

Reference: O-LE-AL-20-0328



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London  
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01 July 2020

Dear Sirs

**Aspire Defence Limited – Annual Report and Certificate**

We refer to Clause 5.1.3 of the Collateral Deed dated 06 April 2006 as amended and restated on 31 October 2016.

**Summary of Performance for the Year Ended 31 December 2019**

Solid progress has again been made during 2019 on all aspects of the Project.

In relation to 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.

The construction aspects of the original Project scope were completed in 2015; 542 new and refurbished assets were delivered. However, in 2016 the Company agreed with the Authority and arrangements with its supply chain to include further scope associated with ABP that was required on the geographic footprint of the Project. The Company has provided further accommodation and facilities to enable troops to return from Germany in the Summer of 2019, and hard and soft facilities management to those assets and their occupants until the end of the Project in 2041. During 2019, 93 (2018: 71) ABP related assets were delivered successfully out of approximately 209 that form the ABP related works.

During 2019, the Company reported turnover of £398m (2018: £475m) and a resultant profit before taxation of £26.9m (2018: £26.3m) which, after tax, increased shareholders' funds by £21.8m (2018: £21.1m). The Company used these reserves to pay interim dividends of £21m (2018: £25.8m), leaving net assets of £6.1m (2018: £5.4m) at the end of the year. The decrease in revenue is attributable to the timing of achievement of completion milestones associated with the ABP related works in 2019 as compared with 2018. The increase in profit is attributable to the effect of lower margin recognition on construction related activities relative to service related activities and the establishment of a provision in the prior year. At the end of the year the Company had cash and short-term investments of £180.0m (2018: £169.8m) having paid interest of £78.6m (2018: £80.1m) and repaid principal of £36.5m (2018: £34.5m) out of positive operating cashflow from the Project.

**ASPIRE DEFENCE LIMITED**

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Aspire Defence Limited, Registered in England & Wales No. 5572542 | Registered Office: Aspire Business Centre, Ordnance Road, Tidworth SP9 7QD

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.

#### **Annual Certification**

Pursuant to Clause 5.1.3 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 16 April 2018) subsisting on the date of this certificate.

Yours faithfully,