

Reference: O-LE-AL-12-0426



MBIA UK Insurance Limited
1 Great St Helen's
London
EC3A 6HX

Ambac Assurance UK Limited
2nd Floor, 21 Great Winchester Street
London
EC2N 2JA

9 July 2012

Dear Sirs

Aspire Defence Limited – Annual Report and Certificate

We refer to Clause 5.1.3 of the Collateral Deed dated 06 April 2006.

Summary of Performance for the Year Ended 31 December 2011

Solid progress has again been made during 2011 on all aspects of the Project.

On the construction aspects of the Project scope, the Company successfully delivered another 93 assets into service across garrisons on Salisbury Plain and in Aldershot during 2011. This brings the total new and refurbished assets delivered since Financial Close to 432, or approximately 77% of the total construction scope, 92% of which have either been delivered earlier than or within one week of the planned date. In aggregate, circa 8,100 single en suite bedrooms out of a total of circa 11,500 have been delivered.

On the hard and soft facilities management aspects of the Project scope, the Company continued to provide services at or above contractual performance and availability targets.

During 2011 and as scheduled the Company received the balance remaining on five Guaranteed Investment Contracts ("GIC") and the majority of the balance remaining on a sixth originally taken out in 2006. After the year end, the Company received the final GIC receipt. Some of these investments were the subject of collateral arrangements on account of deterioration in the financial strength of institutional counterparties, which have now fallen away with the associated exposures.

The Company continues to be accredited as an "Investor in People", and its quality and environmental management systems remain certificated to ISO standards 9001 and 14001.

In April 2011, Standard and Poor's reassessed the Project's underlying credit rating as BBB+ with a stable outlook from its previous rating of BBB also with a stable outlook. The underlying credit rating published by Moody's remains Baa2. More recently both agencies have changed the outlook to positive.

ASPIRE DEFENCE LIMITED

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Aspire Defence Limited, Registered in England & Wales No. 5572942 | Registered Office: Aspire Business Centre, Ordnance Road, Tidworth SP9 7QD

Annual Certification

Pursuant to Clause 1.3 b), Aspire Defence Limited certifies that, so far as it is aware, there are:

- No Potential Events of Default, Events of Default or Trigger Events (as such terms are defined in the Collateral Deed) subsisting on the date of this certificate, and
- No Lock-up Events (as such terms are defined in the two Ringfencing Agreements dated 06 April 2006) subsisting on the date of this certificate.

Yours faithfully