

Reference: O-LE-AL-22-0198



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20 June 2022

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 and amended on 18 April 2018.

Summary of Performance for the Year Ended 31 December 2021

Solid progress has again been made during 2021 on all aspects of the Project despite the difficult operating conditions posed by the Coronavirus pandemic.

During 2021 the Coronavirus pandemic continued to disrupt normal life. However, as far as the Company is concerned its business was largely unaffected. During 2021, the Company continued to work closely with its sub-contractors, the Authority, and the Army to ensure that an appropriate, coordinated and effective response to the virus was put in place from time to time across the estate with a view to continuing to deliver the ABP related works and the Services whilst at the same time ensuring the safety of employees, soldiers and members of the public. It was not necessary for the Company to take advantage of schemes introduced by Government to assist businesses such as the Coronavirus Job Retention Scheme (i.e. Furlough), the Coronavirus Large Business Interruption Loan Scheme, the Covid-19 Corporate Financing Facility and arrangements to defer Value Added Tax liabilities. Therefore, the pandemic did not have a material impact on cashflows.

The construction aspects of the original Project scope were completed in 2015. In 2016 the Company agreed with the Authority and arranged 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 2019, and hard and soft facilities management to those assets and their occupants until the end of the Project in 2041. During 2021 and despite the continuing pandemic, 9 (2020: 35) ABP related assets were delivered successfully out of approximately 206 that form the ABP related works. In aggregate, 203 ABP related assets have been accepted into service and the ABP related works are approximately 99% complete.

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

On 23 June 2016 the UK's electorate voted to leave the European Union ("EU"). The UK left the EU on 31 January 2020, and an 11-month transitional period ended on 31 December 2020. During 2021 Brexit did not have a material impact on the Project.

During 2021, the Company reported turnover of £286m (2020: £275m) and a resultant profit before taxation of £25.2m (2020: £25.6m) which, after tax, increased shareholders' funds by £20.4m (2020: £20.9m). The Company used these reserves to pay interim dividends of £20.7m (2020: £21.3m), leaving net assets of £5.4m (2020: £5.8m) at the end of the year. The net increase in revenue is attributable to variations in the timing of achievement of completion milestones associated with the ABP related works, which are drawing to a close, and contractual indexation of service revenues. The slight decrease in profit is attributable to the net effect of lower interest receivable and increased turnover recognition driven by higher service costs. At the end of the year the Company had cash and short-term investments of £190.0m (2020: £180.4m) having paid interest of £74.5m (2020: £76.6m) and repaid principal of £39.8m (2020: £38.1m) on senior and junior funding out of positive operating cashflow from the Project, which has also reduced the Finance Asset, and the associated imputed interest receivable.

After the year end, on 24 February 2022, Russia invaded Ukraine. However, at the time of writing this event has not had a material impact on the Project or the Company.

The Company completes a Payment Practices Report bi-annually which is available online. It does not engage in reverse factoring for its suppliers.

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 18 April 2018) subsisting on the date of this certificate.

Yours faithfully,

A R McColl
Director
Aspire Defence Limited

A Thomson
Director
Aspire Defence Limited