ABPA Holdings Limited

Investor Report – 30 June 2023

Important Notice

This Investor Report is distributed by Associated British Ports Holdings Limited ("ABPH") (as New Holdco Group Agent) on behalf of ABPA Holdings Limited ("ABPAH"), ABP Acquisitions UK Limited ("ABPA") and Associated British Ports ("ABP") (together the "Covenantors") pursuant to the Common Terms Agreement dated 14 December 2011 and as amended from time to time (the "CTA").

This Investor Report contains forward looking statements that reflect the current judgment of the management of the Covenantors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may occur in the future and, accordingly, are not guarantees of future performance. Management's assumptions rely on its operational analysis and expectations for the operating performance of each of the Covenantors' assets based on their historical operating performance and management expectations as described herein. Factors beyond management's control could cause events to differ from such assumptions and actual results to vary materially from the expectations discussed herein. Investors are cautioned that the assumptions and forecast information included herein are not fact and should not be relied upon as being necessarily indicative of future results and are cautioned not to place undue reliance on such assumptions and forecast information. It should also be noted that the information in this Investor Report has not been reviewed by the Covenantors' auditors.

Basis of preparation

This Investor Report is being distributed pursuant to the terms of the CTA, Schedule 2, Part 1. Unless otherwise specified this Investor Report comments on the historic financial performance of ABPAH and its subsidiaries ("New Holdco Group" or "Group") for the six months ended 30 June 2023. Defined terms used in this document have the same meanings as set out in the Master Definitions Agreement (the "MDA") dated 14 December 2011 and as amended from time to time unless otherwise stated.

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1. ABPA Holdings Group Highlights

Six months ended 30 June (unaudited)	2023 H1 £m	2022 H1 £m	Change from 2022
Revenue	**361.2**	328.6	+9.9%
Operating costs[1]	**(211.8)**	(201.1)	-5.3%
Other Income	**2.9**	1.7	+70.6%
Underlying operating profit[2]	**152.3**	129.2	+17.9%
Consolidated EBITDA[3]	**199.6**	180.4	+10.6%
Consolidated EBITDA[3] margin	**55.2%**	54.9%	+0.3pp
Cash generated by operations	**187.0**	145.7	+28.3%
Bulk cargo tonnage (mt)[4]	**24.7**	26.5	-6.8%
Unitised cargo (millions)[4]	**1.6**	1.5	+6.7%
Passenger volumes (000s)	**1,498.2**	923.5	+62.2%
Consolidated Net Borrowings[5]	**2,266.0**	2,157.9	+5.0%

[1] Operating costs include profit/loss on sale of fixed assets and exclude the movement in fair value of investment properties, depreciation/amortisation/write off of fair value uplift of assets acquired in a business combination, impairment of fixed assets net unrealised gain/loss on fuel derivatives and exceptional items.

[2] Underlying operating profit is defined as operating profit before movement in fair value of investment properties, depreciation/amortisation/write off of fair value uplift of assets acquired in a business combination, impairment of fixed assets net unrealised gain/loss on fuel derivatives and exceptional items.

[3] Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation and after excluding certain items) is calculated in accordance with the definitions set out in the MDA (details set out in section 2.5.5).

[4] Excluding volumes where the group generates conservancy income only. Volume presentation aligns to ABP's management reporting. Unitised cargo is shown as units rather than using a conversion to tonnes.

[5] Consolidated Net Borrowings (the nominal net debt for covenant purposes, excluding subordinated loans, accrued interest, deferred borrowing costs, foreign exchange gains and losses, cash deposits that are not held with an Acceptable Bank, restricted cash and the value of letters of credit for which ABP is held liable) is calculated in accordance with the definitions set out in the MDA (details set out in section 2.5.6).

Historic Covenanted Financial Ratios

At 30 June	2023	2022
Ratio of Adjusted Consolidated EBITDA to Net Interest Payable	**2.43x**	2.33x
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	**6.15x**	6.48x

The above ratios are calculated on a 12-month rolling basis at each half year.

2. Business Update

2.1. Recent Performance and Outlook

The post pandemic supply chain challenges, the invasion of Ukraine by Russia and inflationary pressures that impacted the UK economy in 2022 have continued into 2023.

Despite these external pressures ABP's favourable financial performance in 2022 has continued into 2023 reflecting disciplined cost management and resilience due to the group's diverse sector portfolio in the challenging environment. Energy prices in particular saw steep rises in 2022 that placed significant cost pressures on ABP, its customers and suppliers in 2022, these have fallen in 2023 but remain high compared to historic levels.

Inflation has decreased during 2023, albeit slowly and remains high. This results in an impact on ABP's current and future performance through inflationary pressure on ABP's costs but also increasing revenues, where a significant proportion of customer contracts are linked to either CPI or RPI.

The EU-UK Trade and Cooperation Agreement came into effect on 1 January 2021. On 5 April 2023, the UK Government published a draft Border Target Operating Model for stakeholders to provide feedback. On 29 August 2023 the government published a final version to be progressively implemented from the end of January 2024. ABP continues to engage with all stakeholders with regards to any future changes.

ABP continues to deliver an ambitious investment programme to progress the group's strategic objectives with a particular focus on growth areas that support the UK's clean energy transition. The investments not only benefit the UK Government's plans for a low-carbon economy but will provide significant growth and benefits to the local regions including the provision of jobs for supply chains and local businesses.

2.2. ABP's Sustainability Strategy – Ready for Tomorrow

In February 2023, ABP launched its first sustainability strategy, *Ready for Tomorrow*. The sustainability strategy is built around five key areas for sustainable ports; reducing GHG emissions, improving air quality, protecting and enhancing biodiversity in the UK, waste management and water management. The strategy includes a target for ABP to become Net Zero from our own operations by 2040 (Scope 1 and Scope 2 emissions). ABP will invest to decarbonise our own infrastructure and equipment between now and 2040.

In formulating the strategy, a number of consultations were held with ABP's directors, shareholders and employee representatives to gather feedback and ideas, many of which were included as part of the climate transition roadmap. Feedback from discussions with large customers on their energy transition plans was also taken into account. For more details, visit the website: https://readyfortomorrow.abports.co.uk/

2.3. Business Developments

ABP's significant investment in our infrastructure, equipment and people ensures that our ports are well placed to provide the most reliable and efficient customer service and deliver on our mission of 'Keeping Britain Trading'.

ABP's ports are well positioned to support the UK's cleaner energy transition and our investments in innovation and sustainability measures are central to our commercial strategy.

Following the success of Green Port Hull, and the announcement of Lowestoft Eastern Energy Facility (LEEF) in November 2021, ABP launched its plans for South Wales in its "Future Ports: Wales Vision", with Floating Offshore Wind (FLOW) at its core. ABP will continue to play an important role in the ongoing growth and transformation of the Offshore Wind sector.

The group's ports are also essential to plans to deliver at-scale hydrogen generation, storage, and distribution, by providing the development sites for production and storage facilities, through proximity to potential demand resulting in transit and distribution benefits and through critical infrastructure. The group is working with Toyota, Uniper and Siemens Energy on real world applications of green hydrogen in the Port of Immingham.

Following the Freeports policy announcement by the UK Government, ABP's ports on the Humber and in Southampton and Plymouth were successful in their bids for Freeport status with Garston benefiting from the Freeport status in the Liverpool City Region. More recently was the announcement that the Celtic Freeport (where ABP is a leading partner) has been award Freeport status. This presents an opportunity to grow trade and exports in these locations by attracting further investment, helping to create jobs and boost manufacturing and ABP continues to collaborate with all private and public stakeholders.

The group is also a partner in Zero Carbon Humber and Viking CCS, two carbon capture projects which have brought together international energy companies, heavy industry, leading infrastructure and logistics operators, engineering firms and academic institutions, with a vision to establish Net Zero industrial clusters. This will be achieved through low carbon hydrogen, carbon capture and negative emissions, known as carbon removal technology. We're continuing to invest in our customers' future, ensuring our extensive freehold landbank and ports are best able to sustain increasing demands on the supply chain, to continue to Keep Britain Trading and lead the way in sustainability and innovation.

2.4. Major Investments

The group continues to make new investments which have the potential to contribute significant growth in the years ahead. Further information on recently completed investments, new major investments under development and acquisitions are set out below.

Southampton Cruise shore power

In April 2023, ABP marked 12 months since the first successful deployment of shore power technology at the Port of Southampton. Building on the port's long-established reputation as Europe's leading cruise turnaround port, this new infrastructure means that ships can plug in at the Horizon and Mayflower Cruise Terminals and achieve zero emissions at berth. With 35% of cruise vessels operating today and 88% of newly commissioned cruise ships being shore-power ready, port side shore power infrastructure is essential to support the sector. Southampton's shore power puts ABP at the forefront of a sustainable cruise sector in the UK.

Port-centric Manufacturing

ABP continues the preparation and expansion of its port-centric manufacturing offering. This development initiative has opened more than 1,000 acres of land, available for business uses, port-centric manufacturing and logistics. With the benefits of strong road and rail connectivity, plus on-site renewable energy generation, the initial tranche of 14 sites across the group's ports are ideal for businesses that are looking to leverage prime locations and meet the increased demands from online retailing, whilst continuing to reduce carbon emissions.

Border Control Posts

As a direct result of Brexit and the consequent end of free movement of goods and people from the European Union (EU), the UK Government announced the operating model they were going to use to control the flow of goods across UK borders – known as the Border Operating Model (BOM). To support these controls the government required a number of ports to provide Border Control Posts (BCPs). The BCPs were originally due to be operational during 2022, however the UK Government announced that they were abandoning the previously announced BOM and replacing it with a new target operating model (TOM). On 5 April 2023, the UK Government published a draft Border Target Operating Model for stakeholders to provide feedback. On 29 August the government published a final version to be progressively implemented from the end of January 2024.

ABP has constructed BCPs at its principal Ro/Ro and Lo/Lo ports in the group being Immingham, Hull and Plymouth, and a fourth BCP in Southampton was built by our customer DP World Southampton. Discussions are underway with UK Government as to the future requirement for these facilities under the TOM, together with proposals for BCPs that may not be used to their full capacity.

Immingham Eastern RoRo Terminal

ABP and Stena Line entered into a long-term agreement to jointly develop a new freight terminal at the Port of Immingham. Stena Line runs four daily freight services between the Humber and the Netherlands and at the start of 2022, Stena Line relocated their Rotterdam freight service to the Port of Immingham utilising existing infrastructure and facilities at the port.

The next stage is a joint investment which will see the relocation of Stena Line's remaining freight operations to the Port of Immingham.

Immingham Green Energy Facility

The Port of Immingham will be home to the first large scale, green hydrogen production facility in the UK. The partnership between ABP and Air Products will see the facility import green ammonia from production locations operated by Air Products and its partners around the world. This will be used to produce green hydrogen which is then used to decarbonise hard-to-abate sectors such as transport and industry.

ABP will invest in a new jetty to service the import and export handling of liquid bulk products. The jetty is being designed so it can accommodate other cargoes connected to the energy transition, including the import of liquified CO_2 from carbon, capture and storage projects for sequestration in the North Sea – thereby playing a further role in the UK's energy transition.

Lowestoft Eastern Energy Facility ("LEEF")

ABP has now made the decision to fully develop LEEF which will provide a facility that is suitable for Operations & Maintenance activities and construction support for the offshore energy industry.

Sustainable Investment

ABP's ports play a pivotal role in accelerating the decarbonisation of industrial clusters and enabling the growth of new strategic industries. ABP's sustainability strategy includes £1.4bn of identified investment in infrastructure and facilities supporting customers involved in the UK clean energy transition. ABP's ports are an essential partner in the delivery of the UK 's objectives of reaching Net Zero emissions by 2050.

In February the Government published its Levelling Up White Paper which contained commitments to help the communities across the North of England to match the economic performance of the South. One of those commitments was to help create a new Opportunity Humber initiative, backed by the private sector.

ABP has been taking part in discussions for the forming of the new Opportunity Humber group, an extension of the work we have been leading to put together a new Humber Freeport. The project, under the guidance of the Government's Freeport prospectus, will take the lead in the region for driving an improvement in the area's skills base, fostering an environment of innovation and promoting the area to potential future investors.

As the region producing the largest amount of the UK's carbon emissions, the Humber has a unique opportunity to support the de-carbonisation of the UK economy as well as build on the area's recent growth in green energy. The strength the region has in the offshore wind sector is well established.

In addition, the Zero Carbon Humber project is a partnership of many of ABP's customers in the Humber, including British Steel, Drax, Equinor, PX Group, Centrica and Uniper who have come together with a shared vision to transform the Humber into the UK's first net zero carbon cluster by 2040. The project will develop a shared trans-regional pipeline out to the North Sea for low carbon hydrogen and for capturing and storing carbon emissions.

When taken together, the Humber is central to the decarbonisation agenda in the UK and whether it is through the Freeport or Opportunity Humber, the group has a pivotal role to play in helping to realise these exciting ambitions.

Future ports: Wales vision

In 2021, ABP published its strategy "Future ports: Wales vision", a firm commitment that by 2030, ABP's South Wales ports will have helped put Wales on a new pathway to a dramatically reduced carbon footprint whilst creating thousands of high skilled and globally competitive jobs.

At the centre of this vision is an ambitious initiative to create tangible economic benefit with a manufacturing and construction support hub to support the Floating Offshore Wind opportunity in the Celtic Sea. With its deep waters, excellent road and rail links, access to a readily available, skilled workforce and abundant neighbouring land, ABP's port of Port Talbot is an optimal location. As part of the scheme ABP is planning to invest in the region of £500m to develop new and repurposed infrastructure in the Port.

In March 2023, the Celtic Freeport (a public-private consortium including Associated British Ports, Neath Port Talbot Council, Pembrokeshire County Council and the Port of Milford Haven) was shortlisted by the UK and Welsh Governments for freeport status.

The Celtic Freeport will deliver an accelerated pathway for Wales' net zero economy generating over 16,000 new, green jobs and up to £5.5 billion of new investment. The transformational bid covers ABP's Port Talbot and the Port of Milford Haven and spans clean energy developments and innovation assets, fuel terminals, a power station, heavy engineering and the steel industry across south-west Wales.

Acquisition of Solent Gateway Limited

On 1 February 2023, the ABP Group announced the acquisition of Solent Gateway Limited which operates Marchwood Port under a long-term concession agreement with the Ministry of Defence. With existing berths capable of supporting a range of vessels, 95 acres of space zoned for port-centric logistics and excellent rail connectivity, Marchwood Port has significant potential to support further growth in the Southampton region. Marchwood Port also forms part of the Solent Freeport area.

On 25 April 2023, ABPA Holdings Group announced that a STID proposal amendment was approved by lenders. This enables Solent Gateway Limited to be brought into the debt ring-fence as a subsidiary of Associated British Ports Holdings Limited and form part of our lender security package.

2.5. Financial Performance

The table below summarises the consolidated results for the six months ended 30 June 2023:

Income statement	2023 £m	2022 £m	Change from 2022
Revenue	**361.2**	328.6	+9.9%
Operating costs (underlying)	**(211.8)**	(201.1)	-5.3%
Other income	**2.9**	1.7	+70.6%
Underlying operating profit	**152.3**	129.2	+17.9%
Depreciation and amortisation of fair value uplift of assets acquired in a business combination	**(2.3)**	(5.2)	+55.8%
Net unrealised (loss)/gain on fuel derivatives	**(2.5)**	3.2	-178.1%
Group operating profit	**147.5**	127.2	+16.0%
Finance costs	**(242.4)**	(231.8)	-4.6%
Finance income	**2.1**	8.6	-75.6%
Loss after realised finance costs	**(92.8)**	(96.0)	+3.3%
Net unrealised gain on derivatives at fair value through profit and loss and foreign exchange	**93.7**	358.8	-73.9%
Profit before taxation	**0.9**	262.8	-99.7%
Taxation charge	**(35.0)**	(71.4)	+51.0%
(Loss)/profit for the period	**(34.1)**	191.4	-117.8%

2.5.1. Volumes and Revenues

Bulk volumes handled by the group's ports decreased by 6.8% to 24.7m tonnes (2022: 26.5m tonnes), unitised volumes were up 6.7% to 1.6m units (2022: 1.5m units) and passenger numbers increased by 62.2% to 1,498.2k (2022: 923.5k). The decrease in bulk volumes was due to lower coal and break-bulk volumes (forest products and metals). The increase in unitised volumes reflects the upturn in the automotive sector, partially offset by reduced container volumes. The increase in cruise and ferry activity so far this year is due to better occupancy rates and new customers (MSC & Disney) at Southampton and increased P&O ferry activities.

Group revenue increased by 9.9% to £361.2m (2022: £328.6m) due to increased passenger revenues, along with higher utilities revenue due to the increase in electricity prices and higher property rental income. This was partially offset by lower revenue from coal and forest products with minimum volume guarantees protecting ABP from the impact of volume decreases in other sectors.

2.5.2. Operating Costs

Operating costs saw an increase to £211.8m (2022: £201.1m). Operational expenditure increases were driven by inflationary increases in staff costs and higher utility costs as a result of increases in market prices.

2.5.3. Other Income

Other income increased by 70.6% to £2.9m (2022: £1.7m), reflecting higher grants received from the UK government.

2.5.4. Other Profit and Loss Items

- **Depreciation and amortisation of fair value uplift of assets acquired in a business combination** relates to amortisation and depreciation of the fair value uplifts recorded in 2006 when Associated British Ports Holdings Limited was acquired by ABP Acquisitions UK Limited. These totalled £2.3m in 2023 (2022: £5.2m).

- **Net unrealised gain on fuel derivatives** relates to where the group has entered into fuel derivatives to hedge the cost of fuel used principally to power its fleet of dredgers and support vessels. The group recorded an unrealised loss on the valuation, due to the continued changes in oil prices, of its fuel hedges of £2.5m (2022: gain of £3.2m).

- **Finance costs and income** increased by £17.1m to net costs of £240.3m for 2023 (2022: net costs of £223.2m).

  Finance costs have increased by £10.6m to £242.4m (2022: £231.8m) including interest costs of £165.4m (2022: £150.7m) on amounts due to parent undertaking, £64.4m (2022: £45.5m) in relation to the group's external senior secured debt, and other interest costs of £12.6m (2022: £35.6m) including interest costs on derivatives of £11.1m (2022: 34.4m).

  Finance income has decreased by £6.5m to £2.1m (2022: £8.6m) including interest income of £nil (2022: £8.0m) on derivatives.

- **Net unrealised gain on derivatives at fair value through profit and loss and foreign exchange** recorded a gain of £93.7m (2022: gain of £358.8m). The increase is driven by an improvement in the mark to market of the group's derivative portfolio which includes cross currency and interest rate swaps, resulting in a net gain of £52.0m (2022: net gain of £397.3m). There was an unrealised foreign currency exchange gain on the fair value of loans of £41.7m (2022: loss of £38.5m).

The net unrealised gain on interest rate swaps, the net foreign currency loss, and interest on amounts due to parent undertaking mentioned above are excluded from net interest payable for covenant purposes.

The table below summarises the reconciliation between net finance costs and net interest payable as defined for covenant purposes:

Net Interest Payable	**2023 H1 £m**	**2022 H1 £m**
Net finance costs/(income)	**146.6**	(135.6)
Adjusted for:		
Amortised costs	**(1.1)**	(1.5)
Net interest payable on loans from parent undertaking	**(165.4)**	(150.7)
Net unrealised gain on derivatives at fair value through profit and loss	**52.0**	397.3
Non-cash finance (costs)/income in relation to pension scheme assets and liabilities	**(0.3)**	0.2
Non-cash finance costs in relation to discounted assets and liabilities	**(0.2)**	(0.1)
Net foreign exchange gain/(loss)	**41.7**	(38.5)
Net Interest Payable	**73.3**	71.1

- **Net Taxation** charge for the period ended 30 June 2023 amounted to £35.0m (2022: net tax charge of £71.4m). This reflected a deferred tax charge of £22.8m (2022: charge of £68.2m) and a current tax charge of £12.2m (2022: charge of £3.2m). The decrease in the deferred tax charge from 2022 is mainly due to the timing of disallowable items for tax relating to fair value gains on derivatives.

2.5.5. Reconciliation between Operating Profit and Consolidated EBITDA

Consolidated EBITDA	**2023 £m**	**2022 £m**
Operating Profit	**147.5**	127.2
Amortisation	**6.1**	8.0
Depreciation	**48.7**	46.1
Net unrealised foreign exchange (gain)	**-**	0.1
Net unrealised gain on fuel derivatives	**2.5**	(3.2)
(Profit)/loss on write off of intangibles and disposal of property, plant and equipment and investment property	**(5.2)**	2.2
Consolidated EBITDA	**199.6**	180.4

2.5.6. Consolidated Net Borrowings

Consolidated Net Borrowings as defined for covenant purposes increased by £108.1m to £2,266.0m (June 2022: £2,157.9m). The increase in net debt reflects new borrowing financing ABP's recent growth. Debt which has matured during the period has been refinanced with new debt which has been raised in the private placement market.

Consolidated Net Borrowings	**Due date**	**30 June 2023 £m**	**30 June 2022 £m**
Term and revolving facilities	2023 – 2029	**209.0**	219.0
Private placements – GBP floating rate	2030 – 2037	**583.3**	460.0
Private placements – GBP fixed rate	2023 – 2040	**615.0**	365.0
Private placements – USD & JPY fixed rate	2023 – 2032	**296.0**	349.5
Public loans – GBP & USD floating rate	2033	**70.0**	134.9
Public loans – GBP & EUR fixed rate	2026 – 2042	**609.3**	668.6
Finance leases		**6.3**	7.5
Net cash (including restricted cash)		**(136.1)**	(59.0)
Net Borrowings		**2,252.8**	2,145.5
Restricted cash		**12.0**	11.0
Letters of credit		**1.2**	1.4
Consolidated Net Borrowings		**2,266.0**	2,157.9

2.6 Significant Announcements/Publications

Details of the group's ultimate controlling parties can be found in note 28 of the 2022 Annual Report and Accounts of ABPA Holdings Limited.

Other than as disclosed above and on the Investor Relations section of the group's corporate website (www.abports.co.uk), there have been no other significant announcements or publications by or relating to the ABPAH Group.

2.7 Significant Board/Management Changes

The following Board changes took place during the year and up to 26 September 2023:

(i) Associated British Ports Holdings Limited:

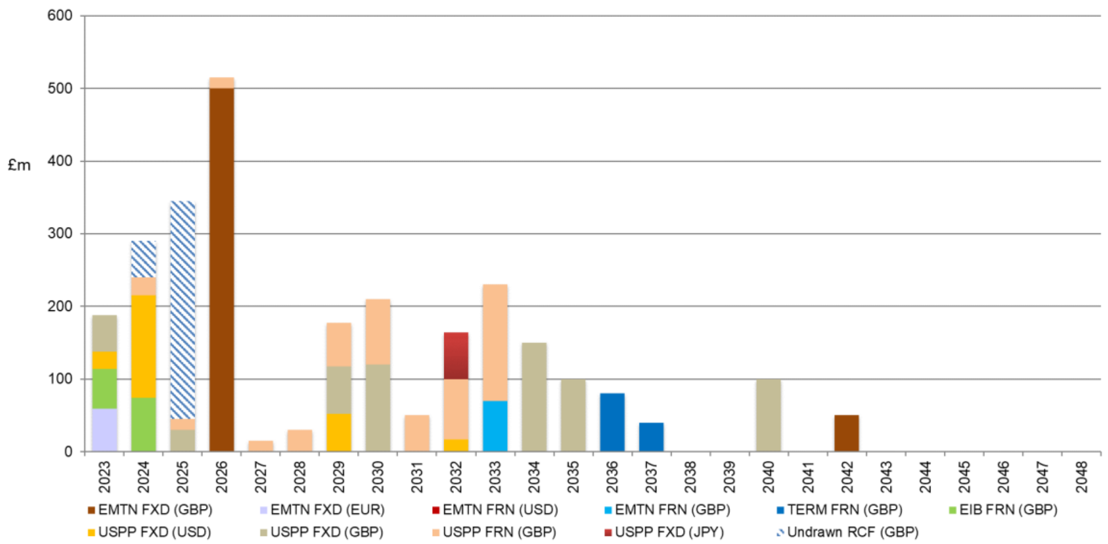
Lupo, L	(appointed 23 January 2023)	
Maheshwari, P	(resigned 23 January 2023)	
Onarheim, HO	(alternate to RN Barr, EPM Machiels, P Maheshwari and L Lupo)	(Appointment as alternate to P Maheshwari ceased on resignation of P Maheshwari on 23 January 2023. Appointed as alternate to L Lupo on 23 January 2023)
R J Phillip	(alternate to Kamil Burganov)	(Appointed as alternate to Kamil Burganov on 28 April 2023)

(ii) ABPA Holdings Limited:

Lupo, L	(appointed 23 January 2023)	
Maheshwari, P	(resigned 23 January 2023)	
Onarheim, HO	(alternate to RN Barr, EPM Machiels, P Maheshwari and L Lupo)	(appointed 22 September 2022. Appointment as alternate to P Maheshwari ceased on resignation of P Maheshwari on 23 January 2023. Appointed as alternate to L Lupo on 23 January 2023)
R J Phillip	(alternate to Kamil Burganov)	(Appointed as alternate to Kamil Burganov on 28 April 2023)

3. Financing and Interest Rate Hedging

The chart below shows the profile of the ABPAH Group's externally sourced debt (excluding the debt service Liquidity Facilities but including the Group's undrawn revolving loan facilities).



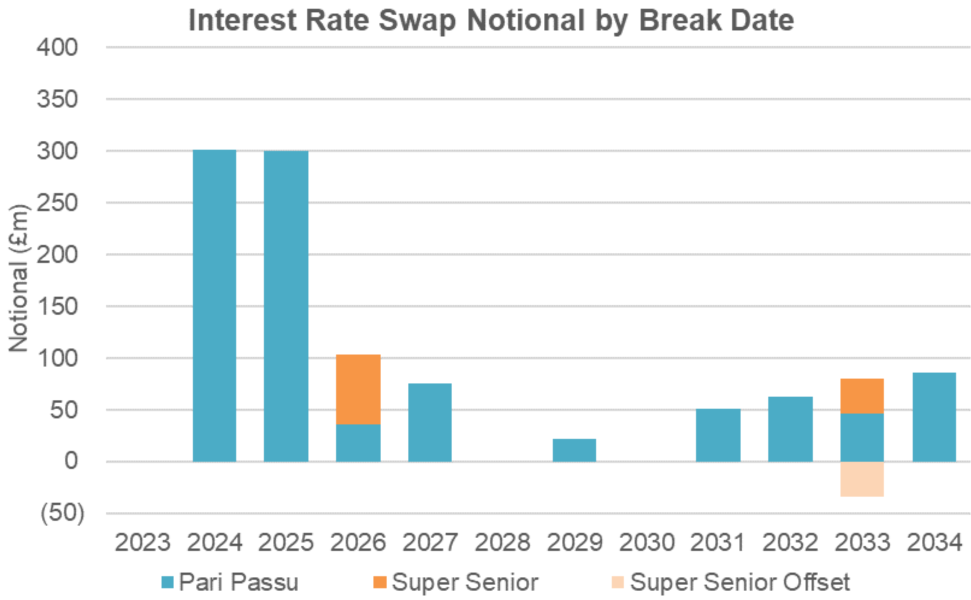
As at 30 June 2023, the ABPAH Group has cash and cash equivalents of £136.1m in addition to £350m of committed and available undrawn revolving loan facilities. Since the reporting date of 30 June, a further GBP206.5m was received in new financing and GBP128.7m of 2023 debt maturities have been repaid.

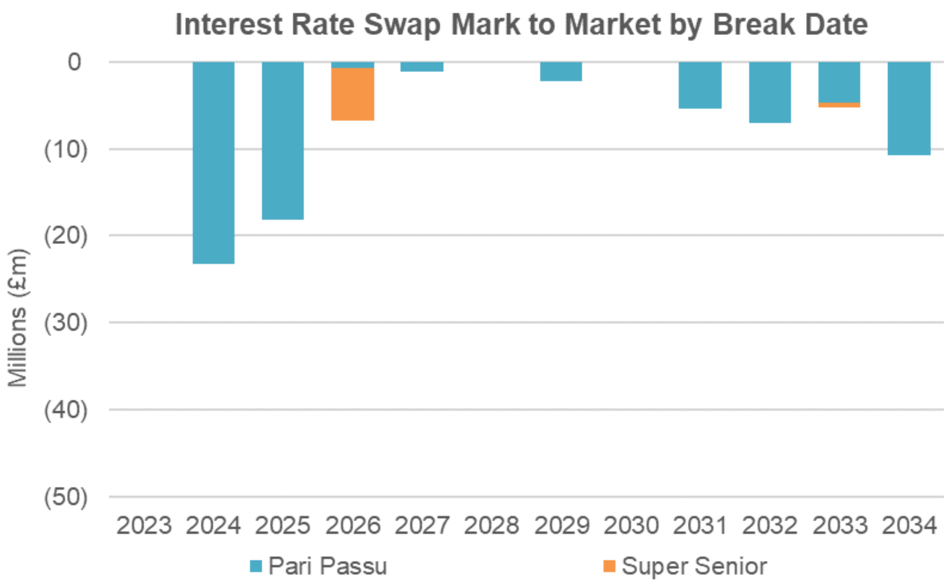
The ABPAH group's Relevant Debt hedging ratio was 98.4%. The hedging position continues to be compliant with the Hedging Policy of maintaining between 75% and 110% of senior debt which is fixed rate or effectively bears a fixed rate through hedging transactions for a period of at least seven years.

Derivative Mark to Market and Interest Rate Swap Mandatory Breaks

As at 30 June 2023, the fair value of the ABPAH Group's debt hedging derivative portfolio was a liability of GBP110.2m, significantly smaller than in previous years reflecting the impact of rising long-term interest rates. This fair value consists of cross currency swaps, an asset of GBP45.6m and interest rate swaps, a liability of GBP155.8m.

ABP has mandatory breaks in place on part of the interest rate swap portfolio which are actively managed. The total clean mark to market of these swaps is GBP79.7m, which is 40% of the total mark to market of the interest rate swap portfolio. The charts that follow show the profile of the interest rate swaps that have mandatory breaks by notional amount and mark to market value.





4. Restricted Payments

Since the date of the last Investor Report, no Restricted Payments have been made from the ring-fenced group.

5. Covenant Ratios and Compliance

At 30 June	2023 £m	2024* £m	2025* £m	2026* £m
Adjusted Consolidated EBITDA	354.5	353.5	372.7	404.4
Net Interest Payable	(145.9)	(155.7)	(159.0)	(168.0)
Ratio of Adjusted Consolidated EBITDA to Net Interest Payable	2.43x	2.27x	2.34x	2.41x
Consolidated Net Borrowings	2,266.0	2,532.8	2,690.6	2,917.4
Consolidated EBITDA	368.7	377.3	398.6	432.2
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	6.15x	6.71x	6.75x	6.75x

* Forward-looking ratio calculations and projections are based on the most recent ITA Information provided to and certified by the Independent Technical Advisor.

Ratio of Consolidated Net Borrowings to Consolidated EBITDA pre exceptional costs	6.12x	6.66x	6.70x	6.70x

We confirm that in respect of this investor report dated 30 June 2023, by reference to the most recent Financial Statements that we are obliged to deliver to you in accordance with Paragraph 1 (Financial Statements) of Part 1, (Information Covenants) of Schedule 2 (New Holdco Group Covenants) of the Common Terms Agreement:

(a) the Historic Adjusted Consolidated EBITDA is or is estimated to be equal to or more than 1.75 times Historic Net Interest Payable for the Relevant Calculation Period;

(b) the Projected Adjusted Consolidated EBITDA is or is estimated to be equal to or more than 1.75 times Projected Net Interest Payable for the Relevant Calculation Period;

(c) the ratio of Historic Consolidated Net Borrowings to Historic Consolidated EBITDA is or is estimated to be equal to or less than 7.50 as at the Relevant Calculation Date; and

(d) the ratio of Projected Consolidated Net Borrowings to Projected Consolidated EBITDA is or is estimated to be equal to or less than 7.50 as at the Relevant Calculation Date, (together the "Ratios").

We confirm that each of the above Ratios has been calculated in respect of the Relevant Calculation Period or as at the Relevant Calculation Date for which it is required to be calculated under the Common Terms Agreement. We confirm that historic ratios have been calculated using, are consistent, and have been updated by reference to the most recently available financial information required to be provided by the Covenantors under Schedule 2 (New Holdco Group Covenants) of the Common Terms Agreement.

We confirm that all forward looking financial ratio calculations and projections:

(i) have been made on the basis of assumptions made in good faith and arrived at after due and careful consideration;

(ii) are consistent and updated by reference to the most recently available financial information required to be produced by the Covenantors under Schedule 2 (New Holdco Group Covenants) of the Common Terms Agreement;

(iii) are consistent with the Accounting Standards (insofar as such Accounting Standards reasonably apply to such calculations and projections); and

(iv) are based on the most recent ITA Information provided to and certified by the Independent Technical Advisor in accordance with Schedule 2 (New Holdco Group Covenants) of the Common Terms Agreement.

We also confirm that:

(a) no Default or Trigger Event has occurred and is continuing, or if a Default or Trigger Event has occurred and is continuing, steps (which shall be specified) are being taken to remedy such Default or Trigger Event;

(b) the New Holdco Group is in compliance with the Hedging Policy; and

(c) this Investor Report is accurate in all material respects.

Yours faithfully,

Marina Wyatt

Marina Wyatt
Chief Financial Officer
For and on behalf of
ABPH as New Holdco Group Agent