trustee in accordance with the Issuer Deed of Charge or, where any Noteholders are affected Issuer Secured Creditors, the Noteholders of each Series affected thereby have sanctioned such event matter or thing in accordance with the Note Trust Deed and provided further that the Note Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution of the holders of the Notes then outstanding or of a request in writing made by holders of not less than 25% in aggregate of the principal amount of the Notes 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 Note Trustee may determine, shall be binding on the Noteholders, the related Receiptholders and/or the Couponholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders or the Noteholders of the relevant one or more Series in accordance with the Conditions as soon as practicable thereafter.

Modification

The Note Trustee may, without the consent or sanction of the Noteholders of any Series of Notes, the related Receiptholders and/or Couponholders and without the consent of the other Issuer Secured Creditors (other than any Issuer Secured Creditor which is party to the relevant Transaction Documents or other document), at any time and from time to time concur with the Issuer or any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification to (i) the Note Trust Deed, the Conditions, the Notes, the related Receipts and/or Coupons and/or the other Issuer Transaction Documents (other than a Basic Terms Modification) (subject as provided in the STID and the Note Trust Deed in relation to any Common Documents) which may, in the opinion of the Note Trustee, be proper to make provided that the Note Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders of the Notes then outstanding and provided further that, if any such modification relates to an Issuer Secured Creditor Entrenched Right, each of the Affected Issuer Secured Creditors has given its prior written consent to the Issuer Security Trustee in accordance with the Issuer Deed of Charge or, where any Noteholders are affected Issuer Secured Creditors, the holders of each Series affected thereby have sanctioned such modification in accordance with the Note Trust Deed or (ii) to the Note Trust Deed, the Conditions, the Notes, the related Receipts and/or Coupons and/or the other Issuer Transaction Documents (subject as provided in the STID and the Note Trust Deed in relation to any Common Documents) or other documents to which it is a party or in respect of which it holds security which is, in the opinion of the Note Trustee, of a formal, minor or technical nature or to correct a manifest error. Any such modification may be made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding upon the Noteholders, the related Receiptholders and/or Couponholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with the Conditions as soon as practicable thereafter.

The Note Trust Deed provides that if the Issuer has become obliged to issue Definitive Notes, the Issuer Transaction Documents will be amended in such manner as the Note Trustee requires to take account of the issue of Definitive Notes.

The Note Trust Deed provides that in connection with the exercise by it of any of its trusts, powers, authorities or discretions under the Note Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Issuer Transaction Document, the Note Trustee shall have regard to the general interests of the Noteholders as a class.

Action, proceedings and indemnification

The Note Trustee shall not be bound to take or, to give any direction to the Issuer Security Trustee to take, any actions, proceedings or steps in relation to the Note Trust Deed, the Notes, the Receipts, the Coupons or any other Issuer Transaction Document unless (a) (in relation to (i) taking any actions or giving any directions to enforce the Issuer Security or (ii) the delivery of an Issuer Acceleration Notice) directed to do so by Issuer Qualifying Secured Creditors together holding or representing 25% or more of the Issuer Qualifying Debt (A) in writing or (B) (in respect of the Noteholders) by an Extraordinary Resolution of all Noteholders; and (b) (in relation to matters other than those described in (a) above) (i) directed to do so by Extraordinary Resolution of the Noteholders of the relevant one or more Series (as determined in accordance with the provisions in respect of Noteholder meetings in the Note Trust Deed) or (ii) requested to do so in writing by the holders of 25% or more of the Principal Amount Outstanding of the Notes then outstanding of the relevant one or more Series (as determined in accordance with the provisions in respect of Noteholder meetings in the Note Trust Deed), and then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against any liabilities relating to such actions.

The Note Trustee shall also not be bound to take, or to give any direction to the Obligor Security Trustee to take any actions, proceedings or steps in relation to the STID unless:

- (a) (in relation to all voting or direction matters (except Entrenched Rights) pursuant to the STID) directed to do so in accordance with the meeting provisions set out in schedule 5 (Provisions for Voting in respect of STID Notices) to the Note Trust Deed; and
- (b) (in relation to matters pertaining to Entrenched Rights pursuant to the STID) directed to do so in accordance with the voting provisions set out in schedule 4 (Provision for meetings of Noteholders) to the Note Trust Deed.

Only the Note Trustee may enforce the provisions of the Note Trust Deed or the other Issuer Transaction Documents to which it is party.

STID voting requests

On receipt of a STID Voting Request that gives rise to an Entrenched Right in respect of which the Issuer is an Affected Obligor Secured Creditor, the Note Trustee shall convene a meeting of the holders of each Series of Notes then outstanding and affected by such Entrenched Right.

On receipt of a STID Notice from the Obligor Security Trustee (which does not give rise to an Entrenched Right as described above), the Note Trustee shall promptly send a copy of such notice to the Noteholders.

Noteholders will vote by notice to the Note Trustee, sent through the clearing systems according to the Principal Amount Outstanding of the Notes held which correspond to the Outstanding Principal Amount of the relevant Issuer/Borrower Loan(s) which comprises Qualifying Debt for the purposes of the STID Notice.

The Note Trustee will, in respect of each STID Notice which is voted on by Noteholders, vote:

- (a) in an amount equal to the aggregate of the Outstanding Principal Amount of the Voted Qualifying Debt in respect of which Noteholders voted for the relevant Voting Matter; and
- (b) in an amount equal to the aggregate of the Outstanding Principal Amount of the Voted Qualifying Debt in respect of which Noteholders voted against the relevant Voting Matter.

Issuer covenants

The covenants given by the Issuer in the Note Trust Deed (subject to detailed carve-outs, exceptions and qualifications) include the following:

- (a) conduct its business in accordance with its obligations under the Note Trust Deed;
- (b) give the Note Trustee such documents needed to discharge or exercise its powers under the Note Trust Deed or by operation of law;

- (c) ensure compliance with accounting requirements as set forth by the relevant Stock Exchange;
- (d) keep proper books of account and allow the Note Trustee free access to such books of account;
- (e) send to the Note Trustee every document issued or sent to its shareholders;
- (f) maintain those Agents required in accordance with the Conditions and maintain such other agents as may be required by the Conditions or by any other stock exchange (not being the Stock Exchange) on which the Notes may be listed;
- (g) procure the Principal Paying Agent and the Registrar notify the Note Trustee in the event they do not receive payment of the full amount due on all Notes;
- (h) where the Notes have been listed on a stock exchange on issuance, use all reasonable endeavours to maintain the listing of the Notes on the relevant official list and the admission of the Notes to trading on the relevant market of the relevant stock exchange (as stipulated in the relevant Final Terms) for so long as such Notes are outstanding (or, if such listing or trading ceases to be possible, or becomes unduly onerous, then the Issuer will use all reasonable endeavours to obtain and maintain a quotation or listing of the Notes on another stock exchange or exchanges or securities market or markets (which shall be a “regulated market” for the purposes of Article 2(1)(13) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 and a “recognised stock exchange” (as defined in Section 1005 of the Income Tax Act 2007) for the purposes of section 882 of the Income Tax Act 2007) and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Deed to effect such consequential amendments to the Note Trust Deed as the Note Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market);
- (i) send to the Note 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 Noteholders;
- (j) notify the Note Trustee if payments by the Issuer become subject to withholding;
- (k) deliver to the Note Trustee a certificate setting out the total number and aggregate nominal amount of the Notes which:
 - (i) up to and including the date of such certificate have been purchased by the Issuer or any Obligor and cancelled; and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer or any Obligor;
- (l) procure that each of the Agents makes available for inspection by Noteholders copies of the Note Trust Deed, the Agency Agreement and the then latest audited balance sheet and profit and loss account of the Issuer;
- (m) procure the delivery of legal opinion(s) as to English and any other relevant law, addressed to the Note Trustee, dated the date of any modification or amendment or supplement to the Note Trust Deed;
- (n) give notice to the Note Trustee of the proposed redemption of any Notes;
- (o) minimise taxes and any other costs arising in connection with its payment obligations in respect of the Notes; and
- (p) give notice in writing to the Note Trustee of the occurrence of any Issuer Event of Default without waiting for the Note Trustee to take any further action.

Issuer Cash Management Agreement

General

The Issuer has appointed Arqiva Limited as the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement dated the Signing Date. 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, *inter alia*, (a) will operate the Issuer Accounts and effect payments to and from the Issuer Accounts in accordance with the provisions of the relevant

Issuer Transaction Documents, (b) will procure that all payments of principal, interest, the Issuer/Borrower Facilities Fee, the Initial Issuer/Borrower Facility Fee, Repayment Costs or other amounts received or to be received under the Issuer/Borrower Facilities Agreement are identified and calculated as such, (c) may invest funds not immediately required by the Issuer in Authorised Investments in accordance with the provisions of the Issuer Cash Management Agreement, (d) carry out treasury management functions including the arrangement of Treasury Transactions in line with the Hedging Policy and (e) will make determinations and perform certain obligations on behalf of the Issuer as set out in, and in accordance with, the provisions of the Liquidity Facility Agreement, including directing the LF Agent to make drawings (or making drawings on behalf of the Issuer) under the Liquidity Facility Agreement and, where applicable, from any Liquidity Standby Accounts.

Pre-Enforcement Payment Priorities

Prior to the delivery of an Issuer Enforcement Notice, amounts standing to the credit of the Issuer Transaction Account, will be applied by the Issuer Cash Manager (on behalf of the Issuer) in accordance with the Issuer Pre-Enforcement Payment Priorities waterfall as described in more detail in “*Cashflows – Issuer Pre-Enforcement Payment Priorities*” provided that any amounts raised by the Issuer by way of an issue of Notes and standing to the credit of the relevant Issuer Account shall not be applied by the Issuer, or the Issuer Cash Manager on its behalf, in accordance with the Issuer Pre-Enforcement Payment Priorities and shall instead be advanced by the Issuer to the Borrower pursuant to the Issuer/Borrower Facilities Agreement as an advance corresponding to such Notes.

Termination

The Issuer may terminate the appointment of the Issuer Cash Manager (a) at any time with at least 30 days’ prior notice and the prior written consent of the Issuer Security Trustee, (b) if default is made by the Issuer Cash Manager in the performance or observance of any of its material covenants and material obligations under the Issuer Cash Management Agreement, subject to the applicable grace period, (c) if any Insolvency Event occurs in relation to the Issuer Cash Manager and (d) if an Issuer 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 or (e) payments made to the Issuer Cash Manager in connection with the Issuer Cash Manager Agreement are or will be, at any time on or after 1 January 2014, subject to FATCA Withholding.

Subject to certain conditions (including that a suitable successor Issuer Cash Manager has been installed), the Issuer Cash Manager is entitled to resign upon giving 30 days’ written notice of termination to the Issuer and the Issuer Security Trustee.

Issuer Account Bank Agreement

General

The Issuer has established the Issuer Transaction Account and, as required after the Signing Date, will establish or cause to be established the Issuer Liquidity DSR Account (together with any other bank accounts opened or maintained by the Issuer after the Closing Date (excluding any Liquidity Standby Accounts), the “**Issuer Accounts**”). The Issuer Accounts will be held with the Issuer Account Bank pursuant to the Issuer Account Bank Agreement dated on or about the Signing Date between the Issuer, the Issuer Cash Manager, the Issuer Account Bank and the Issuer Security Trustee.

“**Issuer Liquidity DSR Account**” means an account opened in the name of the Issuer and maintained by the Issuer Account Bank pursuant to the terms of the Issuer Account Bank Agreement and credited with a cash reserve for the purpose of satisfying the Debt Service Shortfall Test 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.

Termination

The Issuer Account Bank may resign its appointment upon not less than 120 days’ notice to the Issuer (with a copy to the Issuer Security Trustee) provided that such resignation shall not take effect until a substitute Issuer Account Bank with the Requisite Ratings in respect of the Rating Agencies rating the Notes has been duly appointed.

The Issuer may revoke its appointment of the Issuer Account Bank by not less than 30 days’ notice to the Issuer Account Bank (with a copy to the Issuer Security Trustee) provided that such revocation shall not take effect until a substitute has been duly appointed.

Furthermore, the Issuer shall forthwith terminate the appointment of the Issuer Account Bank if, *inter alia*, (a) an Insolvency Event occurs in relation to the Issuer Account Bank, (b) the Issuer Account Bank no longer maintains the Requisite Ratings (in respect of each of the Rating Agencies rating the Notes) except that if there is no other clearing bank which maintains the Requisite Ratings, the appointment of the Issuer Account Bank shall not terminate until such time as there is a bank which meets the applicable criteria or until some other arrangement is made subject to receipt of a ratings confirmation, (c) the Issuer Account Bank defaults in the performance of any of its material obligations under the Issuer Account Bank Agreement, subject to the applicable grace period or (d) payments made to the Issuer Account Bank in connection with the Issuer Account Bank Agreement are or will be, at any time on or after 1 January 2014, subject to FATCA Withholding, and, as applicable, provided that such termination shall not take effect until a replacement financial institution or institutions meeting the Requisite Ratings shall have entered into an agreement in form and substance similar to the Issuer Account Bank Agreement.

Agency Agreement

Pursuant to the Agency Agreement entered into on the Signing Date between, *inter alios*, the Issuer, the Note Trustee, the Registrar, the Principal Paying Agent, the Exchange Agent, the Transfer Agent and the Agent Bank, provision has been made for, among other things, payment of principal and interest in respect of the Notes and the maintenance of a register of the holders of the Notes.

CASHFLOWS

The following sets out the various priorities of payment as included in the respective Obligor Transaction Documents or the Issuer Transaction Documents (as applicable), as more fully summarised in “Summary of the Financing Documents” above.

Borrower Pre-Enforcement Payment Priorities

The CTA will provide that prior to an acceleration notice (an “**Obligor Acceleration Notice**”) and/or an enforcement notice (an “**Obligor Enforcement Notice**”) being delivered by the Obligor Security Trustee, payments by the Borrower which will be due on each Interest Payment Date or become due during the following Interest Period in respect of each of the items referred to in paragraphs (a) to (i) (inclusive) below will be made or provided for on each Interest Payment Date (such that amounts provided for can be applied as and when such payments become due during the following Payment Period) out of monies standing to the credit of the Debt Service Payment Account (other than (x) Borrower Hedge Replacement Premium (if any), which shall be paid directly to the relevant Borrower Hedge Counterparty and (y) the amount (if any) of any cash benefit in respect of a Tax Credit that has been received by the Borrower in respect of a Borrower Hedging Agreement that the Borrower is required to pay to a Borrower Hedge Counterparty under Part 5(c)(ii) of Schedule 2 of the relevant Borrower Hedging Agreement, which shall be paid to the relevant Borrower Hedge Counterparty in accordance with the relevant Borrower Hedging Agreement) and amounts available to the Borrower under the Liquidity Facility or (if applicable) from the Liquidity Standby Account (which shall only be used to pay any AF1 Liquidity Shortfall for which such amounts were drawn) or the Borrower Liquidity DSR Account (if applicable) or under the Issuer/Borrower Hedges and the Borrower Hedges in the following order of priority, without double counting (the “**Borrower Pre-Enforcement Payment Priorities**”):

- (a) *first*, pro rata according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the Borrower’s obligation to pay the remuneration, costs, expenses, fees and indemnity payments and any other amounts due and payable to the Obligor Security Trustee; and
 - (ii) the Borrower’s obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer’s obligation to pay the remuneration, costs, expenses, fees and indemnity payments and any other amounts due and payable to the Issuer Security Trustee and the Note Trustee;
- (b) *second*, pro rata according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the Borrower’s obligation to pay the fees, costs and expenses of the BBF Agents, the Capex Facility Providers, the Working Capital Facility Providers, any Ancillary Facility Providers, any Permitted Facility Providers, any other Authorised Facility Providers and the Borrower Account Bank; and
 - (ii) the Borrower’s obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer’s obligation to pay the remuneration, costs, expenses, fees and indemnity payments and any other amounts due and payable to the Principal Paying Agent, the LF Agent, the Agent Bank, the Calculation Agent, the Paying Agents, the Registrar, the Transfer Agent, the Exchange Agent, the Issuer Account Bank, the Calculation Agent and the Issuer Cash Manager;
- (c) *third*, pro rata according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the Borrower’s obligation to pay amounts owed by the Borrower to lawyers, accountants and other third parties not provided elsewhere in the Borrower Payment Priorities and incurred by the Borrower in accordance with the Obligor Transaction Documents; and
 - (ii) the Borrower’s obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer’s obligation to make payments due to the Rating Agencies, lawyers, accountants and other third parties not provided elsewhere in the Issuer Payment Priorities and incurred by the Issuer in accordance with the Issuer Transaction Documents;
- (d) *fourth*, in or towards satisfaction of the Borrower’s obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer Profit Amount;

- (e) *fifth*, pro rata, according to the respective amounts thereof in or towards satisfaction of:
 - (i) all amounts payable by the Borrower to the Liquidity Facility Providers; and
 - (ii) the Borrower's obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer's obligation to pay all amounts payable to the Liquidity Facility Providers;
- (f) *sixth*, pro rata, according to the respective amounts thereof, in or towards satisfaction of:
 - (i) all scheduled and unscheduled amounts and termination payments (other than any Excluded Hedge Counterparty Amounts) payable by the Borrower to the Borrower Hedge Counterparties under any Super Senior Borrower Hedging Agreements; and
 - (ii) all scheduled and unscheduled amounts and termination payments (other than any Excluded Hedge Counterparty Amounts) payable by the Borrower to the Issuer under any Super Senior Issuer/Borrower Hedging Agreements;
- (g) *seventh*, pro rata, according to the respective amounts thereof, in or towards satisfaction of:
 - (i) all scheduled amounts (other than any principal exchange amounts, accretion payments or payments due as a consequence of a mandatory early termination date) payable by the Borrower to the Borrower Hedge Counterparties under any Pari Passu Borrower Hedging Agreements;
 - (ii) all scheduled amounts (other than any principal exchange amounts, accretion payments or payments due as a consequence of a mandatory early termination date) payable by the Borrower to the Issuer under any Pari Passu Issuer/Borrower Hedging Agreements;
 - (iii) interest due or overdue in respect of the Borrower Bank Facilities (other than the Liquidity Facility); and
 - (iv) interest due or overdue in respect of the Issuer/Borrower Facilities;
- (h) *eighth*, pro rata according to the respective amounts thereof, in or towards satisfaction of:
 - (i) all scheduled and unscheduled amounts (except to the extent funded from the Lock-up Account) payable by the Borrower of principal in respect of the Borrower Bank Facilities (other than any Liquidity Facility);
 - (ii) all scheduled and unscheduled amounts (except to the extent funded from the Lock-up Account) payable by the Borrower of principal in respect of the Issuer/Borrower Facilities;
 - (iii) (except to the extent funded from the Lock-up Account) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which, for the avoidance of doubt, shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of a *Pari Passu* Borrower Hedge) (other than any Excluded Hedge Counterparty Amounts) and principal exchange amounts (if any) payable by the Borrower to the Borrower Hedge Counterparties under any *Pari Passu* Borrower Hedging Agreements; and
 - (iv) (except to the extent funded from the Lock-up Account) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of a *Pari Passu* Issuer/Borrower Hedge (other than any Excluded Hedge Counterparty Amounts)) and principal exchange amounts payable by the Borrower to the Issuer under any *Pari Passu* Issuer/Borrower Hedging Agreements;
- (i) *ninth*, pro rata according to the respective amounts thereof, in or towards satisfaction of the Borrower's obligation to pay:
 - (i) the Excluded Hedge Counterparty Amounts to the Borrower Hedge Counterparties under any Borrower Hedging Agreements; and
 - (ii) the Excluded Hedge Counterparty Amounts payable by the Borrower to the Issuer under any Issuer/Borrower Hedging Agreements;

- (j) *tenth*, (only to the extent required in the Common Documents) the balance shall remain in the Debt Service Payment Account. The Borrower is not required to maintain a minimum balance in the Debt Service Payments Account on a permanent basis. The account is required to have a balance for various reasons such as the periodic payment of interest and fees, but only on a temporary basis; and
- (k) *eleventh*, the surplus (if any) shall be available for each Obligor to deal with as it sees fit in accordance with the Common Documents.

Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities

The STID will provide that all Available Enforcement Proceeds shall, following the delivery of an Obligor Enforcement Notice but prior to the delivery of an Obligor Acceleration Notice by the Obligor Security Trustee, be applied (to the extent that it is lawfully able to do so) on each Payment Date by or on behalf of the Obligor Security Trustee (or, as the case may be, any receiver appointed by it) in the same manner as the Borrower Pre-Enforcement Payment Priorities, save that:

- (a) any amounts advanced to the Borrower under the Liquidity Facility shall be applied sequentially in respect of paragraphs (a) to (h) of the Borrower Pre-Enforcement Payment Priorities but excluding, in each case, final bullet principal repayments on maturity, balloon payments under amortising debt, mandatory prepayments, any termination payments, exchange payments and all other unscheduled amounts payable to any Borrower Hedge Counterparty or Issuer Hedge Counterparty and any amount arising under any Issuer/Borrower Facility Agreement;
- (b) no payments in respect of the Subordinated Loans or any Restricted Payments may be made without the prior consent of the Obligor Security Trustee;
- (c) the remuneration, costs and expenses of any receiver appointed by the Obligor Security Trustee shall rank in the same order and be satisfied pro rata with the Borrower's obligation to pay the remuneration, costs and expenses of the Obligor Security Trustee; and
- (d) the remuneration, costs and expenses of any receiver appointed by the Issuer Security Trustee shall rank in the same order and be satisfied pro rata with the Borrower's obligation to pay the remuneration, costs and expenses of the Issuer Security Trustee; and
- (e) the surplus (if any) shall remain in the Debt Service Payment Account or be held by the Obligor Security Trustee in a suspense account,

(the "**Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities**").

Borrower Post-Enforcement (Post-Acceleration) Payment Priorities

The STID will provide that all Available Enforcement Proceeds, shall, subsequent to the delivery of both an Obligor Enforcement Notice and an Obligor Acceleration Notice, be applied (to the extent that it is lawfully able to do so) by or on behalf of the Obligor Security Trustee or, as the case may be, any receiver, appointed by the Obligor Security Trustee in accordance with the Borrower Post-Enforcement (Post-Acceleration) Payment Priorities as set out below (the "**Borrower Post Enforcement (Post Acceleration) Payment Priorities**," and together with the Borrower Pre-Enforcement Payment Priorities and the Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities, the "**Borrower Payment Priorities**"), without double-counting:

- (a) *first*, pro rata and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the Borrower's obligation to pay the remuneration, costs, expenses, fees and indemnity payments and any other amounts due and payable of the Obligor Security Trustee (and any receiver appointed by the Obligor Security Trustee); and
 - (ii) the Borrower's obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer's obligation to pay the remuneration, costs, expenses, fees and indemnity payments and any other amounts due and payable of the Issuer Security Trustee (and any receiver appointed by the Issuer Security Trustee) and the Note Trustee;

- (b) *second, pro rata and pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the Borrower's obligation to pay the remuneration, costs and expenses of the BBF Agents, the Capex Facility Providers, the Working Capital Facility Providers, any Ancillary Facility Providers, any Permitted Facility Providers, any other Authorised Facility Providers and the Borrower Account Bank; and
 - (ii) the Borrower's obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer's obligation to pay the remuneration, costs, expenses, fees and indemnity payments and any other amounts due and payable of the Agent Bank, the Calculation Agent, the Paying Agents, the Registrar, the Transfer Agent, the Exchange Agent, the Issuer Account Bank and the Issuer Cash Manager;
- (c) *third*, in or towards satisfaction of the Borrower's obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to the Issuer Profit Amount;
- (d) *fourth, pro rata and pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
 - (i) all amounts payable by the Borrower to the Liquidity Facility Providers; and
 - (ii) the Borrower's obligation to pay the Issuer by way of Issuer/Borrower Facilities Fees an amount equal to all amounts payable by the Issuer to the Liquidity Facility Providers;
- (e) *fifth, pro rata and pari passu*, according to the respective amounts thereof, in or towards satisfaction of:
 - (i) all scheduled and unscheduled amounts and termination payments (other than any Excluded Hedge Counterparty Amounts) payable by the Borrower to the Borrower Hedge Counterparties under any Super Senior Borrower Hedging Agreements; and
 - (ii) all scheduled and unscheduled amounts and termination payments (other than any Excluded Hedge Counterparty Amounts) payable by the Borrower to the Issuer under any Super Senior Issuer/Borrower Hedging Agreements;
- (f) *sixth, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
 - (i) all scheduled amounts (other than any principal exchange amounts, accretion payments or payments due as a consequence of the occurrence of a mandatory early termination date) payable to the Borrower Hedge Counterparties under any Pari Passu Borrower Hedging Agreements;
 - (ii) all scheduled amounts (other than any principal exchange amounts, accretion payments or payments due as a consequence of the occurrence of a mandatory early termination date) payable by the Borrower to the Issuer under any Pari Passu Issuer/Borrower Hedging Agreements;
 - (iii) interest due or overdue in respect of the Borrower Bank Facilities (other than the Liquidity Facility); and
 - (iv) interest due or overdue in respect of the Issuer/Borrower Facilities; and
- (g) *seventh, pro rata and pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
 - (i) all scheduled and unscheduled amounts payable by the Borrower of principal in respect of the Borrower Bank Facilities (other than any Liquidity Facility);
 - (ii) all scheduled and unscheduled amounts due and payable by the Borrower of principal in respect of the Issuer/Borrower Facilities;
 - (iii) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of any *Pari Passu* Borrower Hedge) (other than any Excluded Hedge Counterparty Amounts) and principal exchange amounts under any Currency Hedges (if any) payable by the Borrower to the Borrower Hedge Counterparties under any *Pari Passu* Borrower Hedging Agreement; and

- (iv) all unscheduled amounts and termination payments accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of any *Pari Passu* Issuer/Borrower Hedge) (other than any Excluded Hedge Counterparty Amounts) and principal exchange amounts payable by the Borrower to the Issuer under any *Pari Passu* Issuer/Borrower Hedging Agreement;
- (h) *eighth*, pro rata and *pari passu*, according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
 - (i) any other amounts payable by the Borrower in respect of the Borrower Bank Facilities (other than any Liquidity Facility); and
 - (ii) any other amounts payable by the Borrower in respect of the Issuer/Borrower Facilities;
- (i) *ninth*, pro rata according to the respective amounts thereof, in or towards satisfaction of the Borrower's obligation to pay:
 - (i) the Excluded Hedge Counterparty Amounts to the Borrower Hedge Counterparties under any Borrower Hedging Agreements; and
 - (ii) the Excluded Hedge Counterparty Amounts to the Issuer under any Issuer/Borrower Hedging Agreements; and
- (j) *tenth*, the surplus (if any) together with all amounts standing to the credit of the other Borrower Accounts shall be available to each Obligor entitled thereto to deal with as it sees fit but subject to the Common Documents.

Issuer Pre-Enforcement Payment Priorities

The Issuer Deed of Charge will provide that, on each Interest Payment Date prior to the delivery of an enforcement notice by the Issuer Security Trustee in accordance with Condition 11 (Enforcement Against Issuer) (an "**Issuer Enforcement Notice**") and/or an acceleration notice by the Note Trustee in accordance with Condition 10.3 (*Delivery of an Issuer Acceleration Notice*) (an "**Issuer Acceleration Notice**"), monies credited to the Issuer Transaction Account (together with amounts available to the Issuer under the Liquidity Facility and the Issuer Hedges) must be applied by the Issuer Cash Manager in the following order of priority in making payment of or provision for any amounts then due and payable (or which will become due and payable during the Interest Period commencing on such Interest Payment Date) in each case only to the extent that preceding items have been paid or provided for in full and the relevant payment does not cause the Issuer Transaction Account to become overdrawn and provided further that (a) any amounts raised by the Issuer by way of an issue of Notes and standing to the credit of the relevant Issuer Account shall not be applied by the Issuer, or the Issuer Cash Manager on its behalf, in accordance with the Issuer Pre-Enforcement Payment Priorities and shall instead be advanced by the Issuer to the Borrower pursuant to the Issuer/Borrower Facilities Agreement as an advance corresponding to such Notes and (b) any monies drawn under the Liquidity Facility Agreement or, as the case may be, from any Liquidity Standby Accounts in relation to that Interest Payment Date shall only be applied towards the payment of items (a) to (h) (inclusive) of the Issuer Pre-Enforcement Payment Priorities but excluding, for the avoidance of doubt, final bullet repayments on maturity, mandatory prepayments, any termination payments, any exchange payments, accretion or other pay as you go payments and all other unscheduled amounts payable to any Issuer Hedge Counterparty: (the "**Issuer Pre-Enforcement Payment Priorities**"):

- (a) *first*, pro rata and *pari passu* according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Note Trust Deed or relevant Issuer Transaction Document) by the Issuer to the Note Trustee or any of its Appointees under the Note Trust Deed or any other Issuer Transaction Document to which it is a party;
 - (ii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Issuer Deed of Charge or relevant Issuer Transaction Document) by the Issuer to the Issuer Security Trustee or any of its Appointees under the Issuer Deed of Charge or any other Issuer Transaction Document to which it is a party; and

- (iii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Issuer Deed of Charge) by the Issuer to any receiver appointed by the Issuer Security Trustee under the Issuer Deed of Charge;
- (b) *second*, pro rata and *pari passu* according to the respective amounts thereof, in or towards satisfaction of any amounts due and payable by the Issuer in respect of:
- (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Paying Agents, Exchange Agent, Agent Bank, Registrar, Transfer Agent and Calculation Agent incurred under the Agency Agreement (including any amounts in respect of VAT to the extent provided therein);
 - (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement (including any amounts in respect of VAT to the extent provided therein);
 - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager under the Issuer Cash Management Agreement (including any amounts in respect of VAT to the extent provided therein);
 - (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of any LF Agent under the Liquidity Facility Agreement (including any amounts in respect of VAT to the extent provided therein); and
 - (v) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Officer Provider incurred under the Issuer Corporate Officer Agreement (including any amounts in respect of VAT to the extent provided therein);
- (c) *third*, in or towards satisfaction of the Issuer's payments due to the Rating Agencies, lawyers, accountants and other third parties not provided elsewhere in this Issuer Pre-Enforcement Payment Priorities and incurred by the Issuer in accordance with the Issuer Transaction Documents (including any amounts in respect of VAT);
- (d) *fourth*, the Issuer Profit Amount (which the Issuer may, after meeting any corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer);
- (e) *fifth*, pro rata according to the respective amounts thereof, in or towards satisfaction of the Issuer's obligation to pay the Liquidity Facility Providers under the Liquidity Facility Agreement (including any amounts in respect of VAT);
- (f) *sixth*, pro rata according to the respective amounts thereof, in or towards satisfaction of:
- (i) all amounts (other than any Excluded Hedge Counterparty Amounts) due and payable by the Issuer to the Issuer Hedge Counterparties under any Super Senior Issuer Hedging Agreements; and
 - (ii) all amounts due and payable by the Issuer to the Borrower under any Super Senior Issuer/Borrower Hedging Agreements;
- (g) *seventh*, pro rata according to the respective amounts thereof, in or towards satisfaction of the Issuer's obligation to pay:
- (i) interest due or overdue in respect of the Notes;
 - (ii) all scheduled amounts (other than any principal exchange amounts under any Currency Hedges, accretion payments or payments due as a consequence of the occurrence of a mandatory early termination date in respect of a Pari Passu Issuer Hedge) due and payable by the Issuer to the Issuer Hedge Counterparties under any Pari Passu Issuer Hedging Agreements; and
 - (iii) all scheduled amounts (other than any principal exchange amounts, accretion payments or payments due as a consequence of the occurrence of a mandatory early termination date in respect of a Pari Passu Issuer/Borrower Hedge) due and payable by the Issuer to the Borrower under any Pari Passu Issuer/Borrower Hedging Agreements; and

- (h) *eighth*, pro rata according to the respective amounts thereof, in or towards satisfaction of the Issuer's obligation to pay:
 - (i) principal due or overdue in respect of the Notes;
 - (ii) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of a Pari Passu Issuer Hedge) (other than any Excluded Hedge Counterparty Amounts) and any principal exchange amounts under any Currency Hedges due and payable by the Issuer to the Issuer Hedge Counterparties under any Pari Passu Issuer Hedging Agreements; and
 - (iii) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of a Pari Passu Issuer/Borrower Hedge) and any principal exchange amounts due and payable by the Issuer to the Borrower under any Pari Passu Issuer/Borrower Hedging Agreements;
- (i) *ninth*, pro rata according to the respective amounts thereof, in or towards satisfaction of the Issuer's obligation to pay the Excluded Hedge Counterparty Amounts to the Issuer Hedge Counterparties under any Issuer Hedging Agreements; and
- (j) *tenth*, the surplus (if any) by way of rebate of Initial Issuer/Borrower Facilities Fees and/or Issuer/Borrower Facilities Fees to the Borrower under the terms of the Issuer/Borrower Facilities Agreement.

Issuer Post-Enforcement Pre-Acceleration Payment Priorities

The Issuer Deed of Charge will provide that, after the service of an Issuer Enforcement Notice being given by the Issuer Security Trustee but prior to the service of an Issuer Acceleration Notice being given by the Note Trustee, all monies received or recovered by the Issuer Security Trustee (or any receiver appointed by it) and (to the extent that they are available) all funds standing to the credit of the Issuer Accounts shall be applied by or on behalf of the Issuer Security Trustee (or, as the case may be, any receiver appointed by it) in the same manner as the Issuer Pre-Enforcement Payment Priorities, save that (a) the Issuer will not be able to make any payments in respect of any dividend or distribution without the prior written consent of the Issuer Security Trustee, (b) the remuneration, costs and expenses of any receiver appointed by the Issuer Security Trustee shall rank in the same order and be satisfied pro rata with the Issuer's obligation to pay the remuneration, costs and expenses of the Issuer Security Trustee and (c) the surplus (if any) shall remain in the Issuer Transaction Account or be held by the Issuer Security Trustee in a suspense account (the "**Issuer Post-Enforcement Pre-Acceleration Payment Priorities**").

Issuer Post-Acceleration Payment Priorities

The Issuer Deed of Charge will provide that, after the service of an Issuer Acceleration Notice by the Note Trustee, (to the extent available) funds standing to the credit of the Issuer Accounts (other than any amounts which are to be applied in redemption of the Notes in accordance with the Conditions notwithstanding the Issuer Post-Acceleration Payment Priorities) will be applied in the following order of priority (the "**Issuer Post-Acceleration Payment Priorities**" and together with Issuer Pre-Enforcement Payment Priorities and the Issuer Post-Enforcement Pre-Acceleration Payment Priorities, the "**Issuer Payment Priorities**"):

- (a) *first*, pro rata and *pari passu* according to the respective amounts thereof, in or towards satisfaction of:
 - (i) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Note Trust Deed or relevant Issuer Transaction Document) by the Issuer to the Note Trustee or any of its Appointees under the Note Trust Deed or any other Issuer Transaction Document to which it is a party;
 - (ii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Issuer Deed of Charge or relevant Issuer Transaction Document) by the Issuer to the Issuer Security Trustee or any of its Appointees under the Issuer Deed of Charge or any other Issuer Transaction Document to which it is a party; and

- (iii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (including any amounts in respect of VAT to the extent provided for in the Issuer Deed of Charge) by the Issuer to any receiver appointed by the Issuer Security Trustee under the Issuer Deed of Charge;
- (b) *second*, pro rata and *pari passu* according to the respective amounts thereof, in or towards satisfaction of any amounts due and payable by the Issuer in respect of:
- (i) the fees, other remuneration, indemnity payments, costs, charges, liabilities and expenses of the Paying Agents, Exchange Agent, Agent Bank, Registrar, Transfer Agent and Calculation Agent incurred under the Agency Agreement (including any amounts in respect of VAT to the extent provided therein);
 - (ii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement (including any amounts in respect of VAT to the extent provided therein);
 - (iii) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Cash Manager under the Issuer Cash Management Agreement (including any amounts in respect of VAT to the extent provided therein);
 - (iv) the fees, other remuneration, indemnity payments, costs, charges and expenses of any LF Agent under the Liquidity Facility Agreement (including any amounts in respect of VAT to the extent provided therein); and
 - (v) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Officer Provider incurred under the Issuer Corporate Officer Agreement
(including any amounts in respect of VAT to the extent provided therein)
- (c) *third*, pro rata according to the respective amounts thereof, in or towards satisfaction of all amounts due from the Issuer to the Liquidity Facility Providers under the Liquidity Facility Agreement;
- (d) *fourth*, pro rata and *pari passu* according to the respective amounts thereof, in each case without double-counting in or towards satisfaction of:
- (i) all amounts (other than any Excluded Hedge Counterparty Amounts) payable by the Issuer to each Issuer Hedge Counterparty under any Super Senior Issuer Hedging Agreement; and
 - (ii) all amounts due and payable by the Issuer to the Borrower under any Super Senior Issuer/Borrower Hedging Agreement;
- (e) *fifth*, pro rata and *pari passu* according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) all amounts of interest due and payable or overdue in respect of the Notes;
 - (ii) all scheduled amounts (other than any principal exchange amounts under any Currency Hedges, accretion payments or payments due as a consequence of the occurrence of a mandatory early termination date in respect of a Pari Passu Issuer Hedge) due and payable to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreements; and
 - (iii) all scheduled amounts (other than any principal exchange amounts, accretion payments or payments due as a consequence of the occurrence of a mandatory early termination date in respect of a Pari Passu Issuer/Borrower Hedge) due and payable by the Issuer to the Borrower under any Pari Passu Issuer/Borrower Hedging Agreements;
- (f) *sixth*, pro rata and *pari passu* according to the respective amounts thereof, in each case without double counting, in or towards satisfaction of:
- (i) all amounts of principal due and payable or overdue in respect of the Notes;
 - (ii) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of a Pari Passu Issuer Hedge)

(other than any Excluded Hedge Counterparty Amounts) and any principal exchange amounts under any Currency Hedges due and payable to each Issuer Hedge Counterparty under any Pari Passu Issuer Hedging Agreements;

- (iii) all unscheduled amounts and termination payments, accretion or other pay as you go payments and other charges (which shall include (amongst others) payments due as a consequence of the occurrence of a mandatory early termination date or optional termination date in respect of a Pari Passu Issuer/Borrower Hedge) and any principal exchange amounts payable by the Issuer to the Borrower under any Pari Passu Issuer/Borrower Hedging Agreements; and
- (g) *seventh*, pro rata according to the respective amounts thereof, in or towards satisfaction of any Excluded Hedge Counterparty Amounts due or overdue to any Issuer Hedge Counterparty under any Issuer Hedging Agreements; and
- (h) *eighth*, after retaining the Issuer Profit Amount (which the Issuer may, after meeting any corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer), the surplus (if any) by way of rebate of the Initial Issuer/Borrower Facilities Fee and/or Issuer/Borrower Facilities Fee to the Borrower pursuant to the terms of the Issuer/Borrower Facilities Agreement.

TERMS AND CONDITIONS

The following is the text of the terms and conditions which (subject to completion in accordance with the provisions of the relevant Final Terms) will be incorporated by reference into each Global Note (as defined below) and each Definitive Note (as defined below), in the latter case, only if such incorporation by reference is permitted by the rules of the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such terms and conditions. Further information with respect to each Tranche of Notes will be given in the relevant Final Terms which will provide for those aspects of these Conditions which are applicable to such Tranche of Notes. Either (i) the full text of these terms and conditions together with the relevant Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to the "Pro Forma Final Terms" for a description of the content of Final Terms which will specify which of the terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Arqiva Financing plc (the "**Issuer**") constituted by a note trust deed (such note trust deed as modified and/or supplemented and/or restated from time to time, the "**Note Trust Deed**") dated on or about 21 February 2013 (the "**Signing Date**") made between the Issuer and Deutsche Trustee Company Limited (the "**Note Trustee**", which expression shall include any successor trustee and all other persons for the time being appointed pursuant to the Note Trust Deed to act for and on behalf of the Noteholders).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form ("**Bearer Definitive Notes**") issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form ("**Registered Definitive Notes**" and, together with Bearer Definitive Notes, "**Definitive Notes**") (whether or not issued in exchange for a Global Note in registered form).

Each Series of Notes may be denominated in different currencies or have different interest rates, maturity dates or other terms. Notes of any Series may be zero coupon Notes ("**Zero Coupon Notes**"), fixed rate Notes ("**Fixed Rate Notes**"), floating rate Notes ("**Floating Rate Notes**"), index-linked Notes ("**Index Linked Notes**"), dual currency Notes ("**Dual Currency Notes**"), or instalment Notes ("**Instalment Notes**") depending on the method of calculating interest payable in respect of such Notes and may be denominated in sterling, euro, U.S. dollars or in other currencies subject to compliance with applicable law.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the "**Agency Agreement**") to be dated on or about the Signing Date between, *inter alios*, the Issuer, the Note Trustee, the Principal Paying Agent and the other Paying Agents, the Exchange Agent, the Agent Bank and the Transfer Agent and the Registrar. As used herein, each of "**Principal Paying Agent**", "**Paying Agents**", "**Exchange Agent**", "**Agent Bank**", "**Transfer Agent**" and/or "**Registrar**" means, in relation to the Notes, the persons specified in the Agency Agreement as the Principal Paying Agent, Paying Agents, Exchange Agent, Agent Bank, Transfer Agent and/or Registrar, respectively, and, in each case, any successor to such person in such capacity, and "**Agents**" shall mean the Principal Paying Agent, the Transfer Agent, the Exchange Agent, the Registrar, the Agent Bank, any Calculation Agent (as defined below) appointed thereunder and any additional Paying Agents also appointed thereunder. The Notes may also have the benefit (to the extent applicable) of a calculation agency agreement (in the form or substantially in the form of schedule 1 to the Agency Agreement, the "**Calculation Agency Agreement**") between, *inter alios*, the Issuer and any calculation agent appointed by the Issuer as calculation agent (the "**Calculation Agent**").

Interest bearing Bearer Definitive Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Bearer Definitive Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final

instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading), and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean (in the case of Bearer Definitive Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Note Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders in accordance with the provisions of the Note Trust Deed.

The final terms for the Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on the Notes which complete these terms and conditions (the “**Conditions**” if specified as applicable in such Final Terms). References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof) and in the relevant Final Terms, the Note Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents. Copies of the Issuer Transaction Documents are available for inspection during normal business hours by the Noteholders at the specified offices of the Principal Paying Agent and any other Paying Agents (in the case of Bearer Definitive Notes) or the specified offices of the Transfer Agent and the Registrar (in the case of Registered Definitive Notes). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Principal Paying Agent and copies may be obtained from those offices. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Note Trust Deed, the Agency Agreement, the Issuer Deed of Charge, the relevant Final Terms and the other Issuer Transaction Documents applicable to them.

Capitalised terms defined in the Note Trust Deed or the Issuer Deed of Charge or used in the applicable Final Terms shall have the same meanings when used in these Conditions unless the context otherwise required or unless otherwise stated.

Capitalised terms not otherwise defined in these Conditions, the Note Trust Deed, the Issuer Deed of Charge or the applicable Final Terms shall bear the meanings given to them in the Master Definitions Agreement and these Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement.

Any reference in these Conditions to a matter being “**specified**” means as the same may be specified in the relevant Final Terms.

1 Form, Denomination and Title

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Notes, serially numbered, in the Specified Currency and Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and, subject to Condition 6.4, Bearer Definitive Notes may not be exchanged for Registered Notes and vice versa.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Dual Currency Notes, Index Linked Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes may be Instalment Notes, Dual Currency Redemption Notes, Index Linked Notes or a combination of any of the foregoing or any other or further type of Notes as is specified in the applicable Final Terms, in each case as specified in and depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Bearer Definitive Notes are issued with Coupons and Talons attached (where applicable), unless they are Zero Coupon Notes in which case references to Coupons, Talons and Couponholders in the Conditions are not applicable.

Bearer Definitive Notes are issued with Receipts, unless they are not Instalment Notes in which case references to Receipts and Receiptholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Definitive Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in the Register by the Registrar, in accordance with the provisions of the Agency Agreement. The Issuer, the Note Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out below.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking, S.A. (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Note Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Note Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and 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 as may otherwise be approved by the Issuer and the Principal Paying Agent.

2 Transfers of Registered Notes

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such Clearing Systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Note Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Note in definitive form

Subject as provided in Conditions 2.6 (*Transfers of interests in Global Notes*), upon the terms and subject to the conditions set forth in the Note Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or

their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, by the Transfer Agent and (b) the Registrar, or as the case may be, the Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Note Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in schedule 3 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 6 (Redemption, Purchase and Cancellation), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Regulations concerning the transfer of Registered Notes

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Principal Paying Agent, the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2.5 Cost of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any cost or expenses of delivery other than by regular uninsured mail and except that the Issuer may require payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.6 Transfers of interests in Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Global Note to a transferee in the United States or who is a U.S. person will only be made pursuant to an exemption under the Securities Act, and, in each case, in accordance with any applicable securities laws of the United States (including any applicable restriction on transfer imposed by the CEA), any state of the United States or any other jurisdiction.

2.7 Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

2.8 Definitions

In this Condition, the following expressions shall have the following meanings:

“**CEA**” means the U.S. Commodity Exchange Act of 1936, as amended;

“**Distribution Compliance Period**” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“**Regulation S**” means Regulation S under the Securities Act;

“**Securities Act**” means the United States Securities Act of 1933, as amended; and

“U.S. person” has the meaning given to it in Regulation S.

3 Status of Notes

3.1 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional and unsubordinated obligations of the Issuer, are secured in the manner described in Condition 4 (Security, Priority and Relationship with Issuer Secured Creditors) and limited recourse obligations pursuant to Condition 18 (Limited Recourse) and rank *pari passu* without any preference among themselves.

3.2 Note Trustee not responsible for monitoring compliance

The Note 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 Issuer Event of Default is outstanding. The Note Trustee shall be entitled to rely on such certificates absolutely. The Note Trustee is not responsible for monitoring compliance by any of the parties with their respective obligations under the Issuer Transaction Documents. The Note Trustee may call for and is at liberty to accept as sufficient evidence a certificate signed by any one director of the Issuer or any other party to the Issuer Transaction Documents to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Note Trustee may require to be satisfied. The Note Trustee is in no way bound to call for further evidence or be responsible to any person 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 Note Trustee is entitled to rely upon any certificate believed by it to be genuine and will not be liable for so acting.

4 Security, Priority and Relationship with Issuer Secured Creditors

4.1 Security

As continuing security for the payment or discharge of all present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Issuer Secured Creditor under each Issuer Transaction Document (the “**Issuer Secured Liabilities**”) (including, without limitation, all monies payable in respect of the Notes, Coupons and Receipts and otherwise under the Note Trust Deed, the Issuer Deed of Charge and any deed or other document executed in accordance with the Note Trust Deed or the Issuer Deed of Charge and expressed to be supplemental to the Note Trust Deed or the Issuer Deed of Charge (as applicable) (the “**Trust Documents**”) (including, without limitation, the remuneration, expenses and other claims of the Note Trustee under the Note Trust Deed and the Issuer Security Trustee and any receiver appointed under the Issuer Deed of Charge)), the Issuer has entered into the Issuer Deed of Charge to create as far as permitted by and subject to compliance with any applicable law, the following security (the “**Issuer Security**”) in favour of the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors:

- (i) an assignment by way of first fixed security of all of the rights of the Issuer under each Issuer Charged Document (without prejudice to, and after giving effect to, any set-off or netting provisions contained in any Issuer Hedging Agreement);
- (ii) a first fixed charge over all of the rights of the Issuer in the Security Accounts (as defined in the Issuer Deed of Charge);
- (iii) a first fixed charge over all rights of the Issuer in respect of the benefit of all authorisations (statutory or otherwise) held in connection with its use of any Issuer Charged Property and any compensation which may be payable to it in respect of those authorisations;
- (iv) a first fixed charge over all of the rights of the Issuer in respect of each Authorised Investment of the Issuer; and
- (v) a first floating charge over all the Issuer’s assets including, without limitation, the Issuer’s uncalled capital other than any assets at any time otherwise effectively charged or assigned by way of a fixed charge or assignment.

All Notes issued by the Issuer under the Programme will share in the Issuer Security constituted by the Issuer Deed of Charge, upon and subject to the terms thereof.

4.2 Relationship among Noteholders and with other Issuer Secured Creditors

The Note Trust Deed contains provisions detailing the Note Trustee's obligations to consider the interests of Noteholders as regards all discretions of the Note Trustee (except where expressly provided otherwise or referred to in Condition 15 (Note Trustee Protections)).

4.3 Enforcement of Issuer Security

In the event of the Issuer Security becoming enforceable as provided in the Issuer Deed of Charge, the Note Trustee may, at its discretion, or shall, if directed by the Issuer Qualifying Secured Creditors together holding or representing 25% or more of the Issuer Qualifying Debt (i) in writing and/or (ii) (in the case of the Noteholders) by an Extraordinary Resolution of all Noteholders, direct the Issuer Security Trustee to deliver an Issuer Enforcement Notice and to enforce its rights with respect to the Issuer Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Noteholder, provided that neither the Note Trustee nor the Issuer Security Trustee shall be obliged to take any action unless they are indemnified and/or secured and/or prefunded to their satisfaction.

4.4 Application before enforcement

Before enforcement of the Issuer Security, the Issuer or the Issuer Cash Manager (on its behalf) shall (to the extent such funds are available) use funds standing to the credit of the Issuer Transaction Account to make payments in accordance with the Issuer Pre-Enforcement Payment Priorities (as set out in the Issuer Cash Management Agreement and incorporated into the Issuer Deed of Charge).

4.5 Application following enforcement (but prior to acceleration)

After enforcement of the Issuer Security but prior to delivery of an Issuer Acceleration Notice by the Note Trustee in accordance with Condition 10.3, the Issuer Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Accounts and any other proceeds of the enforcement of the Issuer Security to make payments in accordance with the Issuer Post-Enforcement Pre-Acceleration Payment Priorities (as set out in the Issuer Deed of Charge).

4.6 Application following acceleration

After the delivery of an Issuer Acceleration Notice by the Note Trustee in accordance with Condition 10.3, 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 any amounts which are to be applied in redemption of the Notes in accordance with the Conditions notwithstanding the Issuer Post-Acceleration Payment Priorities) will be applied in accordance with the Issuer Post-Acceleration Payment Priorities (as set out in the Issuer Deed of Charge).

5 Interest and Other Calculations

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the Interest Rate, such interest being payable in arrear (unless otherwise specified in the relevant Final Terms) on each Interest Payment Date in each year up to and including the Final Maturity Date.

Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) 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 Notes at such time to the Note Relevant Date (as defined in Condition 12 (Prescription)).

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

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest (as defined below) to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate Principal Amount Outstanding of the Fixed Rate Notes represented by such Global Note or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

5.2 **Day Count Fraction**

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 5:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - I the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - II the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if “30/360 (ICMA)” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but

excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

- (vii) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; or

- (ix) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent; and

“**Principal Amount Outstanding**” means, in respect of a Note on any day, the principal amount of that Note on the relevant Issue Date thereof less principal amounts received by the relevant Noteholder in respect thereof on or prior to that day.

5.3 Interest on Floating Rate Notes and Index Linked Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each “**Interest Period**” (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) in any case where Specified Periods are specified in accordance with Condition 5.3(a)(ii) above, the “**Floating Rate Convention**”, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (c) below shall apply mutatis mutandis or (ii) in the case of (y) above, 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 (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (ii) the “**Following Business Day Convention**”, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) the “**Modified Following Business Day Convention**”, such Interest Payment 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 Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (iv) the “**Preceding Business Day Convention**”, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any Note denominated or sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System or any successor thereto (the “**TARGET 2 System**”) is open.

(b) **Rate of Interest for Floating Rate Notes**

The Rate of Interest in respect of Floating Rate Notes for each Interest Period shall be determined in the manner specified hereon and the provisions below relating to any of ISDA Determination, Screen Rate Determination and/or Linear Interpolation shall apply, depending upon which is specified in the relevant Final Terms.

- (i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the relevant Series Notes (the “**ISDA Definitions**”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is the period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the Euro-zone interbank offered rate (“**EURIBOR**”), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

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

- (ii) Screen Rate Determination for Floating Rate Notes (EURIBOR)

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being SONIA Compounded Index Rate or SONIA Compounded Daily Reference Rate, the Rate of Interest for each Interest Period will, subject to Condition 5.6 and as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of sub-paragraph (ii)(A), no offered quotation appears or if, in the case of sub-paragraph (ii)(B), fewer than two offered quotations appear, in each case as at the Relevant Time, the Agent Bank (or Calculation Agent, if applicable) shall request the principal Relevant Financial Centre office of each of the Reference Banks to provide the Agent Bank (or Calculation Agent, if applicable) with its offered quotation (expressed as a percentage rate per annum) for the Relevant Rate at approximately the Relevant Time on the Interest Determination Date in question in respect of 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. If two or more of the Reference Banks provide the Agent Bank (or Calculation Agent, if applicable) with offered quotations, the Interest Rate for the Interest Period shall be the arithmetic mean (rounded if necessary to the seventh decimal place with halves being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent Bank (or Calculation Agent, if applicable).

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank (or Calculation Agent, if applicable) with an offered quotation as provided in the preceding paragraph, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Agent Bank (or Calculation Agent, if applicable) determines as being the arithmetic mean (rounded if necessary to the seventh decimal place, with halves being rounded upwards) of the rates, as communicated to (and at the request of) the Agent Bank (or Calculation Agent, if applicable) by the Reference Banks (being the rates nearest to the Relevant Rate as determined by the Agent Bank (or the Calculation Agent, if applicable)) quoted by the Reference Banks at the Relevant Time on the relevant Interest Determination Date) for loans in the relevant currency to leading European banks for a period equal to the relevant Interest Period and in the Representative Amount plus or minus (as appropriate) the Margin (if any) provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.3(b)(ii), the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applies to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In respect of Floating Rate Notes to which Screen Rate Determination applies, “**Relevant Screen Page**” means the agreed screen page of a commercial quotation service as specified in the applicable Final Terms.

- (iii) Screen Rate Determination for Floating Rate Notes referencing Compounded SONIA
 - (A) SONIA Compounded Index Rate

Where (i) Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and (ii) the Reference Rate is specified in the applicable Final Terms as being SONIA Compounded Index Rate, the Rate of Interest for each Interest Period will, subject to Condition 5.6, be the SONIA Compounded Index Rate as follows, plus or minus (as indicated hereon) the Margin.

For the purposes of this Condition 5.3(b)(iii)(A):

“**SONIA Compounded Index Rate**” means with respect to an Interest Period, the compounded daily reference rate for such Interest Period and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards ,

$$\left(\frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left(\frac{365}{d} \right)$$

provided, however, that and subject to Condition 5.6, if the SONIA Compounded Index Value is not available in relation to any Interest Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded Index_{START} and SONIA Compounded Index_{END}, the Rate of Interest shall be calculated for such Interest Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 5.3(b)(iii)(B) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified in the applicable Final Terms as the Reference Rate and the “Relevant Screen Page” shall be deemed to be the “Relevant Fallback Screen Page” as specified in the applicable Final Terms,

where:

“**d**” means the number of calendar days in the relevant Observation Period;

“**London Business Day**”, means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling “p” London Business Days prior to the first day of such Interest Period (and the first Observation Period shall begin on and include the date which is “p” London Business Days prior to the Issue Date) and ending on (but excluding) the date which is “p” London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, for any Interest Period the whole number specified hereon (or, if no such number is so specified, five London Business Days) representing a number of London Business Days; which shall be at least 5 London Business Days (unless otherwise agreed with the Calculation Agent);

“**SONIA Compounded Index**” means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

“**SONIA Compounded Index_{START}**” means, in respect of an Interest Period, the SONIA Compounded Index Value on the first day of the related Observation Period;

“**SONIA Compounded Index_{END}**” means the SONIA Compounded Index Value on the date falling “p” London Business Days prior to the last day of the related Observation Period; and

“**SONIA Compounded Index Value**” means in relation to any London Business Day, the value of the SONIA Compounded Daily Reference Rate produced for the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Daily Reference Rate produced for the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(B) SONIA Compounded Daily Reference Rate

Where (i) Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and (ii) the Reference Rate is specified in the applicable Final Terms as being SONIA Compounded Daily Reference Rate with Observation Shift or SONIA

Compounded Daily Reference Rate with Lag, the Rate of Interest for each Interest Period will, subject to Condition 5.6, be the SONIA Compounded Daily Reference Rate as follows, plus or minus (as indicated hereon) the Margin,

“**SONIA Compounded Daily Reference Rate**” means, in respect of an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**London Business Day**”, “**Observation Period**” and “**p**” have the meanings set out under Condition 5.3(b)(iii)(A);

“**d**” is the number of calendar days in the relevant:

- (i) Observation Period where SONIA Compounded Daily Reference Rate with Observation Shift is specified as the Reference Rate in the applicable Final Terms; or
- (ii) Interest Period where SONIA Compounded Daily Reference Rate with Lag is specified as the Reference Rate in the applicable Final Terms;

“**d_o**” is the number of London Business Days in the relevant:

- (i) Observation Period where SONIA Compounded Daily Reference Rate with Observation Shift is specified as the Reference Rate in the applicable Final Terms; or
- (ii) Interest Period where SONIA Compounded Daily Reference Rate with Lag is specified as the Reference Rate in the applicable Final Terms;

“**i**” is a series of whole numbers from one to **d_o**, each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

- (i) Observation Period where SONIA Compounded Daily Reference Rate with Observation Shift is specified as the Reference Rate in the applicable Final Terms; or
- (ii) Interest Period where SONIA Compounded Daily Reference Rate with Lag is specified as the Reference Rate in the applicable Final Terms;

“**n_i**”, for any London Business Day “**i**”, means the number of calendar days from and including such London Business Day “**i**” up to but excluding the following London Business Day;

“**SONIA_i**” means, in relation to any London Business Day the SONIA reference rate in respect of:

- (i) that London Business Day “**i**” where SONIA Compounded Daily Reference Rate with Observation Shift is specified as the Reference Rate in the applicable Final Terms; or
- (ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling “**p**” London Business Days prior to the relevant London Business Day “**i**” where SONIA Compounded Daily Reference Rate with Lag is specified as the Reference Rate in the applicable Final Terms; and

the “**SONIA reference rate**”, in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen

Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from such authorised distributors, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate)

(C) Subject to Condition 5.6, where either (i) SONIA Compounded Daily Reference Rate with Observation Shift or SONIA Compounded Daily Reference Rate with Lag is specified as the Reference Rate in the applicable Final Terms, or (ii) the SONIA Compounded Index Rate is specified as the Reference Rate in the applicable Final Terms and Condition 5.3(b)(iii)(B) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:

1. the sum of (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Business Days on which the SONIA reference 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
2. if such Bank Rate is not available, (a) the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) or (b) if this is more recent, the latest determined rate under 1. above, and

in each case, SONIA_i shall be interpreted accordingly.

(D) If the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 5.6, the Rate of Interest shall be (i) 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 (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of 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).

If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified hereon, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(c) Rate of Interest on Index Linked Notes

The Rate of Interest applicable to Index Linked Notes will be the fixed or floating Interest Rate specified in the applicable Final Terms subject to adjustment for indexation in accordance with Condition 7.2 (*Application of the Index Ratio*).

(d) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of

paragraph (b) or (c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) or (c) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(e) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent (in the case of Floating Rate Notes) and the Calculation Agent (in the case of Index Linked Notes) will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Notes, will calculate the amount of interest (the “**Interest Amount**”) payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes and Index Linked Notes which are represented by a Global Note, the aggregate Principal Amount Outstanding of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes and Index Linked Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and, in the case of Index Linked Notes only, adjusted according to the indexation set out in Condition 7.2 (*Application of the Index Ratio*). Where the Specified Denomination of a Floating Rate Note and Index Linked Notes in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding. In such case the Calculation Agent will notify the Principal Paying Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

(f) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent (in the case of Floating Rate Notes) and the Calculation Agent (in the case of Index Linked Notes) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Note Trustee and any stock exchange on which the relevant Floating Rate Notes and Index Linked Notes are for the time being listed, quoted and/or traded or by which they have been admitted to trading (by no later than the first date of each Interest Period) and notice thereof to be published in accordance with Condition 16 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Note Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (Notices). For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 5 (Interest and Other

Calculations) whether by the Note Trustee, the Principal Paying Agent or the Agent Bank (or the Calculation Agent, if applicable) shall (in the absence of wilful default, gross negligence, bad faith or manifest error) be binding on the Issuer, each Obligor, the Agent Bank, the Note Trustee, the Principal Paying Agent, the Calculation Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Obligors, the Note Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Note Trustee, the Principal Paying Agent, the Agent Bank or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

- (h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the second Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5.3(a), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

5.4 Interest on Dual Currency Notes

In the case of Dual Currency Notes where the rate of interest or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest shall be determined in the manner specified in the applicable Final Terms.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Issuer Security have been delivered; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note 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 Noteholders in accordance with Condition 16 (Notices).

5.6 Benchmark Discontinuation

- (a) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.6 (b) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 0. In making such determination, the Independent Adviser appointed pursuant to this Condition 5.6 shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Paying Agents, or the Noteholders, for any determination made by it, pursuant to this Condition 5.6.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.6 prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum 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 or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5.6.

(b) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.6); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.6).

(c) Adjustment Spread

If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

- (i) If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5.6 and the Independent Adviser, determines (i) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement and/or the Calculation Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.6(e), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement, and/or the Calculation Agency

Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

- (ii) At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 5.6(e), the Trustee shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that none of the Trustee, the Calculation Agent or the Paying Agents shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) and/or the other Issuer Transaction Documents in any way.
- (iii) In connection with any such variation in accordance with this Condition 0, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5.6 will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

- (i) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.6; and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5.6(a), 5.6(b), 5.6(c), and 0, the Original Reference Rate and the fallback provisions provided for in Condition 5.3(b)(ii) and 5.3(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

(g) Notification

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

(h) Definitions

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (iv) if no such spread, formula or methodology can be determined in accordance with (i) to (iii) above, the Independent Adviser determines to be appropriate, having regard to the objective, to the extent reasonably practicable in the circumstances and solely for the purposes of this sub-clause (iv) only, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5.6(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 0.

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will, by a specified date, be prohibited from being used either generally, or in respect of the Notes; or
- (v) it has or will, by a specified date, become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the date specified in the relevant public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified date.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.6(a).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

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

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6 Redemption, Purchase and Cancellation

6.1 Final redemption

If the Notes of any Series have not previously been redeemed in full, or purchased and cancelled, the Notes will be finally redeemed at the then Principal Amount Outstanding (in the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) of such Series plus accrued but unpaid interest on the Final Maturity Date specified in the relevant Final Terms for such Tranche.

6.2 Optional redemption

Subject as provided below, the Issuer may (prior to the Final Maturity Date) redeem any Series of the Notes in whole or in part (but on a pro rata basis only), upon giving not more than thirty nor less than 15 days' notice to the Note Trustee, the Issuer Secured Creditors and the Noteholders, on any date, in each case at their Redemption Amount (or in respect of any Notes issued on or after 16 June 2023, if specified in the relevant Final Terms for the relevant Series of Notes, if redeemed on a date which is three months prior to the Expected Maturity Date of the relevant Series of Notes (or any date thereafter), at their Principal Amount Outstanding (in the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) of such Series of Notes plus accrued but unpaid interest on such date), provided that Floating Rate Notes may not be redeemed before the Call Protection Date (if any) specified in the relevant Final Terms, as follows:

- (i) In respect of Fixed Rate Notes denominated in sterling, the Redemption Amount will, unless a Modified Redemption Amount or an Alternative Redemption Amount is specified in the relevant Final Terms, be an amount equal to the higher of (A) their Principal Amount Outstanding and (B) the price determined to be appropriate by a financial adviser in London (selected by the Issuer and approved by the Note Trustee) as being the price at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the sum of (x) Gross Redemption Yield at 3.00 pm (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Note Trustee) determine to be appropriate, and (y) the Redemption Margin, plus accrued but unpaid interest on the Principal Amount Outstanding.

For the purposes of this paragraph 6.2(i), “**Gross Redemption Yield**” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the UK Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published on 8 June 1998 with effect from 1 November 1998 and updated on 15 January 2002, page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Fixed Rate Notes shall be assumed to

be the Expected Maturity Date (if applicable) and not the Final Maturity Date; “**Reference Date**” means the date which is two Business Days prior to the despatch of the notice of redemption under this paragraph (i); “**Reference Gilt**” means the United Kingdom government stock specified in the relevant Final Terms; and “**Redemption Margin**” means the margin specified in the relevant Final Terms.

- (ii) For the purposes of this Condition 6.2, the “**Alternative Redemption Amount**” is the amount specified as such in the relevant Final Terms (if any); and the “**Modified Redemption Amount**” if specified as applicable in the relevant Final Terms will be an amount equal to the lower of (x) the Principal Amount Outstanding of the relevant Notes or the relevant portion thereof available for redemption and (y) (in the case of Fixed Rate Notes or Index Linked Notes denominated in sterling) an amount calculated by multiplying the Principal Amount Outstanding of such Notes or the relevant portion thereof available for redemption by that price (expressed as a percentage) (as reported in writing to the Issuer and the Note Trustee by a financial adviser nominated by the Issuer and approved by the Note Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Notes on the Reference Date is equal to the Redemption Rate or (in the case of Fixed Rate Notes denominated in euro) at the Redemption Amount calculated in accordance with paragraph 6.2(iv) provided that the reference in such calculation to the Bund Rate shall be construed as a reference to the Redemption Rate or (in the case of Fixed Rate Notes denominated in a currency other than sterling or euro or Index Linked Notes denominated in a currency other than sterling) the Alternative Redemption Amount calculated in accordance with the relevant Final Terms, plus, in each case, accrued but unpaid interest (in the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) on the Principal Amount Outstanding or the relevant portion thereof available for redemption to (but excluding) the date of redemption; “**Redemption Rate**” means the sum of the Relevant Swap Rate and 0.50% per annum or, if the Relevant Swap Rate is not able to be determined, the sum of such rate as may be specified by a Financial Adviser nominated by the Issuer and approved by the Note Trustee and 0.50% per annum; “**Gross Redemption Yield**” has the meaning given to it (in the case of Fixed Rate Notes) in Condition 6.2(i) or (in the case of Index Linked Notes) in Condition 6.2(iii); “**Relevant Swap Rate**” means (i) if the relevant Notes are denominated in Sterling, the Interpolated GBP Swap Rate, (ii) if the relevant Notes are denominated in euro, the Mid-Market EUR Mid-Swap Rate, and (iii) if the relevant Notes are denominated in any currency other than Sterling or euro, such other swap rate as specified by the Financial Adviser nominated by the Issuer and approved by the Note Trustee; “**Interpolated GBP Swap Rate**” means the straight line interpolated GBP overnight index swap rate reported as at 10:00 a.m. (London time) on the Reference Date, having a maturity equal to the remaining tenor of such Notes as of the prepayment date with respect to such Notes and “**Mid-Market EUR Mid-Swap Rate**” means the mean of the bid and offer quotation rates for a swap denominated in euro and calculated on 30/360, unadjusted, annual, fixed basis vs Actual 360, annual 6 month EURIBOR, using the swap rates published on the display page designated ICAE on the Bloomberg service as at 10:00 a.m. (Frankfurt am Main time) on the Reference Date (or the successor display page, if any, designated by Bloomberg at any time).
- (iii) In respect of Index Linked Notes denominated in sterling, the Redemption Amount will (unless otherwise specified in the relevant Final Terms) be the higher of (i) the Principal Amount Outstanding and (ii) the price determined to be appropriate (without any additional indexation beyond the implicit indexation in such determined price) by a financial adviser in London (selected by the Issuer and approved by the Note Trustee) as being the price at which the Gross Real Redemption Yield on the Notes on the Reference Date (as defined below) is equal to the Gross Real Redemption Yield at 3.00 pm (London time) on the Reference Date on the Reference Gilt while that stock is in issue, and thereafter such UK government stock as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer and approved by the Note Trustee), determine to be appropriate, plus accrued but unpaid interest (as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) on the Principal Amount Outstanding.

For the purposes of this paragraph (iii), “**Gross Real Redemption Yield**” means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the UK Debt Management Office publication “Formulae for Calculating Gilt Prices from Yields” published on 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005, page 5 or any replacement therefor and, for the purposes of such calculation, the date of redemption of the relevant Index Linked Notes shall be assumed

to be the Expected Maturity Date (if applicable) and not the Final Maturity Date; “**Reference Date**” means the date which is two Business Days prior to the despatch of the notice of redemption under this paragraph (iii); and “**Reference Gilt**” means the United Kingdom government stock specified in the relevant Final Terms.

- (iv) In respect of Fixed Rate Notes denominated in euro, the Redemption Amount will, unless a Modified Redemption Amount or an Alternative Redemption Amount is specified in the relevant Final Terms, 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 Notes (excluding accrued but unpaid interest to the date on which the Notes are to be redeemed (the “**Redemption Date**”)), computed using a discount rate equal to the Bund Rate as of the Reference Date and assuming the relevant Fixed Rate Notes would otherwise have been redeemed on the Final Maturity Date or (if applicable) the Expected Maturity Date, plus, in either case, accrued but unpaid interest to the Redemption Date.

For the purposes of this paragraph 6.2(iv), “**Bund Rate**” means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination; “**Comparable German Bund Issue**” means the German Bundesanleihe security specified in the relevant Final Terms or, if no such security is specified or the specified security is no longer in issue, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Reference Date to the Final Maturity Date or (if applicable) the Expected 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 Notes and of a maturity most nearly equal to the Final Maturity Date or (if applicable) the Expected Maturity Date provided, however, that if the period from such Redemption Date to the Final Maturity Date or (if applicable) the Expected 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 Financial Adviser obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; “**Financial Adviser**” means a financial adviser in Frankfurt (selected by the Issuer and approved by the Note Trustee); “**Reference Date**” means the date which is three Business Days prior to the despatch of the notice of redemption under this paragraph (iv); “**Reference German Bund Dealer**” means any dealer of German Bundesanleihe securities appointed by the Financial Adviser; and “**Reference German Bund Dealer Quotations**” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Financial Adviser of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference German Bund Dealer at or about 3.30 pm (Frankfurt, Germany time) on the Reference Date.

- (v) In respect of Fixed Rate Notes denominated in a Specified Amount other than sterling or euro, the Redemption Amount will be an Alternative Redemption Amount as specified in the relevant Final Terms.
- (vi) In respect of Floating Rate Notes, the Redemption Amount will be the Principal Amount Outstanding plus any accrued but unpaid interest on the Principal Amount Outstanding unless an Alternative Redemption Amount is specified in the relevant Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16

(Notices) not less than 15 days (or such shorter period as is specified in the applicable Final Terms) prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.2 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (Notices) at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

In any such case, prior to giving any such notice, the Issuer must certify (as further specified in the Issuer Transaction Documents) to the Note 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 Notes as aforesaid and to meet any amounts to be paid in priority to or *pari passu* with the Notes being redeemed under the relevant Issuer Payment Priorities.

6.3 Redemption for Index Event

Upon the occurrence of any Index Event, the Issuer may, upon giving not more than ten nor less than five days' notice to the Note Trustee, the Issuer Secured Creditors and the Noteholders of the Index Linked Notes in accordance with Condition 16 (*Notices*), redeem all (but not some only) of the Index Linked Notes of all Series on any Interest Payment Date at the Principal Amount Outstanding (adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) plus accrued but unpaid interest. No single Series of Index Linked Notes may be redeemed in these circumstances unless all the other Series of Index Linked Notes are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Note Trustee and the other Issuer Secured Creditors a certificate signed by an authorised signatory (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and to discharge any amounts to be paid in priority to, or *pari passu* with, the Notes being redeemed under the applicable Issuer Payment Priorities.

"**Index Event**" means if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 7.3(ii) (*Delay in publication of Index*) and the Note Trustee has been notified by the Principal Paying Agent that publication of the Index has ceased and no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.

6.4 Redemption for taxation or other reasons

If at any time the Issuer satisfies the Note Trustee:

- (i) that the Issuer would become obliged on the next Interest Payment Date to deduct or withhold from any payment of interest or principal in respect of the Notes any amount for or on account of any present or future taxes, levies, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the laws or regulations of the UK or any political sub-division thereof or any other authority thereof by reason of any change or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations, in each case which change becomes effective on or after the Closing Date;
- (ii) that by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing 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 6.4(ii), the "**Securitisation Tax Regulations**")) and is otherwise unable to claim a tax treatment in the United Kingdom that would prevent a material increase in the tax liabilities of the Issuer compared to the treatment previously provided to the Issuer under the Securitisation Tax Regulations;
- (iii) that the Issuer or any Paying Agent would be required to deduct or withhold any amount from any payment in respect of any Series of Notes pursuant to FATCA;
- (iv) that the Borrower would on the next Interest Payment Date be required to make any withholding or deduction for or on account of any taxes from payments in respect of any Issuer/Borrower Loans;

- (v) that the Issuer, the Borrower or a Hedge Counterparty would be required to make any withholding or deduction for or on account of taxes from payments in respect of any Borrower Hedges or any Issuer Hedges;
- (vi) that the Issuer or the Borrower would be required to make any withholding or deduction for or on account of any taxes from payments in respect of any Issuer/Borrower Hedges; or
- (vii) that by reason of a change of law (or the application or official interpretation thereof), which becomes effective on or after the Closing Date, it has or will become unlawful for the Issuer to perform any of its obligations under the Issuer/Borrower Facilities Agreement or to fund or maintain its participation in any Issuer/Borrower Loans,

then the Issuer may, in order to avoid the relevant deductions, withholding or illegality, but is not obliged to, (a) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Note Trustee as principal debtor under the Notes and as lender under the Issuer/Borrower Facilities Agreement and as an Obligor Secured Creditor under the Obligor Transaction Documents upon satisfying the conditions for substitution of the Issuer as set out in Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution)) or (b) convert any Bearer Definitive Notes into Registered Definitive Notes if such conversion will be effective to avoid the relevant deduction, withholding or illegality. The Issuer may, upon giving not more than ten nor less than five days' notice in writing to the Note Trustee, the other Issuer Secured Creditors and the Noteholders in accordance with Condition 16 (Notices), redeem all (but not some only) of the relevant Series of Notes on any Interest Payment Date at their Principal Amount Outstanding plus accrued but unpaid interest thereon (each adjusted, in the case of Index Linked Notes, in accordance with Condition 7.2 (*Application of the Index Ratio*)). Before giving any such notice of redemption, the Issuer shall provide to the Note Trustee and the other Issuer Secured Creditors a certificate signed by an authorised signatory of the Issuer (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have been satisfied (together with evidence satisfactory to the Note Trustee that such conditions have been satisfied, including such legal opinions as the Note Trustee may require) and (b) confirming that the Issuer will have sufficient funds on such Interest Payment Date to effect such redemption and to discharge any amounts to be paid in priority to, or *pari passu* with, the Notes being redeemed under the applicable Issuer Payment Priorities.

6.5 Early redemption on prepayment of Issuer/Borrower Loans

If specified in the relevant Final Terms for the relevant Series of Notes and the Borrower gives notice to the Issuer under the Issuer/Borrower Facilities Agreement that it intends to prepay all or part of any Issuer/Borrower Loan or the Borrower is required to prepay all or part of any Issuer/Borrower Loan, the Issuer shall, upon giving not more than ten nor less than five days' notice to the Note Trustee, the other Issuer Secured Creditors and the Noteholders in accordance with Condition 16 (Notices) redeem all of the Notes of the corresponding Series or Tranche or (where part only of such Issuer/Borrower Loan is being prepaid) the proportion of the relevant Series or Tranche of Notes which the proposed prepayment amount bears to the amount of the relevant Issuer/Borrower Loan.

In the case of a voluntary prepayment of any Issuer/Borrower Loan, the relevant Notes will be redeemed at their Redemption Amount determined in accordance with Condition 6.2 (*Optional redemption*) (except that, in the case of Fixed Rate Notes and Index Linked Notes, for the purposes of this Condition 6.5, "**Reference Date**" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 6.5), plus accrued but unpaid interest.

In the case of a mandatory prepayment of any Issuer/Borrower Loan in accordance with the CTA (a) using any Disposal Proceeds or (b) following a Trigger Event, the relevant Notes will be redeemed at their Redemption Amount determined in accordance with Condition 6.2 (*Optional redemption*) (except that, in the case of Fixed Rate Notes and Index Linked Notes, for the purposes of this Condition 6.5, "**Reference Date**" means the date two Business Days prior to the despatch of the notice of redemption given under this Condition 6.5), in each case, plus accrued but unpaid interest.

In the case of a mandatory prepayment of any Issuer/Borrower Loan in accordance with the CTA (a) following its Expected Maturity Date or (b) following an Obligor Enforcement Notice being served but prior to an Obligor Acceleration Notice being served, the relevant Notes will be redeemed at their Principal Amount Outstanding (in

the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)), (in each case) plus accrued but unpaid interest.

6.6 Early redemption following Acceleration

If the Issuer receives (or is to receive) any monies from any Obligor following the service of an Obligor Acceleration Notice or pursuant to clause 18.7 of the STID in repayment of all or any part of the Issuer/Borrower Loans, the Issuer shall, upon giving not more than ten nor less than five days' notice to the Note Trustee, the other Issuer Secured Creditors and the Noteholders in accordance with Condition 16 (Notices), apply such monies in accordance with the relevant Issuer Payment Priorities and redeem (to the extent of such monies as are available in accordance with the relevant Issuer Payment Priorities) each Series or Tranche of Notes then outstanding at their Principal Amount Outstanding (in the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) plus accrued but unpaid interest on the next Interest Payment Date (or, if sooner, Final Maturity Date). In the event that there are insufficient monies to redeem all of the Notes outstanding of a particular Series or Tranche, each Note of such Series or Tranche shall be redeemed in part in the proportion which the Principal Amount Outstanding of such Note to be redeemed bears to the aggregate Principal Amount Outstanding of such Tranche.

6.7 Early redemption of Zero Coupon Notes

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Final Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 6.7 or, if none is so specified, a Day Count Fraction of 30/360.

In these Conditions, "**Accrual Yield**" and "**Reference Price**" have the meanings given to them in the relevant Final Terms.

6.8 Purchase of Notes

The Issuer or any Senior Financing Group Company may, provided that no Issuer Event of Default or (in respect of any Senior Financing Group Company) Trigger Event has occurred and is continuing, purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any such Notes that have been purchased by the Borrower or any other Senior Financing Group Company will be surrendered to the Issuer. Any purchase by tender shall be made available to all Noteholders alike. All Notes that have been redeemed or purchased by the Issuer or surrendered by the Borrower or any other Senior Financing Group Company to the Issuer must be surrendered by the Issuer to any Paying Agent and/or the Registrar for cancellation in accordance with Condition 6.11 (*Cancellation*).

If not all the Notes which are in registered and definitive form are to be purchased, upon surrender of the existing Registered Note, the Registrar shall forthwith upon the written request of the Noteholder concerned issue a new Registered Note in respect of the Notes which are not to be purchased and despatch such Registered Note to the Noteholder (at the risk of the Noteholder and to such address as the Noteholder may specify in such request).

While the Notes are represented by a Global Note, the relevant Global Note will be endorsed to reflect the Principal Amount Outstanding of Notes to be so purchased and cancelled.

6.9 Redemption in Instalment Amounts

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Redemption Amount will be determined pursuant to Condition 6.2 above.

6.10 Cancellation

Any Notes purchased by or on behalf of the Issuer or by the Borrower or any other Senior Financing Group Company in accordance with Condition 6.8 (*Purchase of Notes*) and surrendered to the Issuer shall be surrendered by the Issuer to or to the order of the Principal Paying Agent or the Registrar, as the case may be, for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Bearer Definitive Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 6 or upon its becoming due and repayable as provided in Condition 9 (Issuer Events of Default) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7 (*Early redemption of Zero Coupon Notes*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Note Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 16 (Notices).

7 Indexation

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, including the meaning given to the term “Companies Acts” in section 2 of the Companies Act 2006, with the addition of the words “to the extent that they are in force” at the end of section 2(1)(a) and any regulations made pursuant to those Acts to the extent that they are in force (the “**Companies Act**”);

“**Base Index Figure**” means (subject to Condition 7.3(i) (*Change in base*)) the base index figure as specified in the relevant Final Terms;

“**Index**” or “**Index Figure**” means, subject as provided in Condition 7.3(i) (*Change in base*), the UK Retail Price Index (“**RPI**”) (for all items) published by the Central Statistical Office and available to view at www.statistics.gov.uk (January 1987 = 100) or any comparable index which may replace the UK Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt.

Any reference to the “**Index Figure**” applicable to a particular Calculation Date shall, subject as provided in Condition 7.3 (*Changes in circumstances affecting the Index*) and 7.5 (*Cessation of or fundamental changes to the Index*), and if “3 months lag” is specified in the applicable Final Terms, be calculated in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (RPI_{m-2} - RPI_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable;

“**RPI_{m-3}**” means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due; and

“**RPI_{m-2}**” means the Index Figure for the first day of the month that is two months prior to the month in which payment falls due.

Any reference to “**Index Figure**” applicable to a particular Calculation Date shall, subject as provided in Condition 7.3 (*Changes in circumstances affecting the Index*) and 7.5 (*Cessation of or fundamental changes to the Index*), and if “8 months lag” is specified in the applicable Final Terms, be calculated in accordance with the following formula:

$$IFA = RPI_{m-8} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (RPI_{m-7} - RPI_{m-8})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable;

“**RPI_{m-8}**” means the Index Figure for the first day of the month that is eight months prior to the month in which payment falls due; and

“**RPI_{m-7}**” means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due.

If the Index is replaced, the Issuer will describe the replacement Index in a supplementary prospectus;

“**Index Ratio**”, applicable to any month, means the Index Figure applicable to such month divided by the Base Index Figure;

“**Limited Index Ratio**” means (a) in respect of any month prior to the relevant Issue Date, the Index Ratio for that month; (b) in respect of any Limited Indexation Month after the relevant Issue Date, the product of the Limited Indexation Factor for that month and the Limited Index Ratio as previously calculated in respect of the month 12 months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

“**Limited Indexation Factor**” means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month 12 months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

“**Limited Indexation Month**” means any month specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

“**Limited Index Linked Notes**” means Index Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms) applies; and

“**Reference Gilt**” means the United Kingdom government stock specified as such in the relevant Final Terms, for so long as such stock is in issue, as the benchmark gilt the maturity of which most closely matches the average life of the relevant Index Linked Notes, and thereafter such issue of index-linked United Kingdom government stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Note Trustee (an “**Indexation Adviser**”).

7.2 **Application of the Index Ratio**

Each payment of interest and principal shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index Linked Notes applicable to the month in which such payment falls to be made and rounded as follows:

- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “**unit**” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

7.3 Changes in circumstances affecting the Index

(i) *Change in base*

If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the calendar month from and including that in which such substitution takes effect (A) the definition of Index and Index Figure in Condition 7.1 (*Definitions*) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor) and (B) the new Base Index Figure shall be the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

(ii) *Delay in publication of Index*

If the Index Figure relating to any month (the “**relevant month**”) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the 14th Business Day before the date on which such payment is due (the “**date for payment**”) (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be (A) such substitute index figure (if any) as the Note Trustee considers to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked United Kingdom government stock selected by an Indexation Adviser (and approved by the Note Trustee) or (B) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to (A) above) before the date for payment.

7.4 Application of changes

Where the provisions of Condition 7.3(ii) (*Delay in publication of Index*) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7.3(ii) (*Delay in publication of Index*), the Index Figure relating to the relevant month is subsequently published while a Note is still outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7.3(ii) (*Delay in publication of Index*), 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 14th Business Day before the date for payment; and
- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

7.5 Cessation of or fundamental changes to the Index

- (i) If (A) the Note Trustee has been notified by the Agent Bank (or the Calculation Agent, if applicable) that the Index has ceased to be published or (B) 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 Note Trustee acting solely on the advice of an Indexation Adviser, be materially prejudicial to the interests of the Noteholders, the Note Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Note Trustee together shall seek to agree for the purpose of the Notes 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 Noteholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made.
- (ii) If the Issuer and the Note Trustee fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in paragraph (i) above, a bank or other person in London shall be appointed by the Issuer (and approved by the Note 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 Note Trustee (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Notes 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 Noteholders 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 Note Trustee in connection with such appointment shall be borne by the Issuer.

- (iii) If any payment in respect of the Notes is due to be made after the cessation or changes referred to in paragraph (i) above but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 7.3(i) (*Change in base*)) 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 Notes having been made on the basis of an Index applicable under Condition 7.3(ii) (*Delay in publication of Index*) and the Note Trustee (acting solely on the advice of an Indexation Adviser) subsequently determining that the relevant circumstances fall within this Condition 7.5 (*Cessation of or fundamental changes to the Index*), then:
 - (A) in relation to a payment of principal or interest in respect of the Notes other than upon final redemption of such Note, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Notes on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the sum which would have been paid on the Notes if such adjustment or substituted index had been in effect on that date; or
 - (B) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (iv) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Note 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 Note Trustee and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Note Trustee, the other Issuer Secured Creditors and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 16 (*Notices*) of such amendments as promptly as practicable following such notification.

8 Payments

8.1 Notes in bearer form

- (a) *Payments of principal in respect of Bearer Definitive Notes*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or electronic transfer to an account in the relevant Specified Currency maintained by the payee with or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in euro will be made by credit or electronic transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

(b) *Payment of Interest in respect of Bearer Definitive Notes*

Payments to the Noteholders of principal (or, as the case may be, Redemption Amounts or other amounts payable on redemption) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Definitive Notes will, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all other payments of principal and, in the case of interest, as specified in this Condition 8.1 (*Notes in bearer form*)) or Coupons (in the case of interest, save as specified in this Condition 8.1 (*Notes in bearer form*)), as the case may be, at the specified office of any Paying Agent outside the United States of America and its possessions by transfer to an account denominated in the currency in which such payment is due with, or (in the case of Notes in definitive form only) a cheque payable in that currency drawn on, a bank in (i) the principal financial centre of that currency provided that such currency is not euro or (ii) the principal financial centre of any Participating Member State if that currency is euro. On the occasion of each payment, a record of such payment made on such Bearer Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Note by the Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

Payments of instalments of principal (if any) in respect of Bearer Definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph 8.1(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph 8.1(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Definitive Notes in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Bearer Definitive Notes to which it appertains. Receipts presented without the Bearer Definitive Notes to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Bearer Definitive Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

(c) *Payments of principal and interest in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Notes or otherwise in the manner specified in the relevant Global Notes, where applicable against presentation or surrender, as the case may be, of such Global Notes at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Notes either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

8.2 Notes in registered form

Payments of principal (or, as the case may be, Redemption Amounts) in respect of Registered Definitive Notes will be made to the holder (or the first named of joint holders) of such Registered Definitive Note against presentation and surrender of the Registered Definitive Note at the specified office of the Registrar and in the manner provided in Condition 8.1 (*Notes in bearer form*).

Payments of instalments in respect of Registered Definitive Notes will be made to the holder (or the first named of joint holders) of such Registered Definitive Note against presentation of the Registered Definitive Note at the specified office of the Registrar in the manner provided in Condition 8.1 (*Notes in bearer form*) and annotation of such payment on the Register and the relevant Note.

Interest (or, as the case may be, Interest Amounts) on Registered Notes payable on any Interest Payment Date will be paid to the holder (or the first named of joint holders) (i) in respect of a Registered Global Note, at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January and (ii) in respect of a Registered Definitive Note, on the 15th day before the due date for payment thereof (the "**Record Date**"). Payment of interest or Interest Amounts on each Registered Definitive Note 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 Registered Definitive Note at its address appearing in the Register. Upon application by the Noteholder to the specified office of the Registrar before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency provided that such currency is not euro or (b) the principal financial centre of any Participating Member State if that currency is euro.

On the occasion of each payment a record of each payment so made will be endorsed on the schedule to the Global Note or the Registered Definitive Note 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.

Holders of Registered Definitive Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Definitive Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Definitive Notes.

None of the Issuer, the Note Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

8.3 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

8.4 Payments in the United States of America

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of Notes (other than those in definitive registered form) is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due;
- (ii) payment in full of such amounts at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and
- (iii) such payment is then permitted by the law of the United States, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

8.5 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other sum in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 12) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
 - (B) in each Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing

in foreign exchange and foreign currency deposits) in the principal financial centre of the country of each such relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

8.6 *Payments subject to fiscal laws; payments on Global Notes*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of this Condition 8.6. No commission or expenses shall be charged to the Noteholders in respect of such payments.

The holder of a Global Note shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on the Global Note (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount paid.

8.7 *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 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 Note 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 Note Trustee, at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, provided that the Issuer will at all times maintain (i) a Principal Paying Agent (in the case of Bearer Notes), (ii) a Registrar (in the case of Registered Notes), (iii) an Agent Bank or Calculation Agent (as specified in the relevant Final Terms), (iv) a Paying Agent and (v) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, Transfer Agent or Registrar in any particular place, a Paying Agent, Transfer Agent and/or Registrar, as applicable, having its specified office in the place required by such listing authority, stock exchange and/or quotation system, which, while any Notes are admitted to the Official List of the Financial Conduct Authority and/or admitted to trading on the London Stock Exchange's Main Market, shall be in London. Notice of any such variation, termination, resignation or appointment shall be given promptly to the Noteholders in accordance with Condition 16 (Notices).

8.8 *Unmatured Coupons and Receipts and unexchanged Talons*

Subject to the provisions of the relevant Final Terms, upon the due date for redemption of any Note which is a Bearer Note (other than a Fixed Rate Note, unless it has all unmaturing Coupons attached), unmaturing Coupons and Receipts relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

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

Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note 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.

Where any Note, which is a Bearer Note and is a Fixed Rate Note, is presented for redemption without all unmaturing Coupons and any unexchanged Talon relating to it, a sum equal to the aggregate amount of the missing unmaturing 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.

If the due date for redemption of any Note is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, or the Interest Amount payable on such date for redemption shall only be payable against presentation (and surrender if appropriate) of the relevant Note and Coupon.

8.9 *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Note, the Talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent

in exchange for a further coupon sheet (and if necessary another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 12 (Prescription)).

9 Taxation

All payments in respect of the Notes, Receipts or Coupons will be made (whether by the Issuer, any Paying Agent, the Registrar or the Note Trustee) free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer, any Paying Agent or the Registrar or, where applicable, the Note Trustee is required by applicable law to make any payment in respect of the Notes, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature. In that event, the Issuer, such Paying Agent, the Registrar or the Note 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 Note Trustee will be obliged to make any additional payments to the Noteholders, Receiptholders or the Couponholders in respect of such withholding or deduction. The Issuer, any Paying Agent, the Registrar or the Note Trustee may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

For the avoidance of doubt, payments will be subject in all cases, to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

10 Issuer Events of Default

10.1 Issuer Events of Default

Each and any of the following events shall be treated as an “**Issuer Event of Default**”:

- (i) *Non-payment*: default is made by the Issuer in the payment of interest or principal in respect of any Notes when due in accordance with these Conditions, unless such default is due to a technical error and such payment is made within 5 Business Days of the payment falling due;
- (ii) *Breach of other obligations*: default or misrepresentation (excluding, for the avoidance of doubt, any default or misrepresentation in respect of the Issuer’s status as a FATCA FFI) is made by the Issuer in the performance of any other material obligation, representation or warranty under any Issuer Transaction Documents which is incapable of remedy or not remedied within 20 Business Days and such default or misrepresentation, as the case may be, is materially prejudicial to the interests of the Noteholders in the opinion of the Note Trustee; and
- (iii) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer.

10.2 Confirmation of no Issuer Events of Default

The Issuer, pursuant to the terms of the Note Trust Deed, shall provide written confirmation to the Note Trustee, on an annual basis (and at any other time on request of the Note Trustee), that no Issuer Events of Default have occurred.

10.3 Delivery of an Issuer Acceleration Notice

If any Issuer Event of Default occurs and is continuing and, in the case of the Issuer Event of Default described in Condition 10.1(ii), the Note Trustee has certified in writing that, in its opinion, the happening of such event is materially prejudicial to the interests of the holders of each Series of the Notes, the Note Trustee (a) may, at any time, at its discretion and (b) shall, upon being so directed by Issuer Qualifying Secured Creditors together holding or representing 25% or more of the Issuer Qualifying Debt (i) in writing and/or (ii) (in the case of the Noteholders) by an Extraordinary Resolution of all the Noteholders, deliver a notice (the “**Issuer Acceleration Notice**”) to the Issuer and copied to the Issuer Security Trustee provided that, in all cases, it is indemnified and/or secured and/or prefunded to its satisfaction.

10.4 Consequences of the delivery of an Issuer Acceleration Notice

Upon delivery of an Issuer Acceleration Notice in accordance with Condition 10.3 (*Delivery of an Issuer Acceleration Notice*) the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding (in the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) plus accrued but unpaid interest (other than in the case of Zero Coupon Notes).

For the purposes of these Conditions:

“Issuer Qualifying Secured Creditors” means, for so long as any Notes remain outstanding, the holders of each Series of Notes and each counterparty (each, an **“Issuer Hedge Counterparty”**) that is party to a hedging agreement with the Issuer (each, an **“Issuer Hedging Agreement”**) in respect of any hedges entered into by the Issuer (each an **“Issuer Hedge”**); and

“Issuer Qualifying Debt” means, for so long as any Note remain outstanding, the sum of (i) the Principal Amount Outstanding (in the case of Index Linked Notes, as adjusted in accordance with Condition 7.2 (*Application of the Index Ratio*)) of the Notes and (ii) (as determined by the party or parties which would be responsible for such calculation in the event of the designation of such as an Early Termination Date (as defined therein) in accordance with such Issuer Hedging Agreement) the mark-to-market value of all transactions arising under Issuer Hedging Agreements to the extent that such value represents an amount which would be payable to the relevant Issuer Hedge Counterparties if an Early Termination Date (as defined therein) was designated at such time in respect of such Issuer Hedges.

The Note Trustee may, at any time, at its discretion and without notice, take such action under or in connection with any of the Issuer Transaction Documents as it may think fit (including, without limitation, directing the Issuer Security Trustee to take any action under or in connection with any of the Issuer Transaction Documents or, after the occurrence of an Issuer Event of Default, to take steps to enforce the security constituted by the Issuer Deed of Charge), provided that:

- (a) the Note Trustee shall not be bound to take any such action unless it shall have been so directed by Issuer Qualifying Secured Creditors together holding or representing 25% or more of the Issuer Qualifying Debt (i) in writing and/or (ii) (in the case of the Noteholders) by an Extraordinary Resolution of all Noteholders;
- (b) (except where expressly provided otherwise) the Issuer Security Trustee shall not, and shall not be bound to, take any such action unless it shall have been so directed by (i) the Note Trustee or (ii) if there are no Notes and Issuer Hedges outstanding, all of the other Issuer Secured Creditors;
- (c) neither the Note Trustee nor the Issuer Security Trustee shall be bound to take any such action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; and
- (d) the Note Trustee shall not be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

Notwithstanding the foregoing, the Issuer Deed of Charge will provide that the Issuer Security Trustee shall enforce the security constituted by the Issuer Deed of Charge by appointing an administrative receiver in respect of the Issuer if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer or (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding.

11 Enforcement against Issuer

No Noteholder or other Issuer Secured Creditor is entitled to take any action against the Issuer or against any assets of the Issuer to enforce its rights in respect of the Notes or to enforce any of the Issuer Security unless the Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to proceed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. The Issuer Security Trustee shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction against all fees, costs, expenses, liabilities, claims and demands to which it may thereby become liable or which it may incur by so doing, upon being so directed in writing by the Note Trustee (a) at its discretion or (b) upon it being so directed by Issuer Qualifying Secured Creditors together holding or

representing 25% or more of the Issuer Qualifying Debt (i) in writing and/or (ii) (in the case of the Noteholders) by an Extraordinary Resolution of all the Noteholders, give notice to the Issuer to enforce the Issuer Security in accordance with the Issuer Deed of Charge (the “**Issuer Enforcement Notice**”).

None of the Note Trustee, the Issuer Security Trustee, the Noteholders or the other Issuer Secured Creditors may institute against, or join any person in instituting against, the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the taking of any enforcement action under the Issuer Deed of Charge including the appointment of a receiver) or similar proceeding under any other law for so long as any Notes are outstanding or for two years and a day after the latest Final Maturity Date on which any Note of any Series is due to mature.

12 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Note Relevant Date in respect thereof.

For the purposes of this Condition, “**Note Relevant Date**” means the date on which such payment first becomes due except that if the full amount of the moneys payable has not been duly received by the Note Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (Notices).

13 Replacement of Notes

If any Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and requirements of the London Stock Exchange (in the case of listed Notes) (and each other listing authority, stock exchange and/or quotation system upon which the relevant Notes have then been admitted to listing, trading and/or quotation), at the specified office of the Principal Paying Agent or, as the case may be, the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Meetings of Noteholders, Modification, Waiver and Substitution

14.1 Meetings of Noteholders

The Note Trust Deed contains provisions for convening meetings of Noteholders of one or more Tranches, to consider matters affecting their interests, including the modification of these Conditions, the Note Trust Deed and any other Issuer Transaction Document and any other document to which the Note Trustee is a party or in relation to which the Issuer Security Trustee holds security. Subject to Condition 14.3 (*Modification and waiver*), any modification may (except in relation to any Ordinary Voting Matter or Extraordinary Voting Matter or matter giving rise to an Entrenched Right (as described in further detail in Condition 14.2 (*Relationship with Obligor Secured Creditors*)), Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice and subject to the provisions concerning meetings of particular combinations of Notes as set out in this Condition 13 and the Note Trust Deed) be made if sanctioned by a resolution passed at a meeting or meetings of the Noteholders of the relevant Series duly convened and held in accordance with the Note Trust Deed by a majority of not less than three-quarters of the votes cast (an “**Extraordinary Resolution**”) of such Noteholders. Such a meeting may be convened by the Note Trustee or the Issuer and shall be convened by the Issuer upon the request in writing of the Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Series.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the aggregate Principal Amount Outstanding of the relevant outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders, whatever the Principal Amount Outstanding of the relevant outstanding Notes held or represented, provided, however, that certain proposals (the “**Basic Terms Modifications**”) in respect of any particular Series of Notes, being any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of such Series of Notes, to change the amount of principal or (other than as specified in Condition 5.7 (Benchmark Discontinuation)) the rate of interest payable on any date in respect of such Series of Notes or (other than as specified in Conditions 6 (Redemption, Purchase and Cancellation) and 8 (Payments) to alter the method of calculating the amount of any payment in respect of such Series of Notes on redemption or maturity;
- (ii) other than pursuant to Condition 14.3 (*Modification and waiver*), to effect the exchange, conversion or substitution of such Series of Notes for, or their conversion into shares, Notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed and/or for cash;
- (iii) to change the currency in which amounts due in respect of such Series of Notes are payable;
- (iv) to change the quorum required at any meeting or the majority required to pass an Extraordinary Resolution;
- (v) in respect of an Entrenched Right where the Issuer is an Affected Obligor Secured Creditor and the interests of the Noteholders are affected thereby; or
- (vi) to amend this definition or this Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution),

may be sanctioned only by an Extraordinary Resolution passed at a meeting of holders of such Series of Notes at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate Principal Amount Outstanding of the relevant outstanding Notes form a quorum. Any resolution duly passed at any such meeting shall be binding on all the relevant Noteholders, Receiptholders and Couponholders whether present or not.

In addition, a resolution in writing signed by or on behalf of the holders of not less than 75% of the aggregate Principal Amount Outstanding of the relevant Notes will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more relevant Noteholders.

Subject to Condition 14.2 (*Relationship with Obligor Secured Creditors*), a meeting of such Noteholders will also have the power (exercisable by Extraordinary Resolution) to advise or instruct the Note Trustee (including to instruct the Note Trustee to instruct the Issuer Security Trustee) in connection with the exercise by the Note Trustee and/or the Issuer Security Trustee (at the direction of the Note Trustee), as the case may be, of any of their rights, powers and discretions under the Issuer Transaction Documents including to appoint any persons (whether Noteholders or not) as a committee to represent the interests of such Noteholders and to confer upon such committee any powers which such Noteholders could themselves exercise by Extraordinary Resolution.

14.2 Relationship with Obligor Secured Creditors

STID Proposals: The STID provides that in respect of, among other things, Ordinary Voting Matters and Extraordinary Voting Matters, Direction Notices, Enforcement Instruction Notices and Further Enforcement Instruction Notices (each as defined in the STID), holders of the Notes shall be entitled to instruct the Note Trustee how to vote.

Voting in connection with a STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice shall be determined on a pound-for-pound basis by reference to the Outstanding Principal Amount owed to each of the relevant Obligor Secured Creditors, so that all votes in favour of the proposal and against the proposal from the Obligor Secured Creditors and the other Obligor Secured Creditors are considered on an aggregated basis, irrespective of whether a majority of such holders of Notes are in favour of or against the proposal.

For the purpose of voting in connection with a STID Proposal, a Direction Notice, an Enforcement Instruction Notice or a Further Enforcement Instruction Notice, the Borrower (in the case of a STID Proposal) or, as the case may be, the Obligor Security Trustee (in the case of a Direction Notice, an Enforcement Instruction Notice or a Further Enforcement Instruction Notice) shall send a copy of such proposal or request for instructions to the Note Trustee and (if applicable) the Issuer Hedge Counterparties as the Secured Creditor Representatives of the Issuer. The Note Trustee shall promptly forward a copy of such notice to the holders of the Notes in accordance with Condition 16 (Notices) requesting them to instruct the Note Trustee how to vote.

After obtaining the instructions of the holders of the Notes, the Note Trustee will vote in relation to the relevant STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice in accordance with such instructions. Subject as provided in the STID, where the holder of any particular Principal Amount Outstanding of any Series of Notes instructs the Note Trustee to vote, the Note Trustee shall vote in respect of the same Outstanding Principal Amount owed to the Issuer under the Issuer/Borrower Loan corresponding to such Series of Notes as is equal to the aggregate Principal Amount Outstanding of such Series of Notes.

Irrespective of the result of voting by the Noteholders in relation to a proposed STID Proposal in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter, a Direction Notice, an Enforcement Instruction Notice or a Further Enforcement Instruction Notice, any matter or action which is the subject of such STID Proposal, Direction Notice, Enforcement Instruction Notice or Further Enforcement Instruction Notice approved in accordance with the provisions of the STID shall be binding on all of the Noteholders, Receiptholders and Couponholders.

If a STID Proposal gives rise to an Entrenched Right whereby the Issuer is an Affected Obligor Secured Creditor and the Noteholders are an Affected Issuer Secured Creditor, the Issuer shall convene a meeting of the holders of each Series of Notes then outstanding and affected by such Entrenched Right.

No STID Proposal that gives rise to an Entrenched Right whereby the Issuer is an Affected Obligor Secured Creditor and the Noteholders are an Affected Issuer Secured Creditor can be approved, in accordance with the terms of the STID, unless it is approved by an Extraordinary Resolution of the holders of each Series of Notes affected by the Entrenched Right.

14.3 Modification and waiver

The Note Trustee may, without the consent of the Noteholders or (subject as provided below) any other Issuer Secured Creditor, concur with, or direct the Issuer Security Trustee to concur with, the Issuer or any other relevant parties in making (i) any modification to the Conditions, the Note Trust Deed, Notes, Receipts, Coupons or the other Issuer Transaction Documents (subject as provided in the STID in relation to any of the CTA, the STID, the Security Documents, the other Security Documents, the Master Definitions Agreement, the CP Agreement, the Borrower Account Bank Agreement and the Tax Deed of Covenant and any other agreement, instrument or deed designated by the Obligor Security Trustee and at least one Obligor as a Common Document (the “**Common Documents**”), any Authorised Facility Agreement, or any other Obligor Transaction Documents or other document to which the Note Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security if in the opinion of the Note Trustee such modification is made to correct a manifest error, or is of a formal, minor or technical nature or (ii) any modification (other than a Basic Terms Modification) to the Conditions, the Notes, the Note Trust Deed or any other Issuer Transaction Document (subject as provided in the STID in relation to any Common Documents or any Authorised Facility Agreement) or other document to which the Note Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security if the Note Trustee is of the opinion that such modification is not materially prejudicial to the interests of the Noteholders then outstanding provided that, to the extent such modification under (ii) above relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent.

The Note Trustee and the Issuer Security Trustee are authorised to execute and deliver on behalf of each Issuer Secured Creditor other than the relevant Issuer Secured Creditors all documentation required to implement such modification and such execution by the Note Trustee and/or the Issuer Security Trustee, as the case may be, shall bind each of the Noteholders, the Receiptholders, the Couponholders and such Issuer Secured Creditors as if (in the case of such Issuer Secured Creditors) such documentation had been duly executed by it.

The Note Trustee may, without the consent of the Noteholders or (subject as provided below) any other Issuer Secured Creditor and without prejudice to its rights in respect of any subsequent breach or Issuer Event of Default, from time to time, and at any time but only if and in so far as in its opinion the interests of the Noteholders then outstanding shall not be materially prejudiced thereby, waive or authorise, or direct the Issuer Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or any other relevant party of any of the covenants or provisions contained in the Conditions, the Note Trust Deed or any other Issuer Transaction Document (subject as provided in the STID in relation to a Common Document or any Authorised Facility Agreement) or other

document to which the Note Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security, or determine that any event which would otherwise constitute an Issuer Event of Default shall not be treated as such for the purposes of the Note Trust Deed, provided that, to the extent such event, matter or thing relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent and provided further that the Note Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution of the holders of the Notes then outstanding or of a request in writing made by holders of not less than 25% in aggregate of the principal amount of the Notes then outstanding (but no such direction or request shall affect any waiver, authorisation or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to any matter which is the subject of a Basic Terms Modification.

Any such modification, waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding on the Noteholders and the holders of all relevant Receipts and Coupons and the other Issuer Secured Creditors and, unless the Note Trustee agrees otherwise, notice thereof shall be given by the Issuer to the Noteholders in accordance with Condition 16 (Notices) as soon as practicable thereafter.

Notwithstanding that none of the Note Trustee, the Issuer Security Trustee, the Noteholders or the other Issuer Secured Creditors has any right of recourse against the Rating Agencies in respect of any confirmation from the Rating Agencies which is relied upon by the Note Trustee or the Issuer Security Trustee, as the case may be, the Note Trustee and the Issuer Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Notes or any Issuer Transaction Document or any other document to which the Note Trustee or Issuer Security Trustee is a party or in respect of which the Issuer Security Trustee holds security, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have provided confirmation that such exercise will not have an adverse effect on the then ratings of the Notes. Without prejudice to the foregoing, the Noteholders are deemed to agree for the benefit of the Rating Agencies only that a credit rating is, however, an assessment of credit and does not address other matters that may be of relevance to Noteholders. The Note Trustee, the Issuer Security Trustee and the Noteholders agree and acknowledge that being entitled to rely on the fact that the Rating Agencies have delivered confirmation that the ratings of their Notes will not be adversely affected does not impose or extend any actual or contingent liability for the Rating Agencies to the Note Trustee, the Issuer Security Trustee, the Noteholders, any other Issuer Secured Creditor or any other person or create any legal relations between the Rating Agencies and the Note Trustee, the Issuer Security Trustee, the Noteholders, any other Issuer Secured Creditor or any other person whether by way of contract or otherwise.

14.4 Substitution of the Issuer

The Note Trustee may without the consent of the Noteholders, Receiptholders or Couponholders at any time agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this Condition 14.4) as the principal debtor under the Notes and the Note Trust Deed of any holding company of the Issuer, any Subsidiary of such holding company or any Subsidiary of the Issuer (such substituted company being hereinafter called the "**New Company**") provided that a trust deed is executed or some other form of undertaking is given by the New Company in form and manner, satisfactory to the Note Trustee, agreeing to be bound by the provisions of the Note Trust Deed and these Conditions with any consequential amendments which the Note Trustee may deem appropriate as fully as if the New Company had been named as the principal debtor in place of the Issuer (or of the previous substitute under this Condition 14.4) and provided further that the Issuer unconditionally and irrevocably guarantees all amounts payable under the Notes to the satisfaction of the Note Trustee and such guarantee is secured over all of the assets and undertaking of the Issuer.

The following further conditions shall apply to substitution of the Issuer as set out above:

- (i) the New Company is a single purpose company similar to, and with like constitution as, and having substantially the same restrictions and prohibitions on its activities and operations as the Issuer, and undertakes to be bound by provisions corresponding to those set out in the Conditions;
- (ii) the Note Trustee is satisfied that in accordance with all applicable requirements of law and regulatory directions:

- (A) the New Company has obtained all governmental and regulatory approvals and consents necessary for its assumption of liability as principal debtor in respect of the Notes and the other Issuer Secured Liabilities; and
- (B) such approvals and consents are at the time of substitution in full force and effect;
- (iii) the New Company takes all such action as the Note Trustee may require so that the Issuer Charged Property continues to be subject to the Issuer Security and the other matters created and effected in respect thereof pursuant to the Issuer Transaction Documents and otherwise effected or maintained in all respects corresponding to those previously subsisting on the part of the Issuer or the previous substitute under this Condition 14.4 as applicable;
- (iv) the Issuer and the New Company shall comply with such other requirements as the Note Trustee may direct in the interests of the Noteholders;
- (v) (where applicable) Condition 6.4 (*Redemption for taxation or other reasons*) shall be modified accordingly;
- (vi) undertakings or covenants shall be given by the New Company in terms corresponding to the provisions of the Conditions;
- (vii) without prejudice to the rights of reliance of the Note Trustee under paragraph (viii) below, the Note Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders; and
- (viii) if two directors of the New Company (or other officers acceptable to the Note Trustee) shall certify that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Note Trustee may rely upon absolutely), the Note Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New Company or to compare the same with those of the Issuer or the previous substitute under this Condition 14.4, as applicable.

15 Note Trustee Protections

15.1 *Trustee considerations*

The Note Trust Deed contains provisions for the indemnification of the Note Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

In connection with the exercise by the Note Trustee under these Conditions, the Note Trust Deed or the other Issuer Transaction Documents of its rights, powers, trusts, authorities and discretions (including any modification, consent, waiver or authorisation), the Note Trustee shall where it is required to have regard to the interests of the holders of the Notes, have regard to the general interests of the holders of the Notes as a class and will not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require from the Issuer, nor shall any Noteholders be entitled to claim from the Issuer or the Note Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Noteholders of any such exercise;

15.2 *Reliance on certificates*

The Note Trustee shall be entitled to rely absolutely on a certificate or report of any director of the Issuer in relation to any matter and to accept without liability any such certificate or report as sufficient evidence of the relevant fact or matter stated in such certificate.

16 Notices

Notices to holders of Registered Notes will be posted to them at their respective addresses in the Register and deemed to have been given on the date of posting. Other notices to Noteholders will be valid if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of the London Stock

Exchange and any other listing authority, stock exchange and/or quotation system on which the Notes are for the time being listed. Any such notice (other than to holders of Registered Notes as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as any Notes are represented by Global Notes, notices in respect of those Notes may be given only by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other relevant Clearing System as specified in the relevant Final Terms for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London. Such notices shall be deemed to have been received by the Noteholders on the day of delivery to such Clearing Systems.

17 Limited Recourse

Each of the Noteholders is deemed to agree with the Issuer that, notwithstanding any other provision of the Issuer Transaction Documents, all obligations of the Issuer to the Noteholders, including its obligations under the Notes and the Issuer Transaction Documents, are limited in recourse to the Issuer Charged Property. If:

- (a) there is no Issuer Charged Property remaining which is capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Issuer Charged Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Issuer Charged Property to pay in full, in accordance with the provisions of the Issuer Deed of Charge, the Issuer Secured Liabilities,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

18 Further Issues and New Notes

18.1 The Issuer shall be at liberty, from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders or any Secured Creditors, to create and issue further Notes having terms and conditions the same as the Notes of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or issue price and so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series.

18.2 The Issuer shall be at liberty, from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders or any Secured Creditors, to create and issue new Notes.

19 Miscellaneous

19.1 Governing Law

The Note Trust Deed, the Issuer Deed of Charge, the Notes and the other Issuer Transaction Documents and any non-contractual obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with, English law.

19.2 Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Note Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Note Trust Deed and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Note Trust Deed and/or the Notes) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

19.3 Third party rights

No person shall have any right to enforce any term or condition of the Notes or the Note Trust Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19.4 Rights against Issuer

Under the Note Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant Clearing System as being entitled to interests in the Notes will (subject to the terms of the Note Trust Deed) acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant Clearing System (as the case may be).

19.5 Clearing System Accountholders

References in the Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Bearer Global Note or the person shown in the Register as the holder of the Registered Global Note.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (the “**Clearing Systems**”), as the case may be, as being entitled to an interest in a Global Note (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 Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note will be determined by the respective rules and procedures of any relevant Clearing System (as the case may be) from time to time. For so long as the relevant Notes are represented by a Global Note, Accountholders shall have no claim directly against the Issuer or in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer or registered holder of the Global Note, as the case may be.

FORMS OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. The Notes will be issued outside the United States in reliance on Regulation S.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a Temporary Global Note or, if so specified in the applicable Final Terms, a Permanent Global Note and, together with a Temporary Global Note which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”).

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “**Exchange Date**”) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) Definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Notes. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein, except that such exchange upon notice will not be expressed to be applicable if the Specified Denomination of the Notes allows for integral multiples of a specified amount in excess thereof or (b) only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Issuer Event of Default has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor Clearing System satisfactory to the Note Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (Note Trustee Protections) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depository for Euroclear and Clearstream, Luxembourg on their behalf (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year and on all receipts, interest coupons and talons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons or talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts, interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in the Specified Denomination(s) only. Noteholders who hold Notes 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 Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

Registered Notes

The Registered Notes of each Tranche, which will be offered and sold to non-U.S. persons (as defined in Regulation S) outside the United States, will initially be represented by a global Note in registered form (a “**Global Note**”). Prior to expiry of the Distribution Compliance Period applicable to each Series of Notes, beneficial interests in a Global Note may not be offered or sold, or in the case of Bearer Notes, delivered, to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Global Note will bear a legend regarding such restrictions on transfer (See “*Subscription and Sale*”).

Registered Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of such common depository as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Note Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in Condition 8 (Payments).

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Issuer Event of Default has occurred and is continuing and (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor Clearing System satisfactory to the Note Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see “*Subscription and Sale*”).

General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS number assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Any reference herein 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 as may otherwise be approved by the Issuer, the Principal Paying Agent and the Note Trustee.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Note Trustee or the Issuer Security Trustee, as the case may be, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Prospectus or a supplement to this Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Provisions Relating to the Notes while in Global Form

Global Notes will contain provisions that apply to the Notes which they represent, some of which modify the effect of the Conditions of the Notes as set out in this Prospectus. The following is a summary of certain of those provisions:

- *Meetings:* The holder of a Global Note shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note shall be treated as having one vote in respect of each minimum denomination of Notes for which such Global Note may be exchanged.
- *Cancellation:* Cancellation of any Note represented by a Global Note 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 Note.
- *Notices:* So long as any Notes are represented by a Global Note and such Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other relevant Clearing System, notices to the Noteholders 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 Noteholders on the date of delivery to such Clearing Systems.

PRO FORMA FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)/MiFID II], and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[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 Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to 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 [Notes] (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [●]

ARQIVA FINANCING PLC

Issue of [Aggregate nominal amount of Tranche][Title of Notes] under the £5,000,000,000 Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated [●] [and the supplemental prospectus dated [●]] which [together] constitute[s] a base prospectus (the “**Prospectus**”) for the purposes of [Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended or superseded) (the “**UK Prospectus Regulation**”)]/[the UK Prospectus Regulation]. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on the website of the London Stock Exchange.]/[Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the “**Conditions**”) set forth in the prospectus dated [●] which are incorporated by reference in the prospectus dated [●]. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended or superseded) (the “**UK Prospectus Regulation**”)and must be read in conjunction with the prospectus dated [●] [and the supplement[s] to it dated [●]] which [together] constitute[s] a base prospectus (the “**Prospectus**”) for the purposes of the UK Prospectus Regulation, including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Prospectus. The Prospectus has been published on the website of the London Stock Exchange.]

References herein to numbered Conditions are to the terms and conditions of the Notes and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms, save as where otherwise expressly provided.

- | | | |
|---|--|--|
| 1 | (a) Series Number: | [●] |
| | (b) Tranche Number: | [●] |
| | (c) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [●]][Not Applicable] |
| 2 | Specified Currency or Currencies: | [●] |
| 3 | Aggregate nominal amount of Notes admitted to trading: | |
| | (a) Series: | [●] |
| | (b) Tranche: | [●] |
| 4 | Issue Price: | [●]% of the aggregate nominal amount [plus accrued interest from [●]]. |
| 5 | (a) Specified Denominations: | [€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].]
[\$200,000 and integral multiples of [\$1,000] in excess thereof up to and including [\$399,000]. No Notes in definitive form will be issued with a denomination above [\$399,000].] |

[£100,000 and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No Notes in definitive form will be issued with a denomination above [£199,000].]

[€100,000/\$200,000/£100,000]

Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom of whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)

- (b) Calculation Amount [•]
- 6 (a) Issue Date: [•]
- (b) Interest Commencement Date: [Not Applicable/[•]/Issue Date]
- 7 Final Maturity Date: [•]/[Interest Payment Date falling in or nearest to [•]]
- 8 Expected Maturity Date: [•]/[Interest Payment Date falling in or nearest to [•]]/[Not Applicable]
- 9 Interest Basis: [[•]% Fixed Rate]
[[•] +/- [•]% Floating Rate]
[Zero Coupon]
[Dual Currency]
[Index Linked Notes]
(see paragraph [13/14/15/16/17] below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Notes]
[Dual Currency]
[Instalment]
- 11 Change of Interest or Redemption/Payment Basis: [Not Applicable/Applicable]
(see paragraph [13/14] below)
- 12 Date Board approval for issuance of Notes obtained: [•]
- 13 Put/Call Options [Issuer Call]
[Put Option]
See paragraph [19/20 (below)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (a) Interest Rate: [•]% per annum payable in arrears on each Interest Payment Date
- (b) Interest Determination Date: [•]
- (c) Interest Payment Date(s): [•] in each year (subject to Condition 8.5 if such date is not a Payment Date) [adjusted in accordance with [•]/not adjusted]
- (d) First Interest Payment Date: [•]
- (e) Fixed Coupon Amount{(s)}: [•] per Calculation Amount

- (f) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
- (g) Day Count Fraction: [Actual/Actual ICMA] [Actual/Actual (ISDA) or Actual/365 (sterling) or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 (ICMA) 30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)]
- 15 Floating Rate Note Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [●] in each year [, subject to adjustment in accordance with the Business Day Convention set out in (c) below/, not subject to any adjustment[, as the Business Day Convention in (c) below is specified to be Not Applicable]]
- (b) First Interest Payment Date: [●]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (d) Business Centre(s): [●]
- (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/]
- (f) Party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and Redemption Amount (if not the Agent Bank): [Not Applicable/Calculation Agent]
- (g) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate [SONIA Compounded Index Rate / SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag] where “p” is: [specify number] London Business Days [being no less than [5] London Business Days]]/ [●] month [●]
[EURIBOR]
 - Interest Determination Date(s): [The date which is [“p”] London Business Days prior to each Interest Payment Date / [2 London Business Days] prior to the first day in each Interest Period]
 - Relevant Screen Page: [[Bloomberg Screen Page : SONCINDX] / see pages of authorised distributors for SONIA Compounded Index Rate] or [Bloomberg Screen Page : SONIO/N Index] / SONIA Compounded Daily Reference Rate as applicable] [●] / [●]
 - Relevant Fallback Screen Page: [[Bloomberg Screen Page: SONIO/N Index] / see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable]
 - Relevant Time and time zone: [●]
- (h) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Specified Duration: [●]
 - Reset Date: [●]

- (i) Margin(s): [+/-][●] % per annum
- (j) Minimum Interest Rate: [Not Applicable]/[●] % per annum
- (k) Maximum Interest Rate: [Not Applicable]/[●] % per annum
- (l) Day Count Fraction: [Actual/Actual ICMA] [Actual/Actual (ISDA) or Actual/365 (Sterling) or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 (ICMA) 30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- (m) Additional Business Centre(s): [●]
- (n) Representative Amount: [●]
- (o) Reference Banks: [●]
- 16 Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (a) Accrual Yield: [●] % per annum
- (b) Reference Price: [●]
- (c) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 6.3 (*Redemption for Index Event*)] [30/360] [Actual/360] [Actual/365]
- 17 Dual Currency Interest Notes [Applicable/Not Applicable]
- (a) Formula for calculating interest rate including back up provisions: [●]
- (b) Specified Period(s)/Specified Interest Payment Dates: [●]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (d) Additional Business Centre(s): [●]
- (e) Minimum Rate of Interest: [Not Applicable][[●] % per annum]
- (f) Maximum Rate of Interest: [Not Applicable][[●] % per annum]
- (g) Day Count Fraction: [Actual/Actual ICMA] [Actual/365 (Sterling) or Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis]
- 18 Index Linked Notes: [Applicable/Not Applicable]
- (a) Index RPI
- (b) Base Index Figure: [●]
- (c) Index Figure applicable to: [[3/8] month lag applies]
- (d) Reference Gilt: [[●] % Index-Linked Treasury Stock due [●]]
- (e) Interest Rate: [●] %
- (f) Interest Determination Date(s): [●] in each year
- (g) Interest Payment Date(s): [●] in each year [adjusted in accordance with [●]/not adjusted]
- (h) First Interest Payment Date: [●]
- (i) Party responsible for calculating the Interest Amount(s) and [Not Applicable/[●]]

Redemption Amount (if not the Calculation Agent):

- (j) Day Count Fraction: [Actual/Actual ICMA] [Actual/Actual (ISDA) or Actual/365 or Actual/Actual] [Actual/365 (Fixed) (Sterling)] [Actual/360] [30/360 (ICMA)] [30/360 or 360/360 or Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)]
- (k) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (l) Additional Business Centre(s): [•]
- (m) Minimum Rate of Interest: [Not applicable/[•]% per annum]
- (n) Maximum Rate of Interest: [Not applicable/[•]% per annum]
- (o) Minimum Indexation Factor: [Not Applicable/[•]]
- (p) Maximum Indexation Factor: [Not Applicable/[•]]
- (q) Limited Indexation Month(s): [Not Applicable/[•]]

PROVISIONS RELATING TO REDEMPTION

- 19 Issuer Call Option: Condition 6.5 (*Early redemption on prepayment of Issuer/Borrower Loans*) [applicable/not applicable]
- (a) Optional Redemption Date(s): Any Interest Payment Date [falling on or after [•] and at a premium of [•]].
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (c) Redemption Margin: [•]
- (d) If redeemable in part:
- (i) Minimum Redemption Amount: [•][Not Applicable]
- (ii) Maximum Redemption Amount: [•][Not Applicable]
- (iii) Notice period (if other than as set out in the Conditions): [•][Not Applicable]
- 20 Put Option: [Applicable] [Not Applicable]
- (a) Optional Redemption Date(s): Any Interest Payment Date [falling on or after [•] and at a premium of [•]].
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [•][Not Applicable]
- (ii) Maximum Redemption Amount: [•][Not Applicable]
- 21 Redemption at par if redeemed within three months of the Expected Maturity Date. [Applicable][Not Applicable]

22	Final Redemption Amount:	[●] per Calculation Amount
23	Modified Redemption Amount:	[●]/[Not Applicable]
24	Alternative Redemption Amount:	[●][Not Applicable]
25	Reference Gilt:	[●]
26	Comparable German Bund Issue:	[●]
27	Details relating to Instalment Notes:	[Applicable][Not Applicable]
	Instalment Date(s) and Instalment Amounts:	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28	Form of Notes	[Bearer/Registered]
	(a) If issued in Bearer form:	[Not Applicable] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.] [Temporary Global Note exchangeable for Definitive Notes on 60 days' notice given at any time/only upon an Exchange Event.] [Permanent Global Note exchangeable for Definitive Notes on 60 days' notice/upon the occurrence of an Exchange Event/at any time at the request of the Issuer.]
	(b) If Registered Notes:	[Not Applicable] [Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg.]
29	Relevant Financial Centre(s):	[Applicable – [●] [Not Applicable/[●]]
30	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes – [●]/No.]

DISTRIBUTION

31	(a) If syndicated, names of Managers:	[Not Applicable/[●]]
	(b) Date of [Subscription] Agreement:	[●]
	(c) Stabilising Manager (if any):	[Not Applicable/[●]]
	(d) Lead Manager:	[●]
32	If non-syndicated, name of Dealer:	[Not Applicable/[●]]
33	Additional selling and transfer restrictions:	[Not Applicable/[●]]

THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1 Listing

- (a) Listing: London
- (b) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted [to the Official List of the Financial Conduct Authority and] to trading on [the Main Market of the London Stock Exchange plc] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc][with effect from []].] [Not Applicable.]
- (c) Date from which admission effective: [●]
- (d) Estimate of total expenses related to admission to trading: [●]

2 Ratings

- Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to the Notes of this type issued under the Programme generally]:
- [S&P: [BBB+]]
- [Fitch: [BBB]]
- [Not applicable]
- [Include a brief description of rating if previously published]

3 Issuer Hedge Counterparties

[[Banco Santander, S.A., London Branch]Bank of America, N.A.]

[Barclays Bank PLC]

[Canadian Imperial Bank of Commerce, London Branch]

[Commerzbank AG]

[ING Bank N.V.]

[J.P. Morgan Securities plc]

[Lloyds Bank Corporate Markets plc]

[MUFG Securities EMEA plc]

[Nomura International plc]

[The Bank of Nova Scotia]

[UBS AG, London Branch]

[Not applicable]

4 Borrower Hedge Counterparties

[Banco Santander, S.A., London Branch][Bank of America, N.A.]

[Barclays Bank PLC]

[Canadian Imperial Bank of Commerce, London Branch]

[Commerzbank AG]

[ING Bank N.V.]

[J.P. Morgan Securities plc]

[Lloyds Bank Corporate Markets plc]

[MUFG Securities EMEA plc]

[Nomura International plc]

[The Bank of Nova Scotia]

[UBS AG, London Branch]

5 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. 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 other services for, the Issuer and its affiliates in the ordinary course of business].

6 **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

(a) Reasons for the offer: [•]

(b) Estimated net proceeds: [•]

(c) Estimated total expenses: [•]

7 **[INDICATION OF YIELD FOR FIXED RATE NOTES]**

Indication of yield: [•]

8 **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING INDEX]**

(a) Name of underlying index UK Retail Price Index (RPI) (all items) published by the Office for National Statistics

(b) Information about the Index, its volatility and past and future performance can be obtained from www.statistics.gov.uk

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 additional Paying Agent(s) (if any): [•]

ISIN Code: [•]

Common Code: [•]

CUSIP: [•]

CFI Code: [•]

FISN Code: [•]

Deemed delivery of clearing system notices for the purposes of Condition 16 (Notices): Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the day on which it was given to Euroclear and Clearstream, Luxembourg

10 **DISTRIBUTION**

Method of distribution	[Syndicated/Non-syndicated]
If syndicated:	
(A) Names of Managers:	[Not Applicable/ <i>give names</i>]
(B) Stabilisation Manager(s) (if any):	[Not Applicable/ <i>give names</i>]
If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i>]
U.S. Selling Restrictions:	[Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]] [Applicable/Not Applicable]
Prohibition of Sales to EEA Retail Investors:	(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)

DESCRIPTIONS OF THE HEDGE COUNTERPARTIES, ACCOUNT BANKS AND THE LIQUIDITY FACILITY PROVIDERS

Banco Santander, S.A., London Branch

Banco Santander, S.A., London Branch is a branch of Banco Santander, S.A. with its principal place of business located at 2 Triton Square, Regent's Place, London, NW1 3AN. It is authorised by the Bank of Spain (BoS) and subject to regulatory oversight on certain matters by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

Banco Santander, S.A. is the parent company of Grupo Santander ("**Santander**"). It was established on 21 March 1857 and incorporated in its present form by a public deed executed in the city of Santander, Spain, on 14 January 1875. Banco Santander, S.A. and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering a wide range of financial products.

In Latin America, Santander has majority shareholdings in banks in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Uruguay. At 31 December 2022, Santander had a market capitalization of €47.1 billion, stockholders' equity of €90.0 billion and total assets of €1,734.7 billion. Santander had €1,146.1 billion total customer funds at that date. As of 31 December 2022, we had 65,581 employees and 3,148 branch offices in Europe (of which 26,839 employees and 1,913 branches in Spain and 21,185 employees and 449 branches in the United Kingdom), 44,518 employees and 1,854 branches in North America, 78,271 employees and 3,653 branches in South America (of which 55,993 employees and 2,847 branches in Brazil), 16,193 employees and 364 branches in Digital Consumer Bank and 1,899 employees in Corporate Activities.

Banco Santander, S.A. has a long-term credit rating of "A-" by Fitch, "A+" by Standard & Poor's, "A2" by Moody's and "A (high)" by DBRS

Bank of America, N.A. and Bank of America Corporation

Bank of America Corporation is a Delaware corporation, a bank holding company (BHC) and a financial holding company. Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle market businesses, institutional investors, large corporations and governments with a full range of banking, investing, asset management and other financial and risk management products and services. Our principal executive offices are located in the Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255.

BANA is the flagship, national, full-service consumer and commercial bank and primary operating subsidiary of BAC. BANA operates across the U.S., its territories, and has active foreign branches in 15 countries. In the U.S., BANA serves approximately 66 million consumer and small business clients. BANA is a global leader in corporate and investment banking and trading across a broad range of asset classes serving corporations, governments, institutions, and individuals around the world.

Barclays Bank PLC

Barclays Bank PLC (the Bank, and together with its subsidiary undertakings, the Barclays Bank Group) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC". The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group or Barclays) is the ultimate holding company of the Group. The Bank's principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Group's operations include consumer banking and payment services in the UK, U.S. and Europe, as well as a global corporate and investment bank. The Group operates as two divisions – the Barclays UK (Barclays UK) division and the Barclays International (Barclays International) division – which are supported by Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, Barclays Bank UK PLC (BBUKPLC) and certain other entities within the Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, the Bank and its subsidiaries, and by certain other entities within the Group.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings UK Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the unsecured unsubordinated long term obligations of the Bank are rated A by S&P Global Ratings UK Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ("**CIBC**") is a diversified financial institution governed by the Bank Act (Canada) (the "**Bank Act**"). CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by special act of the legislature of the Province of Canada in 1858. Subsequently, the name was changed to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by special act of the Parliament of Canada and commenced operations in that year. The address of the registered and head office of CIBC is 81 Bay Street, CIBC Square, Toronto, Ontario, Canada M5J 0E7.

CIBC will be acting as hedging counterparty through its London Branch ("**CIBC London Branch**"), which has its principal place of business at 150 Cheapside, London EC2V 6ET. CIBC is regulated by the Office of the Superintendent of Financial Institutions in Canada and CIBC London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

As extracted from its latest audited consolidated financial statements, as at 31 October 2022, CIBC had total assets of C\$943.597 billion, total average deposits of C\$697.572 billion and common shareholders' equity of C\$ 45.258 billion. These financial statements were prepared in accordance with IFRS.

CIBC is a leading Canadian-based global financial institution. As set out in the Bank Act, its corporate purpose is to act as a financial institution and can carry on business, conduct its affairs and exercise its powers in any jurisdiction outside Canada to the extent and in the manner that the laws of that jurisdiction permit. CIBC's principal activities are Canadian Personal and Business Banking, Canadian Commercial Banking and Wealth Management, U.S. Commercial Banking and Wealth Management and Capital Markets. CIBC provides a full range of financial products and services to 13 million personal banking, business, public sector and institutional clients in Canada, the United States and around the world.

Commerzbank AG

Commerzbank was founded in Hamburg as "Commerz- und Disconto-Bank" in 1870. Following temporary decentralisation, Commerzbank was re-established on 1 July 1958 after a re-merger of the successor institutions created as part of the post-war breakup in 1952. Commerzbank's registered office is Frankfurt am Main and its head office is at Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany. It is entered in the commercial register of the Local Court of Frankfurt am Main under the number HRB 32000. The Bank was established under German law for an indefinite period.

In accordance with Article 2 of the Articles of Association, Commerzbank's corporate purpose is to engage in banking transactions and to offer all types of financial services and other related services and transactions, including acquiring, holding and disposing of interests in other entities.

Commerzbank may realise its corporate purpose itself, through affiliated companies and equity participations or through the conclusion of affiliation and cooperation agreements with third parties. It is entitled to have recourse to all transactions and measures which are suitable for promoting its corporate purpose, in particular the establishment of branches in Germany and abroad and the acquisition, management and disposal of interests in other enterprises.

The London Branch of Commerzbank has its place of business at 30 Gresham Street, London EC2V 7PG and is registered with UK Companies House under number BR001025.

HSBC Bank plc

HSBC Bank plc and its subsidiaries form a group providing a range of banking products and services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a company limited by shares in 1880. In 1923, the company adopted the name Midland Bank Limited, which it held until 1982 when it re-registered as a public limited company and changed its name to Midland Bank plc. In 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in 1999.

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. As at the date of this Prospectus, the HSBC Group serves over 39 million customers worldwide across 62 countries and territories. With assets of USD2,990bn (31st March 2023), HSBC is one of the world's largest banking and financial services organisations.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1 by Standard & Poor's and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated A1 by Moody's and A+ by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

ING Bank N.V. and ING Bank N.V., London Branch

ING Bank N.V. is a public limited company (*naamloze vennootschap*) incorporated under the laws of The Netherlands on 12 November 1927, with its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands (ING Bank). ING Bank is registered at the Chamber of Commerce of Amsterdam under No. 33031431.

ING Bank is part of ING Groep N.V. (ING Group). ING Group is the holding company of a broad spectrum of companies (together called ING) offering banking services to meet the needs of a broad customer base. ING Bank is a wholly-owned, non-listed subsidiary of ING Group and currently offers retail banking services to individuals, small and medium-sized enterprises and mid-corporates in Europe, Asia and Australia and commercial banking services to customers around the world, including multinational corporations, governments, financial institutions and supranational organisations. ING Group currently serves around 37 million retail and wholesale banking customers through an extensive network in over 40 countries. ING has more than 57,500 employees.

ING Bank is directly supervised by the European Central Bank (ECB) as part of the Single Supervisory Mechanism (SSM). The SSM comprises of the ECB and national competent authorities of participating Member States. The SSM is responsible for 'prudential supervision' (the financial soundness of financial institutions). The ECB is responsible for specific tasks in the area of prudential supervision while the Dutch Central Bank, De Nederlandsche Bank (DNB), remains responsible for prudential supervision in respect of those powers that are not conferred to the ECB, which includes supervision on payment systems and financial crime supervision. The Netherlands Authority for the Financial Markets (AFM), is responsible for 'conduct of business supervision' (assessing the behaviour of players in the Dutch financial markets) of ING Bank.

The information in the preceding four paragraphs has been provided by ING Bank for use in this Prospectus and ING Bank is solely responsible for the accuracy of the preceding three paragraphs. Except for the preceding three paragraphs, ING Bank in its capacity as Swap Counterparty, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Prospectus.

J.P. Morgan Securities plc

J.P. Morgan Securities plc is a public limited company incorporated and domiciled in England and Wales and registered with Companies House with company number 02711006 and with its registered office at 25 Bank Street, Canary Wharf, London. J.P. Morgan Securities plc is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA in the United Kingdom.

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 Financial Conduct Authority 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 and its subsidiaries provides deposit taking, lending and transaction banking products and services to customers (both new and existing) and is also responsible for the provision of certain wholesale banking products and services (including loan markets, bonds and asset securitisation and elements of foreign exchange, commodities and rate management). Lloyds Bank Corporate Markets has a client -led strategy, focused on UK based clients and international clients with a link to the UK.

Additional information on Lloyds Bank Corporate Markets, and Lloyds Banking Group's approach to ring-fencing, is available from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN or from the following internet website address: <http://www.lloydsbankinggroup.com>. The information on this website does not form part of this Prospectus.

Its main businesses are commercial lending, trade and working capital finance, bonds and structured finance, expatriate banking, risk management and in addition retail banking to customers in the Bailiwick of Jersey, the Bailiwick of Guernsey and the Isle of Man (together, the "**Crown Dependencies**"). It operates from branches in the UK, New York and the Crown Dependencies, as well as having a European investment firm in Frankfurt. A decision was made in February 2022 to close its Singapore branch. Accordingly, the Singapore branch no longer has any active business and will be deregistered as a branch in Singapore in due course.

Lloyds Bank plc

Lloyds Bank plc ("**Lloyds Bank**") was incorporated under the laws of England and Wales on 20 April 1865 (registration number 2065). Lloyds Bank's registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom. Lloyds Bank is authorised by the PRA and regulated by the FCA and the PRA. Lloyds Bank (together with its subsidiary and associated undertakings, "**Lloyds Bank Group**") is a wholly owned subsidiary of Lloyds Banking Group plc.

Overview

The Lloyds Bank Group is a leading provider of financial services to individual and business customers in the UK

Business and activities

As at 18 August 2022, Lloyds Bank Group's activities were organised into two financial reporting segments: Retail and Commercial Banking.

Retail

Retail offers a broad range of financial service products to personal and business banking customers, including current accounts, savings, mortgages, credit cards, unsecured loans, motor finance and leasing solutions. Its aim is to build deep and enduring relationships that meet more of its customers' financial needs and improve their financial resilience throughout their lifetime, with personalised products and services. Retail operates the largest digital bank and branch

network in the UK and continues to improve service levels and reduce conduct risk, whilst working within a prudent risk appetite. Through investment in the Lloyds Bank Group's strategic priority areas, alongside increasing use of data, the Lloyds Bank Group will deepen existing consumer relationships and broaden its intermediary offering, to improve customer experience, operational efficiency and enable increasingly tailored propositions.

Commercial Banking

Commercial Banking serves Small and Medium sized businesses and Corporate and Institutional clients, providing lending, transactional banking, working capital management, debt financing and risk management services. Through investment in digital capability and product development, Commercial Banking will deliver an enhanced customer experience through a digital first SME model and expanded client propositions, generating diversified capital-efficient growth and supporting customers on their transition to net zero.

MUFG Securities EMEA plc (formerly known as Mitsubishi UFJ Securities International plc)

MUFG Securities EMEA plc ("MUS(EMEA)") was incorporated in England and Wales on 11 February, 1983, as a company with liability limited by shares, and commenced business on 3 October, 1983. MUS(EMEA) was re-registered as a public limited company on 3 August, 1989. MUS(EMEA)'s registered office is located at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AJ. MUS(EMEA)'s registration number is 01698498. MUS(EMEA) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK.

Mitsubishi UFJ Securities Holdings Co., Ltd. ("MUSHD"), owns 100% of the shares in MUS(EMEA), and MUSHD is a wholly-owned subsidiary of Mitsubishi UFJ Financial Group, Inc. ("MUFG").

MUS(EMEA) is a principal part of the securities and capital markets arm of MUFG and provides a wide range of services in the worldwide securities and derivatives businesses to governments, their monetary authorities and central banks, state authorities, supranational organisations and corporations. MUS(EMEA) is also engaged in market making and dealing in securities in the international securities markets, in swaps and various other derivative instruments and in the management and underwriting of issues of securities and securities investment.

MUS(EMEA) continues to promote and develop its international capital markets business, dealing in its main areas of activity: debt and equity securities, derivatives and structured products.

Nomura International plc

Nomura International plc was incorporated on 12 March 1981 and is registered as a public limited company (registration number 1550505) in England and Wales. Nomura International plc's registered office is situated at 1 Angel Lane, London EC4R 3AB. Nomura International plc is a wholly owned subsidiary of Nomura Europe Holdings plc ("NEHS"), which in turn is a wholly owned subsidiary of Nomura Holdings, Inc. Nomura Holdings, Inc. is a holding company which manages financial operations for its subsidiaries. Nomura International plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Santander Corporate & Investment Banking

Santander Corporate & Investment Banking is a brand name used by Banco Santander, S.A., and its affiliates. Banco Santander, S.A is a leading commercial bank, founded in 1857 and headquartered in Spain. It has a meaningful presence in 10 core markets in the Europe, North America and South America regions, and is one of the largest banks in the world by market capitalization. At the end of 2022, Banco Santander had €1.3 trillion in total funds, 160 million customers, 9,000 branches and 206,000 employees. Banco Santander, S.A. has its registered Address at Paseo de Pereda 9-12, 39004 Santander, Spain and is registered with the Bank of Spain (Banco de España) under registration number 0049 with CIF A-39000013. Banco Santander, S.A., London Branch is authorised and regulated by the Bank of Spain (Banco de España). It is also authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority (Financial Services Register number: 136261). Details about the extent of our regulation by the Prudential Regulation Authority are available on request. The Banco Santander, S.A. entry in the Financial Services Register can be viewed by visiting the Financial Conduct Authority's website www.fca.org.uk/register.

The Bank of Nova Scotia

The Bank of Nova Scotia ("**Scotiabank**") was granted a charter under the laws of the Province of Nova Scotia in 1832 and commenced operations in Halifax, Nova Scotia in that year.

Since 1871, The Bank of Nova Scotia has been a chartered bank under the Bank Act (Canada) (the Bank Act). The Bank of Nova Scotia is a Schedule 1 bank under the Bank Act and the Bank Act is its charter. The head office of The Bank of Nova Scotia is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and its executive offices are at 40 Temperance Street, Toronto, Ontario, M5H 0B4. A copy of The Bank of Nova Scotia's by-laws is available on <http://www.sedar.com>.

Scotiabank is a leading bank in the Americas. Guided by its Purpose: "for every future", Scotiabank helps its customers, their families and their communities achieve success through a broad range of advice, products and services, including personal and commercial banking, wealth management and private banking, corporate and investment banking, and capital markets. With a team of over 90,000 employees and assets of over \$1.3 trillion (as at January 31, 2023), Scotiabank trades on the Toronto Stock Exchange (TSX: BNS) and New York Stock Exchange (NYSE: BNS).

UBS

UBS AG, London Branch (UBS) is a company incorporated with limited liability in Switzerland on 28 February 1978 registered at the Commercial Registry Office of the Canton of Zurich and the Commercial Registry Office of the Canton of Basel-City with Identification No: CHE-101.329.561 as from 18 December 2013 (and prior to 18 December 2013 with Identification No: CH-270.3.004.646-4) having its registered offices at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland and having established in the UK a branch office situated at 5 Broadgate, London, EC2M 2QS registered at Companies House, Cardiff, as a UK Establishment pursuant to Part 34 (Sections 1044 to 1052) of the Companies Act 2006 and the Overseas Companies Regulations 2009 SI 2009/1801 (being successor legislation to Schedule 21A to the Companies Act 1985 under which that branch office was originally registered on 16 June 1998) with Company No: FC021146 and UK Establishment (formerly referred to as Branch) No: BR004507

INDEX LINKED NOTES – PERFORMANCE OF INDEX/FORMULA

Index Linked Notes

General

RPI is one of the most familiar general purpose domestic measures of inflation in the UK. RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

RPI is compiled by the UK Office of National Statistics (“**ONS**”) using a large and representative selection of separate goods and services for which price movements are regularly measured in various areas throughout the UK. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes two or three weeks for the ONS to compile the index, so each month’s RPI figure is published during the following month (e.g. the figure relating to July will be published in August). The RPI figures used in the calculation of payments of interest on, and the redemption amount of, the Index Linked Notes are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

More information on RPI, including past and current levels, can be found at the following website: www.statistics.gov.uk.

Payments of principal and interest on Index Linked Notes will be adjusted to take into account changes in RPI from the Base Index Figure specified in the applicable Final Terms.

In respect of each Series of Index Linked Notes, a rate of interest will be specified in the applicable Final Terms. The interest amount due on each Interest Payment Date (such dates to be specified in the applicable Final Terms) will be that rate multiplied by the ratio which reflects the change in RPI between the Base Index Figure and the RPI figure relating to a particular month or date (as specified in the applicable Final Terms) prior to the relevant Interest Payment Date.

Subject to any early redemption of Index Linked Notes, such Index Linked Notes will be redeemed on their specified Final Maturity Date at a Final Redemption Amount specified in the applicable Final Terms, provided that:

- (a) if the RPI figure applicable to the relevant month or date, as the case may be, in or on which such payment falls to be made is higher than the Base Index Figure, an additional amount reflecting such increase in RPI will also be paid (subject to any Maximum Final Redemption Amount specified in the applicable Final Terms); and
- (b) if the RPI figure applicable to the relevant month or date, as the case may be, in or on which such payment falls to be made is lower than the Base Index Figure, the amount payable on redemption of the Index Linked Notes will be reduced to reflect such decrease in RPI (subject to any Minimum Final Redemption Amount specified in the applicable Final Terms).

Index figure applicable

The RPI figure (or “Index Figure applicable”) relating to a particular month or date will be the figure either 3 months or 8 months prior to the particular month or date (3 months or 8 months to be specified in the applicable Final Terms). If an 8 month period is specified as the Index Figure applicable it will be the first day of the month that is 8 months prior to the month in which the relevant payment falls due.

Interest

The real rate of interest offered on a Series of Index Linked Notes (i.e. the rate before taking inflation into account) is fixed when the first Tranche of such Series of Index Linked Notes is issued. This amount will be adjusted upwards or downwards to take into account the effect of inflation or deflation.

To calculate any inflation adjustment that might apply, two inflation index “fixing” figures are required – one that relates to the start of the Index Linked Note’s life (i.e. the “Base Index Figure”) and one that relates to the relevant Interest Payment Date. The “fixing” figures can be taken either 3 months or 8 months prior to the relevant Issue Date or relevant Interest Payment Date (commonly referred to as a “lag” period). The “lag” period will be the “Relevant Period” specified in the applicable Final Terms.

Interest amounts are calculated with reference to each Calculation Amount as set out in the applicable Final Terms.

Redemption

The Index Linked Notes will be redeemed either (a) on their specified Final Maturity Date as specified in the applicable Final Terms at the Final Redemption Amount specified in the applicable Final Terms or (b) in certain limited circumstances described in the Terms and Conditions of the Index Linked Notes upon expiry of the notice required by the Terms and Conditions, at 100% of their nominal amount, in the case of each of (a) and (b) above, plus or minus an additional amount to take into account the effect of inflation or deflation. To calculate any inflation adjustment that might apply, two inflation index “fixing” figures are required – one that relates to the start of the Index Linked Note’s life (i.e. the “Base Index Figure”) and one that relates to the relevant Final Maturity Date or early redemption date, as applicable, of the Index Linked Notes. The “fixing” figures can be taken either 3 months or 8 months prior to the relevant Issue Date or relevant Final Maturity Date or early redemption date, as applicable (commonly referred to as a “lag” period). The “lag” period will be the “Relevant Period” specified in the applicable Final Terms.

The amount so payable to an Investor is calculated with reference to each Calculation Amount as set out in the applicable Final Terms.

TAX CONSIDERATIONS

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice (which may not be binding on HM Revenue and Customs) in each case as at the latest practicable date on the date of this Prospectus and relating only to United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) on the Notes. The comments below may not apply to certain classes of person (such as dealers). The following is not exhaustive and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 for the purposes of section 987 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Payments of interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing capable of or intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%) subject to any available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a direction to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the United Kingdom) 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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that such withholding would not apply 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. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions—Further Issues And New Notes*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject

to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Programme Agreement

Notes may be issued from time to time by the Issuer to any one or more of the Dealers in each case acting as principal or to subscribers from whom subscriptions have been procured by the Dealers, in each case pursuant to the Programme Agreement. The arrangements under which a particular Tranche of Notes may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers or subscribers are set out in the Programme Agreement and the Subscription Agreements relating to each Tranche of Notes. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed 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 Programme 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 Tranche of Notes.

In the Programme Agreement, the Issuer, failing whom the Borrower, has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and maintenance of the Programme and the issue of Notes under the Programme Agreement and the Issuer and each of the Obligor has agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Dealers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to the Group and the Group's affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions.

A portion of the proceeds of the offering of Notes will be used to repay certain existing credit facilities. Certain of the Dealers are lenders under such existing credit facilities. All of the Dealers are lenders under certain of the Group's new senior term facilities. In addition, certain of the Dealers are a counterparty to certain of the Group's existing interest rate and/or index linked hedging arrangements, for which they have received customary fees and commissions.

United States of America

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Bearer Notes that are subject to U.S. tax law requirements. Additionally, the Issuer has not been, and will not be, registered under the U.S. Investment Company Act. The Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph and not otherwise defined in this Prospectus have the meaning given to them in Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and 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.

- (A) Where TEFRA D is specified in the relevant Final Terms as being applicable in relation to any Tranche of Notes, each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:
- (i) except to the extent permitted under TEFRA D is (a) it has not offered or sold, and will not offer or sell, any Bearer Notes to a person who is within the United States or its possessions or to a U.S. person, and (b) it has not delivered and will not deliver within the United States or its possessions Bearer Notes in definitive form that are sold during the restricted period;
 - (ii) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees and agents who are directly engaged in selling Bearer Notes are aware that such Notes 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 U.S. person, except as permitted by TEFRA D is;

- (iii) if it is a U.S. person, it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and, if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulations §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);
 - (iv) with respect to each affiliate (if any) that acquires Bearer Notes from such Dealer for the purposes of offering or selling such Notes during the restricted period, such Dealer either repeats and confirms the representations, undertakings and agreements contained in sub-clauses (i), (ii), (iii) and (v) on such affiliate's behalf or agrees that it will obtain from such affiliate for the benefit of the Issuer the representations, undertakings and agreements contained in such sub-clauses (i), (ii), (iii) and (v); and
 - (v) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in sub-clauses (i), (ii), (iii), (iv) and (v) of this paragraph from any person other than its affiliate with whom it enters into a written contract (a "distributor" as defined in United States Treasury Regulations §1.163-5(c)(2)(i)(D)(4) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code)), for the offer or sale during the restricted period of the Bearer Notes.
- (B) In addition, where TEFRA C is specified in the relevant Final Terms as being applicable in relation to any Tranche of Notes, such Notes must in their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer will be required to represent, undertake and agree (and each additional Dealer will be required to represent, undertake and agree) that, in connection with the original issuance of the Notes:
- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Bearer Notes within the United States or its possessions; and
 - (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or such Dealer is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Bearer Notes.

Terms used in sub-clauses (A) and (B) have the meanings given to them by the Code and the regulations thereunder, including TEFRA C and TEFRA D.

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, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which Notes are a part, (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer and its affiliates will also agree that, at or prior to confirmation of sale of Notes to a distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the Distribution Compliance Period, it will send to such purchaser a confirmation or notice stating that such purchaser is subject to the foregoing restrictions on offers and sales 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.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

Purchasers of Notes shall be deemed to have made the representations set forth under "*Transfer Restrictions*". Due to the restrictions set forth above and in the relevant Final Terms, purchasers of the Notes are advised to consult legal counsel prior to purchasing or to re-offering, re-selling, pledging, delivering or otherwise transferring the Notes.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**EU Prospectus Regulation**”); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the 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 one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has severally represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
 where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) **Financial Promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (c) **General Compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

Each Dealer acknowledges that other than having obtained the approval of the Prospectus by the FCA in accordance with Part VI of the FSMA for the Notes to be admitted to listing on the Official List of the FCA no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of Notes, or possession or distribution of the Prospectus or any other offering material, in any jurisdiction where action for that purpose is required. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it shall (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in each jurisdiction in or from which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material, in all cases at its own expense unless agreed otherwise.

The Programme 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 Programme Agreement, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the granting of the Issuer Security and the issue of Notes thereunder have been duly authorised by resolutions of the Board of Directors of the Issuer passed at a meeting of the Board held on 1 February 2013. The update of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer passed at meeting of the Board held on 23 May 2023.

The borrowings of the Borrower and the security provided by the Borrower in favour of the Obligor Security Trustee, the Issuer and the other Obligor Secured Creditors have been duly authorised by resolutions of the Board of Directors of the Borrower at a meeting of the Board held on 1 February 2013.

The provision of the guarantee by Arqiva Limited in favour of the Obligor Security Trustee, the Issuer and the other Obligor Secured Creditors have been duly authorised by resolutions of the Board of Directors of Arqiva Limited at a meeting of the Board held on 1 February 2013.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The listing of the Programme in respect of Notes is expected to be granted on or before 21 June 2023.

However, Notes may also be issued pursuant to the Programme which will not be listed on the London Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may (when published) be inspected during normal business hours (in the case of Bearer Notes) at the specified office of the Principal Paying Agent, (in the case of Registered Notes) at the specified office of the Registrar and the Transfer Agent and (in all cases) at the registered office of the Note Trustee:

- (a) the Memorandum and Articles of Association of each of the Issuer, the Borrower and Arqiva Limited;
- (b) the audited financial statements of the Issuer for the years ended 30 June 2021 and 30 June 2022;
- (c) the report of PricewaterhouseCoopers LLP in respect of the audited financial statements of the Issuer for the financial years ended 30 June 2021 and 30 June 2022;
- (d) the consolidated audited financial statements of Arqiva Group Parent Limited for the years ended 30 June 2021 and 30 June 2022;
- (e) the report of PricewaterhouseCoopers LLP in respect of the consolidated audited financial statements of Arqiva Group Parent Limited for the financial years ended 30 June 2021 and 30 June 2022;
- (f) the financial statements of the Borrower for the years ended 30 June 2021 and 30 June 2022;
- (g) the audited financial statements of Arqiva Limited for the years ended 30 June 2021 and 30 June 2022;
- (h) the report of PricewaterhouseCoopers LLP in respect of the audited financial statements of Arqiva Limited for the financial years ended 30 June 2021 and 30 June 2022;
- (i) a copy of this Prospectus;

- (j) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the UK or the EEA nor offered in the UK or the EEA in circumstances where a prospectus is required to be published under the UK Prospectus Regulation or the EU Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Prospectus and any other documents incorporated herein or therein by reference;
- (k) each Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (in the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders);
- (l) each Investor Report; and
- (m) each Issuer Transaction Document and Obligor Transaction Documents (as the same may be amended, varied, supplemented or novated from time to time).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as specified in the relevant Final Terms. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative Clearing System (including Sicovam) the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative Clearing System will be specified in the applicable Final Terms.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial position and financial performance and no material adverse change in the financial position or prospects of the Issuer, since 30 June 2022, the date of its last published audited financial statements.

There has been no material adverse change in the prospects of the Borrower and its subsidiaries and no significant change in the financial position or financial performance of the Borrower and its subsidiaries, since 30 June 2022, the date of its last published financial statements.

There has been no material adverse change in the prospects of the Parent and its subsidiaries and no significant change in the financial position or financial performance of the Parent and its subsidiaries, since 30 June 2022, the date of its last published audited consolidated financial statements.

There has been no material adverse change in the prospects of Arqiva Limited and its subsidiaries and no significant change in the financial position or financial performance of Arqiva Limited and its subsidiaries, since 30 June 2022, the date of its last published audited financial statements.

There has been no material adverse change in the prospects of Arqiva Muxco Limited and its subsidiaries and no significant change in the financial position or financial performance of Arqiva Muxco Limited and its subsidiaries, since 30 June 2022, the date of its last published financial statements.

Litigation

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer.

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Parent is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Parent and its subsidiaries.

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Borrower is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Borrower and its subsidiaries.

There are no and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Arqiva Limited is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Arqiva Limited and its subsidiaries.

Availability of Financial Statements

The audited consolidated annual financial statements of the Parent and the audited annual financial statements of the Issuer, the Borrower and Arqiva Limited will be prepared as of 30 June in each year. All future audited annual financial statements of the Issuer, the Parent, the Borrower and Arqiva Limited will be available free of charge in accordance with “– *Documents Available*” above.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers LLP, chartered accountants, of 1 Embankment Place, London, WC2N 6RH, who have audited the Issuer’s individual accounts, without qualification, in accordance with IFRS for the financial years ended 30 June 2021 and 30 June 2022. The audited accounts include reports prepared by the auditors.

The auditors of the Parent are PricewaterhouseCoopers LLP, chartered accountants, of 1 Embankment Place, London, WC2N 6RH, who have audited the Parent’s consolidated accounts, without qualification, in accordance with IFRS for the financial years ended 30 June 2021 and 30 June 2022. The audited accounts include reports prepared by the auditors.

The auditors of Arqiva Limited are PricewaterhouseCoopers LLP, chartered accountants, of 1 Embankment Place, London, WC2N 6RH, who have audited Arqiva Limited’s individual accounts, without qualification, in accordance with IFRS for each of the financial years ended 30 June 2021 and 30 June 2022. The audited accounts include reports prepared by the auditors.

PricewaterhouseCoopers LLP has no material interest in any of the Issuer, the Parent, the Borrower, and Arqiva Limited.

Financial Information

The audited consolidated accounts of the Parent for the years ended 30 June 2021 and 30 June 2022, the audited individual accounts of the Issuer for the years ended 30 June 2021 and 30 June 2022, the unaudited individual accounts of the Borrower for the years ended 30 June 2021 and 30 June 2022 and the audited individual accounts of Arqiva Limited for the years ended 30 June 2021 and 30 June 2022 are incorporated by reference into this Prospectus. See the section entitled “*Documents Incorporated by Reference*”.

Information in respect of the Notes

The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes except for the Investor Report which will be prepared by the Borrower on a semi-annual basis and published on the designated website of the Borrower, being www.arqiva.com and which will also be made available (in the case of Bearer Notes) at the specified office of the Principal Paying Agent, (in the case of Registered Notes) at the specified office of the Registrar and the Transfer Agent and (in all cases) at the registered office of the Note Trustee. No reports in respect of the Issuer/Borrower Facilities Agreement and the Issuer/Borrower Loans will be prepared.

Material Contracts

None of the Issuer, the Borrower and Arqiva Limited have entered into any contract not being in the ordinary course of its business.

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. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Obligors or their respective affiliates. Certain of the Dealers and their respective affiliates act as Liquidity Facility Providers in respect of the Liquidity Facility made available to the Issuer and the Borrower under the Liquidity Facility Agreement and/or act as Working Capital Facility Providers in respect of the Working Capital Facility made available to the Borrower under the Working Capital Facilities Agreement. The Dealers and their respective affiliates may, in the future, act as Hedge Counterparties to the Issuer or the Borrower consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GLOSSARY

“Acceptable Bank” means:

- (a) a bank or financial institution which has a rating for its long term unsecured debt obligations of A-or higher by S&P and Fitch or A3 or higher by Moody’s or a comparable rating from another rating agency; or
- (b) any other bank or financial institution approved by the Obligor Security Trustee as directed in accordance with the STID.

“Account Bank” means either (a) the Borrower Account Bank; or (b) the Issuer Account Bank, or all as the context requires.

“Accounting Principles” means accounting principles, policies, standards, bases and practices which, from time to time, are generally accepted under UK GAAP or IFRS.

“Administrative Party” means the Obligor Security Trustee, the Issuer Security Trustee the Borrower Account Bank, the Issuer Account Bank, any Agent or any BBF Agent and their replacements or successors.

“AF1 Liquidity Shortfall” means, in respect of any Payment Date, a determination that there will be an AF1 Liquidity Shortfall Amount in accordance with Schedule 10 of the CTA.

“AF1 Liquidity Shortfall Amount” means (after taking into account funds available for drawing from the Borrower Liquidity DSR Account but excluding amounts available pursuant to this Agreement), with respect to any Payment Date, the amount as determined by the Borrower Cash Manager or, in the absence of determination by the Borrower Cash Manager, the Borrower by which the funds in the Borrower Debt Service Payment Account on such Payment Date are or are projected to be less than the amounts scheduled to be paid in respect of items (a) to (h) (inclusive) of schedule 8 (Borrower Pre Enforcement Pre-Acceleration Priorities of Payment) of the CTA but excluding, for the avoidance of doubt, final bullet principal repayments on maturity, mandatory prepayments, any termination payments, accretion or other pay as you go payments and all other unscheduled amounts payable to any Borrower Hedge Counterparty and any amount arising under any Issuer/Borrower Facility Agreement and any Issuer/Borrower Hedging Agreements.

“Affected Obligor Secured Creditor” means each Obligor Secured Creditor (and, where the Issuer is the Affected Obligor Secured Creditor, each Issuer Secured Creditor (an **“Affected Issuer Secured Creditor”**)) whose Entrenched Rights are affected by a STID Proposal, given by the Borrower to the Obligor Security Trustee pursuant to the STID (together, the **“Affected Secured Creditors”**).

“Agreed Form Borrower Master Agreement” shall have the meaning given to such term in paragraph 3.1 of the Hedging Policy.

“Authorised Facility” means any facility, agreement, security, derivative or finance lease entered into by the Borrower for Senior Debt as permitted by the terms of the CTA, the providers of which are parties to or have acceded to the MDA, the STID and the CTA, and includes (amongst others) the Issuer/Borrower Facilities Agreement, the Working Capital Facilities Agreement, the Liquidity Facility Agreement, the ITL Agreement, the EIB Facility Agreement, the Borrower Hedging Agreements and the Issuer/Borrower Hedging Agreements and (a) any fee letter or commitment letter entered into in connection with the foregoing facilities, agreements, securities or finance leases or the transactions contemplated in the foregoing facilities, agreements, securities or finance leases and (b) any other document (not being a Common Document) that has been entered into in connection with or to refinance any of the foregoing facilities, agreements, securities or finance leases or the transactions contemplated in the foregoing facilities, agreements, securities or finance leases that has been designated as a document that should be deemed to be an Authorised Facility for the purposes of this definition by the parties thereto (including the Borrower).

“Authorised Facility Provider” means a lender or other provider of credit or financial accommodation to the Borrower under any Authorised Facility (including, for the avoidance of doubt, the Issuer and each Borrower Hedge Counterparty).

“Authorised Investments” means investments in Cash Equivalents.

“Borrower Liquidity DSR Account” means an account opened in the name of the Borrower and maintained with the Borrower Account Bank pursuant to the terms of the Borrower Account Bank Agreement and credited with a cash reserve

for the purpose of satisfying the Debt Service Shortfall Test or such other account as may be opened, with the consent of the Obligor Security Trustee, at any branch of the Borrower Account Bank in replacement of such account.

“Business Days” means a day (other than a Saturday or a Sunday) (a) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Luxembourg; or (b) if a payment in U.S. Dollars is required to be made on that day, is a day on which banks generally are open for business in London and New York City, unless (in either case) specified otherwise in the Conditions, Final Terms or any Transaction Document.

“Capex” means any capital expenditure by a Senior Financing Group Company (net of any associated non-refundable grants and contributions received) incurred (or, in respect of any future period, forecast to be incurred) relating to increases in capacity or enhancement of service levels, quality or security of supply in relation to a Permitted Business.

“Cash” means cash deposits with any bank or financial institution (including for the avoidance of doubt, any cash deposits standing to the credit of any Liquidity DSR Account or any Liquidity Standby Account), but excluding any cash deposits standing to the credit of the Minimum Maintenance Capex Reserve Account.

“Cash Equivalents” means at any time:

- (a) certificates of deposit issued by an Acceptable Bank;
- (b) any investment in marketable securities issued or guaranteed by the government of the United States of America, the United Kingdom or provided that it has a credit rating of A-1 or higher by S&P or F-1 or higher by Fitch, any member state of the EEA or any Participating Member State, or by an instrumentality or agency of any of them having an equal credit rating which is not convertible 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 in the United States of America, the United Kingdom or any member state of the EEA or any Participating Member State;
 - (iii) which has a credit rating of or higher than either A-1 by S&P and F-1 by Fitch or, if no rating is available in respect of such commercial paper, the issuer of which has, in respect of its long-term unsecured debt obligation and non-credit enhanced debt obligations, an equivalent rating;
- (d) investments accessible within 30 days in money market or liquid funds which:
 - (i) have a credit rating of or higher than A-1 by S&P and F-1 by Fitch; and
 - (ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above; or
- (e) any other debt security or investment with a fixed principal amount due at its maturity and (i.e. it is not callable, puttable or convertible), unless full payment of principal is paid in cash upon the exercise of the embedded option, that (i) is issued or guaranteed by the government of the United States of America, the United Kingdom or provided that it has a credit rating of A-1 or higher by S&P or F-1 or higher by Fitch, any member state of the EEA or any Participating Member State or by an instrumentality or agency or (ii) has a credit rating of or higher than either A-1 by S&P and F-1 by Fitch and is approved by the Obligor Security Trustee as directed in accordance with the STID,

in each case:

- (1) which is not issued or guaranteed by any Senior Financing Group Company or the Issuer or subject to any Security Interest (other than one arising under the Obligor Security Documents);
- (2) such instrument or investment provides for payment of a pre-determined fixed amount of principal on maturity that is not subject to change; and
- (3) has a Stated Maturity (giving effect to any applicable grace period) which is not more than 365 days, and either
 - (a) has a Stated Maturity (giving effect to any applicable grace period) which is not later than the Business Day

immediately preceding the next following Payment Date or (b) is capable of being liquidated at par on demand without penalty.

For the purposes of this definition of Cash Equivalents:

“Participating Member State” means a member state of the European Union that adopts or has adopted the euro as its lawful currency under the legislation of the European Union for European Monetary Union.

“Stated Maturity” means, with respect to any Cash Equivalent, the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable.

“Cash Sweep Period” means any Test Period in respect of which the Borrower is required to deposit Excess Cash Flow into the Lock-up Account, for application in accordance with the terms of the CTA.

“Closing Date” means the date of issue of the first Series of Notes under the Programme.

“Commitments” means, in relation to a Borrower Bank Facility Provider at any time and save as provided in the relevant Borrower Bank Facility Agreement, the commitment specified in the relevant Borrower Bank Facility Agreement in respect of the applicable Borrower Bank Facility Provider, to the extent not cancelled, reduced or transferred by it under the relevant Borrower Bank Facility Agreement.

“Compliance Certificate Date” means the date on which a Compliance Certificate is dated.

“Currency” means sterling, U.S. dollars, euro and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer (each a Currency) as specified in the applicable Final Terms.

“Initial Shareholders” means any one or more of Codan Trust Company (Cayman) Limited, Frequency Infrastructure Communications Assets Limited, Macquarie Global Infrastructure Funds 2 S.A.R.L., Macquarie Prism Proprietary Limited, MEIF II Luxembourg Communications S.à.r.l., MTAA Superannuation Fund (NTL Broadcast) Utilities Pty Ltd and The Trust Company Limited as custodian for Health Super Investments Pty Ltd (in its capacity as trustee of FSS Infrastructure Trust).

“Debt Service Payment Account” means a debt service payment account in the name of the Borrower held with the Borrower Account Bank.

“Default” means:

- (a) an Obligor Event of Default; or
- (b) a Potential Obligor Event of Default.

“Defeasance Account” means each account opened by the Borrower with the Borrower Account Bank in accordance with the CTA and the Borrower Account Bank Agreement in respect of Defeased Debt.

“Defeasance Account Ledger” means a ledger established on the Defeasance Account corresponding to each Issuer/Borrower Loan corresponding to a Fixed Rate Note or an Index Linked Note, in respect of which the Borrower has deposited an amount into the Defeasance Account in accordance with the CTA, to record credits and debits to the Defeasance Account made in respect of the relevant Issuer/Borrower Loan.

“Defeased Debt” means any Issuer/Borrower Loan corresponding to Fixed Rate Notes or Indexed Linked Notes in respect of which the Borrower has elected to deposit amounts into the Defeasance Account that would otherwise have been used to prepay any such Issuer/Borrower Loan corresponding to Fixed Rate Notes or Indexed Linked Notes in accordance with the CTA.

“Enforcement Action” means any step that an Obligor Secured Creditor is entitled to take to enforce its rights against an Obligor under an Obligor Transaction Document following the occurrence of an Obligor Event of Default including, but not limited to, the declaration of an Obligor Event of Default, the institution of proceedings, the making of a demand for payment under a guarantee, the making of a demand for cash collateral under a guarantee or the acceleration of Obligor Secured Liabilities by an Obligor Secured Creditor or Obligor Secured Creditors pursuant to the terms of the applicable Obligor Transaction Documents or the enforcement of the Obligor Security, provided that the making of a demand under a Hedging Agreement shall not constitute Enforcement Action for the purposes of this definition.

“Entrenched Rights” means any modification to, consent or waiver under or in respect of, any term of any Common Document if the proposed modification, consent or waiver:

- (a) would delay the date fixed for payment of any amount of the debt owed to the relevant Obligor Secured Creditor or would reduce the amount payable in respect of such debt;
- (b) other than pursuant to an Obligor Acceleration Notice, would bring forward the date fixed for payment of principal, interest or other amount in respect of the debt owed to an Obligor Secured Creditor or would increase the amount of principal or other amount or the rate of interest payable on any date in respect of the debt owed to the Obligor Secured Creditor debt;
- (c) would have the effect of adversely changing any of the Borrower Post-Enforcement Payment Priorities or application thereof in respect of an Obligor Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);
- (d) would have the effect of adversely changing any of the Borrower Pre-Enforcement Payment Priorities or application thereof in respect of an Obligor Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);
- (e) would change or would have the effect of changing:
 - (i) any of the following definitions: Affected Obligor Secured Creditor, Qualifying Debt, Voted Qualifying Debt, Qualifying Secured Creditors, Secured Creditor Representatives, STID Proposal, Discretion Matters, Ordinary Voting Matters, Extraordinary Voting Matter, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Reserved Matters, Entrenched Rights, Obligor Secured Liabilities and/or Distressed Disposal;
 - (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Enforcement Instruction Notice or Further Enforcement Instruction Notice;
 - (iii) any of the matters that give rise to Entrenched Rights under the STID; or
 - (iv) Clause 16.1 (Scope of Entrenched Rights) of the STID;
- (f) would result in the exchange of the debt owed to the relevant Obligor Secured Creditor for, or the conversion of such debt into, shares, bonds or other obligations of any other person;
- (g) would have the effect of changing or would relate to the currency of payments due in respect of the debt owed to the relevant Obligor Secured Creditor (other than due to the United Kingdom becoming one of the countries participating in the third stage of European economic and monetary union pursuant to the Treaty or otherwise participating in European economic and monetary union in a manner with similar effect to such third stage);
- (h) would have the effect of changing or would relate to the rights of the relevant debt provider to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, taxes, damages, proceedings, claims and demands in relation to any Transaction Document to which it is a party;
- (i) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the debt owed to the relevant Obligor Secured Creditor in the event of the imposition of withholding taxes (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);
- (j) would change or have the effect of changing Clause 10.2 (Participating Secured Creditors) of the STID;
- (k) would change or have the effect of changing Schedule 3 (Reserved Matters) to the STID;
- (l) would have the effect of changing the nature or the scope or would 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, for the avoidance of doubt, the taking of any Enforcement Action shall not be an Entrenched Right;
- (m) in respect of each Liquidity Facility Provider, would change or have the effect of changing Clause 20.4 (Borrower Post-Enforcement (Post-Acceleration) Payment Priorities) of the STID and Paragraph 7 (Disposals) of Part 2

(Operating Covenants of the Obligors) of Schedule 2 (Covenants) to the CTA or would affect the ability of such Liquidity Facility Provider to enforce its rights under the Liquidity Facility Agreement;

- (n) would effect the exchange, conversion or substitution of the debt owed to the relevant Obligor Secured Creditor for, or their conversion into, shares, notes or other obligations or securities of the Borrower or any other person or body corporate formed or to be formed;
- (o) would change or have the effect of changing the definitions of Obligor Acceleration Notice, Obligor Enforcement Notice or Issuer Enforcement Notice or the consequences of the delivery of an Obligor Acceleration Notice, the Borrower Payment Priorities, the Borrower Pre-Enforcement Payment Priorities, the Borrower Post-Enforcement (Pre-Acceleration) Payment Priorities or the Borrower Post-Enforcement (Post-Acceleration) Payment Priorities;
- (p) in respect of each Pari Passu Borrower Hedge Counterparty, each Pari Passu Issuer Hedge Counterparty, each Super Senior Borrower Hedge Counterparty and each Super Senior Issuer Hedge Counterparty (in addition to those matters specified in paragraphs (a) to (o) above (inclusive) and subject to Clause 16.2(a) of the STID):
 - (i) would change or have the effect of changing the Minimum Rating Agency Requirement that either (A) each Hedge Counterparty must satisfy, or (B) the guarantor of such Hedge Counterparty's obligations under the relevant Hedging Agreement must satisfy, as the case may be, at any time, other than a change required by a Rating Agency in respect of the Minimum Rating Agency Requirements that apply to any Hedge Counterparty or guarantor of any Hedge Counterparty on the date on which it enters into any Hedge or becomes the transferee in respect of the novation of any Hedge in order to maintain the current rating of the Notes of BBB or to restore the rating of the Notes to BBB, as the case may be;
 - (ii) would change or have the effect of changing the provisions of paragraphs 5, 9, 10 and 12 of the Hedging Policy;
 - (iii) would deny or have the effect of denying a Borrower Hedge Counterparty or an Issuer Hedge Counterparty the right to receive the same information as provided to the other parties pursuant to part 1 (Information Covenants) of schedule 2 (Covenants) to the CTA; or
 - (iv) would change or would have the effect of changing any of the following definitions in a manner that relates to, and is materially prejudicial to the rights and obligations of such Hedge Counterparty (as applicable): Agreed Form Borrower Master Agreement; Borrower Hedge Counterparties; Borrower Hedges; Borrower Hedging; Borrower Hedging Agreement; Currency Hedges; Currency Hedging; the proviso to the definition of Enforcement Action; Hedge Counterparties; Hedge with Break Clause; Hedged Debt Covenant; Hedges; Hedging; Hedging (with Breaks) Condition; Hedging Agreements; Hedging Policy; Hedging Test Date; Inflation Linked Hedges; Inflation Linked Hedging; Inflation Linked Hedging Agreement; Interest Rate Hedges; Interest Rate Hedging; Issuer Hedges; Issuer Hedging; Issuer Hedging Agreements; Issuer Qualifying Debt; Issuer Qualifying Secured Creditors; Issuer Secured Creditor Entrenched Right; Issuer Secured Creditors; Issuer Secured Liabilities; Issuer Security; Issuer Transaction Documents; Issuer/Borrower Hedges; Issuer/Borrower Hedging Agreements; Issuer/Borrower Rate Hedge; Mark Statement (as defined in the CTA); New Hedges; New Pari Passu Hedges; New Super Senior Hedges; Obligor Secured Creditors; Obligor Secured Liabilities; Obligor Transaction Documents; Offsetting Hedge Annuity; Offsetting Hedges; the sub-paragraphs of the definition of Outstanding Principal Amount relating to Hedging Agreements; Pari Passu Borrower Hedge Counterparty; Pari Passu Borrower Hedges; Pari Passu Borrower Hedging Agreement; Pari Passu Hedges; Pari Passu Hedging Agreement; Pari Passu Hedging Transaction; Pari Passu Issuer Hedge Counterparty; Pari Passu Issuer Hedges; Pari Passu Issuer Hedging Agreement; Pari Passu Issuer/Borrower Hedges; Pari Passu Issuer/Borrower Hedging Agreement; Permitted Hedge Termination; Permitted Treasury Transaction; Proposed Super Senior Trade Date (as defined in the CTA); Qualifying Debt; Qualifying Secured Creditors; Rate Hedge Type; Rate Hedges; Risk Weighted Notional Amount (as defined in the CTA); Secured Creditors; Super Senior Borrower Hedges; Super Senior Borrower Hedging Agreement; Super Senior Ceiling (as defined in the CTA); Super Senior Hedge Counterparty; Super Senior Hedging Agreement; Super Senior Issuer Hedges; Super Senior Issuer Hedging Agreement; Super Senior Issuer/Borrower Hedge; Super Senior Issuer/Borrower Hedging Agreements and Super Senior Test Date (as defined in the CTA);

(q) in respect of each Super Senior Hedge Counterparty (in addition to those matters specified in Paragraphs (a) to (p) above (inclusive) and subject to Clause 16.2(a) of the STID), would change or have the effect of changing the provisions of Subparagraphs 4.1 (a) and (b) (Interest Rate Hedging and Inflation Linked Hedging) of Schedule 5 (Hedging Policy and Overriding Provisions Relating To Hedging Agreements) to the CTA but only in so far as such change relates to:

(i) any increase to, or waiver in respect of, the maximum percentage specified in such Subparagraph 4.1(a) such that the amount equal to:

(A) the sum of:

I the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) which either:

(iii) bear interest at a fixed rate; or

(iv) pay a return that is index-linked to inflation; and

II the aggregate notional amount of all outstanding Interest Rate Hedges and Inflation Linked Hedges which are entered into by either the Issuer or the Borrower (excluding any Issuer/Borrower Hedges) (together, the “**Rate Hedges**”), less

(B) the aggregate notional amount of: (x) any Offsetting Hedges and the portion (which may be a part or the entirety) of any Primary Hedges which have been offset by such Offsetting Hedges, (y) any Overlay Hedges, and (z) any Inflation Linked Hedges in respect of which the Borrower or the Issuer (as applicable) receives a fixed rate of interest,

would be permitted to be greater than 110% of the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) for the period up to (and including) the day that is five years from the relevant Hedging Test Date, and/or

(ii) any increase to, or waiver in respect of the maximum percentage specified in such Subparagraph 4.1(b) such that the amount equal to:

(A) the sum of:

I the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) which either:

(i) bear interest at a fixed rate; or

(ii) pay a return that is index-linked to inflation; and

II the aggregate notional amount of all outstanding Rate Hedges, less

(B) the aggregate notional amount of: (x) any Offsetting Hedges and the portion (which may be a part or the entirety) of any Primary Hedges which have been offset by such Offsetting Hedges, (y) any Overlay Hedges, and (z) any Inflation Linked Hedges in respect of which the Borrower or the Issuer (as applicable) receives a fixed rate of interest,

would be permitted to be greater than 115% of the total outstanding principal amount of the Notes and the Borrower Loans (excluding any Issuer/Borrower Loans) for the period up to (and including) the day that is seven years from such Hedging Test Date; and

(iii) would change or have the effect of changing the provisions of subparagraphs 7.3, 7.4 or 8 of the Hedging Policy, but only in so far as such change would be materially prejudicial to the rights of such Super Senior Issuer Hedge Counterparty and/or such Super Senior Borrower Hedge Counterparty (as applicable).

“**Environmental Permits or Environmental Approvals**” in either case means any permit, licence, consent, approval or other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business conducted on or from the properties owned or used by the Senior Financing Group Company.

“Equivalent Amount” means the amount in question expressed in the terms of pounds sterling, calculated on the basis of the Exchange Rate.

“EURIBOR” means the Euro-Zone inter-bank offered rate.

“Euro-Zone” means the region comprised of Member States of the EEA that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Excess Cash Flow” means, in respect of the six month period ending on any Test Date, the Cashflow for such period:

- (a) plus any exceptional or one-off items that represent cash receipts by the Senior Financing Group and were excluded from EBITDA;
- (b) minus any exceptional or one-off items that represent expenditure by the Senior Financing Group and were excluded from EBITDA;
- (c) minus the aggregate Debt Service, any voluntary prepayments of Senior Debt (other than any voluntary prepayments made after an Obligor becoming aware of a Trigger Event or during any Cash Sweep Period other than (and therefore to be deducted from Cashflow), any voluntary prepayments of the Capex Loans if the Borrower exercises its right of voluntary prepayment under the relevant Capex Loan) and all other payments due in respect of the Senior Debt (but excluding any payments excluded from Debt Service under paragraphs (i) and (ii) of that definition to the extent funded by Permitted Financial Indebtedness) and (without double counting) all termination payments due to a Hedge Counterparty under any Hedging Agreements in respect of all such payments and prepayments;
- (d) minus any costs paid by the Senior Financing Group (including any costs paid to or on behalf of the Issuer by a Senior Financing Group Company) (where payment of such costs was permitted or, in the case of the Issuer, contemplated under the Obligor Transaction Documents);
- (e) minus any amount required to be retained by the Senior Financing Group to meet reasonably anticipated net operating expenses for the next Test Period plus any amount retained by the Senior Financing Group at the end of the last Test Period to meet reasonably anticipated net operating expenses for the Test Period;
- (f) plus or minus the amount of any decrease or increase respectively in working capital;
- (g) (i) unless (a) a Trigger Event has occurred and is continuing or (b) any Issuer/Borrower Loan remains outstanding after its Expected Maturity Date, minus the amount of any Permitted Acquisitions (including any Growth Capex in accordance with the CTA, but excluding any Growth Capex or Permitted Acquisitions to the extent funded by Permitted Financial Indebtedness and any Maintenance Capex that has already been deducted in the calculation of Net Cash Flow) and (ii) if (a) a Trigger Event has occurred and is continuing or (b) any Issuer/Borrower Loan remains outstanding after its Expected Maturity Date, minus the amount of any Permitted Acquisitions (including any Growth Capex in accordance with the CTA, but excluding any Growth Capex or Permitted Acquisitions solely to the extent funded by Permitted Financial Indebtedness and any Maintenance Capex that has already been deducted in the calculation of Net Cash Flow) to the extent that such acquisitions are already contractually obliged to be made by reference to contractual commitments entered into prior to an Obligor becoming aware of the occurrence of the Trigger Event;
- (h) minus the amount of any payment to and/or plus any payment received from a pension benefit scheme (without double counting any amounts included in Cashflow);
- (i) minus Smart Metering bid costs incurred up to the licence award;
- (j) minus payments that are made within paragraphs (a) to (d) of the definition of Restricted Payments;
- (k) unless (i) an Obligor has become aware of a Trigger Event having occurred which is continuing or (ii) any Issuer/Borrower Loan remains outstanding after its Expected Maturity Date, minus interest payable in respect of the Subordinated Debt which shall be in an amount permitted to be paid by way of Restricted Payment under the Rating Downgrade Event covenant.

“Exchange Rate” means the strike rate specified in a Confirmation evidencing the terms of a Currency Hedge or, failing that, the spot rate at which the relevant currency is converted to pounds sterling as quoted by the Agent Bank:

- (a) for the purposes of Clause 12.7 (STID Voting Request) of the STID or Paragraph 2.3 (STID Notices) of Schedule 5 (Provisions for voting in respect of STID Notices) to the Note Trust Deed, on the date that the STID Voting Request is dated; and
- (b) in any other case:
 - (i) on the date specified in the Issuer Transaction Document; or
 - (ii) on the date as of which the calculation of the Equivalent Amount of the Outstanding Principal Amount is required.

“Excluded Hedge Counterparty Amounts” means (i) any termination amount payable to a Hedge Counterparty under a Hedging Agreement following the occurrence of an “Event of Default” (under and as defined in the relevant Hedging Agreement) where that Hedge Counterparty is the “Defaulting Party” (as defined in the relevant Hedging Agreement) and (ii) any amount payable to a Borrower Hedge Counterparty under Part 1(g), Part 1(h), Part 1(i) or Part 1(j) of the Schedule to the relevant Borrower Hedging Agreement if at such time that Borrower Hedge Counterparty is a Defaulting Party (as defined in the relevant Borrower Hedging Agreement).

“Expected Maturity Date” means the expected maturities as may be agreed between:

- (a) in respect of each Issuer/Borrower Loan, the Issuer and the Borrower (and reflected in the relevant Issuer/Borrower Loan Tranche Supplement); or
- (b) in respect of the Notes, the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Currency, as specified in the applicable Final Terms,

and each subject to the Maturity Concentration Limit.

“Existing Hedging Agreements” means each of the ISDA Master Agreements, related schedules, credit support annexes and confirmations with the Existing Hedge Counterparties existing on the day immediately prior to the Signing Date.

“FATCA” means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 (the **Code**) or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“Final Maturity Date” means in relation to:

- (a) the Notes, the legal maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Currency, as specified in the applicable Final Terms and subject to the Maturity Concentration Limit covenant set out in the CTA;
- (b) the Liquidity Facility, the first anniversary of the Closing Date (but on a renewable basis);
- (c) the Issuer/Borrower Facilities, that date set out in the applicable Issuer/Borrower Loan Tranche Supplement; and
- (d) the Working Capital Facility, the date which is three years from the date of the Working Capital Facility (subject to an extension option for an additional two years which was exercised in April 2023 and accepted by the Working Capital Facility Providers in May 2023).

“Finance Lease” means any finance or capital lease (as determined by the Accounting Principles as at the Closing Date) entered into by a Senior Financing Group Company in respect of which a Senior Financing Group Company is the lessee.

“Finance Lessor” means a lessor of a Finance Lease.

“Financial Indebtedness” means (without double counting) any indebtedness of any Senior Financing Group Company for or in respect of:

- (a) moneys borrowed or raised (whether or not for cash) (calculated net of applicable credit balances where such monies are borrowed by a Senior Financing Group Company as part of netting arrangements with a financial institution);
- (b) any amounts drawn under acceptance credit or bill discounting facility;
- (c) any bond, note, debenture, loan stock or other similar instrument;
- (d) any finance or capital lease which would, in accordance with the Accounting Principles as at the Closing Date, be treated as such;
- (e) any share in a Senior Financing Group Company which is not held by another Senior Financing Group Company and which is capable of redemption prior to the final maturity date;
- (f) the acquisition cost of any asset or service to the extent payable after its acquisition or possession by the party liable where one of the primary reasons for the deferred payment is arranged is as a method of raising finance or financing the acquisition or construction of that asset or the supply of that service (but excluding trade credit on customary commercial terms) or if such amount is due more than six months after the date of acquisition or supply;
- (g) receivables sold or discounted (other than on a non-recourse basis);
- (h) any amount due, but unpaid, in respect of any Treasury Transaction, any Offsetting Hedge Annuity and any amount in respect of amounts that have accreted but not yet become due and payable (but excluding, for the avoidance of doubt, any mark-to-market value that has not yet become payable);
- (i) any other transaction which has the commercial effect of a borrowing or otherwise is treated as such under the Accounting Principles;
- (j) (without double counting) any counter indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of any person which is of the nature referred to above; and
- (k) any guarantee in respect of an underlying liability of any person which is of the nature referred to in the above paragraphs (but excluding any Permitted Guarantee),

provided that:

- (l) any amount owed by one Senior Financing Group Company to another Senior Financing Group Company shall not be taken into account;
- (v) any amounts outstanding under any Subordinated Debt shall not be taken into account; and
- (vi) any pension deficit shall not be taken into account.

“Fitch Required Rating” means a long-term unsecured and unsubordinated debt obligations rating of at least A- by Fitch, provided that if the relevant entity has a long-term unsecured and unsubordinated debt obligations rating of A- by Fitch such entity must not be on credit watch negative (or equivalent).

“Group EBITDA” means EBITDA before the subtraction of the consolidated earnings (before the deductions and the adjustments referred to in the definition of EBITDA) of the Senior Financing Group Companies that are incorporated outside of the United Kingdom.

“Growth Capex” means Capex incurred to deliver financial benefits through future revenues and which is supported by a business case, including (for the avoidance of doubt) the acquisition of spectrum.

“Hedge Counterparties” means (a) the Issuer Hedge Counterparties, (b) the Borrower Hedge Counterparties and **“Hedge Counterparty”** means any of such parties.

“Hedging Agreements” means the Issuer Hedging Agreements and the Borrower Hedging Agreements.

“Hedging Test Date” means:

- (a) 31 March, 30 June, 30 September and 31 December in each year; and
- (b) the date of any significant event that may impact on the Hedged Debt Covenant, such as the issuance, prepayment or repayment of Senior Debt (excluding any Working Capital Facilities or Ancillary Facilities) or any Term Facilities and the entry into or termination of Hedges which shall, for the avoidance of doubt, include, a disposal being applied towards repayment of Senior Debt in accordance with Paragraph 5 (Mandatory Prepayment of Issuer/Borrower Loans using Unused Proceeds) of Part 5 (Mandatory Prepayment and Voluntary Prepayment) of Schedule 2 (Covenants) to the CTA,

commencing with the earlier to occur of the Hedging Test Date occurring on 31 March 2013 and the first date of any significant event referred to in sub-paragraph (b) and continuing until the date that the aggregate outstanding principal amount of the Notes and the Borrower Loans (excluding the Issuer/Borrower Loans) has been repaid, provided that if such date is not a Business Day, the next following day that is a Business Day.

“Inflation Linked Hedging Agreement” means any Hedging Agreement of the Borrower or the Issuer (as applicable) under which an Inflation Linked Hedge is entered into.

“Inflation Rate” means the rate of inflation specified in the relevant Inflation Linked Hedge.

“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 (other than in the case of the Issuer) are not, in the opinion of the Obligor Security Trustee, being disputed in good faith with a reasonable prospect of success;
- (b) an encumbrancer (excluding, in relation to the Issuer, the Issuer Security Trustee or any receiver appointed by the Issuer Security Trustee) taking possession of the whole or any part of the undertaking or assets of such company;
- (c) any distress, execution, attachment, diligence or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Issuer Security Trustee or any receiver appointed by the Issuer Security Trustee) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (d) the making of an arrangement, composition, scheme of arrangement, reorganisation with or conveyance to or assignment or assignation for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (e) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company (except, in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Issuer Security Trustee or by an Extraordinary Resolution of the Noteholders of each Series of Notes);
- (f) subject to the other Paragraphs of this definition, the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;
- (g) 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
- (h) save as provided in the STID, a moratorium is declared in respect of any indebtedness of such company.

“Interest Determination Date”, in respect of any Series of Notes, has the meaning given to it in the applicable Final Terms.

“Issuer Charged Documents” means the Issuer Transaction Documents and all other contracts, documents, agreements and deeds to which the Issuer is, or may become, a party (other than the Issuer Deed of Charge, the Note Trust Deed, the Programme Agreement, each Subscription Agreement and the Issuer Corporate Officer Agreement).

“Issuer Profit Amount” means £5,000 per annum in equal instalments on each Interest Payment Date, to be retained by the Issuer as profit.

“Issuer Secured Creditor Entrenched Right” means, in respect of an Issuer Secured Creditor, any modification, consent, direction or waiver in respect of an Issuer Transaction Document that would:

- (a) result in an increase in or would adversely modify such Issuer Secured Creditor’s obligations or liabilities under such Issuer Transaction Document;
- (b) have the effect of adversely changing the Issuer Payment Priorities or application thereof in respect of such Issuer Secured Creditor where adversely means, in respect of any change to the Issuer Payment Priorities, a change which has the effect of changing the priority of the Issuer Secured Creditors relative to each other provided that the creation of payments which rank subordinate to an Issuer Secured Creditor shall not be an adverse change in respect of such Issuer Secured Creditor;
- (c) release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge);
- (d) alter adversely the voting entitlement of such Issuer Secured Creditor under the STID, the Note Trust Deed or the Conditions;
- (e) in respect of an Issuer Hedge Counterparty, constitute an Entrenched Right pursuant to paragraph (a) to (p) of the definition of Entrenched Right;
- (f) amend Clause 14.4 (Issuer Secured Creditor Entrenched Rights) of the Issuer Deed of Charge; or
- (g) 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 to which the Issuer is a party.

“Issuer Transaction Account” means the transaction account which the Issuer is required to have open and to maintain with the Issuer Account Bank.

“Issuer Transaction Documents” means:

- (a) the Note Trust Deed;
- (b) the Issuer Deed of Charge;
- (c) the Issuer Cash Management Agreement;
- (d) the Agency Agreement;
- (e) each Calculation Agency Agreement;
- (f) the Issuer Account Bank Agreement;
- (g) the Liquidity Facility Agreement;
- (h) the Issuer/Borrower Facilities Agreement;
- (i) the Issuer Hedging Agreements;
- (j) the Issuer/Borrower Hedging Agreements;
- (k) the Issuer Corporate Officer Agreement;
- (l) the Master Definitions Agreement;
- (m) the Common Terms Agreement;
- (n) the Security Trust and Intercreditor Deed;
- (o) the Borrower Account Bank Agreement
- (p) each Final Terms;

- (q) each Global Note and each Definitive Note; and
- (r) any other agreement, instrument or deed designated by the Issuer and the Issuer Security Trustee as an Issuer Transaction Document.

“Issuer/Borrower Loan Tranche Supplement” means a loan tranche supplement substantially in the form set out in the Issuer/Borrower Facilities Agreement.

“ITL Providers” means Export Development Canada and Legal & General Pensions Limited.

“Jersey Security” means an acknowledgement between the Obligor Security Trustee (as Plaintiff) and Arqiva Limited (as Defendant) to be registered in the Public Registry of Jersey thereby creating a judicial hypothec to be secured over the property known as Fremont Point Transmitter Station.

“Joint Venture” or **“JV”** means any arrangement or agreement for any joint venture, co-operation or partnership pursuant to, required for or conducive to the operation of the Permitted Business of the Senior Financing Group.

“Junior FinCo Senior Amounts” means an amount equal to the amount required by the Junior FinCo to pay amounts due and payable to any agents, trustees or other professional service providers that rank senior to payments of interest on the Junior Notes.

“Lender” means:

- (a) any financial institution listed in the Term Facilities Agreement as an “Original Term Facilities Provider”; and
- (b) any bank, financial institution, trust, fund or other entity which has become a party to the Term Facilities Agreement as a Lender in accordance with the Term Facilities Agreement,

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement.

“Liquidity Facility Provider Requisite Ratings” means, in respect of a Liquidity Facility Provider, such Liquidity Facility Provider’s long term unsecured debt obligations being rated by at least two of the following Rating Agencies (which while S&P is appointed by the Issuer, shall include the relevant S&P rating) at least at the following levels, in the case of S&P “BBB”, in the case of Moody’s “Baa2” and in the case of Fitch “BBB” or such lower rating as may be agreed between the Borrower, the Obligor Security Trustee and the Rating Agencies provided that any such lower rating would not lead to any downgrade or the placing on “credit watch negative” (or equivalent) of the then current ratings of the Notes.

“Liquidity Standby Accounts” means the accounts to be opened, if required, in the joint names of the Borrower and the Issuer and held at the applicable Liquidity Facility Provider in respect of whom the Standby Drawing has been made or, with the consent of the Borrower Account Bank, if such Liquidity Facility Provider does not have the Liquidity Facility Provider Requisite Rating, at the Borrower Account Bank.

“Lock-up Account” means an account in the name of the Borrower (and any related custody account of such account opened to hold Authorised Investments) which shall be opened at the Borrower Account Bank as and when required and which shall be designated as the lock-up account by the Borrower and the Obligor Security Trustee.

“Maintenance Capex” means Capex that is incurred for cost-savings purposes or to deliver productivity enhancements or that is required to maintain or repair existing infrastructure by either extending the useful life of existing fixed assets or replacing worn out and obsolete fixed assets with new ones in order to support existing contracts, including (but not limited to) expenditure for mast-painting, replacing obsolete transmission equipment or upgrading IT hardware and software to the current standards supported by manufacturers and providers.

“Majority Lenders” means a Lender or Lenders whose Commitments aggregate 66²/₃% or more of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated 66²/₃% or more of the Total Commitments immediately prior to that reduction).

“Material Adverse Effect” means a material adverse effect on:

- (a) the business, assets, financial condition or prospects of the Senior Financing Group taken as a whole;

- (b) (taking into account the resources available to an Obligor from other Obligors and/or Senior Financing Group Companies and any guarantees given by other Obligors and/or Senior Financing Group Companies) the ability of such Obligor to perform any of its payment obligations under any of the Obligor Transaction Documents; or
- (c) the legality, validity or enforceability of any of the Obligor Transaction Documents in a manner which is prejudicial to the interests of the Obligor Secured Creditors or, in the case of the Issuer, the Issuer Secured Creditors.

“Material Contracts” means the contracts to be designated as such in a schedule to the CTA.

“Minimum Maintenance Capex Reserve Account” means the minimum capex reserve account which the Borrower is obliged to open and maintain with the Borrower Account Bank.

“Minimum Rating Agency Requirements” means the S&P Required Rating and the Fitch Required Rating or the required rating of such other Rating Agency then appointed by the Issuer.

“New Proceeds” means any proceeds received by the Borrower after the Closing Date pursuant to any New Term Financial Indebtedness or any Authorised Facility in the form of an issuance of notes pursuant to a U.S. private placement or new term facilities.

“Northern Irish Security Agreement” means the Northern Irish security agreement executed in favour of the Obligor Security Trustee on the Closing Date by Arqiva Services Limited.

“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 to any Obligor Secured Creditor under each Obligor Transaction Document to which such Obligor is a party.

“Obligor Transaction Documents” means the transaction documents to which an Obligor is a party, as follows:

- (a) the Common Terms Agreement;
- (b) the Security Documents;
- (c) the Master Definitions Agreement;
- (d) the Working Capital Facilities Agreement;
- (e) the Liquidity Facility Agreement;
- (f) the USPP NPA and the USPP Notes;
- (g) the ITL;
- (h) the Borrower Account Bank Agreement;
- (i) the Issuer/Borrower Facilities Agreement;
- (j) each Borrower Hedging Agreement;
- (k) each Issuer/Borrower Hedging Agreement;
- (l) any fee letter, commitment letter or utilisation request entered into in connection with the facilities referred to in paragraphs (d) and (e) above or (m) below or the transactions contemplated in such facilities and any other document that has been entered into in connection with such facilities or the transactions contemplated thereby that has been designated as an Obligor Transaction Document by the parties thereto (including at least one Obligor);
- (m) any other agreements documenting Ancillary Facilities, Permitted Facilities or Authorised Facilities and any transfer certificates or other documents entered into in connection with such facilities or the transactions contemplated thereby that has been designated as an Obligor Transaction Document by the parties thereto (including at least one Obligor);
- (n) the CP Agreement;
- (o) the Tax Deed of Covenant; and

- (p) any other agreement, instrument or deed designated by the Obligor Security Trustee and at least one Obligor as an Obligor Transaction Document.

“**Ofcom**” means the Office of Communications in the UK.

“**Offsetting Hedge Annuity**” means in respect of two Hedges, one of which is a Primary Hedge and the other an Offsetting Hedge in respect of such Primary Hedge, the greater of (i) the net amount that would be payable to the Hedge Counterparty (if any) if an “Early Termination Date” (as defined in the ISDA Master Agreement) were to occur on such date with respect to both such Hedges as “Affected Transactions” and the Hedge Counterparty as the “Non-Defaulting Party” or sole “Non-Affected Party”; and (ii) zero.

“**Offsetting Hedge**” means, with respect to one Hedge (the “**Primary Hedge**”), another Hedge which forms part of and is subject to the same Hedging Agreement as the Primary Hedge, and:

- (a) the amounts due by one party (for the purposes of this definition only, “X”) under the Offsetting Hedge are determined by reference to the same rate, measure or price as, and are offset in whole or in part by, the amounts payable by the other party (for the purposes of this definition only, “Y”) under the Primary Hedge; and
- (b) the amounts due by Y under the Offsetting Hedge are determined by reference to the same rate, measure or price as, and are offset in whole or in part by, the amounts payable by X under the Primary Hedge,

(where, for the avoidance of doubt, any partial offset results solely from a difference between the Primary Hedge and the Offsetting Hedge in terms of quantum of the notional amount/currency amount (as applicable) and/or quantum of the rate, measure or price specified).

“**Other Party**” means any party to any of the transactions described in this Prospectus (other than the Issuer and the Obligors).

“**Outstanding Principal Amount**” means:

- (a) in respect of any Authorised Facilities that are loans (other than Issuer/Borrower Loans), the principal amount (or the Equivalent Amount) of any commitment under such Authorised Facility if not fully drawn and otherwise, or following an Obligor Event of Default, the drawn amounts outstanding;
- (b) in respect of the Issuer/Borrower Loans, the principal amount (or the Equivalent Amount) outstanding thereunder (plus any accretion by indexation to such principal amount outstanding in respect of any Issuer/Borrower Loan which corresponds to a Series of Inflation Linked Notes);
- (c) in respect of a Pari Passu Borrower Hedging Agreement, the aggregate of:
- (i) in relation to each Hedge (forming part thereof and subject thereto) in respect of which an Early Termination Date has been designated (and such designation was a Permitted Hedge Termination), the sum of the Close-Out Amount arising as a consequence from such designation and any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed to the applicable Pari Passu Borrower Hedge Counterparty minus any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed by such Pari Passu Borrower Hedge Counterparty in respect of such Hedge, as calculated and determined in accordance with the terms of such Hedging Agreement; and
- (ii) in relation to each Hedge (forming part thereof and subject thereto) in respect of which no Early Termination Date has been designated, the sum of the Close-Out Amount that would arise if an Early Termination Date had been designated in respect of such Hedge (and on which the relevant Hedge Counterparty were the Non-Defaulting Party) and any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed to the applicable Pari Passu Borrower Hedge Counterparty minus any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed by such Pari Passu Borrower Hedge Counterparty in respect of such Hedge (the “**Pari Passu Borrower MTM Amount**”),

provided that if the aggregate of (i) and (ii) were an amount payable by the Hedge Counterparty, the Outstanding Principal Amount of the Hedging Agreement shall be equal to zero;

- (d) in respect of a Pari Passu Issuer Hedging Agreement, the aggregate of:
- (i) in relation to each Hedge (forming part thereof and subject thereto) in respect of which an Early Termination Date has been designated (and such designation was a Permitted Hedge Termination), the sum of the Close-Out Amount arising as a consequence from such designation and any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed to the applicable Pari Passu Issuer Hedge Counterparty minus any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed by such Pari Passu Issuer Hedge Counterparty in respect of such Hedge, as calculated and determined in accordance with the terms of such Hedging Agreement; and
 - (ii) in relation to each Hedge (forming part thereof and subject thereto) in respect of which no Early Termination Date has been designated, the sum of the Close-Out Amount that would arise if an Early Termination Date had been designated in respect of such Hedge (and on which the relevant Hedge Counterparty were the Non-Defaulting Party) and any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed to the applicable Pari Passu Issuer Hedge Counterparty minus any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed by such Pari Passu Issuer Hedge Counterparty in respect of such Hedge (the “**Pari Passu Issuer MTM Amount**”),

provided that, if the aggregate of (i) and (ii) were an amount payable by the Hedge Counterparty, the Outstanding Principal Amount of the Hedging Agreement shall be equal to zero;

- (e) in respect of a Pari Passu Issuer/Borrower Hedging Agreement, the aggregate of:
- (i) in relation to each Hedge (forming part thereof and subject thereto) in respect of which an Early Termination Date has been designated, the sum of the Close-Out Amount arising as a consequence from such designation and any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed to the Issuer minus any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed by the Issuer in respect of such Hedge, as calculated and determined in accordance with the terms of such Hedging Agreement; and
 - (ii) in relation to each Hedge (forming part thereof and subject thereto) in respect of which no Early Termination Date has been designated, the sum of the Close-Out Amount that would arise if an Early Termination Date had been designated in respect of such Hedge (and on which the Issuer were the Non-Defaulting Party) and any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed to the Issuer minus any Unpaid Amounts (as defined in the relevant Hedging Agreement) owed by the Issuer in respect of such Hedge,

provided that:

- (iii) if the aggregate of (i) and (ii) were an amount payable by the Issuer, the Outstanding Principal Amount of the Pari Passu Issuer/Borrower Hedging Agreement shall be equal to zero;
 - (iv) for the purposes of clause 11.1 (*Tranching of Issuer’s Vote*) of the STID, the Outstanding Principal Amount of the Pari Passu Issuer/Borrower Hedging Agreement shall, at any time, be deemed to be at least equal to the sum of the Outstanding Principal Amounts of all Pari Passu Issuer Hedging Agreements at such time.
- (f) 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 Obligor Transaction Document,
- on the date on which the Qualifying Secured Creditors have been notified of a STID Voting Request, an Enforcement Instruction Notice or Further Enforcement Instruction Notice or on such other date that the same falls to be determined, as the case may be, all as most recently certified or notified to the Obligor Security Trustee, where applicable, pursuant to the STID.

“**Overlaid Hedge**” shall have the meaning given to such term in the definition “Overlay Hedge”.

“Overlay Hedge” means, with respect to one Hedge (the **“Overlaid Hedge”**), another Hedge which forms part of and is subject to the same Hedging Agreement as the Overlaid Hedge, and:

- (a) the amounts due by one party (for the purposes of this definition only, “X”) under the Overlay Hedge are determined by reference to the same rate, measure or price as, and are offset in whole or in part by, the amounts payable by the other party (for the purposes of this definition only, “Y”) under the Overlaid Hedge; and
- (b) the amounts due by Y under the Overlay Hedge are determined by reference to an entirely different rate, measure or price as, and are offset in whole or in part by, the amounts payable by X under the Overlaid Hedge,

(where, for the avoidance of doubt, any partial offset results solely from a difference between the Primary Hedge and the Offsetting Hedge in terms of quantum of the notional amount/currency amount (as applicable) and/or quantum of the rate, measure or price specified).

“Pari Passu Borrower Hedging Agreement” means each Agreed Form Borrower Master Agreement, including all Treasury Transactions forming part thereof and subject thereto, between the Borrower and a Borrower Hedge Counterparty, that is designated as a “Pari Passu Borrower Hedging Agreement” in the Schedule to that Agreed Form Borrower Master Agreement as further described in Paragraph 5 of Schedule 5 (Hedging Policy and Overriding Provisions relating to Hedging Agreements) to the CTA.

“Pari Passu Issuer Hedge Counterparty” means an Issuer Hedge Counterparty that is party to a Pari Passu Issuer Hedging Agreement.

“Pari Passu Issuer Hedging Agreement” means each ISDA Master Agreement, including all Treasury Transactions forming part thereof and subject thereto, between the Issuer and an Issuer Hedge Counterparty, that is designated as a “Pari Passu Issuer Hedging Agreement” in the Schedule to such ISDA Master Agreement as further described in Paragraph 5 of Schedule 5 (Hedging Policy and Overriding Provisions relating to Hedging Agreements) to the CTA.

“Pari Passu Issuer/Borrower Hedges” means each Treasury Transaction forming part of and subject to a Pari Passu Issuer/Borrower Hedging Agreement.

“Pari Passu Issuer/Borrower Hedging Agreement” means each ISDA Master Agreement, including all Treasury Transactions forming part thereof and subject thereto, between the Issuer and the Borrower designated as a “Pari Passu Issuer/Borrower Hedging Agreement” in the schedule to such ISDA Master Agreement.

“Participating Junior Creditor” means the applicable Junior Noteholders (or any one of them).

“Participating Secured Creditors” means the Qualifying Secured Creditors which actually participate in a vote on any STID Proposal or other matter pursuant to the STID.

“Payment Amount” means such amount as results from multiplying the amount of tax losses surrendered by the full percentage rate of UK corporation tax in force for the accounting period in respect of which the surrender is made, PROVIDED THAT where there is more than one rate of corporation tax in force for an accounting period, the Payment Amount shall be calculated by reference to a weighted average of the corporation tax rates in force in such period calculated on a time basis.

“Payment Date” means each date on which a payment is made or is scheduled to be made by an Obligor in respect of any obligations or liability under any Authorised Facility except that Payment Date, wherever used in relation to (i) the Liquidity Facility Agreement, means each date on which a payment is made or scheduled to be made solely by AF No 1 under any Authorised Facility and (ii) the Common Terms Agreement, means 30 June and 31 December in each year, or in each case, if such date is not a Business Day, the preceding Business Day.

“Permitted Finance Lease” means:

- (a) Finance Leases existing prior to the Closing Date; and
- (b) Finance Leases entered into by a Senior Financing Group Company on or following the Closing Date, if such Finance Lease:
 - (i) does not result in the total capitalised amount of all Finance Leases entered into by the Senior Financing Group Companies exceeding £50 million (RPI indexed) when entered into; and

- (ii) does not on its own have a capitalised amount in excess of 12.5% of EBITDA of the Senior Financing Group or when added to the capitalised amount of the then existing Finance Leases would not exceed an aggregate capitalised amount of 12.5% of EBITDA.

“Permitted Hedge Termination” means the termination of a Hedging Agreement or Hedge in accordance with the applicable Hedging Policy.

“Permitted Joint Venture” means the entry into, investment in or acquisition of any Joint Venture where:

- (a) the Joint Venture is (i) incorporated or established as at the Closing Date, (ii) a new Joint Venture where the amounts subscribed for in, lent to or invested in such new Joint Venture by the relevant Obligor is from Cash that would otherwise be available to the relevant Obligor to be distributed by way of a Restricted Payment, or (iii) a new Joint Venture where the amounts subscribed for in, lent to by or invested in such new Joint Venture by the relevant Obligor is from Cash that is not available to be distributed by the relevant Obligor by way of a Restricted Payment, which when aggregated with the amounts subscribed for in, lent to or invested in all new Joint Ventures by all of the Obligors from Cash that is not available to be distributed in that financial year by any of the Obligors by way of a Restricted Payment, does not exceed £30 million (RPI indexed) (or its equivalent) in any rolling 5 year period prior to the latest occurring Final Maturity Date of the Senior Debt;
- (b) the Joint Venture carries on its principal business in the United Kingdom;
- (c) the Joint Venture is engaged in a Permitted Business; and
- (d) in any financial year, the aggregate of:
 - (i) all amounts subscribed for shares in, lent to or invested in any such Joint Ventures by any Obligor;
 - (ii) the incurrence of or any increase in the contingent liabilities of any Obligor under any guarantee given in respect of liabilities of any such Joint Venture; and
 - (iii) the book value of assets transferred by any Obligor to any such Joint Venture,does not exceed £20 million.

“Permitted Security Interest” means:

- (a) any Security Interest created under the Obligor Security Documents or expressly contemplated by the Obligor Transaction Documents;
- (b) any lien arising by operation of law or pursuant to a contractual arrangement and in the ordinary course of trading and not as a result of any default or omission by any Senior Financing Group Company;
- (c) any netting or set-off arrangement or banker’s lien on standard terms entered into by any Senior Financing Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Senior Financing Group, but only so long as:
 - (i) such arrangement does not permit credit balances of any Senior Financing Group Company to be netted or set off against debit balances of any person which is not a Senior Financing Group Company; and
 - (ii) such arrangement does not give rise to other Security Interests over the assets of a Senior Financing Group Company in support of liabilities of any person which is not a Senior Financing Group Company;
- (d) any netting or set-off arrangements under Permitted Treasury Transactions and across (Issuer/Borrower Loans and Issuer/Borrower Hedges respectively);
- (e) any Security Interest or Quasi-Security over any rental deposits in respect of leasehold premises incurred in the ordinary course of trading;
- (f) any Security Interest or Quasi-Security over goods and documents of title to such goods in the ordinary course of trading;
- (g) a Security Interest arising under or contemplated by (i) any Finance Lease where the counterparty becomes party to the STID as a Finance Lessor or (ii) any Security Interest or Quasi-Security provided to a Finance Lessor to the

extent such Finance Lessor does not accede to the Common Documents, provided that the aggregate amount secured by all such Security Interest or Quasi-Security shall not exceed £50 million (RPI indexed) (or its Equivalent Amount);

- (h) any Security Interest or Quasi-Security over or affecting any asset of any company which becomes a member of the Senior Financing 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 Senior Financing 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 been 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 months of that company becoming a member of the Senior Financing Group;
- (i) any Security Interest or Quasi-Security over or affecting any asset acquired on arm's length terms by a member of the Senior Financing 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 Senior Financing 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 Senior Financing Group; and
 - (iii) the Security Interest or Quasi-Security is removed or discharged within six months of the date of acquisition of such asset;
- (j) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangement having similar effect in respect of assets acquired by a member of the Senior Financing Group in the ordinary course of trading and on the supplier's standard and usual terms and not arising as a result of any default or omission by any member of the Senior Financing Group;
- (k) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
- (l) any netting or set-off arrangements under supply contracts to any Senior Financing Group Company;
- (m) any Security Interest permitted by the Obligor Security Trustee (acting in accordance with instructions received from the Qualifying Secured Creditors under the STID or (without obligation) in its absolute discretion);
- (n) any Security Interest or Quasi-Security (existing as at the date of the CTA) over assets of any Senior Financing Group Company so long as the Security Interest or Quasi-Security is irrevocably released or discharged by no later than the Closing Date unless such Security Interest or Quasi-Security is permitted under any other paragraph of this definition;
- (o) any Security Interest or Quasi-Security 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 an Obligor in good faith and with a reasonable prospect of success;
- (p) any Security Interest arising as a result of a lessee lien permitted pursuant to a lease by an Obligor; and
- (q) any Security Interest created with the prior written consent of the Obligor Security Trustee.

"Permitted Senior Financing Group Loans" means Financial Indebtedness provided to and by members of the Senior Financing Group.

"Permitted Tax Transaction" means any surrender of tax losses or agreement relating to any tax benefit or relief (including, but not limited to, an election under section 171A of the Taxation of Chargeable Gains Act 1992) or any other agreement in relation to tax (including, but not limited to, the payment of any balancing payment pursuant to and in accordance with the provisions of section 195 to 198 inclusive of the Taxation (International and Other Provisions) Act 2010 and the allocation of disallowances pursuant to Part 7 of that Act) between:

- (a) a Senior Financing Group Company and any other Senior Financing Group Company; or

- (b) a Senior Financing Group Company and any Non-Senior Financing Group Company, provided in the case of this sub-paragraph (b) that:
- (i) where the relevant transaction is a surrender of Tax losses (other than in the circumstances described at (ii) and (iii) below), this is for a sum at least equal to, in the case of a surrender by a Senior Financing Group Company to a Non-Senior Financing Group Company, or no more than, in the case of a surrender by a Non-Senior Financing Group Company to a Senior Financing Group Company or equal to, in the case of a surrender between FinCo and a Senior Financing Group Company, the Payment Amount;
 - (ii) where the relevant transaction is a surrender of Tax losses to AF No 3 or FinCo, the surrender may be made for no consideration if the surrender to AF No 3 or FinCo of the relevant losses will not result in the Senior Financing Group Companies having an anticipated aggregate tax liability which is a cash tax liability within 7 years following the date of the surrender, and will not reduce the quantum of tax losses specifically taken into account in the relevant cash flow model as necessary to ensure the adequacy of funds for servicing the Borrower Loans, the Term Loans or the Notes and, in the case of a surrender to FinCo, provided that the surrender relates to taxable credits on accrued but unpaid interest under the Borrower to FinCo capitalisation loan;
 - (iii) where the relevant transaction is a surrender of Tax losses to a Senior Financing Group Company, the Senior Financing Group Company does not pay any consideration for the Tax losses if and to the extent that it can utilise the losses only by disclaiming capital allowances or would otherwise have been able to utilise its own Tax losses or Tax losses which are available to be surrendered to it by another Senior Financing Group Company in that accounting period; and
 - (iv) where the transaction is any transaction other than a surrender of Tax losses, it leaves the Senior Financing Group Companies, taken together, and FinCo in no worse net economic position (taking into account, without limitation, the overall net Tax position of the Senior Financing Group Companies and the net Tax position of FinCo) than they would have been in had the transaction not taken place,

and that no surrender of Tax losses from any Senior Financing Group Company to any person which is not a Senior Financing Group Company for a consideration lower than the Payment Amount (or for no consideration) shall be permitted unless it has been approved by a resolution of the board of directors of Intermediate HoldCo in which an IH Independent Director forms part of the quorum for the meeting and has the power to vote on any board resolution of the Intermediate HoldCo in respect of such surrender,

in each case subject to and in accordance with the Tax Deed of Covenant.

“Permitted Treasury Transaction” means any Hedge and any Treasury Transaction that is not a Hedge, entered into by the Borrower or the Issuer (as applicable) for the purpose of hedging exposures to interest rates and foreign currency exchange rates arising in the ordinary course of the Arqiva Group’s business (as applicable) and not for speculative purposes.

“Potential Obligor 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 Obligor Event of Default and assuming no intervening remedy), will become an Obligor Event of Default.

“Previous Bank Facilities” means certain senior and junior bank debt previously entered into by AF No 1 and AF No 2 which was refinanced by the Group on or about the Closing Date.

“Primary Hedge” shall have the meaning given to such term in the definition “Offsetting Hedge”.

“Principal Subsidiaries Test” means for two consecutive Test Dates:

- (a) the aggregate contribution to Group EBITDA (as calculated including inter-company trading profits and management recharges) of the Obligors shall not represent less than 98% of Group EBITDA; and
- (b) the aggregate assets (as defined below) of the Obligors shall not represent less than 98% of the assets of the Senior Financing Group,

tested on the Compliance Certificate Date following the relevant Test Date by reference to the previous Test Period ending on such Test Date unless remedied pursuant to the CTA.

For the purposes of the Principal Subsidiaries Test, assets means total gross assets excluding:

- (a) goodwill;
- (b) inter-company balances between members of the Group;
- (c) investments in subsidiaries, associates and joint ventures; and
- (d) deferred tax assets,

but, for the avoidance of doubt, including the revaluation of fixed assets held within the Obligors with the revaluation policy only being adopted in the consolidated financial accounts of the Parent.

“Proceeds Account” means the account in the name of the Borrower into which certain Disposal Proceeds, Insurance Proceeds, and the Report Recovery Proceeds are deposited which, as and when such an account is necessary, the Borrower is required to have opened and maintained with the Borrower Account Bank.

“Qualifying Debt” means:

- (a) each Issuer/Borrower Loan;
- (b) each other Borrower Loan;
- (c) each Pari Passu Borrower Hedging Agreement;
- (d) each Issuer/Borrower Hedging Agreement; and
- (e) each Pari Passu Issuer Hedging Agreement to the extent there is no corresponding Issuer/Borrower Hedge,

excluding for the purposes of paragraph (c) above, each Drawing and, other than in respect of Extraordinary Voting Matters, each Permitted Facility.

“Qualifying Secured Creditors” means one or more Obligor Secured Creditors (excluding Permitted Facility Providers, other than in respect of Extraordinary Voting Matters or matters that give rise to an Entrenched Right of the relevant Permitted Facility Provider) to whom Qualifying Debt is owed in each case to the extent entitled to vote on an Ordinary Voting Matter, Extraordinary Voting Matter, Entrenched Rights, Enforcement Instruction Notice or Further Enforcement Instruction Notice, as the case may be, in accordance with the STID.

“Quasi-Security” means any arrangement which effectuates:

- (a) a sale, transfer or other disposal of any assets of any Obligor on terms whereby they are or may be leased to or re-acquired by any member of the Senior Financing Group;
- (b) a sale, transfer or other disposal of any receivables of any Obligor on recourse terms;
- (c) an entry 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
- (d) an entry 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 or service.

“Recovery Claim” means a claim against the provider of any Report (in its capacity as a provider of that Report) received by a member of the Arqiva Group except for Excluded Report Recovery Proceeds, and after deducting:

- (a) any reasonable expenses which are incurred by such member of the Arqiva Group with respect to that Report; and
- (b) any Tax incurred and required to be paid or payable by such member of the Arqiva Group in connection with that recovery (as reasonably determined by the relevant member of the Arqiva Group on the basis of existing rates and taking into account any available credit, deduction or allowance),

in each case in relation to that claim.

“Reference Rate” means the relevant SONIA or EURIBOR rate specified in the applicable Final Terms.

“Repayment Costs” means:

- (a) in respect of repayment in connection with a Series of Notes (i) any amounts of interest required to be paid by the Issuer under any Note that the Issuer has not received under the corresponding Issuer/Borrower Loan as a result of a prepayment of an Issuer/Borrower Loan on any date on which the corresponding Note is not also redeemed (that is not otherwise provided for under the relevant Issuer/Borrower Loan) (ii) any additional amount payable by the Issuer in respect of any related swap termination amounts and break costs and (iii) any additional amount payable by the Issuer in respect of the repayment of Fixed Rate Notes and Index Linked Notes in accordance with Condition 6 (Redemption, Purchase and Cancellation); and
- (b) in respect of the repayment or prepayment of all or part of an Authorised Facility which is not a Series of Notes, the associated costs of such prepayment (including any related swap termination amounts, break costs and redemption premium payable by the Borrower).

“Report” means each of:

- (a) the auditors’ reports in respect of the Obligors for the financial years ended 30 June 2011 and 30 June 2012;
- (b) the model audit report by Ernst & Young LLP dated 19 February 2013 in relation to the Base Case Model;
- (c) due diligence report dated 15 March 2012 and addendum report dated 10 May 2012 prepared by Deloitte report LLP in relation to, amongst other matters, the Arqiva Group; and
- (d) the security review, memorandum and accompanying schedules by Allen & Overy LLP dated on or about the Signing Date,

in each case as dated and delivered pursuant to the CP Agreement.

“Report Recovery Proceeds” means the proceeds of a Recovery Claim.

“Requisite Rating” means a minimum long-term rating of at least BBB- from S&P, BBB- from Fitch or such other minimum rating required by such other rating agencies that are appointed by the Issuer from time to time, as applicable, or, in each case, such other lower rating which is consistent with the published criteria (relevant for the applicable counterparty) of the relevant Rating Agencies required to maintain the then current ratings of the Notes.

“Retail Price Index” or **“RPI”** means the UK Retail Price Index as published by the UK Office for National Statistics (or if the UK Office for National Statistics ceases to exist, its successor).

“S&P Required Rating” means a long-term unsecured and unsubordinated debt obligations rating of at least A- by S&P, provided that if the relevant entity has a long-term unsecured and unsubordinated debt obligations rating of A- by S&P such entity must not be on credit watch negative (or equivalent).

“Scottish Security Deeds” means the individual Standard Securities granted in favour of the Obligor Security Trustee executed on the Closing Date.

“Secured Creditor Representative” means, in respect of a Secured Creditor, its representative for the purposes of the STID and the CTA which, in respect of the Hedge Counterparties, will be each individual Hedge Counterparty who will vote (if applicable) individually representing themselves.

“Securitisation Parent” means Arqiva Group Parent Limited.

“Security Documents” means:

- (a) the Security Deed;
- (b) the STID and each deed of accession thereto, together with any Supplemental Deed;
- (c) the Scottish Security Deeds;
- (d) the Jersey Security;

- (e) the Northern Irish Security Agreement; and
- (f) 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.

“**Security Interest**” means any mortgage, standard security, pledge, lien, charge (fixed or floating), assignment, assignation, hypothecation, set-off or trust arrangement for the purpose of creating security, reservation of title or security interest or any other agreement or arrangement having a substantially similar effect.

“**Semi-Annual Test Period**” means the six month period ending on any Test Date;

“**Senior Debt**” means any Financial Indebtedness of the Senior Financing Group that is not Subordinated Debt, including:

- (a) under the Issuer/Borrower Facilities;
- (b) under the Borrower Bank Facilities;
- (c) under any Ancillary Facilities;
- (d) under any Permitted Facilities;
- (e) under any other Authorised Facilities;
- (f) the capitalised values of any Finance Leases; and
- (g) under any Treasury Transactions (including any Offsetting Hedge Annuity).

“**Senior Financing**” means the senior financing arrangements pursuant to which, *inter alia*:

- (a) the Borrower will enter into the Issuer/Borrower Facilities and the Borrower Bank Facilities; and
- (b) the Issuer will issue Notes and on-lend the proceeds to the Borrower under the Issuer/Borrower Facilities,

and all relevant related transactions under or pursuant to the Obligor Transaction Documents and the Issuer Transaction Documents.

“**Shareholder**” means, as at the Closing Date, the Initial Shareholders and, from time to time, the shareholders in AGL (being as at the date of this Prospectus the “Current Shareholders” as defined in the section “*Certain Definitions*”).

“**Shareholder Affiliate**” means:

- (a) any manager or adviser (including as trustee, general partner or limited partner) of: (1) the Initial Shareholder, or (2) the persons listed in paragraph (a) of the definition of Shareholder Controllers/Affiliates;
- (b) any direct or indirect Holding Company or Subsidiary of: (1) the Initial Shareholder, or (2) the persons listed in paragraph (a) of the definition of Shareholder Controllers/Affiliates, or (3) any person referred to in paragraph (a) above; or
- (c) any fund, partnership, trust or other entity that is managed or advised (including as trustee, general partner or limited partner) by any person referred to in paragraphs (a) or (b) above,

and for this purpose, the terms “**adviser**” and “**advised**” means being in receipt of and implementing advice in relation to the management of investments of that legal entity which (other than in relation to actually making decisions to implement such advice) is substantially the same as the services which would be provided by a fund manager of the relevant legal entity.

“**Shareholder Controllers/Affiliates**” means:

- (a) Canada Pension Plan Investment Board, Macquarie Global Infrastructure Funds 2, Macquarie Prism Proprietary Limited, Macquarie European Infrastructure Fund II LP, Industry Funds Management, MTAA Superannuation Fund and FSS Trustee Corporation;
- (b) in each case, any Shareholder Affiliate; and
- (c) any other person approved by the Majority Lenders from time to time.

“Signing Date” means 21 February 2013, the date upon which the Issuer Transaction Documents, the Common Documents and other relevant Obligor Transaction Documents have been entered into by all the parties thereto.

“Smart Metering” means the national programme to establish a communications system (a) to connect a new generation of electricity and gas meters in domestic and some non-domestic premises with energy utility companies so as to monitor the consumption of utilities and (b) to communicate such consumption to the relevant utility company for monitoring and billing purposes.

“Specified Currency” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

“Specified Denomination” means, in respect of a Series of Notes, the denomination or denominations of such Notes as specified in the applicable Final Terms.

“Standard Security” means a standard security as defined in Part II of the Conveyancing and Feudal Reform (Scotland) Act 1970.

“Standby Drawing” means the principal amount of each drawing made from an Affected Liquidity Facility Provider under the Liquidity Facility Agreement or the principal amount outstanding of that drawing.

“STID Notice” means any STID Voting Request (except for any STID Voting Requests that gives rise to an Entrenched Right) or any other requests for directions pursuant to the STID.

“Stock Exchange” means the London Stock Exchange or any other or further stock exchange(s) on which any Notes may from time to time be listed or admitted to trading, and references in the Note Trust Deed (and the schedules to the Note Trust Deed and any trust deed supplemental thereto and the schedules (if any) thereto and the Notes, the Receipts, the Coupons, the Talons, the Conditions and, unless the context otherwise requires, the Final Terms, all as from time to time modified in accordance with the provisions therein contained or in the Note Trust Deed) to the **“relevant Stock Exchange”** shall, in relation to any Notes, be references to the Stock Exchange on which such Notes are, from time to time, or are intended to be, listed or admitted to trading.

“Structure Paper” means the steps paper in the agreed form, setting out certain transactions to be entered into in connection with the refinancing.

“Subordinated Creditors” means each of the Subordinated Lender.

“Subordinated Debt” means initially any Financial Indebtedness outstanding under the Subordinated Loan Agreements and from time to time any further Financial Indebtedness incurred by the Parent to Intermediate HoldCo that ranks subordinate to the Senior Debt pursuant to the Common Documents.

“Subordinated Loan Agreements” means agreements under which the Subordinated Loans are made by the Subordinated Lender to the Parent.

“Subordinated Loans” means the loans made by the Subordinated Lender to the Borrower via the Parent and the Intermediate Parent.

“Subsidiary” means a subsidiary within the meaning of section 1159 of the Companies Act 2006; and, unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006, in each case which, for this purpose, shall be treated as including any person the shares or ownership interests in which are subject to any Security Interest and where the legal title to the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such Security Interest.

“Super Senior Borrower Hedging Agreement” means each Agreed Form Borrower Master Agreement, including all Treasury Transactions forming part thereof and subject thereto, between the Borrower and a Borrower Hedge Counterparty, that is designated as a “Super Senior Borrower Hedging Agreement” in the schedule to that Agreed Form Borrower Master Agreement, as further described in Paragraph 5 of Schedule 5 (Hedging Policy and Overriding Provisions relating to Hedging Agreements) to the CTA.

“Super Senior Hedge Counterparty” means a Hedge Counterparty that is party to a Super Senior Borrower Hedging Agreement, a Super Senior Issuer Hedging Agreement or a Super Senior Issuer/Borrower Hedging Agreement.

“Super Senior Issuer Hedging Agreement” means each ISDA Master Agreement, including all Treasury Transactions forming part thereof and subject thereto, between the Issuer and an Issuer Hedge Counterparty, that is designated as a “Super Senior Issuer Hedging Agreement” in the schedule to that ISDA Master Agreement, as further described in Paragraph 5 of Schedule 5 (Hedging Policy and Overriding Provisions relating to Hedging Agreements) to the CTA.

“Super Senior Issuer/Borrower Hedge” means each Treasury Transaction forming part of and subject to a Super Senior Issuer/Borrower Hedging Agreement.

“Super Senior Issuer/Borrower Hedging Agreement” means each ISDA Master Agreement, including all Treasury Transactions forming part thereof and subject thereto, between the Issuer and the Borrower, that is designated as a “Super Senior Issuer/Borrower Hedging Agreement” in the Schedule to such ISDA Master Agreement.

“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 Credit” means a credit, relief or remission for, or repayment of, any Tax (and shall include any relief, rebate or repayment of any Tax by virtue of a double taxation treaty).

“Total Commitments” means, at any time, the aggregate Commitments of the Borrower Bank Facility Providers.

“Treasury Transaction” means any currency or interest rate purchase, cap or collar agreement, forward rate agreement, interest rate agreement, index linked agreement, interest rate or currency or future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap, basis rate swap or combined similar agreement, any energy, oil or other commodity derivative transaction or any derivative transaction protecting against or benefiting from fluctuations in any rate, index or price.

“Ultimate Parent” means Arqiva Group Limited.

“USPP Notes” means (i) £300,000,000 Series 3 Guaranteed Secured Floating Rate Senior Notes due 2029 and (ii) £218,500,000 Series 4 Guaranteed Secured Floating Rate Senior Notes due 2029, each as issued by the USPP Issuer to the USPP Noteholders.

“Voted Qualifying Debt” means the Outstanding Principal Amount of the Qualifying Debt of the Participating Secured Creditors voting in accordance with the STID.

REGISTERED OFFICE OF THE ISSUER

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