ABPA Holdings Limited

Investor Report – 30 June 2020

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 ending 30 June 2020. 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. Group Highlights

Six months ended 30 June (unaudited)	2020 H1 £m	2019 H1 £m	Change from 2019
Revenue	**280.4**	306.0	-8.4%
Operating costs[1]	**(179.9)**	(182.3)	+1.3%
Other Income	**1.8**	-	N/A
Underlying operating profit[2]	**102.3**	123.7	-17.3%
Consolidated EBITDA[3] pre exceptional costs	**144.0**	164.2	-12.3%
Consolidated EBITDA[3]	**142.2**	158.5	-10.3%
Consolidated EBITDA[3] margin pre exceptional costs	**51.3%**	53.7%	-2.4%
Cash generated by operations	**149.8**	130.1	+15.1%
Total tonnage (mt)	**35.2**	40.6	-13.3%
Passenger volumes (000s)	**246.2**	1,217.0	-80.1%
Consolidated Net Borrowings[4]	**2,155.4**	2,185.1	-1.3%

[1]Operating costs include profit/(loss) on sale of fixed assets and exclude depreciation/amortisation of fair value uplift of assets acquired in a business combination, increase/decrease in fair value of investment property, 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 of fair value uplift of assets acquired in a business combination, 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 2.4.5).

[4] 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 2.4.6).

Compared to 2019, revenue has decreased by £25.6m (-8.4%) and Operating costs have decreased by £0.6m (+0.3%). The lower revenues are driven by the fall in trading volumes as a consequence of the Covid-19 pandemic, in particular Cruise and Ferry passengers have seen a significant reduction since March 2020. Operating costs are broadly in line with 2019 with costs savings offset by a Covid-19 related provision for bad debts.

Historic Covenanted Financial Ratios

At 30 June (unaudited)	**2020**	2019
Ratio of Adjusted Consolidated EBITDA to Net Interest Payable	**2.18x**	2.09x
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	**7.21x**	6.74x
Ratio of Consolidated Net Borrowings to Consolidated EBITDA pre exceptional costs[5]	**6.94x**	6.55x

[5] Not a covenanted ratio

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

2. Business Update

2.1. COVID-19

The Covid-19 virus has spread around the world and many governments, including that of the UK, have introduced strict measures to limit social contact in order to slow the spread of the virus. Associated British Ports ("ABP") has been impacted by the slowdown of the economy and by reduced trade flows caused by the measures to limit the spread of the virus. Our highest priority throught the development of the pandemic has been to ensure a safe environment for all of our people and partners operating at our ports, whilst providing our customers with ongoing service and access to our facilities.

ABP continues to monitor carefully the fast changing threat from the Covid-19 virus and is liaising with the relevant health authorities and statutory bodies to ensure ABP is delivering the most appropriate and effective response. Management are monitoring the impact of the virus and do not expect it to adversely impact the going concern assumption based on the significant proportion of revenue that is contractually guaranteed. Most of the impact to date from reduced volumes through the ports has been offset by the group's ability to take effective mitigating actions to counter downside scenarios. The group has instigated cost savings and capex reduction initiatives. Management have re-forecast the group's results and have modelled different scenarios including a severe downside scenario where headroom against the leverage covenant becomes limited within the going concern period, before further mitigating actions. If the actual results are significantly worse than forecast, the group has the option of pursuing further mitigating measures that are under its own control to cut costs and preserve cash. These include further reductions in costs to match reduced activity, delaying or freezing EBITDA enhancing capex projects and if the downside period persists then reviewing costs for further savings. As a result of the actions already taken to date and further contingency plans to react to a more adverse scenario, management have concluded that the group should generate sufficient cash and EBITDA to continue as a going concern and to avoid breaching its loan covenants. Projected covenant ratios incorporating management's assessment of the potential impacts of COVID-19 can be found in section 5 of this report; "Covenant Ratios and Compliance."

Given the nature, maturity dates and counterparties of the Group's liabilities, as well as the group's track record of its ability to refinance debt and generate cash flows, the directors are confident that the group has the ability to continue to meet its liabilities as they fall due for the foreseeable future.

Associated British Ports Holdings Limited. Registered in England and Wales with Registered Office at 25 Bedford Street, London WC2E 9ES and Registered Number 1612178.

We continue to work in partnership with our customers and suppliers to manage the impact of any disruption consistent with our mission of Keeping Britain Trading.

2.2. Business Developments

During 2019 ABP undertook a comprehensive strategy review involving the senior leadership team as well as employees, customers and shareholders. In 2020 ABP has communicated the strategy to the wider organisation and customers, has undertaken more detailed implementation planning and commenced delivery of the strategy.

The purpose of group's strategy is to ensure the company continues to provide the right port infrastructure and services for existing and future customers to underpin the company's future growth as well as ensuring it is the best port company in the United Kingdom ("UK") and is recognised as such. ABP's mission is 'Keeping Britain Trading'. ABP will utilise its strong port locations to drive increased value for its customers, optimising its supply chain solutions in a safe and sustainable manner.

Brexit

The UK's departure from the European Union took place on the 31st January 2020. Events relating to a future trade deal will continue to unfold and the political situation remains uncertain in respect of this. There remain a range of outcomes in terms of a future trade deal with the European Union ("EU"), with the backdrop of the UK Government committing that the UK will not extend the current transitional period beyond 31 December 2020 and that it is prepared to revert to World Trade Organisation rules for EU trade after that date. ABP continues to monitor the potential impacts of Brexit on trade flows through our Ports as well as engaging with government departments, industry stakeholders and customers to ensure trade continues to flow between the UK and EU Member States.

British Steel

In December 2018 ABP took over the operation of the Immingham Bulk Terminal from British Steel, resulting in increases in revenue and direct operating costs in 2019. ABP planned to spend £57m over several years upgrading the Terminal but this investment was placed on hold when British Steel entered insolvency in May 2019.

Control of British Steel passed to the Official Receiver ("OR") who continued to operate the business whilst they sought a buyer. In March 2020 the Jingye Group acquired the site. As at August 1st ABP has agreed terms with Jingye for a long-term agreement which will see direct operation of the Immingham Bulk Terminal returning to British Steel, reducing ABP's revenue and direct operating costs, but also removing the requirement for ABP's capital investment programme.

2.3. Completed, Ongoing and Prospective Major Investments

The group continues to pursue a number of major investments which have the potential to contribute significant profitable growth during the coming years. Further information on major investments which are yet to be completed, and potential opportunities, is provided below.

Humber Container Terminals

ABP operates two major container terminals on opposite sides of the Humber estuary, at Hull and Immingham. ABP is continuing its investment programme to increase the combined capacity of the Humber container terminals from 295,000 units per annum to over 500,000 units per annum. The investment will allow ABP's customers to meet increasing demand, with the total volume of containers passing through ABP's Humber ports having increased by 63% between 2013 and 2019.

The second phase of the investment is on track for completion this year. Completion of the programme in the container terminal in the Port of Immingham will increase the space, improve the layout and add new equipment, including new purpose-built cranes.

Car Storage Facilities

Southampton is the UK's leading vehicle-handling port, handling around 800,000 import and export vehicles a year, and it continues to invest in facilities to support this important trade. A recent focus has been on further increasing car-parking capacity to meet the storage needs of automotive customers. In addition to the seven multi-story car parks ("MSCPs") already established, the eighth MSCP has been completed at Southampton in the fourth quarter of 2019, adding an additional 3,000 spaces and bringing the port's total automotive storage capacity to 50,000 vehicles.

Cruise Facilities

The second phase of work to upgrade Ocean Cruise Terminal at the Port of Southampton was completed in January 2020. This work included the installation of two new airbridges and the installation of a further 2,000 roof-mounted solar panels.

This £12m investment will accommodate the next generation of larger cruise ships enabling Southampton to be the homeport for Iona, the first of two new ships of the XL class for P&O Cruises and the first British cruise ships to be powered by Liquefied Natural Gas.

Also at the port of Southampton, we progressed the development of the business case for Cruise Terminal 5 (CT5), a transformational project to the Cruise sector not just for ABP but for tourism in the UK. The project works are contracted and in progress, with an option to terminate at the early development phase at ABP's discretion. Significant progress has been made to securing a government grant to de-risk the CT5 project and to ensure delivery of the terminal continues in line with the project schedule. We are expecting confirmation of grant availability towards the end of September with contracting thereafter.

Port Master Planning

ABP is continuing its Master Planning initiative, with the objective of improving the delivery of the infrastructure and change required to sustain ABP's future growth.

The four Humber masterplans (at Immingham, Hull, Grimsby and Goole) were delivered in final draft form in December 2019, alongside a Regional Plan document. The aim of the masterplans is to deliver and to reshape the local infrastructure in line with the wider Group Strategy, and to consider a wide variety of commercial, social, technical, environmental and political drivers of change.

As work on the Humber winds down, the focus is shifting to updating and finalising the Lowestoft masterplan, following the Planning Inspectorate's positive decision for the Lake Lothing Third Crossing and the consultation process launched in May 2019, and then the South Wales ports of Newport, Cardiff, Barry, Port Talbot and Swansea . By early 2021 we expect to have a suite of completed documentations that considers the right configuration of the South Wales assets. ABP will be looking both across the South Wales port network and at a more granular level within individual ports.

In Southampton, work has focussed on building the business case to support the long-term vision of the port, in parallel with the group wide strategic business review. This work has now completed and has concluded that there is a viable business case to make significant investments to meet the long-term growth aspirations of our customers across the cruise, container, Ro-Ro, automotive, bulk and general cargo sectors. It was anticipated that formal consultation on longer-term development plans would commence in late 2020 but this has been placed on hold due to the Covid-19 pandemic.

Alongside this work in South Wales and Southampton, the next year will also see high-level work at Garston and Barrow.

Offshore Wind

In recent years the group's ports have increasingly supported the offshore wind industry through the provision of port facilities for construction, and operation and maintenance of offshore wind related infrastructure. Many of the group's ports are in close proximity to existing and planned offshore wind development zones, in particular those in the North and Irish Seas. Additional space was leased to Siemens Gamesa in Hull in 2019 and Triton Knoll signed a new lease with ABP at Grimsby's Royal Dock in April 2019 to house its offshore construction and operations and maintenance facility. These developments highlight the growth opportunities that are available in this sector. The group continues to work with the offshore wind supply chain to cater for their growing needs, which may provide future opportunities for investment in new port infrastructure. Opportunities for further developments are actively being explored around the group and early feasibility studies have been undertaken in Hull and Lowestoft.

HS2

Following the government's announcement on the 11 February 2020 that HS2 will be going ahead, ABP reaffirmed its readiness to support the project. The combination of port locations, available facilities, connectivity and expertise mean ABP is well placed to support the construction of Britain's new high speed railway. ABP will continue to communicate with all stakeholders within the existing and potential supply chain to the project in particular where there is alignment with the new strategy.

New Nuclear Power Plant Opportunities

The government has identified several sites in England that are suitable to build new nuclear power stations. Hinckley Point C new nuclear plant is already under construction and is expected to begin operations in 2025. There are further new nuclear power stations being planned including Sizewell in Suffolk and Bradwell in Essex. The large scale of new nuclear construction, coupled with the proximity of ABP's ports to key sites and ABP's proven experience in delivering world-class major infrastructure, means the group is well placed to benefit from nuclear development in the UK.

2.4. Performance of the Business

The following section should be read in conjunction with the consolidated audited Annual Report and Accounts of ABPAH, which are available from the Investor Relations section of the group's corporate website (www.abports.co.uk/investor-relations).

The table below summarises the consolidated results for the six month period ended 30 June 2019.

Income statement (six months ended 30 June)	**2020 H1 £m**	2019 H1 £m	**Change from 2019**
Revenue	**280.4**	306.0	-8.4%
Operating costs	**(179.9)**	(182.3)	+1.3%
Other income	**1.8**	-	N/A
Underlying operating profit	**102.3**	123.7	-17.3%
Depreciation and amortisation of fair value uplift of assets acquired in a business combination	**(7.3)**	(8.9)	+18.0%
Net unrealised gain/(loss) on fuel derivatives	**(1.8)**	0.6	-400.0%
Exceptional costs	**(1.8)**	(5.7)	+68.4%
Group operating profit	**91.4**	109.7	-16.7%
Net finance costs	**(310.1)**	(258.2)	-20.1%
Loss before taxation	**(218.7)**	(148.5)	-47.3%
Taxation credit	**12.9**	2.0	+545.0%
Loss for the period	**(205.8)**	(146.5)	+40.5%
Cash generated by operations	**149.8**	130.1	+15.1%
Capital expenditure - cash	**(58.2)**	(88.8)	-34.5%

2.4.1. Volumes and Revenues

Cargo volumes handled by the group's ports decreased by 13.3% to 35.2m tonnes (2019: 40.6m tonnes) and passenger numbers have decreased by 80.1% to 246.2k (2019: 1,217.0k). This was due to weaker general trading conditions due to the Covid-19 pandemic, continued reduction in coal imports used for electricity generation, and a fall in oil and petroleum imports.

Group revenue decreased by 8.4% to £280.4m (2019: £306.0m) primarily as a consequence of the lower volumes notably decreases for Cruise and Ferry, unitised revenue (containers, vehicles and Ro/Ro), and break bulks. The continued fall in coal imports has also decreased revenue in 2020 compared with 2019.

2.4.2. Operating Costs

Ports and transport operating costs decreased by 1.3% to £179.9m (2019: £182.3m). Labour costs which include the staff costs of the group's operational, engineering, pilotage, administrative and management departments and third party staff decreased by 5.6% to £82.2m (2019: £86.8m) mostly because of lower 3rd Party labour due to the reduced activity as a result of the Covid-19 pandemic and pay freezes . Fuel costs which predominantly represent fuel required to operate the group's fleet of pilot launches and dredgers decreased 27% to £4.1m (2019: £5.6m) due to the fall in pilotage activity. Other operating and administrative costs which includes operating costs such as lease rentals, foreign exchange gains and losses and overheads such as IT, legal and professional fees, business rates, insurance and bad debt provisions, increased by 5.7% to £31.2m (2019: £29.5m) driven by an increase in bad debt provisions in relation to the impact of Covid-19 partially offset by cost reductions for other overheads such as travel and professional fees.

2.4.3. Other Income

Other income of £1.8m was recognised in 2020 for the furlough grant received from the UK Government as part of their job retention scheme in response to the pandemic and for a release from deferred income of asset related grants.

2.4.4. 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 £7.3m in 2020 (2019: £8.9m).

Net unrealised gain/(loss) on fuel derivatives where the group has entered into fuel derivatives to hedge the cost of its fuel used principally to power its fleet of dredgers and support vessels. The group recorded an unrealised loss on the valuation, due to the significant changes in oil prices, of its fuel hedges of £1.8m (2018: gain of £0.6m).

Exceptional costs of £1.8m (2019: £5.7m) within operating profit principally represents restructuring costs and the recognition of an onerous lease provision with respect to the consolidation of offices in London.

Net finance costs have increased by £52.0m to £310.2m (2019: £258.2m). The increase has been driven by unrealised foreign currency exchange losses on the fair value of loans of £36.0m (2019: loss of £0.5m) and an increase in the mark to market of the group's derivative portfolio which includes cross currency and interest rate swaps, resulting in a net loss of £69.2m (2019: net loss of £63.1m).

The net unrealised loss on interest rate swaps and the net foreign currency loss mentioned above are excluded from net interest payable for covenant purposes. Included in both net finance costs and net interest payable for covenant purposes are interest costs of £48.2m (2019: £48.2m) in relation to the group's external senior secured debt, interest costs of £33.6m (2019: £31.8m) and interest income of £8.7m (2019: £7.4m) on derivatives.

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

(six months ended 30 June)	2020 H1 £m	2019 H1 £m
Net finance costs	**310.1**	258.2
Adjusted for:		
Amortised costs	**(1.0)**	(1.0)
Net interest payable on loans from parent undertaking	**(130.5)**	(120.2)
Net unrealised (loss) / gain on derivatives at fair value through profit and loss	**(69.2)**	(63.1)
Non-cash finance costs in relation to pension scheme assets and liabilities	**(0.3)**	(0.2)
Non-cash finance costs in relation to discounted assets and liabilities	**(0.1)**	(0.9)
Net foreign exchange loss	**(36.0)**	(0.5)
Net Interest Payable	**73.0**	72.3

Taxation, the overall net tax credit for the six months ended 30 June 2020 amounted to £12.9m (2019: net tax credit of £2.0m). This reflected a deferred tax credit of £13.8m (2019: credit of £12.0m) and a current tax charge of £0.9m (2019: £10.0m). The significant reduction in the current tax charge from 2019 is due to an increased loss before tax, partially offset by increased disallowable items for tax relating to fair value losses on derivatives and a bad debt provision. These disallowable items have also been partially offset by a reduction in the related party interest disallowance.

2.4.5. Reconciliation between Operating Profit and Consolidated EBITDA

(six months ended 30 June)	2020 H1 £m	2019 H1 £m
Operating Profit	**91.4**	109.7
Amortisation	**8.6**	12.3
Depreciation	**43.1**	41.1
Net unrealised foreign exchange (gain)	**(0.3)**	(0.1)
Net unrealised (gain) on fuel derivatives	**1.8**	(0.6)
(Loss) / profit on write off of intangibles and disposal of property, plant and equipment and investment property	**(2.4)**	(3.9)
Consolidated EBITDA	**142.2**	158.5
Exceptional items	**1.8**	5.7
Consolidated EBITDA pre exceptional costs	**144.0**	164.2

2.4.6. Consolidated Net Borrowings

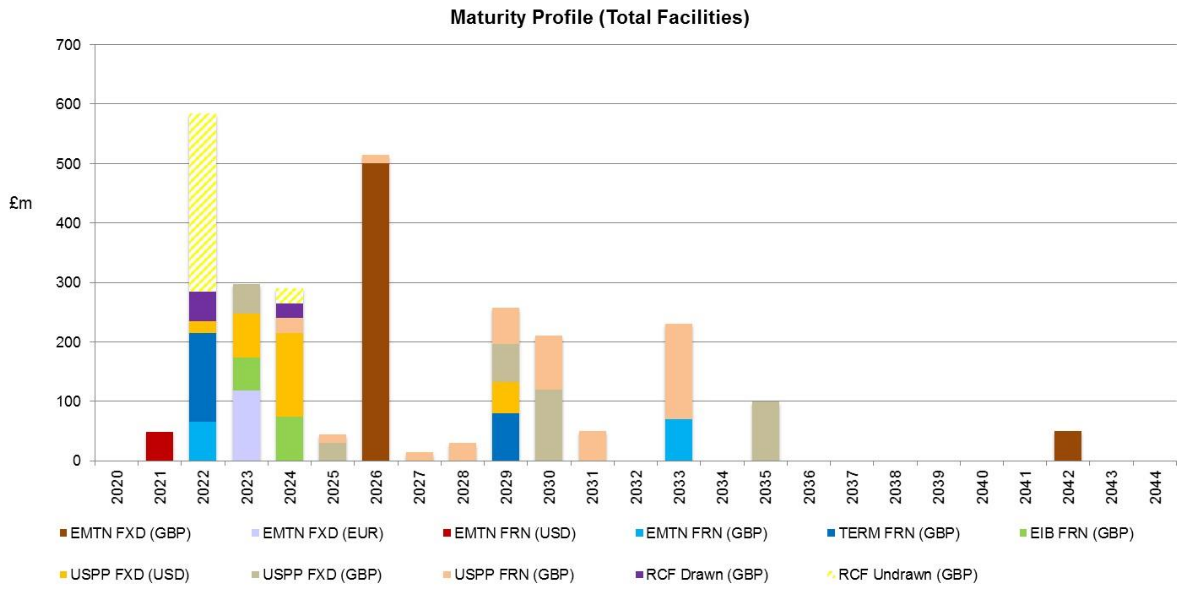
Consolidated Net Borrowings as defined for covenant purposes decreased by £26.6m to £2,155.4m (December 2019: £2,182.0 m)

Consolidated Net Borrowings	Due date	30 June 2020 £m	31 December 2019 £m
Term and revolving facilities	2023 – 2029	**434.0**	244.0
Private placements – GBP floating rate	2024 – 2033	**460.0**	460.0
Private placements – GBP fixed rate	2023 – 2035	**365.0**	365.0
Private placements – USD fixed rate	2022 – 2029	**285.9**	285.9
Public loans – GBP & USD floating rate	2021 – 2033	**183.6**	183.6
Public loans – GBP & EUR fixed rate	2023 – 2042	**668.6**	668.6
Finance leases		**10.3**	11.5
Net cash (including restricted cash)		**(253.7)**	(38.3)
Net Borrowings		**2,153.7**	2,180.3
Restricted cash		**0.6**	0.6
Letters of credit		**1.1**	1.1
Consolidated Net Borrowings		**2,155.4**	2,182.0

3. Financing and Hedging Position

In August 2020, the ABP Group raised MidCo Debt directly above the ABPAH Group ring-fence. The amount raised (after fees and interest) was onlent to the ABPAH Group. This additional cash injection is being used to enhance the resilience of the Group by maintaining existing high levels of liquidity, deleveraging of the Whole Business Securitisation ring-fence and providing ABP with the capacity to continue to invest for the future.

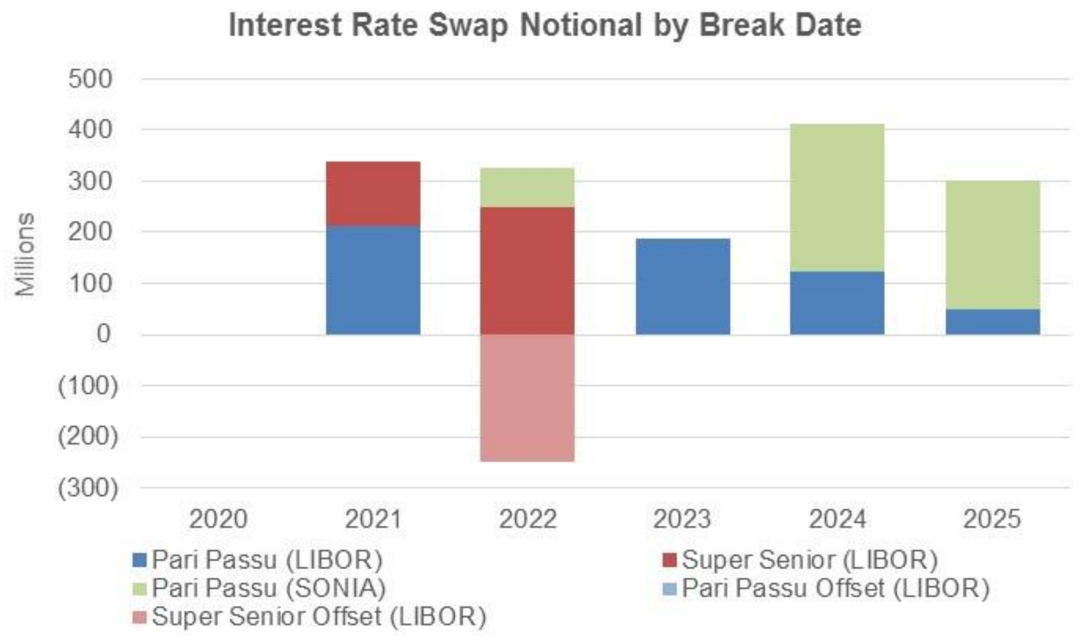
The chart below shows the profile of the ABPAH Group's externally sourced facilities (excluding the debt service Liquidity Facilities but including the Group's undrawn revolving loan facilities):

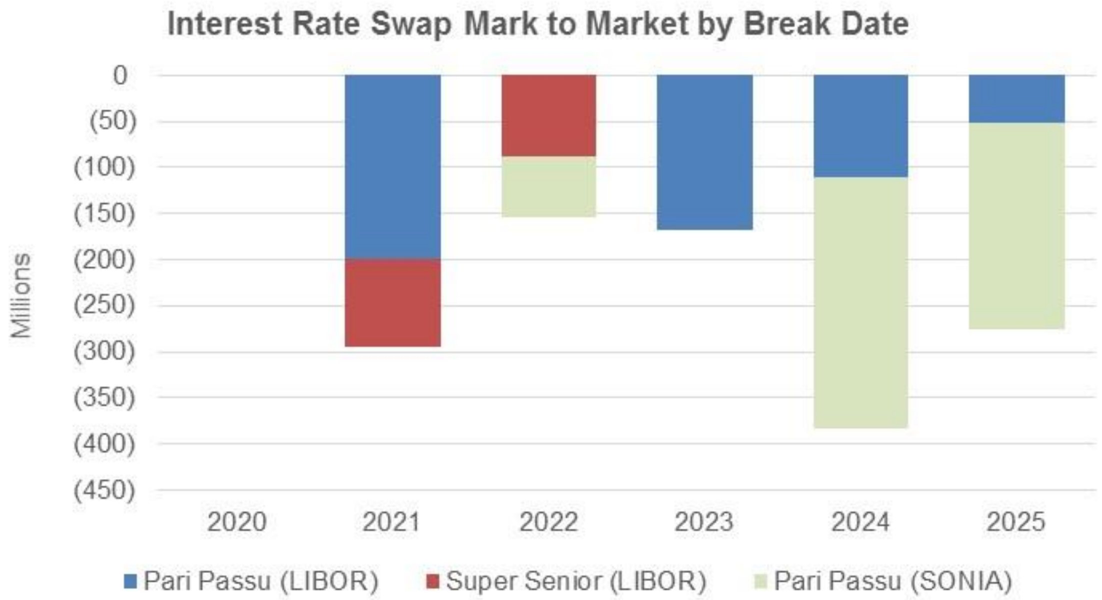


As at the 30 June 2020, the ABPAH Group has cash and cash equivalents of £253.0m. This significant cash position reflected drawings of £75m on revolving credit facilities and a £150m bank term loan. This reflected our approach to having access to increased liquidity to address the uncertainty around the wider impact of Covid-19.

As at 30 June 2020, the group's Relevant Debt hedging ratio was 95.99%, which includes a net £1.31bn of floating to fixed interest rate swaps hedging £1.41bn of floating rate debt exposure. The hedging position continues to be compliant with the Hedging Policy of maintaining between 75% and 110% of senior debt which effectively bears a fixed rate for a minimum of at least seven years.

The following charts shows the profile of the interest rate swap mandatory breaks. This is on the basis of the notional amount and the clean mark to market as at 30 June 2020:





The interest rate swap final maturities range between 2036 and 2046.

ABP has significant exposure to GBP LIBOR covering a range of financial instruments and has therefore taken an active role in global benchmark reform and the transition to SONIA, the preferred risk-free rate for sterling. ABP has continued to transition existing GBP LIBOR derivative exposure to SONIA across all financial instruments. Where new financial instruments are entered in to, these are either linked to SONIA or with a pre-determined mechanism to switch to SONIA within 12 months.

4. Restricted Payments

As part of the implementation of the MidCo debt, ABP cleared a number of historic intercompany accounts within the group. Although no cash was transferred out of the ring-fence, the net result was a Restricted Payment from the ring-fenced group to its holding companies totalling £164 million.

A further £3m Restricted Payment was made in cash from the ring-fenced group to ABP Bonds UK Limited in order to fund the payment of the ABP Group tax liability for 2020.

Neither of these Restricted Payments resulted in any distributions (e.g. loan interest, principal or dividends) or any other payment in cash or in kind to the ABP Group's ultimate shareholders.

5. Significant Announcements/Publications

As disclosed on the Media Centre and Investor Relations section of the group's corporate website (https://www.abports.co.uk/investor-relations/financial-news/) there have been no additional significant announcements or publications by or relating to ABPAH Group.

6. Significant Board/Management Changes

The following Board changes are subsequent to those disclosed in the 31 December 2019 Investor Report of ABPA Holdings Limited and up to 25 September 2020:

(i) Associated British Ports Holdings Limited:

Coghlan, JB	(resigned 31 May 2020)	
Drissi Kaitouni, H	(resigned 30 April 2020)	
Wall, RBP	(appointed 17 September 2020)	
Butcher, PB	(alternate to RBP Wall)	(appointed 17 September 2020)
Pestrak, GS	(alternate to H Drissi Kaitouni)	(appointment ceased on the resignation of H Drissi Kaitouni on 30 April 2020)
Pestrak, GS	(alternate to P Sochoki)	(appointed 30 April 2020)
Sochocki, PL	(appointed 30 April 2020)	

(ii) ABPA Holdings Limited:

Coghlan, JB	(resigned 31 May 2020)	
Drissi Kaitouni, H	(resigned 30 April 2020)	
Wall, RBP	(appointed 17 September 2020)	
Butcher, PB	(alternate to RBP Wall)	(appointed 17 September 2020)
Pestrak, GS	(alternate to H Drissi Kaitouni)	(appointment ceased on the resignation of H Drissi Kaitouni on 30 April 2020)
Pestrak, GS	(alternate to P Sochoki)	(appointed 30 April 2020)
Sochocki, PL	(appointed 30 April 2020)	

7. Covenant Ratios and Compliance

At 30 June	**2020 £m**	**2021* £m**	**2022* £m**	**2023* £m**
Adjusted Consolidated EBITDA	320.9	291.5	314.3	343.0
Net Interest Payable	147.4	148.5	151.1	157.5
Ratio of Adjusted Consolidated EBITDA to Net Interest Payable	2.18	1.96	2.08	2.18
Consolidated Net Borrowings	2,155.4	2,052.5	2,200.8	2,370.2
Consolidated EBITDA	299.1	302.6	325.9	351.0
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	7.21	6.78	6.75	6.75

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

N.B.				
Ratio of Consolidated Net Borrowings to Consolidated EBITDA pre exceptional costs	6.94	6.72	6.71	6.71

We confirm that in respect of this investor report dated 30 June 2020, 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, and 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
Chief Financial Officer
For and on behalf of
ABPH as New Holdco Group Agent