

## HEATHROW FUNDING LIMITED

as Issuer

*(incorporated with limited liability in Jersey with registered number 99529)*

### **Issue of Sub-Class A-58 £70,000,000 6.07 per cent. Fixed Rate Wrapped Bonds due 2058 and Sub-Class A-59 £70,000,000 6.07 per cent. Fixed Rate Wrapped Bonds due 2059 under its Multicurrency Programme for the Issuance of Bonds**

unconditionally and irrevocably guaranteed as to scheduled payments of principal and interest pursuant to financial guarantees issued by



## ASSURED GUARANTY UK LIMITED

*(incorporated with limited liability in England and Wales under company number 02510099)*

and

## ASSURED GUARANTY MUNICIPAL CORP.

*(a stock insurance company organised under the laws of the State of New York, United States of America)*

### **as Financial Guarantors**

This drawdown prospectus (this "**Prospectus**") has been prepared in connection with the issue of £70,000,000 in aggregate principal amount of 6.07 per cent. Fixed Rate Wrapped Bonds due 2058 (the "**A-58 Bonds**") and the issue of £70,000,000 in aggregate principal amount of 6.07 per cent. Fixed Rate Wrapped Bonds due 2059 (the "**A-59 Bonds**" and together with the A-58 Bonds, the "**Bonds**") by Heathrow Funding Limited (the "**Issuer**") under its multicurrency programme for the issuance of Bonds (the "**Programme**"). The issue price will be 100 per cent. in respect of the A-58 Bonds and 100 per cent. in respect of the A-59 Bonds. This Prospectus should be read and construed as one document in conjunction with the documents incorporated by reference herein, including, without limitation, the Issuer's base prospectus dated 30 June 2023 and the supplement to it dated 27 October 2023 in relation to the Programme which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of the UK Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). See "*Documents Incorporated by Reference*" below. Capitalised terms used in the Base Prospectus have the same meanings in this Prospectus unless otherwise specified in this Prospectus. The Base Prospectus is available for viewing at <https://www.heathrow.com/company/investor-centre/offering-related-documents>.

The Bonds (excluding those held by or on behalf of the Issuer or any Affiliate of the Issuer or shareholder of the Issuer) will be unconditionally and irrevocably guaranteed as to the repayment of principal on the relevant Maturity Date and scheduled payments of principal and interest in respect of the Bonds until the relevant Maturity Date (excluding in each case any amounts due in respect of

the Bonds (i) attributable to any increase in interest margin, penalty or other sum payable by the Issuer for whatever reason; (ii) attributable to any present or future taxes, duties, withholding, deduction, assessment or other charge (including interest and penalties in respect of such taxes, duties, withholding, deduction, assessment or other charge) of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state (including the United Kingdom), or any political subdivision or governmental or taxing authority therein or thereof; (iii) attributable to any default interest; (iv) attributable to any amount relating to prepayment, early redemption, broken-funding indemnities, penalties, premium, “spens”, any make-whole amount or similar types of payments payable in respect of the Bonds; (v) any amounts in respect of Bonds held by the Issuer or any Affiliate (as defined in the Master Definitions Agreement) of the Issuer during the period in which the Issuer or the relevant Affiliate, or any Person (as defined in the Financial Guarantees) acting on behalf of the Issuer or the relevant Affiliate, is the legal or beneficial owner of the Bonds, but not thereafter; or (vi) in respect of which Assured Guaranty Municipal Corp. (“AGM”) or Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) (“AGUK” and together with AGM, the “**Financial Guarantors**”) has made an Accelerated Payment (as defined in the relevant Financial Guarantee) on or prior to an Interest Payment Date) in accordance with the financial guarantees to be issued by AGUK in respect of the Bonds (the “**AGUK Financial Guarantees**”) and as set out in the section entitled “*Form of AGUK Financial Guarantee*” below and the financial guarantees to be issued by AGM in respect of the Bonds (the “**AGM Financial Guarantees**” and as set out in the section entitled “*Form of AGM Financial Guarantee*” and, together with the AGUK Financial Guarantee, the “**Financial Guarantees**” and each a “**Financial Guarantee**”).

**An investment in the Bonds involves certain risks. Please see “Risk Factors” on pages 19 to 46 of the Base Prospectus to read about certain factors you should consider before buying any Bonds and “Documents Incorporated by Reference” on pages 229 to 230 of the Base Prospectus for details of certain documents that are incorporated by reference in, and form an important part of, the Base Prospectus, each of which are incorporated by reference in this Prospectus.**

This Prospectus has been approved as a prospectus by the Financial Conduct Authority (the *FCA*), as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. The FCA’s approval should not be considered as an endorsement of the Issuer, the Financial Guarantors, or the Obligors or the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Application has been made to the FCA for the Bonds to be admitted to the official list of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Bonds to be admitted to trading on the London Stock Exchange’s main market.

References in this Prospectus to Bonds being “**listed**” (and all related references) shall mean that such Bonds have been admitted to trading on the London Stock Exchange’s main market and have been admitted to the Official List. The London Stock Exchange’s main market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on Markets in Financial Instruments as it forms part of domestic law of the UK by virtue of the EUWA (“**UK MiFIR**”).

Each reference in the Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in this Prospectus and the Final Terms set out on pages 35 to 62 below unless the context requires otherwise. Copies of this Prospectus will also be published on the website of the London Stock Exchange through a regulatory information service.

The Bonds and the Financial Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Issuer has not registered and does not intend to register as an investment company under the United States Investment Company

Act of 1940, as amended (the “**Investment Company Act**”), in reliance upon the exemption outlined in Rule 3a-5 under the Investment Company Act. The Bonds may be offered, sold or delivered outside the United States to persons who are neither “U.S. persons” as defined in Regulation S under the Securities Act (“**Regulation S**”) (each, a “**U.S. person**”) nor “U.S. residents” as determined for the purposes of the Investment Company Act (each, a “**U.S. resident**”) in offshore transactions in reliance on Regulation S (the “**Regulation S Bonds**”). Each purchaser of the Bonds in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. See “*Subscription and Sale*” on pages 205 to 210 of the Base Prospectus. The Bonds are subject to other restrictions on transferability and resale as set forth in “*Transfer Restrictions*” on pages 211 to 216 of the Base Prospectus.

**Neither the United States Securities and Exchange Commission nor any state securities commission in the United States nor any other United States regulatory authority has approved or disapproved the Bonds or determined that this Prospectus is truthful or complete**

The Bonds are expected on issue to be rated AA by Standard & Poor’s Global Ratings UK Limited (“**S&P**”). Since Fitch Ratings Limited (“**Fitch**”) does not rate the Financial Guarantors, Fitch is unable to assign a rating to the Bonds on issue. As a result, the Dealers, the Financial Guarantors and the Bond Trustee (in accordance with Condition 15(d)) have agreed to waive the requirement as a condition precedent to issuance under the Issuer Transaction Documents to procure a rating of the Bonds from Fitch.

Ratings ascribed to the Bonds reflect only the views of the assigning rating agency. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the assigning rating agencies. A suspension, reduction or withdrawal of the rating assigned to any of the Bonds may adversely affect the market price of such Bonds.

The rating of the Bonds will be based primarily upon the “AA” (stable outlook) financial strength and financial enhancement ratings of each of the Financial Guarantors assigned by Standard & Poor’s Global Ratings (“**S&PGR**”) which is not established in the UK. Accordingly, the financial strength and financial enhancement ratings of each of the Financial Guarantors has been endorsed by S&P in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK CRA Regulation**”) and have not been withdrawn.

In addition, Moody’s Investors Services, Inc. (“**Moody’s Inc.**”) has assigned to each of the Financial Guarantors insurance financial strength ratings (“**IFSR**”) of “A1” (stable outlook), and Kroll Bond Rating Agency, Inc. (“**KBRA**”) has assigned to each of the Financial Guarantors an IFSR of “AA+” (stable outlook). Neither Moody’s Inc. nor KBRA are established in the United Kingdom. The credit ratings that Moody’s Inc. assigned to the Financial Guarantors have been endorsed by Moody’s Investors Service Limited (“**Moody’s**”) in accordance with the UK CRA Regulation and have not been withdrawn. The credit rating that KBRA assigned to the Financial Guarantors is not currently endorsed by Kroll Bond Rating Agency UK Limited (“**KBRAUK**”) in accordance with the UK CRA Regulation. Neither Moody’s nor KBRAUK rate the Bonds.

Each of S&P and Moody’s is established in the United Kingdom and is registered with the FCA as a credit rating agency in accordance with the UK CRA Regulation. Each of S&P and Moody’s is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended). Each of S&P, and Moody’s appear on the list (as at 14 November 2023)) of registered credit rating agencies on the FCA’s Financial Services Register.

#### **Dealer**

Pension Insurance Corporation plc

The date of this Prospectus is 14 November 2023.

## IMPORTANT INFORMATION

This Prospectus, when read and construed in conjunction with the Base Prospectus and all other documents which are incorporated by reference herein (see “*Documents Incorporated by Reference*”), comprises a prospectus in respect of the Bonds for the purposes of Article 8 of the UK Prospectus Regulation. Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

### **The Financial Guarantees will be issued on the day that the Bonds are issued.**

The Financial Guarantees have not been and will not be executed as at the date of this Prospectus. The Issuer will not apply for admission of the Bonds to the Official List and to trading on the main market of the London Stock Exchange unless the Financial Guarantors have executed the Financial Guarantees, so that the Financial Guarantees are in effect at admission of the Bonds to the Official List and to trading on the main market of the London Stock Exchange.

## RESPONSIBILITY STATEMENTS

Each of the Issuer and the Obligors accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of each of the Issuer and the Obligors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The Issuer has accurately reproduced the AGUK Information and the AGM Information (each as defined below) and as far as the Issuer is aware and is able to ascertain from information published by AGUK and AGM no facts have been omitted which would render the reproduced information inaccurate or misleading.

AGUK accepts responsibility for the information contained in this Prospectus (i) within the sections entitled “*Risk Factors — Risks relating to the Financial Guarantors*”, “*Description of Financial Guarantors — Assured Guaranty UK Limited*” and “*Form of AGUK Financial Guarantee*”, (ii) in the third paragraph of the section entitled “*General Information*” and (iii) in paragraphs (iii) and (iv) of the section entitled “*Documents Incorporated by Reference*” (together, the “**AGUK Information**”). To the best of the knowledge of AGUK, the AGUK Information is in accordance with the facts and the Prospectus makes no omission likely to affect the import of such information. AGUK accepts no responsibility for any other information contained in this Prospectus.

Save for the AGUK Information, AGUK has not separately verified the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by AGUK as to the accuracy or completeness of any information contained in this Prospectus (other than the AGUK Information) or any other information supplied in connection with the Bonds or their distribution. Each person receiving this Prospectus acknowledges that such person has not relied on AGUK nor on any person affiliated with it in connection with its investigation of the accuracy of any information contained in this Prospectus (other than the AGUK Information) or in making its investment decision.

AGM accepts responsibility for the information contained in this Prospectus (i) within the sections entitled “*Risk Factors — Risks Relating to the Financial Guarantors*”, “*Description of Financial Guarantors — Assured Guaranty Municipal Corp.*,” and “*Form of AGM Financial Guarantee*”, (ii) in the fourth paragraph of the section entitled “*General Information*” and (iii) in paragraph (v) of the section entitled “*Documents Incorporated by Reference*” (together, the “**AGM Information**”). To the best of the knowledge of AGM, the AGM Information is in accordance with the facts and the Prospectus makes no omission likely to affect the import of such information. AGM accepts no responsibility for any other information contained in this Prospectus.

Save for the AGM Information, AGM has not separately verified the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no

responsibility or liability is accepted by AGM as to the accuracy or completeness of any information contained in this Prospectus (other than the AGM Information) or any other information supplied in connection with the Bonds or their distribution. Each person receiving this Prospectus acknowledges that such person has not relied on AGM nor on any person affiliated with it in connection with its investigation of the accuracy of any information contained in this Prospectus (other than the AGM Information) or in making its investment decision.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as each of the Issuer and the Financial Guarantors is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

No person has been authorised to give any information or to make representations other than the information or the representations contained in this Prospectus in connection with the Issuer, the Financial Guarantors, the Shared Services Provider, LHR Business Support Centre Limited (“**BSC**”), any member of the Group, or the offering or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Financial Guarantors, the Shared Services Provider, BSC, any member of the Group, the Dealers, the Bond Trustee or the Borrower Security Trustee. Neither the delivery of this Prospectus nor any offering or sale of the Bonds made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or any member of the Group or any Financial Guarantor since the date hereof. Unless otherwise indicated herein, all information in this Prospectus is given as of the date of this Prospectus. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Financial Guarantors or any Dealer to subscribe for, or purchase, any of the Bonds.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Dealer, the Bond Trustee, the Borrower Security Trustee, the Hedge Counterparties, the Liquidity Facility Providers, the Authorised Credit Providers, the Agents, the Borrower Account Bank, the auditors of the Group, the Issuer Account Bank or the members of the Heathrow Airport Holdings Group (other than the Issuer and the Obligors) (together, the “**Other Parties**”) as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information supplied in connection with the Bonds or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer, the Financial Guarantors and the Obligors. Each person receiving this Prospectus acknowledges that such person has not relied on any Dealer, the Bond Trustee or the Borrower Security Trustee or any Other Party nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer believes that it is not, and after giving effect to any offering and sale of the Bonds and the application of the proceeds thereof will not be, a “covered fund” for the purposes of Section 13 of the U.S. Bank Holding Company Act of 1956, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (commonly known as the “**Volcker Rule**”). Any prospective investor in the Bonds, including a U.S. or foreign bank or subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. The Issuer has not registered and does not intend to register under the Investment Company Act in reliance upon the exemption outlined in Rule 3a-5 under such Act.

## NOTICES TO INVESTORS

This Prospectus is being distributed only to, and is directed only at, persons who (i) are outside the UK or (ii) are persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred

to as “**relevant persons**”). This Prospectus, or any of its contents, must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference, including without limitation the Base Prospectus. See “*Documents Incorporated by Reference*” below. This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

This Prospectus does not constitute, and may not be used for the purposes of, an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Financial Guarantors, the Dealers, the Bond Trustee and the Borrower Security Trustee do not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, any Financial Guarantor, the Dealers, the Bond Trustee or the Borrower Security Trustee which is intended to permit a public offering of the Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offering and sale of Bonds in the United States, Canada, the EEA the United Kingdom, Japan, Hong Kong, Sweden, Mexico and Singapore (see “*Subscription and Sale*” on pages 205 to 210 of the Base Prospectus).

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer, the Obligors or the Financial Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Bonds or the Programme is correct or that there has been no adverse change in the financial position of the Issuer, the Obligors or the Financial Guarantors as of any time subsequent to the date indicated in the document containing the same. None of the Dealers, the Bond Trustee, the Borrower Security Trustee or the Other Parties undertakes to review the financial condition or affairs of any of the Issuer, the Financial Guarantors or the Obligors during the life of the Bonds or the Programme or to advise any investor in the Bonds of any information coming to their attention. Investors should review, among other things, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Bonds.

This Prospectus is not intended to provide the basis of any credit evaluation and should not be considered as a recommendation by the Issuer, any member of the Group, any member of the Heathrow Airport Holdings Group, any Financial Guarantor, any Dealer, the Bond Trustee, the Borrower Security Trustee or any of the Other Parties that any recipient of this Prospectus should purchase any of the Bonds.

Each person contemplating making an investment in the Bonds must make its own investigation and analysis of the creditworthiness of the Issuer, the Obligors and the Financial Guarantors and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection

with such investment. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in the Bonds should consult independent professional advisers.

The Jersey Financial Services Commission (the “**Commission**”) has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Bonds by the Issuer. A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. It must be distinctly understood that, in giving these consents, neither the Jersey registrar of companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor. It should be remembered that the price of securities and the income from them can go down as well as up.

**The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor.**

**Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MIFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.



**PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL AND UK INVESTORS -**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II") or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA and the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

**UK PRIIPs Regulation / PROHIBITION OF SALES TO UK RETAIL INVESTORS**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For the purposes of a retail investor means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE**

(as amended, the SFA) – Unless otherwise stated in the Final Terms in respect of the Bonds, the Bonds issued or to be issued shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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## SUMMARY OF THE PROGRAMME AND THE BONDS

The summary of the Programme shall consist of the section entitled “Summary of the Bond Programme” set out on pages 15 to 18 inclusive of the Base Prospectus which is incorporated by reference herein, along with the below for the purposes of this Prospectus in relation to the Bonds:

|  |  |
|--|--|
| <b>Issuer</b>  | Heathrow Funding Limited   |
| <b>Legal Entity Identifier of the Issuer</b>               | 7TI96JO3DYEIQWZ7Z726   |
| <b>Borrower</b>  | Heathrow Airport Limited   |
| <b>Obligors</b>  | Heathrow Airport Limited, Heathrow (AH) Limited, Heathrow (SP) Limited and Heathrow Express Operating Company Limited  |
| <b>Financial Guarantors</b>                                | Assured Guaranty UK Limited and Assured Guaranty Municipal Corp.   |
| <b>Legal Entity Identifier of AGUK Financial Guarantor</b> | 549300M46A841BTWC767   |
| <b>Legal Entity Identifier of AGM Financial Guarantor</b>  | 549300EW17XUAI9WBQ69   |
| <b>Website of Financial Guarantors</b>                     | <a href="http://assuredguaranty.com/">http://assuredguaranty.com/</a>  |
| <b>Bond Issue</b>  | Sub-Class A-58 £70,000,000 6.07 per cent. Fixed Rate Wrapped Bonds due 2058 (the " <b>A-58 Bonds</b> ")<br>Sub-Class A-59 £70,000,000 6.07 per cent. Fixed Rate Wrapped Bonds due 2059 (the " <b>A-59 Bonds</b> ")   |
| <b>Issue Price</b>   | 100 per cent. in respect of the A-58 Bonds<br>100 per cent. in respect of the A-59 Bonds   |
| <b>Issue Date</b>  | 16 November 2023   |
| <b>Interest Payment Dates</b>                              | 16 May and 16 November in each year, commencing on 16 May 2024, up to and including the relevant Maturity Date   |
| <b>Scheduled Redemption Date</b>                           | 16 November 2056 in respect of the A-58 Bonds<br>16 November 2057 in respect of the A-59 Bonds   |
| <b>Maturity Date</b>                                       | 16 November 2058 in respect of the A-58 Bonds<br>16 November 2059 in respect of the A-59 Bonds   |
| <b>Financial Guarantees</b>                                | The Bonds (excluding those held by or on behalf of the Issuer or any Affiliate of the Issuer or shareholder of the Issuer) will have the benefit of the Financial Guarantees. In accordance with the terms of the Financial Guarantees (i) AGUK has unconditionally and irrevocably agreed to pay to the Bond Trustee 15 per cent. of all sums due and payable but unpaid by the Issuer in respect of scheduled principal and interest on the Bonds until the relevant Maturity Date (the “ <b>Guaranteed Obligations</b> ”) and (ii) AGM has unconditionally and irrevocably agreed to pay to the Bond Trustee (x) the remaining 85 per cent. of the Guaranteed Obligations, and (y) any Guaranteed Obligations due and payable but unpaid by AGUK. |

See the sections entitled “*Terms and Conditions of the Bonds*” and “*Final Terms*” below.

The coverage provided by the Financial Guarantees is the payment of scheduled payments of principal and interest only until the Maturity Date and excludes any amounts due in respect of the Bonds:

- (i) attributable to any increase in interest margin, penalty or other sum payable by the Issuer for whatever reason;
- (ii) attributable to any present or future taxes, duties, withholding, deduction, assessment or other charge (including interest and penalties in respect of such taxes, duties, withholding, deduction, assessment or other charge) of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state (including the United Kingdom), or any political subdivision or governmental or taxing authority therein or thereof;
- (iii) attributable to any default interest;
- (iv) attributable to any amount relating to prepayment, early redemption, broken-funding indemnities, penalties, premium, “spens”, any make-whole amount or similar types of payments payable in respect of the Bonds;
- (v) attributable to any amounts in respect of Bonds held by the Issuer or any Affiliate (as defined in the Master Definitions Agreement) of the Issuer during the period in which the Issuer or the relevant Affiliate, or any Person (as defined in the Financial Guarantees) acting on behalf of the Issuer or the relevant Affiliate, is the legal or beneficial owner of the Bonds, but not thereafter; or
- (vi) in respect of which AGM or AGUK has made an Accelerated Payment (as defined in the relevant Financial Guarantee) on or prior to an Interest Payment Date.

See the sections entitled “*Form of AGUK Financial Guarantee*” and “*Form of AGM Financial Guarantee*” below.

The Financial Guarantees to be provided by AGM are hereafter referred to as the “**AGM Financial Guarantees**”, and the Financial Guarantees to be provided by AGUK are hereafter referred to as the “**AGUK Financial Guarantees**”.

## G&R Deed

The Issuer will be obliged to reimburse the Financial Guarantors in respect of payments made under the relevant Financial Guarantee pursuant to the guarantee and reimbursement deed between, among others, the Issuer and the Financial Guarantors dated on or before the Issue Date (the “**G&R Deed**”). In addition, the Financial Guarantors will be subrogated to the rights of the Bondholders of the relevant Bonds and the Bond Trustee in respect of any payments made by them under the relevant Financial Guarantee.

## Status of Financial Guarantees

Each AGUK Financial Guarantee will constitute a direct and unsecured obligation of AGUK which will rank at least *pari passu* with all other unsecured obligations of AGUK save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. Each AGM Financial Guarantee will constitute a direct and unsecured obligation of AGM which will rank at least *pari passu* with all other unsecured obligations of AGM save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## Financial Downgrade Event

### Guarantor

A “**Financial Guarantor Downgrade Event**” means at any time

while the Bonds remain outstanding, both:

- (i) AGM’s insurer financial strength rating by S&PGR ceases to be at least “BBB-”; and
- (ii) AGM’s insurer financial strength rating is not rated at least “BBB-” or the equivalent by at least one other Alternative Rating Agency.

The Financial Guarantors will notify the Bond Trustee promptly if a Financial Guarantor Downgrade Event occurs and (i) prior to a Bond Event of Default, the Bond Trustee will as soon as reasonably practicable thereafter notify the Issuer, who shall notify the Bondholders, and (ii) following a Bond Event of Default, the Bond Trustee will as soon as reasonably practicable thereafter notify the Bondholders.

An “**Alternative Rating Agency**” means a credit rating agency other than S&PGR which is registered with the United States Securities and Exchange Commission as a nationally recognised statistical rating organisation.

If a Financial Guarantor Downgrade Event has occurred and is continuing, the Bond Trustee (acting on the instructions of the Bondholders acting by way of Extraordinary Resolution) shall, subject to being prefunded and/or indemnified and/or secured to its satisfaction by the Bondholders, issue a notice (the “**Financial Guarantor Removal Notice**”) to the Financial Guarantors specifying the Bondholders’ intention to terminate and cancel the Financial Guarantees in whole (and not in part) unless the Financial Guarantor Downgrade Event has been remedied or waived by the date that is three

calendar months after the date of delivery of the Financial Guarantor Removal Notice (the “**Preliminary Financial Guarantor Removal Date**”) where such a period constitutes the “**Cure Period**”).

Where a Financial Guarantor Downgrade Event has occurred, the Financial Guarantors may remedy such Financial Guarantor Downgrade Event (and the related Financial Guarantor Removal Notice shall be deemed revoked) at any time prior to the Preliminary Financial Guarantor Removal Date by transferring the AGM Financial Guarantees to an affiliate of AGM that is rated at least “Baa3” by Moody’s or “BBB-” by S&PGR (or, if prior to such remedy, AGM was relying on the rating of an Alternative Rating Agency, by transferring the AGM Financial Guarantees to an affiliate of AGM that is rated at least “Baa3” by Moody’s or “BBB-” by S&PGR or “BBB-” or the equivalent by such Alternative Rating Agency) or the Bond Trustee (acting on the instructions of the Bondholders, acting by Extraordinary Resolution) may waive such Financial Guarantor Downgrade Event at any time prior to the Preliminary Financial Guarantor Removal Date in which case the Financial Guarantor Downgrade Event shall be deemed to have been remedied or waived.

If a continuing Financial Guarantor Downgrade Event has not been remedied or waived prior to the Preliminary Financial Guarantor Removal Date, then on the Preliminary Financial Guarantor Removal Date:

(i) the Issuer shall pay to the Financial Guarantors or their respective Affiliates (as applicable) an amount equal to: (A) any and all amounts paid by the Financial Guarantors under the Financial Guarantees not previously reimbursed; (B) any and all other amounts due and payable in accordance with the G&R Deed (including without limitation, indemnifications, gross up, taxes, reimbursements, interest, charges, fees, costs and expenses); (C) any and all Financial Guarantee Fees due and payable in accordance with the Financial Guarantee Fee Letters; and (D) any other amounts of any nature whatsoever due and payable to the Financial Guarantors pursuant to the Issuer Transaction Documents (such amounts pursuant to (A) to (D) collectively the “**Financial Guarantor Removal Payments**”), as set forth in a notice in writing delivered to the Issuer, the Security Group Agent and the Borrower Security Trustee by the Financial Guarantors, and the Issuer shall simultaneously provide proof of the payment of the Financial Guarantor Removal Payments to the Financial Guarantors or their respective Affiliates (as applicable) to their reasonable satisfaction in full and final settlement of such Financial Guarantor Removal Payments;

On receipt by the Issuer, Security Group Agent and Borrower Security Trustee of written notification from the Financial Guarantors or their respective Affiliates (as applicable), that they are satisfied that the Financial Guarantor Removal Payments have been paid in full or that there are no Financial Guarantor Removal Payments due and payable:

(i) the Financial Guarantees shall be unconditionally and irrevocably terminated and cancelled in whole (and not in part) and shall cease to have any further force or effect and the term of the Financial Guarantees shall be deemed to have expired as of the date on which the Financial Guarantor Removal Payments were paid in full (if applicable), such date being the “**Effective Financial Guarantor Removal Date**” and no further claim may be made under the Financial Guarantees on and from the Effective Financial Guarantor Removal Date and any such further claim shall be null and void;

(ii) all Issuer Transaction Documents other than the Financial Guarantees shall continue in full force and effect; and

(iii) the Financial Guarantee Fees shall cease to accrue, and the Bond Trustee may (acting on the instructions of the Bondholders) sanction to use the amounts no longer required to be paid as such financial guarantee fees in accordance with the Bond Trust Deed).

Until the occurrence of the Effective Financial Guarantor Removal Date, and provided that no FG Event of Default has occurred and is continuing, the Financial Guarantors will continue to be the Secured Creditor Representatives in respect of the Bonds and will therefore have the right to exercise any voting and control rights under the Bonds, subject to the STID.

#### **FG Event of Default**

An “**FG Event of Default**” means any of the following events:

- (a) any Guaranteed Amount which is due for payment by AGM in accordance with the terms of the AGM Financial Guarantees is not paid by AGM on the date stipulated in that AGM Financial Guarantee;
- (b) AGM:
  - (i) disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the AGM Financial Guarantees or seeks to do so (in each case, in writing);
  - (ii) files a petition or commences a case or proceeding under any provision or chapter of the United States Bankruptcy Code or any other similar federal or state law relating to

- insolvency, bankruptcy, liquidation or reorganisation, or
  - (iii) makes a general assignment for the benefit of its creditors, or
  - (iv) has a final and non-appealable order for relief entered against it under the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation; or
- (c) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and non-appealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for AGM or for all or any material portion of its property or (ii) authorising the taking of possession by a custodian, trustee, agent or receiver of AGM or of all or any material portion of its property.

If an FG Event of Default has occurred and is continuing, in accordance with the STID, the Financial Guarantors will no longer be the Secured Creditor Representatives in respect of the Bonds and will therefore not have the right to exercise any voting rights under the Bonds. Such voting rights will, where an FG Event of Default has occurred and is continuing, be exercised by the holders of the Bonds in accordance with the Bond Trust Deed and the STID, however the Financial Guarantors will continue to be bound by the terms of the Financial Guarantees and will continue to benefit from Entrenched Rights in their capacity as Financial Guarantors, as opposed to those exercised as a result of any Entrenched Right affecting the holders of the Bonds. The Issuer will immediately notify the Bondholders upon (A) any remedy or waiver of an FG Event of Default (including by way of transfer of the Financial Guarantees) or (B) termination of the Financial Guarantees.



## **RISK FACTORS**

*An investment in the Bonds involves certain risks. Prior to making an investment decision, prospective purchasers of the Bonds should carefully read this entire Prospectus and the documents (or parts thereof) that are incorporated herein by reference, and in particular should consider all the risks inherent in making such an investment, including the information under the heading “Risk Factors” on pages 19 to 46 (inclusive) of the Base Prospectus (the **Programme Risk Factors**) (and such risk factors shall be deemed to be incorporated into and form part of this Prospectus) and the risk factors set out below, before making a decision to invest.*

*Prospective investors should also read the detailed information set out elsewhere in (or incorporated by reference into) this Prospectus and reach their own views prior to making any investment decision. If any of the risks set out in the Programme Risk Factors or below actually occur, the market value of the Bonds may be adversely affected. The Issuer believes that the factors described in the Programme Risk Factors and this Prospectus below represent the principal risks inherent in investing in the Bonds, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons and the Issuer does not represent that such statements regarding the risks of holding any Bonds are exhaustive.*

*The Programme Risk Factors are incorporated by reference into this Prospectus.*

### **RISKS RELATING TO THE FINANCIAL GUARANTORS**

#### ***Reliance on the Financial Guarantors***

The Financial Guarantees only guarantee scheduled principal and certain scheduled interest payments by the Issuer on the dates when such amounts are initially scheduled to become due and payable (subject to and in accordance with each Financial Guarantee) and do not guarantee the market price, or liquidity of any securities, nor do they guarantee that the ratings on such securities will not be revised or withdrawn. The Financial Guarantees exclude certain amounts due in respect of the Bonds which are as further set out in the risk factor below entitled "*Scope of cover under the Financial Guarantees may not cover all amounts owed to Bondholders*". See the sections entitled "*Form of AGUK Financial Guarantee*" and "*Form of AGM Financial Guarantee*" below. The payment of the Guaranteed Amounts (as defined in the Financial Guarantees) will depend upon each of the Financial Guarantors performing its obligations under the relevant Financial Guarantee. The likelihood of payment of the Guaranteed Amounts will depend upon the creditworthiness of each of the Financial Guarantors. Consequently, investors are relying not only on the creditworthiness of the Issuer, but also on the creditworthiness of each of the Financial Guarantors to perform its obligations under the relevant Financial Guarantee. The insolvency of either of the Financial Guarantors or a default by either under its respective Financial Guarantee may adversely affect the likelihood of investors receiving scheduled payments of principal and interest and could result in a withdrawal or downgrade of the ratings of the Bonds.

#### ***Rating of the Bonds affected by the Financial Guarantors***

The rating of the Bonds is based primarily on the Financial Guarantees issued by the Financial Guarantors with respect to the Bonds. The financial strength ratings assigned by S&PGR, Moody's

Inc. and KBRA, as applicable, to the Financial Guarantors represent such rating agencies' opinions of each of the Financial Guarantor's financial strength and ability to meet ongoing obligations to policyholders and cedants in accordance with the terms of the financial guarantees it has issued or the risk transfer agreements it has executed. Ratings are subject to continuous rating agency review and revision or withdrawal at any time. Additionally, each Financial Guarantor periodically assesses the value of each rating assigned to it and may as a result of such assessment request that a rating agency add or drop a rating.

The rating agencies have changed their methodologies and criteria from time to time. Factors influencing the rating agencies are beyond the control of the Financial Guarantors and not always known to the Financial Guarantors. In the event of an actual or perceived deterioration in creditworthiness of large risks in a Financial Guarantee portfolio, or a change in a rating agency's capital model or rating methodology, a rating agency may require a Financial Guarantor to increase the amount of capital it holds to maintain its financial strength and financial enhancement ratings under the rating agencies' capital adequacy models, or a rating agency may identify an issue that additional capital would not address. The amount of any additional capital required may be substantial, and may not be available to a Financial Guarantor on favourable terms and conditions or at all, especially if it were known that additional capital was necessary to preserve the Financial Guarantor's financial strength or financial enhancement ratings. The failure to raise any additional required capital, or successfully address another issue or issues raised by a rating agency, could result in a downgrade of the ratings of a Financial Guarantor, which could result in a downgrade of the ratings of the Bonds. Such a downgrade may also have an adverse impact upon the Financial Guarantor's business, results of operations and financial condition, which could adversely impact its ability to meet its obligations under the relevant Financial Guarantee.

### ***Control by the Financial Guarantors***

While the Financial Guarantees mitigate the credit risks to which potential investors in the Bonds would otherwise be exposed, the involvement of the Financial Guarantors has certain consequences. For example, for so long as no FG Event of Default has occurred and is continuing, the Financial Guarantors will have the right to exercise and control voting in respect of the Bonds which would otherwise be exercised and controlled by the Bondholders (including the discretion as to whether to vote the Principal Amount Outstanding under the Bonds in favour of declaring an event of default or enforcement event or to accelerate payments of principal and interest), and in respect of which the Bond Trustee might otherwise have sought the directions of the Bondholders, other than a vote in respect of an Entrenched Right which constitutes a Basic Terms Modification.

In addition, in the event that the Financial Guarantors are required to make a payment under the Financial Guarantees, the Issuer will be required to reimburse the Financial Guarantors and to pay various fees, costs and expenses to the Financial Guarantors pursuant to the G&R Deed and the Financial Guarantee Fee Letters. Other than reimbursement sums in respect of payments of principal and interest, the fees, other remuneration, indemnity payments, costs, charges and expenses of a Financial Guarantor will be paid in priority to the payment of certain amounts due to the Bondholders (see the section entitled "*Summary of the Financing Agreements — Cash Management – Issuer Cash Management Agreement and Issuer Account Bank Agreement*" on pages 87 to 91 (inclusive) of the Base Prospectus).

### ***Acceleration of Bonds***

The terms of each Financial Guarantee provide that any Accelerated Payment (as defined in the relevant Financial Guarantee) will be made by the relevant Financial Guarantor only in its absolute discretion if it elects to do so. If no such election is made, that Financial Guarantor will continue to be liable to make payments of Guaranteed Amounts in respect of the Bonds pursuant to the relevant Financial Guarantee on the dates on which such payments would have been required to be made if such amounts had not become immediately due and payable.

### ***Withholding Tax on Payments under the Bonds or Financial Guarantees***

If any withholding tax is imposed on payments under the Bonds or the Financial Guarantees, the Financial Guarantors are not required to “gross up” payments to the Bondholders. In such circumstances, Bondholders will receive payments from the Financial Guarantors net of such withholding tax.

### ***Impact of developments in the U.S. and global financial markets and economy generally on the Financial Guarantors***

In recent years, the global financial markets and economy generally have been impacted by changes in inflation and interest rates, the COVID-19 pandemic, political events such as trade confrontations between the U.S. and traditional allies and between the U.S. and China as well as the withdrawal of the UK from the European Union (commonly known as “Brexit”). The global economic and political systems also have been impacted by events in the Middle East and Eastern Europe (including events in Ukraine), as well as Africa and Southeast Asia, and could be impacted by other events in the future, including natural and man-made events and disasters. These and other risks may adversely affect a Financial Guarantor’s financial condition, results of operations, capital, liquidity, and business prospects, which could result in a downgrade of its ratings, which could result in a downgrade of the ratings of the Bonds, or could adversely impact its ability to meet its obligations under the relevant Financial Guarantee.

### ***Impact on the Financial Guarantors of significant budget deficits and pension funding and revenue shortfalls at some of the state and local governments and agencies that issue obligations insured by the Financial Guarantors***

Some of the state, territorial, and local governments that issue the obligations the Financial Guarantors insure are experiencing significant budget deficits and pension funding and revenue collection shortfalls. Certain territorial or local governments, including ones that have issued obligations insured by the Financial Guarantors, have sought protection from creditors under chapter 9 of the U.S. Bankruptcy Code, or, in the case of Puerto Rico, the similar provisions of the Puerto Rico Oversight, Management, and Economic Stability Act (“**PROMESA**”), as a means of restructuring their outstanding debt. In some instances where local governments were seeking to restructure their outstanding debt, pension and other obligations owed to workers were treated more favourably than senior bond debt owed to the capital markets. If the issuers of the obligations in the Financial Guarantors’ public finance portfolio do not have sufficient funds to cover their expenses and are unable or unwilling to raise taxes, decrease spending or receive federal assistance, the

Financial Guarantors may experience increased levels of losses or impairments on their insured public finance obligations.

In addition, obligations supported by revenue streams, which may include revenue and non-revenue bonds issued by toll road authorities, municipal utilities, airport authorities or mass transit, may be adversely affected by revenue declines resulting from reduced demand, changing demographics, evolving business practices that began during the COVID-19 pandemic including hybrid work models, telecommuting, video conferencing and other alternative work arrangements, or other causes. These obligations, which may not necessarily benefit from financial support from other tax revenues or governmental authorities, may also experience increased losses if the revenue streams are insufficient to pay scheduled interest and principal payments.

These risks may adversely affect a Financial Guarantor's financial condition, results of operations, capital, liquidity, and business prospects, which could result in a downgrade of its ratings, which could result in a downgrade of the ratings of the Bonds, or could adversely impact its ability to meet its obligations under the relevant Financial Guarantee.

#### ***Impact of large or correlated exposures on the Financial Guarantors***

The Financial Guarantors are exposed to the risk that issuers of obligations they insure or other counterparties may default on their financial obligations, whether as a result of insolvency, lack of liquidity, operational failure or other reasons, and the amount of insurance exposure the Financial Guarantors have to some the risks is quite large. The Financial Guarantors seek to reduce this risk by managing exposure to large single risks, as well as concentrations of correlated risks, through tracking its aggregate exposure to single risks in its various lines of insurance business and establishing underwriting criteria to manage risk aggregations. Should the Financial Guarantors' risk assessments prove inaccurate and should the applicable limits prove inadequate, they could be exposed to larger than anticipated losses, and could be required by the rating agencies to hold additional capital against insured exposures whether or not downgraded by the rating agencies. Their ultimate exposure to a single risk may exceed their underwriting guidelines (caused by, for example, acquisitions, reassumptions, or amortisation of the portfolio faster than the single risk).

The Financial Guarantors are exposed to correlation risk across the various assets they insure and in which they invest. During periods of strong macroeconomic performance, stress in an individual transaction generally occurs for idiosyncratic reasons or as a result of issues in a single asset class (so impacting only transactions in that sector). During a broad economic downturn or in the face of a significant natural or man-made event or disaster (such as the Covid-19 pandemic or events in Ukraine), a wider range of the Financial Guarantors' insurance and investments could be exposed to stress at the same time. This stress may manifest itself in any or all of the following: ratings downgrades of insured risks, which may require more capital in the Financial Guarantors' insurance subsidiaries; a reduction in the value of the Financial Guarantors' investments; and actual defaults and losses in its insurance portfolio and / or investments.

These risks may adversely affect a Financial Guarantor's financial condition, results of operations, capital, liquidity, and business prospects, which could result in a downgrade of its ratings, which

could result in a downgrade of the ratings of the Bonds, or could adversely impact its ability to meet its obligations under the relevant Financial Guarantee.

### ***Impact of global climate change on the Financial Guarantors***

Global climate change and climate change regulations may impact asset prices and general economic conditions and may disproportionately impact particular sectors, industries, or locations. Due to the significant uncertainty of forecasted data related to the impact of climate change, the Financial Guarantors cannot predict the long-term consequences to them resulting from the physical, transition, legal, regulatory and reputational risks associated with climate change. They consider environmental risk in their insurance underwriting process and surveillance process and their investor process and manage their insurance and investment risks by maintaining well-diversified portfolio of insurance and investments both geographically and by sector, and monitor these measures on an ongoing basis. While the Financial Guarantors can adjust their investment exposure to sectors and/or geographical areas that face severe risks due to climate change or climate change regulation, they have less flexibility in adjusting the existing exposure in their insurance portfolios because some of the financial guarantees they issue insure the credit performance of the guaranteed obligations over an extended period of time, in some cases over 30 years, and, in most circumstances, they have no right to cancel such insurance. As a consequence, global climate change may cause the Financial Guarantors to experience increased levels of losses or impairments on the obligations they insure, which could result in a downgrade of their ratings, which could result in a downgrade of the ratings of the Bonds, or could adversely impact their ability to meet their obligations under their Financial Guarantees.

### ***Impact of credit losses and changes in interest rates on the Financial Guarantors' investments***

The Financial Guarantors' investments primarily consist of debt securities and short-term investments. Realised credit losses on their investments adversely affect their financial condition and results of operations by reducing net income and shareholders' equity. The impact of changes in interest rates may also adversely affect both the financial condition and results of operations of the Financial Guarantors. For example, if interest rates decline, funds reinvested will earn less than expected, reducing their future investment income compared to the amount they would earn if interest rates had not declined. However, the value of their fixed-rate investments would generally increase, resulting in an unrealised gain on investments and improving their financial condition. Conversely, if interest rates increase, funds reinvested will earn more than expected, increasing their future investment income compared to the amount they would earn if interest rates had not increased; however, the value of their fixed-rate investments would generally decrease, resulting in an unrealised loss on investments and worsening their financial condition.

Interest rates are highly sensitive to many factors, including monetary policies, U.S. and non-U.S. economic and political conditions and other factors beyond the Financial Guarantors' control. The Financial Guarantors do not engage in active management, or hedging, of interest rate risk in their investment portfolios, and may not be able to mitigate interest rate sensitivity effectively.

The negative impact of credit losses and changes in interest rates on the investment portfolios of the Financial Guarantors could result in a downgrade of their ratings, which could result in a downgrade

of the ratings of the Bonds, or could adversely impact their ability to meet their obligations under their Financial Guarantees.

***Expansion of the categories and types of the Financial Guarantors' investments***

AGM has been expanding, and AGUK has plans to expand, the categories and types of their investments. This expansion of categories and types of investments may increase the credit, interest rate and liquidity risk in their investments. In addition, the fair value of some of these assets may be more volatile than other investments made by them. In addition, this expansion has resulted in the Financial Guarantors investing a portion of their portfolio in assets that are less liquid than some of their other investments, and so may increase the risks described in the section entitled "*Financial Guarantors' liquidity*" below. Expanding the categories and types of Financial Guarantors' investments may also expose the Financial Guarantors to other types of risks, including reputational risks. These factors could adversely impact the ability of the Financial Guarantors to meet their obligations under their Financial Guarantees.

***The Financial Guarantors' investments in Sound Point Capital Management, LP (Sound Point) are subject to the risks of Sound Point's business***

Sound Point's business operates in highly competitive markets. Sound Point competes with many other firms in every aspect of the asset management industry, including raising funds, seeking investments, and hiring and retaining professionals. Sound Point's ability to increase and retain assets under management is directly related to the performance of the assets it manages as measured against market averages and the performance of its competitors. Some of Sound Point's competitors may have a lower cost of funds and access to funding and other resources that are not available to Sound Point. In addition, some of Sound Point's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than Sound Point does. Furthermore, Sound Point may lose investment opportunities if it does not match its competitors' pricing, terms and structure. The loss of such investment opportunities may limit Sound Point's ability to grow or cause it to have to shrink the size of its portfolio, which could decrease its earnings. If Sound Point matches its competitors' pricing, terms and structure, it may experience decreased earnings and increased risk of investment losses.

Sound Point is dependent on certain key personnel, including Sound Point's Managing Partner and Chief Investment Officer, and its future success depends on their continued service. The departure of any of Sound Point's key personnel for any reason could have a material adverse effect on Sound Point's business, financial condition or results of operations and, consequently, the Financial Guarantors' investments in Sound Point funds, other vehicles and separately managed accounts.

Sound Point operates in a highly regulated industry and, as a registered investment adviser, is subject to the provisions of the Investment Advisers Act of 1940, as amended. Sound Point is, from time to time, subject to formal and informal examinations, investigations, inquiries, audits and reviews from numerous regulatory authorities both in response to issues and questions raised in such examinations or investigations and in connection with the changing priorities of the applicable regulatory authorities across the market in general. As a result, there can be no assurance that Sound Point will

not become subject to possible enforcement actions. Sound Point and its principals and employees could also be named as defendants in, or otherwise become involved in, a regulatory action or litigation. Any such regulatory actions or litigation could be disruptive, time-consuming, expensive and lead to negative financial and reputational consequences that have a material adverse effect on Sound Point's business, financial condition or results of operations and, consequently, the Financial Guarantors' investments in Sound Point funds, other vehicles and separately managed accounts.

### ***Estimates of expected losses by the Financial Guarantors***

The financial guarantees issued by the Financial Guarantors insure the credit performance of the guaranteed obligations over an extended period of time, in some cases over 30 years, and, in most circumstances, the Financial Guarantors have no right to cancel such financial guarantees. As a result, the Financial Guarantors' estimates of ultimate losses on a policy are subject to significant uncertainty over the life of the insured transaction. If a Financial Guarantor's actual losses exceed its current estimate, its financial condition, results of operations, capital, liquidity, business prospects, and ability to raise additional capital may all be adversely affected, which could result in a downgrade of its ratings, and which could in turn result in a downgrade of the ratings of the Bonds, or could adversely impact the ability of the Financial Guarantor to meet its obligations under the relevant Financial Guarantee.

The determination of expected loss is an inherently subjective process involving numerous estimates, assumptions and judgments by management of the Financial Guarantors, using both internal and external data sources with regard to frequency, severity of loss, economic projections, future interest rates, the perceived strength of legal protections, governmental actions, negotiations and other factors that affect credit performance. The Financial Guarantors do not use traditional actuarial approaches to determine their estimates of expected losses. Actual losses will ultimately depend on future events or transaction performance. As a result, their current estimates of losses may not reflect the future ultimate claims paid.

The Financial Guarantors' expected loss models take into account current and expected future trends, which contemplate the impact of current and possible developments in the performance of the exposure. These factors, which are integral elements of the Financial Guarantors' reserve estimation methodology, are updated on a quarterly basis based on current information. Because such information changes over time, sometimes materially, their projection of losses may also change materially.

### ***Reliance on information technology by the Financial Guarantors***

The Financial Guarantors' business operations rely on the continuous availability of their computer systems as well as those of certain third parties. In addition to disruptions caused by cyberattacks or data privacy breaches, such systems may be adversely affected by natural and man-made catastrophes. The failure of the Financial Guarantors to maintain business continuity in the wake of such events, particularly if there were an interruption for an extended period, could prevent the timely completion of critical processes across its operations, including, for example, claims processing, treasury and investment operations and payroll. These failures could result in additional costs, loss of business, fines and litigation, which could result in a downgrade of the ratings of the

Financial Guarantors, which could result in a downgrade of the ratings of the Bonds or could adversely impact their ability to meet their obligations under their Financial Guarantees. The Financial Guarantors have shifted to a hybrid work-from-home and work-from-office paradigm. The shift to working from home at least part of the time has made the Financial Guarantors more dependent on internet and communications access and capabilities and has heightened the risk of cybersecurity attacks to their operations.

#### ***Reliance on models by the Financial Guarantors***

The Financial Guarantors use models for numerous purposes in their businesses. For example, they use models to project future cash flows associated with pricing models, calculating insurance expected losses, evaluating risks in its insurance and investments, valuing assets and liabilities and projecting liquidity needs. They also use models to determine and project capital requirements under their own risk models as well as under regulatory and rating agency requirements. While they each have a model validation function and have adopted procedures to protect their models, the models may not operate properly (including as a result of errors or damage) and may rely on assumptions that are inherently uncertain and may prove to have been incorrect, which could result in a downgrade of their ratings, which could result in a downgrade of the ratings of the Bonds, or could adversely impact their ability to meet their obligations under their Financial Guarantees.

#### ***Significant claim payments by the Financial Guarantors***

Claim payments and payments made in connection with related legal proceedings reduce the Financial Guarantors' invested assets and result in reduced liquidity and net investment income, even if the Financial Guarantors are reimbursed in full over time and do not experience ultimate loss on the claim. In the years after the financial crisis that began in 2008, many of the larger claims paid by AGM were with respect to insured U.S. RMBS securities. More recently, AGM has been paying large claims related to certain insured Puerto Rico exposures, which it has been doing since 2016. The Financial Guarantors have planned for future claim payments. If the amount of future claim payments is significantly more than that projected by a Financial Guarantor, that Financial Guarantor's ratings could be downgraded, which could result in a downgrade of the ratings of the Bonds, or their ability to meet its obligations under the relevant Financial Guarantee could be adversely affected.

#### ***Sudden need for a Financial Guarantor to raise additional capital***

The Financial Guarantors' capital requirements depend on many factors, primarily related to their in-force book of insurance business and rating agency capital requirements for their insurance companies. Failure to raise additional capital if and as needed may result in a Financial Guarantor being unable to write new insurance business and may result in the ratings of that Financial Guarantor being downgraded, which could result in a downgrade of the ratings of the Bonds. If a Financial Guarantor's need for capital arises because of significant insurance losses substantially in excess of the stress scenarios for which it plans, the occurrence of such losses may make it more difficult for that Financial Guarantor to raise the necessary capital.

#### ***Inability of a Financial Guarantor to write new business as a result of large insurance losses***



Large insurance losses, whether related to Puerto Rico in the case of AGM, or otherwise, could increase substantially a Financial Guarantor's leverage ratios, which may prevent it from writing new insurance. This in turn may result in the ratings of that Financial Guarantor being downgraded, which could result in a downgrade of the ratings of the Bonds.

### ***Financial Guarantors' liquidity***

The Financial Guarantors require substantial liquidity to meet their respective payment and/or collateral posting obligations, including under financial guaranty insurance policies or reinsurance agreements. They also require liquidity to pay operating expenses, reinsurance premiums, and dividends. The Financial Guarantors cannot give any assurance that their liquidity will not be adversely affected by adverse market conditions, changes in insurance regulatory law, insurance claim payments and related litigation substantially in excess of those projected by them in their stress scenarios, or changes in general economic conditions. The Financial Guarantors expect their need for liquidity will be met by their operating cash flows; external financings; investment income from their invested assets; and proceeds derived from the sale of their investments, significant portions of which are in the form of cash or short-term investments. The value of their investments may be adversely affected by changes in interest rates, credit risk and capital market conditions that therefore may adversely affect their potential ability to sell investments quickly and the price which they might receive for those investments. Part of AGM's investment strategy is to invest more of its excess capital in alternative investments, which may be particularly difficult to sell at adequate prices, or at all. Lack of liquidity at the Financial Guarantors could result in a downgrade of their ratings, which could result in a downgrade of the ratings of the Bonds, or could adversely impact their ability to meet their obligations under their Financial Guarantees.

### ***Changes in or inability to comply with laws and regulations applicable to the Financial Guarantors***

The Financial Guarantors are subject to detailed insurance and other financial services laws and government regulation in the jurisdictions in which they operate. In addition, regulatory agencies in jurisdictions in which they operate have broad administrative power over many aspects of their business, which may include ethical issues, money laundering, privacy, recordkeeping and marketing and sales practices. Future legislative, regulatory, judicial or other legal changes in the jurisdictions in which they do business may adversely impact the Financial Guarantors' financial condition, results of operations, capital, liquidity, business prospects and share price by, among other things, limiting the types of risks they may insure, lowering applicable single or aggregate risk limits related to their insurance business, increasing required reserves or capital, providing insured obligors with additional avenues for avoiding or restructuring the repayment of their insured liabilities, increasing the level of supervision or regulation to which the Financial Guarantors' operations may be subject, imposing restrictions that make the Financial Guarantors' products less attractive to potential buyers and investors, lowering the profitability of the Financial Guarantors' business activities, requiring the Financial Guarantors to change certain of their business practices and exposing them to additional costs (including increased compliance costs), which could result in a downgrade of their ratings, which could result in a downgrade of the ratings of the Bonds or which could adversely impact the ability of the Financial Guarantors to meet their obligations under their Financial Guarantees.

***Impact of legislation, regulation or litigation arising out of the struggles of borrowers on the Financial Guarantors***

Borrower distress or default, whether or not the relevant obligation is insured by one of the Financial Guarantors, may result in legislation, regulation or litigation that may impact the Financial Guarantors' legal rights as creditor or their investments. For example, the default by the Puerto Rico on much of its debt has resulted in both legislation (including the enactment of PROMESA) and litigation that is continuing to impact AGM's rights as creditor, most directly in Puerto Rico but also elsewhere in the U.S. municipal market. In addition, AGM is, and the Financial Guarantors may be in the future, involved in litigation, both as a defendant and as a plaintiff, in the ordinary course of their business and other business operations. The impact of such legislation or regulations and the outcome of such litigation may adversely impact the ability of the Financial Guarantors to meet their obligations under their Financial Guarantees or could result in a downgrade of their ratings, which could result in a downgrade of the ratings of the Bonds.

**RISKS RELATING TO THE BONDS**

***Modification and Waivers may be made without Bondholder Consent***

See the section entitled "*Summary of the Financing Agreements — Bond Trust Deed – Bondholders voting mechanics*" on page 84 of the Base Prospectus. As further disclosed on page 84 of the Base Prospectus, if no FG Event of Default is continuing, the Financial Guarantors control voting in respect of the Bonds under the Issuer Transaction Documents other than a vote in respect of an Entrenched Right which constitutes a Basic Terms Modification in respect of the Bonds. Until such time as an FG Event of Default is continuing, the Financial Guarantors may therefore take decisions which may adversely impact the Bondholders (other than in respect of an Entrenched Right which constitutes a Basic Terms Modification) at their discretion.

***Scope of cover under the Financial Guarantees may not cover all amounts owed to Bondholders***

See the sections entitled "*Form of AGUK Financial Guarantee*" and "*Form of AGM Financial Guarantee*" below.

Save as set out below, the coverage provided by the Financial Guarantees is the payment of scheduled payments of principal and interest only in respect of the Bonds, and excludes any amounts due in respect of the Bonds:

- (i) attributable to any increase in interest margin, penalty or other sum payable by the Issuer for whatever reason;
- (ii) attributable to any present or future taxes, duties, withholding, deduction, assessment or other charge (including interest and penalties in respect of such taxes, duties, withholding, deduction, assessment or other charge) of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state (including the United Kingdom), or any political subdivision or governmental or taxing authority therein or thereof;
- (iii) attributable to any default interest;

- (iv) attributable to any amount relating to prepayment, early redemption, broken-funding indemnities, penalties, premium, “spens”, any make-whole amount or similar types of payments payable in respect of the Bonds;
- (v) any amounts in respect of Bonds held by the Issuer or any Affiliate (as defined in the Master Definitions Agreement) of the Issuer during the period in which the Issuer or the relevant Affiliate, or any Person (as defined in the Financial Guarantees) acting on behalf of the Issuer or the relevant Affiliate is the legal or beneficial owner of the Bonds, but not thereafter; or
- (vi) in respect of which AGM or AGUK has made an Accelerated Payment (as defined in the relevant Financial Guarantee) on or prior to an Interest Payment Date.

There is, therefore, a risk that not all amounts which are payable to the Bondholders under the Bonds (including those specifically listed above) will be payable pursuant to the Financial Guarantees if the Issuer is unable to pay them.

#### ***Payments due upon a Financial Guarantor Downgrade Event***

In the event that the Financial Guarantees are terminated either (i) following a Financial Guarantor Downgrade Event or (ii) for any other reason following which the Bonds remain outstanding, the amount of interest payable by the Issuer on the Bonds shall be subject to a step-up of 24 basis points per annum. Such step-up may apply during the period (i) from, and including, the Interest Commencement Date, to and excluding, the Scheduled Redemption Date; and (ii) from and including the Scheduled Redemption Date, to and including the relevant Maturity Date.

#### ***An active trading market for the Bonds may not develop***

There can be no assurance that an active trading market for the Bonds will develop, or, if one does develop, that it will be maintained. If an active trading market for the Bonds does not develop or is not maintained, the market or trading price and liquidity of the Bonds may be adversely affected. The Issuer or any of its subsidiaries or holding companies (its “**Affiliates**”) are entitled to issue further Bonds. Such transactions may favourably or adversely affect the price development of the Bonds. If additional and competing products are introduced in the markets, this may adversely affect the value of the Bonds.

#### ***Rating of the Bonds***

The rating anticipated to be assigned to the Bonds is based on the financial strength rating of the Financial Guarantors and reflects only the views of the Rating Agency.

A rating is not a recommendation to buy, sell or hold securities and will depend, amongst other things, on certain underlying characteristics of the business and financial condition of the Financial Guarantors from time to time.

There is no assurance that any such rating will continue for any period of time or that it will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agency as a result of changes in, or unavailability of, information or if, in the Rating Agency’s judgment, circumstances so warrant. If any rating assigned to the Bonds is lowered or withdrawn, the market price of the Bonds is likely

to be reduced and no person or entity will be obliged to provide any additional credit enhancement in respect of the Bonds.

The Financial Guarantors have not covenanted to maintain any rating by the Rating Agency or any other rating agency during the life of the Bonds.

## SUMMARY OF THE FINANCING AGREEMENTS

The summary of the principal Programme documentation shall consist of the section entitled “Summary of the Financing Agreements” set out on pages 80 to 93 inclusive of the Base Prospectus which is incorporated by reference herein, along with the below for the purposes of this Prospectus in relation to the Bonds:

### **G&R DEED**

The Issuer and the Financial Guarantors have entered into a reimbursement and indemnity deed dated on or around the Issue Date, as amended and restated from time to time (the “**G&R Deed**”) pursuant to which the Issuer will be obliged to indemnify and reimburse the Financial Guarantors, in respect of payments made under the relevant Financial Guarantee pursuant to the G&R Deed. In addition, the Financial Guarantors will be subrogated to the rights of the Bondholders and the Bond Trustee, in respect of any payments made by them under the relevant Financial Guarantee.

### **FINANCIAL GUARANTEES AND FINANCIAL GUARANTEE FEE LETTERS**

Under the Financial Guarantees, each of the Financial Guarantors unconditionally and irrevocably guarantees in favour of the Bond Trustee, the repayment of principal on the relevant Maturity Date and scheduled payments of principal and interest in respect of the Bonds until the relevant Maturity Date where such amounts are unpaid by the Issuer (excluding in each case any amounts due in respect of the Bonds (i) attributable to any increase in interest margin, penalty or other sum payable by the Issuer for whatever reason; (ii) attributable to any present or future taxes, duties, withholding, deduction, assessment or other charge (including interest and penalties in respect of such taxes, duties, withholding, deduction, assessment or other charge) of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state (including the United Kingdom), or any political subdivision or governmental or taxing authority therein or thereof; (iii) attributable to any default interest; (iv) attributable to any amount relating to prepayment, early redemption, broken-funding indemnities, penalties, premium, “spens”, any make-whole amount or similar types of payments payable in respect of the Bonds; (v) any amounts in respect of Bonds held by the Issuer or any Affiliate (as defined in the Master Definitions Agreement) of the Issuer during the period in which the Issuer or the relevant Affiliate, or any Person (as defined in the Financial Guarantees) acting on behalf of the Issuer or the relevant Affiliate, is the legal or beneficial owner of the Bonds, but not thereafter; or (vi) in respect of which AGM or AGUK has made an Accelerated Payment (as defined in the relevant Financial Guarantee) on or prior to an Interest Payment Date).

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been approved by or filed with the FCA, shall be deemed to be incorporated in and form part of this Prospectus, save that any statement contained in a document or section of a document which is incorporated herein by reference shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement or section contained in this Prospectus modifies or supersedes such earlier statement or section (whether expressly, by implication or otherwise), and any statement or section so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus:

- i) the Base Prospectus (which may be viewed electronically and free of charge at [https://www.heathrow.com/company/investor-centre/offering\\_related-documents/heathrow-funding-ltd](https://www.heathrow.com/company/investor-centre/offering_related-documents/heathrow-funding-ltd) (the "**Special Purpose Website**"));
- ii) the Supplement to the Base Prospectus dated 27 October 2023 (which may be viewed electronically and free of charge at [https://www.heathrow.com/company/investor-centre/offering\\_related-documents/heathrow-funding-ltd](https://www.heathrow.com/company/investor-centre/offering_related-documents/heathrow-funding-ltd));
- iii) the audited financial statements of Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) for the financial year ended 31 December 2022, together with the audit report thereon, which appears in Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc)'s annual report and accounts for the year ended 31 December 2022 (the "**AGUK 2022 Financial Statements**") at [https://assuredguaranty.com/images/uploads/AGUK\\_2022\\_Financial\\_Statements.pdf](https://assuredguaranty.com/images/uploads/AGUK_2022_Financial_Statements.pdf);
- iv) the audited financial statements of Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) for the financial year ended 31 December 2021, together with the audit report thereon, which appears in Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc)'s annual report and accounts for the year ended 31 December 2021 (the "**AGUK 2021 Financial Statements**") at [https://assuredguaranty.com/uploads/PDFs/AGUK\\_2021\\_Financial\\_Statements.pdf](https://assuredguaranty.com/uploads/PDFs/AGUK_2021_Financial_Statements.pdf);
- v) the audited consolidated financial statements of Assured Guaranty Municipal Corp. for the financial years ended 31 December 2022 and 31 December 2021, together with the audit report thereon, which appears on page 1 of Assured Guaranty Municipal Corp.'s consolidated financial statements for the year ended 31 December 2022 (the "**AGM 2022 and 2021 Financial Statements**") at [https://assuredguaranty.com/images/uploads/GAAP\\_AGM\\_4Q\\_2022\\_FS\\_FINAL.pdf](https://assuredguaranty.com/images/uploads/GAAP_AGM_4Q_2022_FS_FINAL.pdf);

The Special Purpose Website does not form part of Heathrow Airport Holdings' website, and Heathrow Airport Holdings' website does not form any part of this Prospectus. The Special Purpose Website is provided for convenience only, and its content does not form any part of this Prospectus. The information incorporated by reference into this Prospectus is an important part of this Prospectus.

Following the publication of this Prospectus, a supplement to this Prospectus or to the Base Prospectus may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus, including the Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded,

constitute a part of this Prospectus. In the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Prospectus or the Base Prospectus which may affect the assessment of the Bonds, the Issuer will prepare a supplement to this Prospectus, the Base Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Bonds.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Where reference is made to a website in this Prospectus, the contents of that website shall not form part of this Prospectus and have not been scrutinised or approved by the FCA.

The list below sets out the details of each of the documents which have been incorporated by reference into this Prospectus. Each of these documents may be viewed electronically and free of charge at the Special Purpose Website.

### **Cross Reference List**

- Audited annual non-consolidated financial statements of the Issuer for the financial year ended 31 December 2021 (pages 12 – 38 inclusive)
- Audited annual non-consolidated financial statements of the Issuer for the financial year ended 31 December 2022 (pages 13 – 38 inclusive)
- Audited annual non-consolidated financial statements of Heathrow for the financial year ended 31 December 2021 (pages 122 – 181 inclusive)
- Audited annual non-consolidated financial statements of Heathrow for the financial year ended 31 December 2022 (pages 126 – 188 inclusive)
- Audited annual consolidated financial statements of Heathrow (SP) for the financial year ended 31 December 2021 (pages 122 – 210 inclusive)
- Audited annual consolidated financial statements of Heathrow (SP) for the financial year ended 31 December 2022 (pages 126 – 213 inclusive)
- Audited annual non-consolidated financial statements of Heathrow Express for the financial year ended 31 December 2021 (pages 14 – 34 inclusive)
- Audited annual non-consolidated financial statements of Heathrow Express for the financial year ended 31 December 2022 (pages 15 – 33 inclusive)
- Unaudited financial statements of Heathrow (SP) for the financial half-year ended 30 June 2023 (pages 11-39 inclusive)
- Common Terms Agreement dated 18 August 2008 as amended on 28 February 2019, 28 January 2020, 5 January 2021 and 15 December 2022 between, among others, the Obligors, the Issuer and the Borrower Security Trustee (all pages)
- Security Trust and Intercreditor Deed dated 18 August 2008 as amended and restated on 9 January 2012 between, among others, the Borrower Security Trustee, the Obligors and the Bond Trustee (all pages)
- Security Agreement dated 18 August 2008 between, among others, the Obligors and the Borrower Security Trustee (all pages)

- Obligor Floating Charge Agreement dated 18 August 2008 between the Issuer, the Borrower Security Trustee, the Bond Trustee and the Obligors (all pages)
- Bond Trust Deed dated 18 August 2008 as supplemented on 13 January 2012, 18 October 2013, 15 December 2014, 22 January 2016, 26 June 2017, 8 August 2018, 4 October 2021, 25 November 2022 and 30 June 2023 between, among others, the Issuer and the Bond Trustee (all pages)
- Master Definitions Agreement dated 18 August 2008 as amended on 13 January 2012 and 28 February 2019 between, among others, the Obligors, the Issuer, the Bond Trustee and the Borrower Security Trustee (all pages)
- The terms and conditions of the Bonds as set out in the base prospectus dated 14 July 2008 relating to the Issuer's multicurrency programme for the issuance of Bonds, as amended (pages 310 to 349 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 20 November 2009 relating to the Issuer's multicurrency programme for the issuance of Bonds, as amended (pages 82 to 120 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 18 March 2011 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 64 to 97 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 16 June 2011 relating to the Issuer's multicurrency programme for the issuance of Bonds, as amended (pages 73 to 106 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 14 June 2012 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 70 to 103 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 16 October 2013 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 69 to 107 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 16 December 2014 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 69 to 109 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 22 January 2016 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 73 to 111 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 26 June 2017 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 79 to 120 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 10 August 2018 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 81 to 125 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 19 July 2019 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 91 to 135 inclusive)



- The terms and conditions of the Bonds as set out in the base prospectus dated 24 September 2020 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 84 to 128 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 4 October 2021 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 88 to 148 inclusive)
- The terms and conditions of the Bonds as set out in the base prospectus dated 25 November 2022 relating to the Issuer's multicurrency programme for the issuance of Bonds (pages 91 to 154 inclusive)

## **TERMS AND CONDITIONS OF THE BONDS**

The terms and conditions of the Bonds shall consist of the "Terms and Conditions of the Bonds" set out on pages 94 to 162 inclusive of the Base Prospectus (the *Conditions*) which is incorporated by reference herein as supplemented by the Final Terms set out on pages 35 to 62 below in respect of the Bonds.

References in the Conditions to "Final Terms" shall be deemed to refer to the Final Terms set out on pages 35 to 62 below (see "*Final Terms*").

## FINAL TERMS

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

### **EU PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL AND UK INVESTORS**

- The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA and the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

### **UK PRIIPs Regulation / PROHIBITION OF SALES TO UK RETAIL INVESTORS**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For the purposes of a retail investor means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Final Terms dated 14 November 2023

## Heathrow Funding Limited

Issue of Sub-Class A-58 £70,000,000 6.07 per cent. Fixed Rate Wrapped Bonds due 2058

under the Bond Programme (the “**Bonds**”)

Guaranteed by Assured Guaranty Municipal Corp. (**AGM**) and Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) (**AGUK**) and together with AGM, the **Financial Guarantors**)

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the prospectus dated 30 June 2023 (the “**Base Prospectus**”) and the supplement thereto dated 27 October 2023 in relation to the Programme, which together constitute a base prospectus for the purposes of the UK Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**UK Prospectus Regulation**”), and the drawdown prospectus dated 14 November 2023 (the “**Prospectus**”). Pages 35 to 48 of this Prospectus constitute the Final Terms of the Bonds for the purposes of Article 8.2 of the UK Prospectus Regulation and must be read in conjunction with this Prospectus and the Base Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Prospectus, and the Base Prospectus. Each of the Prospectus and the Base Prospectus are available for viewing at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Conditions 3(c) (*Financial Guarantee Issued by a Relevant Financial Guarantor*) and 3(d) (*Status of Financial Guarantee*) shall apply to the Bonds as the Bonds (excluding those held by or on behalf of the Issuer or any Affiliate of the Issuer or shareholder of the Issuer) will have the benefit of the Financial Guarantees (as defined below). In accordance with the terms of the Financial Guarantees (i) AGUK (as defined below) has unconditionally and irrevocably agreed to pay to the Bond Trustee 15 per cent. of all sums due and payable but unpaid by the Issuer in respect of scheduled principal and interest on the Bonds until the Maturity Date (the “**Guaranteed Obligations**”), and (ii) AGM (as defined below) has unconditionally and irrevocably agreed to pay to the Bond Trustee (x) the remaining 85 per cent. of the Guaranteed Obligations, and (y) any Guaranteed Obligations due and payable but unpaid by AGUK.

The holders of the Bonds (the “**Bondholders**”) will be entitled to the benefit of, will be bound by and are deemed to have notice of, all the provisions of the Financial Guarantees applicable to them. Copies of the Financial Guarantees are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds).

- |    |       |                       |  |
|----|-------|-----------------------|--|
| 1. | (i)   | Issuer                | Heathrow Funding Limited   |
|    | (ii)  | Obligors:             | Heathrow Airport Limited, Heathrow (SP) Limited, Heathrow (AH) Limited, Heathrow Express Operating Company Limited                           |
|    | (iii) | Financial Guarantors: | Assured Guaranty Municipal Corp. (“ <b>AGM</b> ”) and Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) (“ <b>AGUK</b> ”) |

(iv) Financial  
Guarantor Downgrade  
Event:

means at any time while the Bonds remain outstanding, both:

- (i) AGM's insurer financial strength rating by S&PGR ceases to be at least "BBB-"; and
- (ii) AGM's insurer financial strength rating is not rated at least "BBB-" or the equivalent by at least one other Alternative Rating Agency.

The Financial Guarantors will notify the Bond Trustee promptly if a Financial Guarantor Downgrade Event occurs and (i) prior to a Bond Event of Default, the Bond Trustee will as soon as reasonably practicable thereafter notify the Issuer, who shall notify the Bondholders, and (ii) following a Bond Event of Default, the Bond Trustee will as soon as reasonably practicable thereafter notify the Bondholders.

An "**Alternative Rating Agency**" means a credit rating agency other than S&PGR which is registered with the United States Securities and Exchange Commission as a nationally recognised statistical rating organisation.

If a Financial Guarantor Downgrade Event has occurred and is continuing, the Bond Trustee (acting on the instructions of the Bondholders acting by way of Extraordinary Resolution) shall, subject to being prefunded and/or indemnified and/or secured to its satisfaction by the Bondholders, issue a notice (the "**Financial Guarantor Removal Notice**") to the Financial Guarantors specifying the Bondholders' intention to terminate and cancel the Financial Guarantees in whole (and not in part) unless the Financial Guarantor Downgrade Event has been remedied or waived by the date that is three calendar months after the date of delivery of the Financial Guarantor Removal Notice (the "**Preliminary Financial Guarantor Removal Date**") where such a period constitutes the "**Cure Period**").

Where a Financial Guarantor Downgrade Event has occurred, the Financial Guarantors may remedy such Financial Guarantor Downgrade Event (and the related Financial Guarantor Removal Notice shall be deemed revoked) at any time prior to the Preliminary Financial Guarantor Removal Date by transferring the AGM Financial Guarantees to an affiliate of AGM that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR (or, if prior to such remedy, AGM was relying on the rating of an Alternative Rating Agency, by transferring the AGM Financial Guarantees to an affiliate of AGM that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR or "BBB-" or the equivalent by such Alternative Rating Agency) or the Bond Trustee (acting on the instructions of the Bondholders

acting by way of Extraordinary Resolution) may waive such Financial Guarantor Downgrade Event at any time prior to the Preliminary Financial Guarantor Removal Date in which case the Financial Guarantor Downgrade Event shall be deemed to have been remedied or waived.

If a continuing Financial Guarantor Downgrade Event has not been remedied or waived prior to the Preliminary Financial Guarantor Removal Date, then on the Preliminary Financial Guarantor Removal Date:

(i) the Issuer shall pay to the Financial Guarantors or their respective Affiliates (as applicable) an amount equal to: (A) any and all amounts paid by the Financial Guarantors under the Financial Guarantees not previously reimbursed; (B) any and all other amounts due and payable in accordance with the G&R Deed (including without limitation, indemnifications, gross up, taxes, reimbursements, interest, charges, fees, costs and expenses); (C) any and all Financial Guarantee Fees due and payable in accordance with the Financial Guarantee Fee Letters; and (D) any other amounts of any nature whatsoever due and payable to the Financial Guarantors pursuant to the Issuer Transaction Documents (such amounts pursuant to (A) to (D) collectively the “**Financial Guarantor Removal Payments**”), as set forth in a notice in writing delivered to the Issuer, the Security Group Agent and the Borrower Security Trustee by the Financial Guarantors, and the Issuer shall simultaneously provide proof of the payment of the Financial Guarantor Removal Payments to the Financial Guarantors or their respective Affiliates (as applicable) to their reasonable satisfaction in full and final settlement of such Financial Guarantor Removal Payments;

On receipt by the Issuer, Security Group Agent and Borrower Security Trustee of written notification from the Financial Guarantors or their respective Affiliates (as applicable), that they are satisfied that the Financial Guarantor Removal Payments have been paid in full or that there are no Financial Guarantor Removal Payments due and payable:

(i) the Financial Guarantees shall be unconditionally and irrevocably terminated and cancelled in whole (and not in part) and shall cease to have any further force or effect and the term of the Financial Guarantees shall be deemed to have expired as of the date on which the Financial Guarantor Removal Payments were paid in full (if applicable), such date being the “**Effective Financial Guarantor Removal Date**” and no further claim may be made under the Financial Guarantees on and from the Effective Financial Guarantor

Removal Date and any such further claim shall be null and void;

(ii) all Issuer Transaction Documents other than the Financial Guarantees shall continue in full force and effect; and

(iii) the Financial Guarantee Fees shall cease to accrue, and the Bond Trustee may (acting on the instructions of the Bondholders) sanction to use the amounts no longer required to be paid as such financial guarantee fees in accordance with the Bond Trust Deed.

Until the occurrence of the Effective Financial Guarantor Removal Date, and provided that no FG Event of Default has occurred and is continuing, the Financial Guarantors will continue to be the Secured Creditor Representatives in respect of the Bonds and will therefore have the right to exercise any voting and control rights under the Bonds, subject to the STID.

(v) FG Event of Default:

Means any of the following events:

- a) any Guaranteed Amount which is due for payment by AGM in accordance with the terms of the AGM Financial Guarantees is not paid by AGM on the date stipulated in that AGM Financial Guarantee;
- b) AGM:
  - (i) disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the AGM Financial Guarantees or seeks to do so (in each case, in writing);
  - (ii) files a petition or commences a case or proceeding under any provision or chapter of the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation, or
  - (iii) makes a general assignment for the benefit of its creditors, or
  - (iv) has a final and non-appealable order for relief entered against it under the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation; or

- c) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and non-appealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for AGM or for all or any material portion of its property or (ii) authorising the taking of possession by a custodian, trustee, agent or receiver of AGM or of all or any material portion of its property.

If an FG Event of Default has occurred and is continuing, in accordance with the STID, the Financial Guarantors will no longer be the Secured Creditor Representatives in respect of the Bonds and will therefore not have the right to exercise any voting rights under the Bonds. Such voting rights will, where an FG Event of Default has occurred and is continuing, be exercised by the holders of the Bonds in accordance with the Bond Trust Deed and the STID, however the Financial Guarantors will continue to be bound by the terms of the Financial Guarantees and will continue to benefit from Entrenched Rights in their capacity as Financial Guarantors, as opposed to those exercised as a result of any Entrenched Right affecting the holders of the Bonds. The Issuer will immediately notify the Bondholders upon (A) any remedy or waiver of an FG Event of Default (including by way of transfer of the Financial Guarantees) or (B) termination of the Financial Guarantees.

- |    |       |  |   |
|----|-------|--|---|
| 2. | (i)   | Series Number:   | 58  |
|    | (ii)  | Sub-Class Number:  | A-58  |
|    | (iii) | Date on which the Bonds will be considered and form a single series: | Not Applicable  |
| 3. |       | Relevant Currency or Currencies:                                     | Pound sterling (£)  |
| 4. |       | Aggregate Nominal Amount of Bonds admitted to trading:               |   |
|    | (i)   | Series:  | £70,000,000   |
|    | (ii)  | Tranche:   | £70,000,000   |
|    | (iii) | Sub-Class:   | £70,000,000   |
| 5. | (i)   | Issue Price:   | 100 per cent. of the Aggregate Nominal Amount   |
| 6. | (i)   | Specified Denominations:   | £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in |



definitive form will be issued with a denomination above £199,000.

- |     |   |  |
|-----|---|--|
|     | (ii) Calculation Amount:  | £1,000   |
| 7.  | (i) Issue Date:   | 16 November 2023   |
|     | (ii) Interest Commencement Date (if different from the Issue Date): | Issue Date   |
| 8.  | (i) Scheduled Redemption Date:                                      | 16 November 2056   |
|     | (ii) Maturity Date:   | 16 November 2058   |
| 9.  | Instalment Date:  | Not applicable   |
| 10. | Interest Basis:   | 6.07 per cent. Fixed Rate                                |
| 11. | Redemption/Payment Basis:   | Redemption at par  |
| 12. | Change of Interest or Redemption/Payment Basis:                     | Condition 6(d) is applicable                             |
| 13. | Put/Call Options:   | Issuer Call Option (further particulars specified below) |
| 14. | Date of Board approval for issuance of Bonds obtained:              | 10 November 2023   |

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |                            |  |
|-----|----------------------------|--|
| 15. | Fixed Rate Bond Provisions | Applicable   |
|     | (i) Interest Rate:         | 6.07 per cent. Fixed Rate per annum payable semi-annually in arrear. |

For the period from, and including, the Interest Commencement Date, to and excluding, the Scheduled Redemption Date, 6.07 per cent. per annum payable semi-annually in arrear; provided that, from, and including, the first Interest Payment Date falling immediately after the date on which the Paying Agent is notified that the Financial Guarantees are terminated (as a result of a Financial Guarantor Downgrade Event or any other reason), to and excluding, the Scheduled Redemption Date, 6.31 per cent. Fixed Rate per annum shall be payable semi-annually in arrear.

For the period from and including the Scheduled Redemption Date, to and including the relevant

Maturity Date, calculated in accordance with the provisions set out in (ii) below.

- (ii) Screen Rate Determination:
- Relevant Rate: SONIA
  - Benchmark: SONIA Compound – SONIA Compound with Lookback
  - Relevant Screen Page: Bloomberg Page SONIO/N Index (or any replacement thereto)
  - Relevant Screen Page Time: Not Applicable
  - Interest Determination Date: Fifth London Banking Day prior to the end of each Interest Period
  - SOFR Rate Cut-Off Date: Not Applicable
  - SONIA Rate Cut-Off Date: Not Applicable
  - SARON Rate Cut-Off Date: Not Applicable
  - TONA Rate Cut-Off Date: Not Applicable
  - Lookback Days: 5 London Banking Days
  - Observation Shift Days: Not Applicable
  - Relevant Number: Not Applicable
  - Interest Accrual Period End Dates: Not Applicable
  - Interest Payment Delay: Not Applicable
  - SOFR Index Start: Not Applicable
  - SOFR Index End: Not Applicable
  - SAION Index Start: Not Applicable
  - SAION Index End: Not Applicable

- SONIA Index Start: Not Applicable
- SONIA Index End: Not Applicable

ISDA Determination:

- ISDA Definitions: Not Applicable
  - Floating Rate Option: Not Applicable
  - Designated Maturity: Not Applicable
  - Specified Duration: Not Applicable
  - Reset Date: Not Applicable
  - Overnight Rate Compounding Method: Not Applicable
  - Index Method: Not Applicable
- (iii) Step-Up Fixed Fee Rate: +4.00 per cent. per annum; provided that, from, and including, the first Interest Payment Date falling immediately after the date on which the Paying Agent is notified that the Financial Guarantees are terminated (as a result of a Financial Guarantor Downgrade Event or any other reason), the Step-Up Fixed Fee Rate shall be +4.24 per cent. per annum.
- (iv) Interest Determination Date: Not Applicable
- (v) Interest Payment Date(s): 16 May and 16 November in each year, up to and including the Maturity Date
- (vi) First Interest Payment Date: 16 May 2024
- (vii) Fixed Coupon Amount(s): £60.70 per Calculation Amount for the Interest Payment Dates during the period from, and including, the Interest Commencement Date, to and excluding, the Scheduled Redemption Date (subject to any step-up applicable after the date on which the Paying Agent is notified that the Financial Guarantees are terminated)
- (viii) Broken Amount(s): Not Applicable
- (ix) Day Count Fraction: Actual/Actual (ICMA)
- (x) Business Day Convention: Modified Following Business Day Convention

|         |  |                  |
|---------|--|------------------|
| (xi)    | Reference Gilt:                              | UKT 1 ¾ 07/22/57 |
| (xii)   | Comparable German Bund Issue:                | Not Applicable   |
| (xiii)  | Comparable United States Treasury Securities | Not Applicable   |
| (xiv)   | Fixed Rate Bond denominated in CAD           | Not Applicable   |
| (xv)    | Fixed Rate Bonds denominated in AUD          | Not Applicable   |
| (xvi)   | Fixed Rate Bonds denominated in NOK          | Not Applicable   |
| (xvii)  | Fixed Rate Bonds denominated in SGD          | Not Applicable   |
| (xviii) | Fixed Rate Bonds denominated in HKD          | Not Applicable   |
| (xix)   | Fixed Rate Bonds denominated in SEK          | Not Applicable   |
| (xx)    | Fixed Rate Bonds denominated in MXN          | Not Applicable   |
| 16.     | Floating Rate Bond Provisions                | Not Applicable   |
| 17.     | Zero Coupon Bond Provisions:                 | Not Applicable   |
| 18.     | Indexed Bond Provisions:                     | Not Applicable   |
| 19.     | Step Up Option:                              | Not Applicable   |

#### **PROVISIONS RELATING TO REDEMPTION**

|     |  |  |
|-----|--|--|
| 20. | Issuer Call Option:  | Applicable in accordance with Condition 8(d) |
|     | (i) Optional Redemption Date(s):   | As specified in Condition 8(d)               |
|     | (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | Calculated in accordance with Condition 8(d) |
|     | (iii) If redeemable in part:   |  |
|     | (iv) Minimum Redemption Amount:  | Not Applicable                               |
|     | (v) Maximum Redemption Amount:   | Not Applicable                               |

- |            |  |   |
|------------|--|---|
|            | (vi) Notice period (if other than as set out in the Conditions):   | Not Applicable  |
| 21.        | Put Option:  | Not Applicable  |
| 22.        | Final Redemption Amount of each Bond:  | Determined in accordance with Condition 8(a) or Condition 8(b)  |
|            | In cases where the Redemption Amount is Index-Linked or other variable-linked:   | Not Applicable  |
| <b>23.</b> | <b>Early Redemption Amount:</b>  |   |
|            | Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): | Determined in accordance with Condition 8(d), Condition 8(e), Condition 8(f) and Condition 8(g), as the case may be |

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

- |     |   |   |
|-----|---|---|
| 24. | Form of Bonds:  | Registered  |
|     | (i) If issued in Bearer form:   | Not Applicable  |
|     | (ii) If Registered Bonds:   | Regulation S Global Bond Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, exchangeable for Individual Bond Certificates in the circumstances described in such Regulation S Global Bond Certificate |
| 25. | Relevant Financial Centre(s):   | London  |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): | Not Applicable  |
| 27. | Details relating to Instalment Bonds:   | Not Applicable  |

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of Heathrow Airport Limited:

By:

Duly authorised

Signed on behalf of Heathrow Express Operating Company Limited:

By:

Duly authorised

Signed on behalf of Heathrow (SP) Limited:

By:

Duly authorised

Signed on behalf of Heathrow (AH) Limited:

By:

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | London   |
| (ii)  | Admission to trading:                                       | Application is expected to be made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the Financial Conduct Authority with effect from 16 November 2023. |
| (iii) | Estimate of total expenses related to admission to trading: | £3,600   |

### 2. RATINGS

- |          |   |
|----------|---|
| Ratings: | The Bonds to be issued are expected to be rated:<br><br>S&P: AA |
|----------|---|

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- |       |                           |   |
|-------|---------------------------|---|
| (i)   | Reasons for the offer:    | See “ <i>Overview</i> ” in the Prospectus |
| (ii)  | Estimated net proceeds:   | £69,979,000                               |
| (iii) | Estimated total expenses: | £3,600                                    |

### 5. FIXED RATE BONDS ONLY – YIELD

- |                      |   |
|----------------------|---|
| Indication of yield: | 6.07 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield. |
|----------------------|---|

### 6. OPERATIONAL INFORMATION

- |   |                |
|---|----------------|
| Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking Société | Not Applicable |
|---|----------------|

Anonyme and the relevant  
identification number(s):

Delivery: Delivery against payment

Names and addresses of additional  
Paying Agent(s) (if any): Not Applicable

ISIN Code: XS2717255660

Common Code: 271725566

Prohibition of Sales to EEA Retail  
Investors: Applicable

Prohibition of Sales to UK Retail  
Investors: Applicable



## FINAL TERMS

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

### **EU PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL AND UK INVESTORS**

- The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA and the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

### **UK PRIIPs Regulation / PROHIBITION OF SALES TO UK RETAIL INVESTORS**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For the purposes of a retail investor means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Final Terms dated 14 November 2023

## Heathrow Funding Limited

Issue of Sub-Class A-59 £70,000,000 6.07 per cent. Fixed Rate Wrapped Bonds due 2059

under the Bond Programme (the “**Bonds**”)

Guaranteed by Assured Guaranty Municipal Corp. (**AGM**) and Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) (**AGUK**) and together with AGM, the **Financial Guarantors**)

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the prospectus dated 30 June 2023 (the “**Base Prospectus**”) and the supplement thereto dated 27 October 2023 in relation to the Programme, which together constitute a base prospectus for the purposes of the UK Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**UK Prospectus Regulation**”), and the drawdown prospectus dated 14 November 2023 (the “**Prospectus**”). Pages 49 to 62 of this Prospectus constitute the Final Terms of the Bonds for the purposes of Article 8.2 of the UK Prospectus Regulation and must be read in conjunction with this Prospectus and the Base Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Prospectus, and the Base Prospectus. Each of the Prospectus and the Base Prospectus are available for viewing at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Conditions 3(c) (*Financial Guarantee Issued by a Relevant Financial Guarantor*) and 3(d) (*Status of Financial Guarantee*) shall apply to the Bonds as the Bonds (excluding those held by or on behalf of the Issuer or any Affiliate of the Issuer or shareholder of the Issuer) will have the benefit of the Financial Guarantees (as defined below). In accordance with the terms of the Financial Guarantees (i) AGUK (as defined below) has unconditionally and irrevocably agreed to pay to the Bond Trustee 15 per cent. of all sums due and payable but unpaid by the Issuer in respect of scheduled principal and interest on the Bonds until the Maturity Date (the “**Guaranteed Obligations**”), and (ii) AGM (as defined below) has unconditionally and irrevocably agreed to pay to the Bond Trustee (x) the remaining 85 per cent. of the Guaranteed Obligations, and (y) any Guaranteed Obligations due and payable but unpaid by AGUK.

The holders of the Bonds (the “**Bondholders**”) will be entitled to the benefit of, will be bound by and are deemed to have notice of, all the provisions of the Financial Guarantees applicable to them. Copies of the Financial Guarantees are available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds).

- |    |       |                       |  |
|----|-------|-----------------------|--|
| 1. | (i)   | Issuer                | Heathrow Funding Limited   |
|    | (ii)  | Obligors:             | Heathrow Airport Limited, Heathrow (SP) Limited, Heathrow (AH) Limited, Heathrow Express Operating Company Limited                           |
|    | (iii) | Financial Guarantors: | Assured Guaranty Municipal Corp. (“ <b>AGM</b> ”) and Assured Guaranty UK Limited (formerly Assured Guaranty (Europe) plc) (“ <b>AGUK</b> ”) |

(iv) Financial  
Guarantor Downgrade  
Event:

means at any time while the Bonds remain outstanding, both:

- (i) AGM's insurer financial strength rating by S&PGR ceases to be at least "BBB-"; and
- (ii) AGM's insurer financial strength rating is not rated at least "BBB-" or the equivalent by at least one other Alternative Rating Agency.

The Financial Guarantors will notify the Bond Trustee promptly if a Financial Guarantor Downgrade Event occurs and (i) prior to a Bond Event of Default, the Bond Trustee will as soon as reasonably practicable thereafter notify the Issuer, who shall notify the Bondholders, and (ii) following a Bond Event of Default, the Bond Trustee will as soon as reasonably practicable thereafter notify the Bondholders

An "**Alternative Rating Agency**" means a credit rating agency other than S&PGR which is registered with the United States Securities and Exchange Commission as a nationally recognised statistical rating organisation.

If a Financial Guarantor Downgrade Event has occurred and is continuing, the Bond Trustee (acting on the instructions of the Bondholders acting by way of Extraordinary Resolution) shall, subject to being prefunded and/or indemnified and/or secured to its satisfaction by the Bondholders, issue a notice (the "**Financial Guarantor Removal Notice**") to the Financial Guarantors specifying the Bondholders' intention to terminate and cancel the Financial Guarantees in whole (and not in part) unless the Financial Guarantor Downgrade Event has been remedied or waived by the date that is three calendar months after the date of delivery of the Financial Guarantor Removal Notice (the "**Preliminary Financial Guarantor Removal Date**") where such a period constitutes the "**Cure Period**").

Where a Financial Guarantor Downgrade Event has occurred, the Financial Guarantors may remedy such Financial Guarantor Downgrade Event (and the related Financial Guarantor Removal Notice shall be deemed revoked) at any time prior to the Preliminary Financial Guarantor Removal Date by transferring the AGM Financial Guarantees to an affiliate of AGM that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR (or, if prior to such remedy, AGM was relying on the rating of an Alternative Rating Agency, by transferring the AGM Financial Guarantees to an affiliate of AGM that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR or "BBB- or the equivalent by such Alternative Rating Agency) or the Bond Trustee (acting on the instructions of the Bondholders

acting by Extraordinary Resolution) may waive such Financial Guarantor Downgrade Event at any time prior to the Preliminary Financial Guarantor Removal Date in which case the Financial Guarantor Downgrade Event shall be deemed to have been remedied or waived.

If a continuing Financial Guarantor Downgrade Event has not been remedied or waived prior to the Preliminary Financial Guarantor Removal Date, then on the Preliminary Financial Guarantor Removal Date:

(i) the Issuer shall pay to the Financial Guarantors or their respective Affiliates (as applicable) an amount equal to: (A) any and all amounts paid by the Financial Guarantors under the Financial Guarantees not previously reimbursed; (B) any and all other amounts due and payable in accordance with the G&R Deed (including without limitation, indemnifications, gross up, taxes, reimbursements, interest, charges, fees, costs and expenses); (C) any and all Financial Guarantee Fees due and payable in accordance with the Financial Guarantee Fee Letters; and (D) any other amounts of any nature whatsoever due and payable to the Financial Guarantors pursuant to the Issuer Transaction Documents (such amounts pursuant to (A) to (D) collectively the “Financial Guarantor Removal Payments”), as set forth in a notice in writing delivered to the Issuer, the Security Group Agent and the Borrower Security Trustee by the Financial Guarantors, and the Issuer shall simultaneously provide proof of the payment of the Financial Guarantor Removal Payments to the Financial Guarantors or their respective Affiliates (as applicable) to their reasonable satisfaction in full and final settlement of such Financial Guarantor Removal Payments;

On receipt by the Issuer, Security Group Agent and Borrower Security Trustee of written notification from the Financial Guarantors or their respective Affiliates (as applicable), that they are satisfied that the Financial Guarantor Removal Payments have been paid in full or that there are no Financial Guarantor Removal Payments due and payable:

(i) the Financial Guarantees shall be unconditionally and irrevocably terminated and cancelled in whole (and not in part) and shall cease to have any further force or effect and the term of the Financial Guarantees shall be deemed to have expired as of the date on which the Financial Guarantor Removal Payments were paid in full (if applicable), such date being the “Effective Financial Guarantor Removal Date” and no further claim may be made under the Financial Guarantees on and from the Effective Financial Guarantor

Removal Date and any such further claim shall be null and void;

(ii) all Issuer Transaction Documents other than the Financial Guarantees shall continue in full force and effect; and

(iii) the Financial Guarantee Fees shall cease to accrue, and the Bond Trustee may (acting on the instructions of the Bondholders) sanction to use the amounts no longer required to be paid as such financial guarantee fees in accordance with the Bond Trust Deed.

Until the occurrence of the Effective Financial Guarantor Removal Date, and provided that no FG Event of Default has occurred and is continuing, the Financial Guarantors will continue to be the Secured Creditor Representatives in respect of the Bonds and will therefore have the right to exercise any voting and control rights under the Bonds, subject to the STID.

(v) FG Event of Default:

Means any of the following events:

a) any Guaranteed Amount which is due for payment by AGM in accordance with the terms of the AGM Financial Guarantees is not paid by AGM on the date stipulated in that AGM Financial Guarantee;

b) AGM:

(i) disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the AGM Financial Guarantees or seeks to do so (in each case, in writing);

(ii) files a petition or commences a case or proceeding under any provision or chapter of the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation, or

(iii) makes a general assignment for the benefit of its creditors, or

(iv) has a final and non-appealable order for relief entered against it under the United States Bankruptcy Code or any other similar federal or state law relating to

insolvency, bankruptcy, liquidation or reorganisation; or

- c) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and non-appealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for AGM or for all or any material portion of its property or (ii) authorising the taking of possession by a custodian, trustee, agent or receiver of AGM or of all or any material portion of its property.

If an FG Event of Default has occurred and is continuing, in accordance with the STID, the Financial Guarantors will no longer be the Secured Creditor Representatives in respect of the Bonds and will therefore not have the right to exercise any voting rights under the Bonds. Such voting rights will, where an FG Event of Default has occurred and is continuing, be exercised by the holders of the Bonds in accordance with the Bond Trust Deed and the STID, however the Financial Guarantors will continue to be bound by the terms of the Financial Guarantees and will continue to benefit from Entrenched Rights in their capacity as Financial Guarantors, as opposed to those exercised as a result of any Entrenched Right affecting the holders of the Bonds. The Issuer will immediately notify the Bondholders upon (A) any remedy or waiver of an FG Event of Default (including by way of transfer of the Financial Guarantees) or (B) termination of the Financial Guarantees.

- |    |       |  |   |
|----|-------|--|---|
| 2. | (i)   | Series Number:   | 59  |
|    | (ii)  | Sub-Class Number:  | A-59  |
|    | (iii) | Date on which the Bonds will be considered and form a single series: | Not Applicable                                |
| 3. |       | Relevant Currency or Currencies:                                     | Pound sterling (£)                            |
| 4. |       | Aggregate Nominal Amount of Bonds admitted to trading:               |   |
|    | (i)   | Series:  | £70,000,000                                   |
|    | (ii)  | Tranche:   | £70,000,000                                   |
|    | (iii) | Sub-Class:   | £70,000,000                                   |
| 5. | (i)   | Issue Price:   | 100 per cent. of the Aggregate Nominal Amount |

- |     |      |  |  |
|-----|------|--|--|
| 6.  | (i)  | Specified Denominations:                                       | £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000. |
|     | (ii) | Calculation Amount:  | £1,000   |
| 7.  | (i)  | Issue Date:  | 16 November 2023   |
|     | (ii) | Interest Commencement Date (if different from the Issue Date): | Issue Date   |
| 8.  | (i)  | Scheduled Redemption Date:                                     | 16 November 2057<br>16 November 2059   |
|     | (ii) | Maturity Date:   |  |
| 9.  |      | Instalment Date:   | Not applicable   |
| 10. |      | Interest Basis:  | 6.07 per cent. Fixed Rate  |
| 11. |      | Redemption/Payment Basis:                                      | Redemption at par  |
| 12. |      | Change of Interest or Redemption/Payment Basis:                | Condition 6(d) is applicable   |
| 13. |      | Put/Call Options:  | Issuer Call Option (further particulars specified below)   |
| 14. |      | Date of Board approval for issuance of Bonds obtained:         | 10 November 2023   |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |                            |                |
|-----|----------------------------|----------------|
| 15. | Fixed Rate Bond Provisions | Applicable     |
|     | (i)                        | Interest Rate: |

For the period from, and including, the Interest Commencement Date, to and excluding, the Scheduled Redemption Date, 6.07 per cent. per annum payable semi-annually in arrear; provided that, from, and including, the first Interest Payment Date falling immediately after the date on which the Paying Agent is notified that the Financial Guarantees are terminated (as a result of a Financial Guarantor Downgrade Event or any other reason), to and excluding, the Scheduled Redemption Date, 6.31 per cent. Fixed Rate per annum shall be payable semi-annually in arrear.

For the period from and including the Scheduled Redemption Date, to and including the relevant

Maturity Date, calculated in accordance with the provisions set out in (ii) below.

(ii) Screen Rate  
Determination:

- Relevant Rate: SONIA
- Benchmark SONIA Compound – SONIA Compound with Lookback
- Relevant Screen Page Bloomberg Page SONIO/N Index (or any replacement thereto)
- Relevant Screen Page Time: Not Applicable
- Interest Determination Date: Fifth London Banking Day prior to the end of each Interest Period
- SOFR Rate Cut-Off Date: Not Applicable
- SONIA Rate Cut-Off Date: Not Applicable
- SARON Rate Cut-Off Date: Not Applicable
- TONA Rate Cut-Off Date: Not Applicable
- Lookback Days: 5 London Banking Days
- Observation Shift Days: Not Applicable
- Relevant Number: Not Applicable
- Interest Accrual Period End Dates: Not Applicable
- Interest Payment Delay: Not Applicable
- SOFR Index Start: Not Applicable
- SOFR Index End: Not Applicable
- SAION Index Start: Not Applicable
- SAION Index End: Not Applicable
- SONIA Index Start: Not Applicable



- SONIA Index End: Not Applicable

ISDA Determination:

- ISDA Definitions: Not Applicable
  - Floating Rate Option: Not Applicable
  - Designated Maturity: Not Applicable
  - Specified Duration: Not Applicable
  - Reset Date: Not Applicable
  - Overnight Rate Compounding Method: Not Applicable
  - Index Method: Not Applicable
- (iii) Step-Up Fixed Fee Rate: +4.00 per cent. per annum; provided that, from, and including, the first Interest Payment Date falling immediately after the date on which the Paying Agent is notified that the Financial Guarantees are terminated (as a result of a Financial Guarantor Downgrade Event or any other reason), the Step-Up Fixed Fee Rate shall be +4.24 per cent. per annum.
- (iv) Interest Determination Date: Not Applicable
- (v) Interest Payment Date(s): 16 May and 16 November in each year, up to and including the Maturity Date
- (vi) First Interest Payment Date: 16 May 2024
- (vii) Fixed Coupon Amount(s): £60.70 per Calculation Amount for the Interest Payment Dates during the period from, and including, the Interest Commencement Date, to and excluding, the Scheduled Redemption Date (subject to any step-up applicable after the date on which the Paying Agent is notified that the Financial Guarantees are terminated)
- (viii) Broken Amount(s): Not Applicable
- (ix) Day Count Fraction: Actual/Actual (ICMA)
- (x) Business Day Convention: Modified Following Business Day Convention
- (xi) Reference Gilt: UKT 1 ¾ 07/22/57

|         |  |                |
|---------|--|----------------|
| (xii)   | Comparable German Bund Issue:                | Not Applicable |
| (xiii)  | Comparable United States Treasury Securities | Not Applicable |
| (xiv)   | Fixed Rate Bond denominated in CAD           | Not Applicable |
| (xv)    | Fixed Rate Bonds denominated in AUD          | Not Applicable |
| (xvi)   | Fixed Rate Bonds denominated in NOK          | Not Applicable |
| (xvii)  | Fixed Rate Bonds denominated in SGD          | Not Applicable |
| (xviii) | Fixed Rate Bonds denominated in HKD          | Not Applicable |
| (xix)   | Fixed Rate Bonds denominated in SEK          | Not Applicable |
| (xx)    | Fixed Rate Bonds denominated in MXN          | Not Applicable |
| 16.     | Floating Rate Bond Provisions                | Not Applicable |
| 17.     | Zero Coupon Bond Provisions:                 | Not Applicable |
| 18.     | Indexed Bond Provisions:                     | Not Applicable |
| 19.     | Step Up Option:                              | Not Applicable |

#### **PROVISIONS RELATING TO REDEMPTION**

|     |  |  |
|-----|--|--|
| 20. | Issuer Call Option:  | Applicable in accordance with Condition 8(d) |
|     | (i) Optional Redemption Date(s):   | As specified in Condition 8(d)               |
|     | (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | Calculated in accordance with Condition 8(d) |
|     | (iii) If redeemable in part:   |  |
|     | (iv) Minimum Redemption Amount:  | Not Applicable                               |
|     | (v) Maximum Redemption Amount:   | Not Applicable                               |

- (vi) Notice period (if other than as set out in the Conditions): Not Applicable
21. Put Option: Not Applicable
22. Final Redemption Amount of each Bond: Determined in accordance with Condition 8(a) or Condition 8(b)
- In cases where the Redemption Amount is Index-Linked or other variable-linked: Not Applicable
- 23. Early Redemption Amount:**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): Determined in accordance with Condition 8(d), Condition 8(e), Condition 8(f) and Condition 8(g), as the case may be

#### **GENERAL PROVISIONS APPLICABLE TO THE BONDS**

24. Form of Bonds: Registered
- (i) If issued in Bearer form: Not Applicable
- (ii) If Registered Bonds: Regulation S Global Bond Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, exchangeable for Individual Bond Certificates in the circumstances described in such Regulation S Global Bond Certificate
25. Relevant Financial Centre(s): London
26. Talons for future Coupons or Receipts to be attached to Definitive Bonds (and dates on which such Talons mature): Not Applicable
27. Details relating to Instalment Bonds: Not Applicable

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of Heathrow Airport Limited:

By:

Duly authorised

Signed on behalf of Heathrow Express Operating Company Limited:

By:

Duly authorised

Signed on behalf of Heathrow (SP) Limited:

By:

Duly authorised

Signed on behalf of Heathrow (AH) Limited:

By:

Duly authorised

## PART B – OTHER INFORMATION

### 7. LISTING

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | London   |
| (ii)  | Admission to trading:                                       | Application is expected to be made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the Financial Conduct Authority with effect from 16 November 2023. |
| (iii) | Estimate of total expenses related to admission to trading: | £3,600   |

### 8. RATINGS

- |          |   |
|----------|---|
| Ratings: | The Bonds to be issued are expected to be rated:<br><br>S&P: AA |
|----------|---|

### 9. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.

### 10. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- |       |                           |   |
|-------|---------------------------|---|
| (i)   | Reasons for the offer:    | See “ <i>Overview</i> ” in the Prospectus |
| (ii)  | Estimated net proceeds:   | £69,979,000                               |
| (iii) | Estimated total expenses: | £3,600                                    |

### 11. FIXED RATE BONDS ONLY – YIELD¶

- |                      |   |
|----------------------|---|
| Indication of yield: | 6.07 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield. |
|----------------------|---|

### 12. OPERATIONAL INFORMATION

- |   |                |
|---|----------------|
| Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking Société | Not Applicable |
|---|----------------|

Anonyme and the relevant  
identification number(s):

Delivery:

Delivery against payment

Names and addresses of additional  
Paying Agent(s) (if any):

Not Applicable

ISIN Code:

XS2717255827

Common Code:

271725582

Prohibition of Sales to EEA Retail  
Investors:

Applicable

Prohibition of Sales to UK Retail  
Investors:

Applicable

**FORM OF AGUK FINANCIAL GUARANTEE**

**DATED 2023**

**FINANCIAL GUARANTEE NO. [●]**

**ASSURED GUARANTY UK LIMITED**

**DEUTSCHE TRUSTEE COMPANY LIMITED**

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**in respect of £70,000,000 6.07 per cent. Sub Class A-[●]  
Fixed Rate Wrapped Bonds due 20[●] issued by  
Heathrow Funding Limited**

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**THIS FINANCIAL GUARANTEE** (this “**Financial Guarantee**”) is dated \_\_\_\_\_ 2023 and given by Assured Guaranty UK Limited (Company Number 02510099) whose registered office is at 11th Floor, 6 Bevis Marks, London, EC3A 7BA (the "**Financial Guarantor**") in favour of Deutsche Trustee Company Limited as trustee for the holders of the Guaranteed Bonds (as defined below) (the "**Bond Trustee**", which expression shall, whenever the context admits, include such Persons for the time being the trustee or trustees of the Bond Trust Deed for the Guaranteed Bondholders).

## 1 INTERPRETATION

### 1.1 Definitions

Any capitalised terms used in this Financial Guarantee and not otherwise defined shall have the meaning given to such term in the Conditions, Bond Trust Deed or the Master Definitions Agreement (each as defined below) unless the context otherwise requires. In the event of any inconsistency between the provisions of this Financial Guarantee and the provisions of the Conditions, Bond Trust Deed and/or the Master Definitions Agreement, this Financial Guarantee shall prevail. For the purposes of this Financial Guarantee, the following terms will have the following meanings:

"**Accelerated Payment**" means, following an Acceleration, any payment made in full or in part by the Financial Guarantor or AGM, at the Financial Guarantor's or AGM's absolute option, of all or part of the Scheduled Principal in advance of the Scheduled Redemption Date together with accrued but unpaid Scheduled Interest on such Scheduled Principal to the date of such payment (but excluding any amounts referred to in items (i) to (vii) of the definition of "Guaranteed Amount");

"**Acceleration**" means, in relation to the Guaranteed Bonds, the giving of a Bond Enforcement Notice by the Bond Trustee to the Issuer that the Guaranteed Bonds are immediately due and repayable pursuant to Condition 11 (*Bond Events of Default*), and "Accelerated" will be construed accordingly;

"**Account**" has the meaning set out in clause 3.4;

"**Agent**" means Deutsche Bank AG, London Branch, as principal paying agent under the Guaranteed Bonds, and the term Agent shall include any successor to such Agent;

"**AGM**" means Assured Guaranty Municipal Corp. whose principal place of business is at 1633 Broadway, New York, NY 10019, United States of America;

"**AGM Financial Guarantee**" means the Financial Guarantee No. [●] dated on or about the date hereof, provided by AGM as financial guarantor in respect of the Guaranteed Bonds, without regard to any amendment, modification or supplement thereto other than any such amendment, modification or supplement made in accordance with clause 13.3 thereof;

"**AGM Proportion**" means the proportion of the Financial Guarantees provided by AGM, which proportion is 85 per cent;

"**AGUK Proportion**" means the proportion of the Financial Guarantees provided by the Financial Guarantor, which proportion is 15 per cent;

**“Alternative Rating Agency”** means a credit rating agency other than S&PGR which is registered with the United States Securities and Exchange Commission as a nationally recognised statistical rating organisation;

**"Avoided Payment"** means any amount that is paid, credited, transferred or delivered to or to the order of the Bond Trustee or a Guaranteed Bondholder by or on behalf of the Issuer in accordance with the terms of the Conditions, Bond Trust Deed and/or the Guaranteed Bonds in respect of any Guaranteed Amount, which amount has been recovered from, or is otherwise required to be returned or repaid by, the Bond Trustee or a Guaranteed Bondholder as a result of Insolvency Proceedings by or against the Issuer;

**"Bond Trust Deed"** has the meaning given to the term “Bond Trust Deed” in the Master Definitions Agreement without regard to any amendment, modification or supplement thereto made after the date of this Financial Guarantee other than any such amendment, modification or supplement made in accordance with the provisions of such bond trust deed;

**"Business Day"** means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York;

**"Conditions"** means the terms and conditions of the Guaranteed Bonds as set out in Schedule 4 (*Terms and Conditions of the Bonds*) of the Bond Trust Deed as supplemented by the Final Terms, and **"Condition"** when used herein means such Condition as set out in Schedule 4 (*Terms and Conditions of the Bonds*) of the Bond Trust Deed as supplemented by the Final Terms and referred to herein;

**"Defaulted Amount"** means the portion of a Guaranteed Amount that is Due for Payment and unpaid by reason of Non-payment by the Issuer, including any portion of any Guaranteed Amount that has become an Avoided Payment;

**“Drawdown Prospectus”** means the drawdown prospectus dated 14 November 2023 in respect of the issue of £70,000,000 in aggregate principal amount of 6.07 per cent. Sub-Class A-58 Fixed Rate Wrapped Bonds due 2058 and the issue of £70,000,000 in aggregate principal amount of 6.07 per cent. Sub-Class A-59 Fixed Rate Wrapped Bonds due 2059 by the Issuer under its multicurrency programme;

**"Due for Payment"** means, with respect to:

- (a) Scheduled Interest on a Scheduled Payment Date, the amount of Scheduled Interest that is due and payable by the Issuer on such Scheduled Payment Date; and
- (b) Scheduled Principal on a Scheduled Payment Date, the amount of Scheduled Principal that is due and payable by the Issuer on such Scheduled Payment Date,

in each case as each such Scheduled Payment Date occurs or would have occurred in accordance with the original terms of the Guaranteed Bonds and without regard to any prepayment, Acceleration or mandatory or optional redemption of the Guaranteed Bonds or any subsequent amendment or modification of the Guaranteed Bonds that has not been consented to in writing by the Financial Guarantor and AGM in accordance with the provisions of the Bond Trust Deed. For the avoidance of doubt, "Due for Payment" does not

refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the Guaranteed Bonds, by reason of prepayment, Acceleration, mandatory or optional redemption or otherwise;

**“Final Terms”** has the meaning given to that term in the Drawdown Prospectus;

**"Financial Guarantee"** means this Financial Guarantee No.[●], without regard to any amendment, modification or supplement hereto other than any such amendment, modification or supplement made in accordance with clause 13.3;

**"Financial Guarantees"** means this Financial Guarantee and the AGM Financial Guarantee;

**"Financial Guarantee Fee"** has the meaning given to it in the Financial Guarantee Fee Letter;

**"Financial Guarantee Fee Letter"** means the fee letter dated as of the date of this Financial Guarantee between the Financial Guarantor and the Issuer, without regard to any amendment, modification or supplement thereto other than any such amendment, modification or supplement made in accordance with the provisions of such fee letter with the prior written consent of the Financial Guarantor;

**"Financial Guarantor Default"** means in relation to AGM if any of the below has occurred and is continuing:

- (a) any Guaranteed Amount which is Due for Payment is unpaid by reason of Non-payment by the Issuer and is not paid by AGM on the date stipulated in the AGM Financial Guarantee;
- (b) AGM disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the AGM Financial Guarantee or seeks to do so (in each case, in writing);
- (c) AGM
  - (i) files a petition or commences a case or proceeding under any provision or chapter of the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation, or
  - (ii) makes a general assignment for the benefit of its creditors, or
  - (iii) has a final and non-appealable order for relief entered against it under the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation; or
- (d) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and non-appealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for AGM or for all or any material portion of its property or (ii) authorising the taking of possession by a custodian, trustee, agent or receiver of AGM or of all or any material portion of its property.

**“Financial Guarantor Downgrade Event”** means at any time while the Guaranteed Bonds remain outstanding, both:

- (a) AGM's insurer financial strength rating by S&PGR ceases to be at least "BBB-"; and
- (b) AGM's insurer financial strength rating is not rated at least "BBB-" or the equivalent by at least one other Alternative Rating Agency;

"**Fiscal Agent**" has the meaning assigned thereto in clause 9 (*Fiscal Agent*);

"**Force Majeure Event**" means any unforeseeable event outside the control of the Financial Guarantor that renders the Financial Guarantor's performance under this Financial Guarantee impossible (and not merely impracticable or more onerous);

"**Guaranteed Amount**" means, with respect to a Scheduled Payment Date:

- (a) an amount equal to the Scheduled Interest Due for Payment on the Guaranteed Bonds on such Scheduled Payment Date; plus
- (b) an amount equal to the Scheduled Principal Due for Payment on the Guaranteed Bonds on such Scheduled Payment Date;

but excluding in each case any amounts due in respect of the Guaranteed Bonds:

- (i) attributable to any increase in interest margin, penalty or other sum payable by the Issuer for whatever reason;
- (ii) attributable to any present or future taxes, duties, withholding, deduction, assessment or other charge (including interest and penalties in respect of such taxes, duties, withholding, deduction, assessment or other charge) of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state (including the United Kingdom), or any political subdivision or governmental or taxing authority therein or thereof;
- (iii) attributable to any default interest;
- (iv) attributable to any amount relating to prepayment, early redemption, broken-funding indemnities, penalties, premium, "spens", any make-whole amount or similar types of payments payable in respect of the Guaranteed Bonds;
- (v) attributable to any amounts in respect of Bonds held by the Issuer or any Affiliate of the Issuer during the period in which the Issuer or the relevant Affiliate, or any Person (as defined in this Financial Guarantee) acting on behalf of the Issuer or the relevant Affiliate is the legal or beneficial owner of the Bonds, but not thereafter; or
- (vi) in respect of which the Financial Guarantor or AGM has made an Accelerated Payment on or prior to such Scheduled Payment Date;

"**Guaranteed Bondholder**" means a holder of Guaranteed Bonds;

"**Guaranteed Bonds**" means the £70,000,000 6.07 per cent. Sub Class A-[●] Fixed Rate Wrapped Bonds due 20[●] constituted under the Bond Trust Deed and the Final Terms contained in the Drawdown Prospectus but excluding any such bonds that are held by or for the account of an Obligor or any Affiliate of an Obligor;

"**Interest Payment Date**" has the meaning given in the Conditions;

**"Issuer"** means Heathrow Funding Limited, a public company incorporated in Jersey (with registered number 99529);

**"Master Definitions Agreement"** means the master definitions agreement originally dated 18 August 2008 as amended on 13 January 2012 and on 28 February 2019 (and as amended or supplemented from time to time) between, among others, the Issuer and the Bond Trustee without regard to any amendment, modification or supplement thereto made after the date of this Financial Guarantee other than any such amendment, modification or supplement made in accordance with the provisions of the Issuer Transaction Documents;

**"Maturity Date"** has the meaning given to it in the Final Terms;

**"Moody's"** means Moody's Investors Service, Inc.;

**"Non-payment by the Issuer"** means, with respect to a Guaranteed Amount at a time when such Guaranteed Amount is Due for Payment, that the funds, if any, remitted to any Agent or the Bond Trustee under the terms of the Guaranteed Bonds or the Bond Trust Deed for payment to Guaranteed Bondholders are insufficient for payment in full of such Guaranteed Amount. In addition to and without limiting the foregoing, "Non-payment by the Issuer" applies to any portion of any Guaranteed Amount that has become an Avoided Payment;

**"Notice of Demand"** means a notice of demand in the form of the Annex hereto;

**"Order"** means a final, non-appealable order of a court or other body exercising jurisdiction in an Insolvency Proceeding by or against the Issuer, to the effect that the Bond Trustee, any Agent or any Guaranteed Bondholder is required to return or repay all or any portion of an Avoided Payment;

**"Payment Date"** means Scheduled Payment Date;

**"Rating Agency"** means S&PGR and such rating agencies as may be substituted for such rating agency from time to time in accordance with the provisions of the Bond Trust Deed and Security Trust and Intercreditor Deed with the prior written consent of the Financial Guarantor and AGM;

**"Receipt"** and **"Received"** shall mean actual delivery to the Financial Guarantor prior to 12:00 noon, London time, on a Business Day; provided that delivery either on a day that is not a Business Day, or after 12:00 noon, London time, on a Business Day, shall be deemed to be "Received" on the next succeeding Business Day. For the purposes of this definition, "actual delivery" to the Financial Guarantor shall mean (i) the delivery of the original Notice of Demand, notice or other applicable documentation to the Financial Guarantor's address for notices in accordance with clause 12 (*Notices*), or (ii) email transmission of a pdf of the original Notice of Demand, notice or other applicable documentation to the Financial Guarantor's email address for notices in accordance with clause 12 (*Notices*). If presentation is made by email transmission, the Bond Trustee (a) shall promptly confirm transmission by telephone to the Financial Guarantor at its telephone number referred to in clause 12 (*Notices*), and (b) as soon as is reasonably practicable, shall deliver the original Notice of Demand, notice or other applicable documentation to the Financial Guarantor's address for notices in accordance with clause 12 (*Notices*);

If any Notice of Demand, notice or other documentation actually delivered (or attempted to be delivered) under this Financial Guarantee by the Bond Trustee is not in proper form or is not properly completed, executed or delivered, "Receipt" by the Financial Guarantor shall be deemed not to have occurred, and the Financial Guarantor shall promptly so advise the Bond Trustee of such deficiency and the nature of the deficiency. In such case, the Bond Trustee may submit an amended or corrected Notice of Demand, notice or other documentation, as the case may be, to the Financial Guarantor;

"**Recovery**" has the meaning set out in clause 3.2;

"**S&PGR**" means S&P Global Ratings, the credit ratings business of S&P Global Inc. operated through its wholly owned direct and indirect subsidiaries;

"**Scheduled Interest**" means, in respect of a Scheduled Payment Date, the amount of scheduled interest on the Guaranteed Bonds then payable in accordance with the original terms of the relevant Conditions, (i) without regard to any amendment or modification of such terms made after the date of this Financial Guarantee other than any amendment or modification of such terms made in accordance with the provisions of the Bond Trust Deed and (ii) after giving effect to each amount of principal repaid or prepaid by the Issuer pursuant to the relevant Conditions or otherwise paid following enforcement in accordance with Condition 11(d) (*Consequences of the delivery of a Bond Enforcement Notice*);

"**Scheduled Payment Date**" means:

- (a) an Interest Payment Date; or
- (b) the Scheduled Redemption Date; or
- (c) if the Guaranteed Bonds have not been redeemed on or prior to the Scheduled Redemption Date, the Maturity Date;

"**Scheduled Principal**" means, in respect of a Scheduled Payment Date, the amount of scheduled principal payable on the Guaranteed Bonds on such Scheduled Payment Date in accordance with Condition 9 (*Payments*) in accordance with the original terms of the Conditions without regard to any amendment or modification of such terms made after the date of this Financial Guarantee other than any amendment or modification of such terms made in accordance with the provisions of the Bond Trust Deed, as reduced by each amount of principal repaid or prepaid by the Issuer pursuant to the relevant Conditions or otherwise paid following enforcement in accordance with Condition 11(d) (*Consequences of the delivery of a Bond Enforcement Notice*);

"**Security Trust and Intercreditor Deed**" has the meaning given to the term "STID" in the Master Definitions Agreement without regard to any amendment, modification or supplement thereto made after the date of this Financial Guarantee other than any such amendment, modification or supplement made in accordance with the provisions of such security trust and intercreditor deed;

"**Term of the Financial Guarantee**" means the period from and including the date hereof to and including the earlier of:

- (a) the termination of this Financial Guarantee in accordance with clause 11 (*Termination*); and
- (b) the last to occur of the following:
  - (i) the date on which all Guaranteed Amounts have been paid under the Guaranteed Bonds;
  - (ii) the date on which any period during which any Guaranteed Amount could have become, in whole or in part, an Avoided Payment has expired; and
  - (iii) if the Issuer becomes subject to any Insolvency Proceedings before the occurrence of (i) and (ii) above, the later of (a) the date of the conclusion or dismissal of the Insolvency Proceedings without continuing jurisdiction by the court in such Insolvency Proceedings and (b) if the Bond Trustee or any Guaranteed Bondholder is required to return any payment (or portion thereof) in respect of a Guaranteed Amount that is avoided as a result of such Insolvency Proceedings, the date on which the Financial Guarantor has made all payments required to be made under this Financial Guarantee to or to the order of the Bond Trustee in respect of all such Avoided Payments.

## 1.2 Construction

In this Financial Guarantee, a reference to:

- 1.2.1 a statutory provision or any other provision of law includes a reference to such statutory provision or any other provision of law as modified or re-enacted or both from time to time whether before or after the date of this Financial Guarantee and any subordinate legislation or any other provision of law made or other thing done under such statutory provision or any other provision of law whether before or after the date of this Financial Guarantee;
- 1.2.2 the singular includes the plural and vice versa (unless the context otherwise requires);
- 1.2.3 a time of day is a reference to the time in London, unless a contrary indication appears;
- 1.2.4 each reference to "**clause**" or to "**Annex**", unless the context otherwise requires, is a reference to a clause of or an annex to this Financial Guarantee; and
- 1.2.5 a "**Person**" or "**person**" includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality.

## 1.3 Headings

The headings in this Financial Guarantee do not affect its construction or interpretation.

## 2 GUARANTEE

- 2.1 In consideration of the payment by the Issuer of the Financial Guarantee Fee and subject to the terms of this Financial Guarantee, the Financial Guarantor irrevocably and unconditionally guarantees to the Bond Trustee during the Term of the Financial Guarantee the full and complete payment of the AGUK Proportion of:
- 2.1.1 Guaranteed Amounts that are Due for Payment but are unpaid by reason of Non-payment by the Issuer; and
- 2.1.2 Avoided Payments,
- provided that any payment by AGM under the AGM Financial Guarantee in respect of the AGUK Proportion of any Defaulted Amount shall constitute a discharge of the Financial Guarantor's obligation to make such payment under this Financial Guarantee to the Bond Trustee.
- 2.2 This Financial Guarantee does not guarantee any prepayment or other accelerated payment that at any time may become due in respect of any Guaranteed Amount, other than at the sole option of the Financial Guarantor as specified in clause 4 (*Acceleration*), nor against any risk other than Non-payment by the Issuer, including failure of the Bond Trustee or any Agent to make any payment due to the Guaranteed Bondholders or any diminution in the market or fair value of the Guaranteed Bonds.

## 3 PAYMENTS BY THE FINANCIAL GUARANTOR

- 3.1 Following Receipt by the Financial Guarantor of a Notice of Demand in accordance with clause 8 (*Notice of Demand*) from the Bond Trustee for any Defaulted Amount, the Financial Guarantor will, subject to clause 7.5, pay the AGUK Proportion of the Defaulted Amount to the Bond Trustee by no later than 10.00 a.m., London time, on the later of:
- 3.1.1 the date such Defaulted Amount becomes Due for Payment; and
- 3.1.2 the fourth Business Day following the day on which the Financial Guarantor Received such Notice of Demand.
- 3.2 In the event that any amount shall be received by the Bond Trustee or the Bond Trustee has actual notice that any Guaranteed Bondholder has received any amount in respect of a Defaulted Amount forming the basis of a claim specified in a Notice of Demand submitted hereunder, which amount had not been received by the Bond Trustee, or which the Bond Trustee did not have actual notice had been received by a Guaranteed Bondholder when the Notice of Demand was prepared but which is received by the Bond Trustee or the Bond Trustee has actual notice has been received by such Guaranteed Bondholder prior to the receipt of payment from the Financial Guarantor as contemplated by this Financial Guarantee (each such amount, a "**Recovery**"), the Bond Trustee shall promptly so notify the Financial Guarantor (which notice shall include the amount of any such Recovery). The fact that a Recovery has been received by the Bond Trustee or the Bond Trustee has actual notice that a Recovery has been received by such Guaranteed Bondholder shall be deemed to be incorporated in the applicable Notice of Demand as



of the date such Notice of Demand was originally prepared, without the need for any further action by any Person, and the Financial Guarantor shall pay the amount of the claim against the Financial Guarantor specified in paragraph (ii) of the Notice of Demand less the sum of the AGUK Proportion of all such Recoveries.

- 3.3 The Financial Guarantor shall be entitled to elect, in its absolute discretion, to pay part or all of any Defaulted Amount to any such bank account as is specified by the Bond Trustee without the need for the Financial Guarantor to have Received, and irrespective of whether the Financial Guarantor shall have Received, a Notice of Demand therefor. Any such payment shall be considered a payment by the Financial Guarantor under this Financial Guarantee for all purposes. If requested by the Financial Guarantor, the Bond Trustee shall promptly deliver to the Financial Guarantor a properly completed and executed Notice of Demand in respect of any such payment made or to be made by the Financial Guarantor.
- 3.4 Payments due hereunder in respect of Guaranteed Amounts will be disbursed to or to the order of the Bond Trustee and credited (in immediately available funds) to the bank account (the "**Account**") specified by the Bond Trustee in the applicable Notice of Demand or pursuant to clause 3.3 or clause 4.2. Payment in full to the Account shall discharge the obligations of the Financial Guarantor under this Financial Guarantee to the extent of such payment, whether or not such payment is properly applied by or on behalf of the Bond Trustee or any Agent.
- 3.5 Once payment by or on behalf of the Financial Guarantor of an amount in respect of any Guaranteed Amount (whether on a Scheduled Payment Date or pursuant to clause 3.3 or on an accelerated basis pursuant to clause 4.2) has been made to the Account, the Financial Guarantor shall have no further obligations under this Financial Guarantee in respect of such Guaranteed Amount to the extent of such payment.

#### **4 ACCELERATION**

- 4.1 At any time and from time to time following Acceleration, the Financial Guarantor may decide, in its absolute discretion, to make an Accelerated Payment under this Financial Guarantee without the need for the Financial Guarantor to have Received, and irrespective of whether the Financial Guarantor shall have Received, a Notice of Demand.
- 4.2 The Financial Guarantor shall notify the Bond Trustee in writing of its intention to make an Accelerated Payment and the proposed date of such payment, no later than two Business Days prior to such proposed date of payment. Any such Accelerated Payment shall be considered a payment by the Financial Guarantor under this Financial Guarantee for all purposes. If so requested by the Financial Guarantor at the time the Financial Guarantor gives such written notice, the Bond Trustee shall deliver to the Financial Guarantor and AGM a corresponding Notice of Demand.

## **5 WITHHOLDING TAX**

All payments by the Financial Guarantor to or to the order of the Bond Trustee under this Financial Guarantee shall be made without withholding or deduction for, or on account of, any taxes, duties, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state, or any political subdivision or governmental or taxing authority therein or thereof unless such withholding or deduction is required by law. If any withholding or deduction is so required by law, the Financial Guarantor shall pay such amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Financial Guarantor shall not be obliged to pay any amount to or to the order of the Bond Trustee in respect of the amount of such withholding or deduction.

## **6 SUBROGATION**

- 6.1 The Financial Guarantor will be fully, immediately and automatically subrogated to the Guaranteed Bondholders' and the Bond Trustee's rights to payment of the Guaranteed Amounts, and to any rights relating thereto, to the fullest extent permitted by applicable law to the extent of and at the time of any payments made by or on behalf of the Financial Guarantor under this Financial Guarantee, including, for the avoidance of doubt, any Accelerated Payment.
- 6.2 Any payment made by or on behalf of the Issuer to or for the benefit of the Bond Trustee or any Guaranteed Bondholder in respect of any Guaranteed Amount forming the basis of a claim hereunder (and a corresponding claim under this Financial Guarantee and/or the AGM Financial Guarantee, which claims shall have been paid in full by the Financial Guarantor and AGM respectively) shall be received and held on trust by the recipient to the order of the Financial Guarantor and AGM and shall be paid by the recipient over to the Financial Guarantor and AGM *pro rata* in proportion to the respective amounts paid (i) by the Financial Guarantor in respect of a claim made pursuant to this Financial Guarantee, and (ii) by AGM in respect of the related claim made pursuant to the AGM Financial Guarantee.
- 6.3 The Bond Trustee shall cooperate in all reasonable respects, and at the expense of the Financial Guarantor, with any request by the Financial Guarantor for action necessary to preserve or enforce the Financial Guarantor's rights and remedies, any related security arrangements or otherwise necessary in relation to such subrogation including, without limitation, any request to assign to the Financial Guarantor the Bond Trustee's rights in respect of any Guaranteed Amount which has been paid by the Financial Guarantor. Payments to the Financial Guarantor at any time in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Bond Trustee and the Guaranteed Bondholders to receive all Guaranteed Amounts that are due at or before such time in respect of the Guaranteed Bonds.

## **7 WAIVER OF DEFENCES**

- 7.1 The obligations of the Financial Guarantor under this Financial Guarantee will continue and will not be terminable other than in accordance with clause 13 (*Termination And*

*Amendment*) notwithstanding failure to receive payment of the Financial Guarantee Fee or any other amount due in respect of this Financial Guarantee. The Financial Guarantee Fee is not refundable for any reason.

- 7.2 The Financial Guarantor acknowledges that there is no duty of disclosure by the Bond Trustee under this Financial Guarantee but nonetheless, to the fullest extent permitted by applicable law, hereby waives for the benefit of the Bond Trustee and the Guaranteed Bondholders and agrees not to assert any and all rights (whether by counterclaim, rescission, set-off or otherwise) and any and all equities and defences howsoever arising (including, without limitation, any right, equity or defence based on: (a) any right to require the Bond Trustee or any Guaranteed Bondholder first to proceed against or to enforce any other rights or security against, or to claim payment from, any Person before the Bond Trustee may claim from the Financial Guarantor under this Financial Guarantee; (b) fraud on the part of any Person (including fraud on the part of any agent for the Bond Trustee, but excluding fraud by the Bond Trustee itself); (c) misrepresentation, breach of warranty or non-disclosure of information by any Person; (d) any lack of validity or enforceability of the Guaranteed Bonds or the Bond Trust Deed; (e) any modification or any amendment to the Guaranteed Bonds or the Bond Trust Deed; (f) the granting of any time, indulgence or concession by any Person to the Issuer; (g) any insolvency or similar proceedings in respect of the Issuer or any other Person; (h) any lack of capacity, power or authority or any change in status of the Issuer or any other Person; or (i) the refusal or failure to take up, to hold, to perfect or to enforce by any Person any rights under or in connection with any guarantee, indemnity, security or other document) to the extent such rights, equities and defences may be available to the Financial Guarantor to avoid payment of its obligations under this Financial Guarantee in accordance with the express provisions hereof.
- 7.3 No warranties are given and nothing in this Financial Guarantee is intended to constitute a warranty or a condition precedent to payment under the Financial Guarantee other than Receipt of a Notice of Demand in accordance with clause 8 (*Notice of Demand*).
- 7.4 Nothing in this Financial Guarantee shall be construed in any way to limit or otherwise affect the Financial Guarantor's right to pursue recovery or claims (based on contractual or other rights, including to the extent applicable such rights resulting from any Person's fraud, negligence or breach of any agreement to which it is a party) for reimbursement against any Persons for any liabilities, losses, damages, costs and expenses incurred by the Financial Guarantor or to exercise at any time any other remedies that may be available to the Financial Guarantor at law or in equity.
- 7.5 Nothing in this Financial Guarantee shall be construed to require payment by the Financial Guarantor so long as a Force Majeure Event is continuing, in which event the Financial Guarantor agrees to perform its obligations under this Financial Guarantee promptly following cessation of such Force Majeure Event.

## **8 NOTICE OF DEMAND**

- 8.1 Subject to clauses 2.2, 3.3 and 4 (*Acceleration*), payments of Guaranteed Amounts (including Avoided Payments) will only be made after presentation of a properly

completed Notice of Demand signed by the Bond Trustee and Received by the Financial Guarantor.

- 8.2 Notices of Demand can only be given by the Bond Trustee in the manner set out in clause 12 (*Notices*).
- 8.3 Without limitation to the Financial Guarantor's obligations under clause 8.5, if any Notice of Demand is not in the proper form or is not properly completed, executed or delivered, the Financial Guarantor will not be deemed to have Received such Notice of Demand.
- 8.4 Any Notice of Demand in respect of an Avoided Payment will not be deemed properly completed unless it is accompanied by:
  - 8.4.1 a copy of the Order; and
  - 8.4.2 a certificate of the Bond Trustee that the Order has been entered and that, on the basis of legal advice received by the Bond Trustee, the Order is not subject to any stay and specifying (to the extent that the Bond Trustee has actual knowledge sufficient to do so) the Guaranteed Amounts that are Avoided Payments.
- 8.5 The Financial Guarantor will promptly advise the Bond Trustee if a Notice of Demand is not in the proper form or has not been properly completed, executed or delivered and the Bond Trustee may submit an amended Notice of Demand to the Financial Guarantor.

## 9 FISCAL AGENT

- 9.1 At any time during the Term of the Financial Guarantee, the Financial Guarantor may appoint a fiscal agent (the "**Fiscal Agent**") for the purposes of this Financial Guarantee by written notice to the Bond Trustee, specifying the name and notice address of such Fiscal Agent. From and after the date of receipt of such notice by the Bond Trustee:
  - 9.1.1 copies of all notices (including Notices of Demand) and other documents required to be delivered to the Financial Guarantor pursuant to this Financial Guarantee shall be simultaneously delivered to the Fiscal Agent and to the Financial Guarantor; and
  - 9.1.2 all payments required to be made by the Financial Guarantor under this Financial Guarantee may be made directly by the Financial Guarantor or by the Fiscal Agent on behalf of the Financial Guarantor.
- 9.2 The Fiscal Agent is the agent of the Financial Guarantor only, and the Fiscal Agent shall in no event be liable to the Bond Trustee for any acts of the Fiscal Agent or any failure of the Financial Guarantor to deposit, or cause to be deposited, sufficient funds to make payments due under this Financial Guarantee.

## 10 TRANSFER

- 10.1 The rights and obligations of the Financial Guarantor under this Financial Guarantee may be assigned or transferred to, or assumed by, any Affiliate of the Financial Guarantor provided that:

- 10.1.1 no Financial Guarantor Default has occurred and is continuing at the time of such assignment, transfer or assumption or would occur as a result of such assignment, transfer or assumption;
  - 10.1.2 the Financial Guarantor or such assignee, transferee or party assuming such rights and obligations delivers to the Bond Trustee written confirmation from the Rating Agency or one other Alternative Rating Agency that, at the time of and immediately following any such assignment, transfer or assumption, the financial strength or claims paying ability of such affiliate will be rated at least equal to the financial strength or claims paying ability of the Financial Guarantor at that time or, if such assignment, transfer or assumption is in connection with remedying a Financial Guarantor Downgrade Event pursuant to clause 11, the financial strength or claims paying ability of such affiliate will be rated as required under the Final Terms;
  - 10.1.3 the Financial Guarantor or such assignee, transferee or party assuming such rights and obligations thereafter delivers to the Bond Trustee written notice of any such assignment, transfer or assumption;
  - 10.1.4 such transferee assumes the obligations of the Financial Guarantor under this Financial Guarantee and accedes to the relevant Finance Documents to which the Financial Guarantor is party; and
  - 10.1.5 the location of the transferee does not (a) result in any withholding or deduction for any taxes, duties, assessments, or other governmental charges of whatever nature in respect of any payment by such transferee hereunder, which withholding or deduction is not at the time of the relevant transfer applicable to any such payment by the Financial Guarantor hereunder, and (b) otherwise prevent payment being made in respect of any Guaranteed Amount where payment made by the Financial Guarantor hereunder is not prevented at the time of the relevant transfer.
- 10.2 The Bond Trustee may not transfer, assign, sub-participate, declare a trust over or otherwise dispose (other than in favour of the Guaranteed Bondholders) of any of its rights under this Financial Guarantee except to a Person as to whom the Financial Guarantor has given its prior written consent. However, if the Bond Trustee transfers or assigns its rights and obligations under the Bond Trust Deed to a new or additional trustee which has been appointed in accordance with the Bond Trust Deed, no such consent shall be required and such new or additional trustee will be able to enforce this Financial Guarantee and references in this Financial Guarantee to "Bond Trustee" shall be construed as including such new trustee or such additional trustee, as applicable.

## **11 TERMINATION**

- 11.1 If a Financial Guarantor Downgrade Event has occurred and is continuing:
  - 11.1.1 the Financial Guarantor shall notify the Bond Trustee; and
  - 11.1.2 the Bond Trustee (acting on the instructions of the Bondholders, acting by way of Extraordinary Resolution) shall, subject to being prefunded and/or indemnified

and/or secured to its satisfaction by the Bondholders, issue a notice (the “**Financial Guarantor Removal Notice**”) to the Financial Guarantors specifying the Bondholders’ intention to terminate and cancel the Financial Guarantees in whole (and not in part) unless the Financial Guarantor Downgrade Event has been remedied or waived by the date that is three calendar months after the date of delivery of the Financial Guarantor Removal Notice (the “**Preliminary Financial Guarantor Removal Date**” where such a period constitutes the “**Cure Period**”),

- 11.2 Where a Financial Guarantor Downgrade Event has occurred, AGM may remedy such Financial Guarantor Downgrade Event (and the related Financial Guarantor Removal Notice shall be deemed revoked) at any time prior to the Preliminary Financial Guarantor Removal Date by transferring the AGM Financial Guarantee to an affiliate of AGM that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR (or, if prior to such remedy, AGM was relying on the rating of an Alternative Rating Agency, by transferring the AGM Financial Guarantee to an affiliate of AGM that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR or "BBB-" or the equivalent by such Alternative Rating Agency) or the Bond Trustee (acting on the instructions of the Bondholders acting by way of Extraordinary Resolution) may waive such Financial Guarantor Downgrade Event at any time prior to the Preliminary Financial Guarantor Removal Date in which case the Financial Guarantor Downgrade Event shall be deemed to have been remedied or waived.
- 11.3 If a continuing Financial Guarantor Downgrade Event has not been remedied or waived prior to the Preliminary Financial Guarantor Removal Date, then on the Preliminary Financial Guarantor Removal Date:
- 11.3.1 the Issuer shall pay to the Financial Guarantors or their respective Affiliates (as applicable) an amount equal to: (A) any and all amounts paid by the Financial Guarantors under the Financial Guarantees not previously reimbursed; (B) any and all other amounts due and payable in accordance with the G&R Deed (including without limitation, indemnifications, gross up, taxes, reimbursements, interest, charges, fees, costs and expenses); (C) any and all Financial Guarantee Fees due and payable in accordance with the Financial Guarantee Fee Letters; and (D) any other amounts of any nature whatsoever due and payable to the Financial Guarantors pursuant to the Issuer Transaction Documents (such amounts pursuant to (A) to (D) collectively the “**Financial Guarantor Removal Payments**”), as set forth in a notice in writing delivered to the Issuer, the Security Group Agent and the Borrower Security Trustee by the Financial Guarantors, and the Issuer shall simultaneously provide proof of the payment of the Financial Guarantor Removal Payments to the Financial Guarantors or their respective Affiliates (as applicable) to their reasonable satisfaction in full and final settlement of such Financial Guarantor Removal Payments;
- 11.4 On receipt by the Issuer, Security Group Agent and Borrower Security Trustee of written notification from the Financial Guarantors or their respective Affiliates (as applicable), that they are satisfied that the Financial Guarantor Removal Payments have been paid in full or that there are no Financial Guarantor Removal Payments due and payable:

- 11.4.1 the Financial Guarantees shall be unconditionally and irrevocably terminated and cancelled in whole (and not in part) and shall cease to have any further force or effect and the term of the Financial Guarantees shall be deemed to have expired as of the date on which the Financial Guarantor Removal Payments were paid in full (if applicable), such date being the “**Effective Financial Guarantor Removal Date**” and no further claim may be made under the Financial Guarantees on and from the Effective Financial Guarantor Removal Date and any such further claim shall be null and void;
- 11.4.2 all Issuer Transaction Documents other than the Financial Guarantees shall continue in full force and effect; and
- 11.4.3 the Financial Guarantee Fees shall cease to accrue, and the Bond Trustee may (acting on the instructions of the Bondholders) sanction to use the amounts no longer required to be paid as such financial guarantee fees in accordance with the Bond Trust Deed.
- 11.5 Until the occurrence of the Effective Financial Guarantor Removal Date and provided that no FG Event of Default has occurred and is continuing, the Financial Guarantor will continue to be the Secured Creditor Representative in respect of the Bonds and will therefore have the right to exercise any voting and control rights under the Bonds, subject to the Security Trust and Intercreditor Deed.

## 12 NOTICES

- 12.1 All notices given under this Financial Guarantee shall be in writing (except as otherwise specifically provided herein) and shall be mailed by registered mail or personally delivered or emailed (such email to be followed up by a confirmatory telephone call) as follows:

- 12.1.1 To the Financial Guarantor:

Assured Guaranty UK Limited  
11<sup>th</sup> Floor  
6 Bevis Marks  
London EC3A 7BA

Attention: Managing Director  
Re: Financial Guarantee No.[●]  
Telephone: [+44 207 562 1900]  
Email: SurvPFIreports@agltd.com and generalcounsel@agltd.com

with a copy to the General Counsel at the above address and email address. Each Notice of Demand shall be marked to indicate URGENT MATERIAL ENCLOSED.

- 12.1.2 To the Bond Trustee:

Deutsche Trustee Company Limited  
Winchester House, 1 Great Winchester Street, London EC2N 2DB, England

Attention: Managing Director – Heathrow Wrapped Bond A58 & A59  
Re: Financial Guarantee No. [●]  
Email: [abs.mbs.london@list.db.com](mailto:abs.mbs.london@list.db.com); [asfs\\_trustee@list.db.com](mailto:asfs_trustee@list.db.com);  
[ed.bond@db.com](mailto:ed.bond@db.com); [patrick.mccoy@db.com](mailto:patrick.mccoy@db.com);  
[adam.wilson@db.com](mailto:adam.wilson@db.com); [dominyk.lavill@db.com](mailto:dominyk.lavill@db.com);  
[kelly.cardoo@db.com](mailto:kelly.cardoo@db.com);

If presentation to the Bond Trustee is made by email transmission, the Financial Guarantor, as soon as is reasonably practicable, shall deliver the original notice or other applicable documentation to the Bond Trustee's address for notices in accordance with this clause 12 (*Notices*).

- 12.2 The Financial Guarantor or the Bond Trustee may designate an additional or different address, or telephone or email address, by prior written notice. Each notice, presentation, delivery and communication to the Financial Guarantor or the Bond Trustee shall be effective only upon Receipt by the Financial Guarantor or actual receipt by the Bond Trustee, as the case may be.

### **13 TERMINATION AND AMENDMENT**

- 13.1 This Financial Guarantee is not cancellable by the Financial Guarantor for any reason, including, without limitation, the failure of the Financial Guarantor to receive payment of any Financial Guarantee Fee due in respect of this Financial Guarantee.
- 13.2 This Financial Guarantee and the obligations of the Financial Guarantor hereunder shall terminate upon the expiration of the Term of the Financial Guarantee.
- 13.3 This Financial Guarantee may not be amended, modified or supplemented without the prior written consent of the Bond Trustee.

### **14 LIABILITY OF THE FINANCIAL GUARANTOR**

- 14.1 The Financial Guarantor and any of its officers, directors, employees or agents shall not be liable or responsible for:-
- 14.1.1 the use which may be made of this Financial Guarantee by the Bond Trustee or any of the Guaranteed Bondholders or for any acts or omissions of any such persons or the in connection herewith; or
- 14.1.2 the validity, sufficiency, accuracy or genuineness of documents delivered to the Financial Guarantor (or its Fiscal Agent) in connection with any demand under this Financial Guarantee, or of any signatures hereon, even if such documents or signatures should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged (unless the Financial Guarantor shall have actual knowledge thereof); or
- 14.1.3 any acts or omissions of the Bond Trustee or the Security Trustee in connection with the Security.



14.2 In furtherance and not in limitation of the foregoing, the Financial Guarantor (or its Fiscal Agent) may accept documents that appear on their face to be in order, without responsibility for further investigation.

## **15 MISCELLANEOUS**

No waiver of any rights or powers of the Financial Guarantor or the Bond Trustee, or any consent by either of them, shall be valid unless in writing and signed by an authorised officer or agent of the Financial Guarantor or the Bond Trustee, as applicable. The waiver of any right by the Financial Guarantor or the Bond Trustee, or the failure promptly to exercise any such right, shall not be construed as a waiver of any right to exercise the same or any other right at any time thereafter.

## **16 LAW AND JURISDICTION**

16.1 This Financial Guarantee, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, the laws of England and Wales.

16.2 With respect to any suit, action or proceedings relating to this Financial Guarantee ("Proceedings"), the Financial Guarantor irrevocably submits to the jurisdiction of the English courts and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

## **17 ENTIRE AGREEMENT**

This Financial Guarantee constitutes the entire agreement between the Financial Guarantor and the Bond Trustee in relation to the Financial Guarantor's obligation to make payments to the Bond Trustee for the benefit of the Guaranteed Bondholders in respect of the Guaranteed Amounts that become Due for Payment but are unpaid by reason of Non-payment by the Issuer, and supersedes any previous agreement between the Financial Guarantor and the Bond Trustee in relation thereto.

## **18 THIRD PARTY RIGHTS**

No Person other than the Bond Trustee shall have rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Financial Guarantee but this shall not affect any such right any Person may have otherwise than by virtue of such Act.

## **19 REDENOMINATION**

If the Guaranteed Bonds are redenominated into a currency different from their original currency, the calculation of amounts Due for Payment and the calculation of Guaranteed Amounts hereunder and the payment of any Defaulted Amount shall be made in such new currency, notwithstanding anything to the contrary set forth herein.

## **20 SURRENDER OF FINANCIAL GUARANTEE**

The Bond Trustee shall deliver its original engrossment of this Financial Guarantee to the Financial Guarantor upon expiration of the Term of the Financial Guarantee.

**SIGNATORIES**

**IN WITNESS WHEREOF**, this Financial Guarantee has been executed as a deed and delivered on the date inserted above.

Executed as a deed by )  
**ASSURED GUARANTY UK** )  
**LIMITED** acting by its lawful Attorney: )  
 ) .....

In the presence of:

Signature of witness .....

Name of witness .....

Address of witness .....

.....

.....

Occupation of witness .....

**ANNEX**  
**NOTICE OF DEMAND**

[EACH NOTICE TO BE MARKED TO INDICATE: "URGENT MATERIAL ENCLOSED"]

Assured Guaranty UK Limited  
11th Floor  
6 Bevis Marks  
London EC3A 7BA

Assured Guaranty Municipal Corp.  
1633 Broadway  
New York, NY 10019  
USA

[DATE]

Attention:

Managing Director

and

General Counsel

The undersigned, Deutsche Trustee Company Limited as Bond Trustee (the "**Bond Trustee**"), hereby certifies to each of Assured Guaranty UK Limited ("AGUK") and Assured Guaranty Municipal Corp. ("AGM" and, together with AGUK, the "**Financial Guarantors**") with reference to Financial Guarantee No. [●] (the "**AGUK Financial Guarantee**") and Financial Guarantee No. [●] (the "**AGM Financial Guarantee**" and, together with the AGUK Financial Guarantee, the "**Financial Guarantees**") that:

- (i) [The Guaranteed Amount[s] that [is/are] due and payable on the Scheduled Payment Date falling on [insert applicable payment date] [is/are] [●] [insert applicable amount[s]]./The Guaranteed Amount[s] that [was/were] paid, credited, transferred or delivered to or to the order of the Bond Trustee or the Guaranteed Bondholders by or on behalf of the Issuer in accordance with the terms of the Bond Trust Deed and/or the Guaranteed Bonds on [insert applicable payment date] of [●][insert applicable amount[s]] [was/were] recovered from, or [was/were] otherwise required to be returned or repaid by, the Bond Trustee or [a/the] Guaranteed Bondholder[s] as a result of Insolvency Proceedings by or against the Issuer on [insert applicable repayment date].]
- (ii) [The deficiency with respect to the Guaranteed Amount Due for Payment and unpaid by reason of Non-payment by the Issuer on the Scheduled Payment Date falling on [insert applicable payment date] is [●][insert applicable amount] (the "**Defaulted Amount**"), the AGUK Proportion of such Defaulted Amount is [●] and the AGM Proportion of such Defaulted Amount is [●]]. The AGUK Proportion of such Defaulted Amount is [●] and the AGM Proportion of such Defaulted Amount is [●].]
- (iii) The Bond Trustee is making (a) a claim against AGUK under the AGUK Financial Guarantee for the AGUK Proportion of the Defaulted Amount, and (b) a claim against AGM under the

AGM Financial Guarantee for the AGM Proportion of the Defaulted Amount, with each such amount to be applied to the payment of the above-described Guaranteed Amount[s].

- (iv) To the extent that AGUK does not pay the AGUK Proportion of any Defaulted Amount when due and payable by AGUK in accordance with the terms of the AGUK Financial Guarantee, the Bond Trustee is making a claim against AGM under clause 3.1.2 of the AGM Financial Guarantee for such amount. The Bond Trustee agrees that any payment by AGM of such amount shall discharge AGUK from any obligation to make such payment under the AGUK Financial Guarantee.
- (v) The Bond Trustee agrees that following any payment by the Financial Guarantors made with respect to the Defaulted Amount which is the subject of this Notice of Demand, it (a) will cause such amounts to be applied directly to the payment of the applicable Guaranteed Amounts in accordance with clause 8 of the Bond Trust Deed; (b) will ensure that such funds are not applied for any other purpose; and (c) will cause an accurate record of such payment to be maintained with respect to the appropriate Guaranteed Amount(s), the corresponding claim on each Financial Guarantee, and the proceeds of such claim.
- (vi) Payments should be made by credit to the following account:

[(insert details of bank account)] (the "**Account**").

Capitalised terms used in this Notice of Demand and not otherwise defined herein shall have the respective meanings ascribed thereto in or pursuant to the applicable Financial Guarantee.

This Notice of Demand may be revoked at any time by written notice of such revocation by the Bond Trustee to each Financial Guarantor, if and only to the extent that moneys are actually received by the Bond Trustee prior to any such revocation from a source other than the Financial Guarantors with respect to the Defaulted Amount set forth herein. Subject to clause 3.2 of the Financial Guarantee, the Bond Trustee will withdraw this Notice of Demand, or submit a restated Notice of Demand reducing the amount of the claim hereunder, if the required amount of the Defaulted Amount and accordingly each of the AGUK Proportion and the AGM Proportion thereof has been reduced (including reduction to zero) on or prior to the date the Financial Guarantors are required to make payment under the Financial Guarantees.

If the Bond Trustee has received, or the Bond Trustee has actual notice that one or more Guaranteed Bondholders has received, from the Issuer or the Financial Guarantors, an amount in excess of a Defaulted Amount, the Bond Trustee shall promptly return to each Financial Guarantor the lesser of (i) such Financial Guarantor's proportionate share in such excess amount (such share being calculated by a fraction equal to the amount of the Defaulted Amount paid by the relevant Financial Guarantor to or to the order of the Bond Trustee divided by the total Defaulted Amount paid by both Financial Guarantors to or to the order of the Bond Trustee) and (ii) the amount of the Defaulted Amount paid by the relevant Financial Guarantor to or to the order of the Bond Trustee and not previously distributed by the Bond Trustee to the Guaranteed Bondholders or to any insolvency official appointed in respect of the Issuer. For the avoidance of doubt the Bond Trustee shall only be required to repay any such amounts to the Financial Guarantors that are in the Bond Trustee's possession and under its control, at the time it becomes aware of the requirement to repay such amounts, and the Bond Trustee shall have no liability to any Person for any amounts received by the

Bond Trustee from the Financial Guarantors but distributed by the Bond Trustee in accordance with the preceding sentence.

The Bond Trustee acknowledges that as of the date on which any payment by the relevant Financial Guarantor towards a Defaulted Amount is credited to the Account, the relevant Financial Guarantor shall be deemed fully, immediately and automatically subrogated, to the fullest extent permitted by applicable law, to the rights (including, without limitation, any rights and benefits attached thereto, and any security granted at law, by contract or otherwise) of the Guaranteed Bondholders to payment of the Guaranteed Amounts to the extent and at the time of such payment by the relevant Financial Guarantor towards the Defaulted Amount.

The Bond Trustee hereby (i) assigns to each Financial Guarantor its rights to receive any payment for the account of the Guaranteed Bondholders from the Issuer in respect of the Guaranteed Bonds to the extent of any payments made to (or to the order of) the Bond Trustee by the relevant Financial Guarantor under the applicable Financial Guarantee, including without limitation its right to receive payments of principal and interest on the Guaranteed Bonds (including Recoveries), and (ii) confirms that it has taken or will promptly take all steps reasonably required by, and at the expense of, the Financial Guarantors to effect and to perfect such assignments to the Financial Guarantors. The foregoing assignments are in addition to, and not in limitation of, rights of subrogation otherwise available to each Financial Guarantor in respect of such payments. Payments to each Financial Guarantor in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Bond Trustee to receive all Guaranteed Amounts in respect of the Guaranteed Bonds. The Bond Trustee shall cooperate in all reasonable respects, and at the expense of the Financial Guarantors, with any request by either Financial Guarantor for action necessary to preserve or to enforce such Financial Guarantor's rights and remedies, any related security arrangements or otherwise in relation to such subrogation. The Bond Trustee shall also, at the expense of the Financial Guarantors, deliver any such instruments as may be reasonably requested or required by the Financial Guarantors to effectuate the purpose or provisions of this paragraph.

Any payment made by or on behalf of the Issuer to or for the benefit of the Bond Trustee in respect of any Guaranteed Amount forming the basis of a claim hereunder (which claim shall have been paid in full by the Financial Guarantors) shall be received and held on trust to the order of the Financial Guarantors and shall be paid over to each Financial Guarantor *pro rata* in proportion to the respective amounts each Financial Guarantor paid in respect of the Defaulted Amount.

The Bond Trustee hereby agrees that so long as no Financial Guarantor Default shall have occurred and be continuing, each Financial Guarantor may at any time during the continuation of any Insolvency Proceeding by or against the Issuer under any applicable law direct all matters relating thereto, including without limitation, (a) all matters relating to any claim in connection with an Insolvency Proceeding by or against the Issuer seeking the avoidance as a preferential transfer of any payment made with respect to the Guaranteed Bonds (a "Preference Claim"), (b) the direction of any appeal of any order relating to any Preference Claim at the expense of the Financial Guarantors and (c) the posting of any surety or performance bond pending any such appeal.

[Pursuant to clause 8.4 of the Financial Guarantee, the following documents are attached:

- a copy of the Order; and

- a certificate of the Bond Trustee that the Order has been entered and that, on the basis of legal advice received by the Bond Trustee, the Order is not subject to any stay and specifying (to the extent that the Bond Trustee has actual knowledge sufficient to do so), the Guaranteed Amounts that are Avoided Payments.]\*

This Notice of Demand, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, the laws of England and Wales.

[With respect to any suit, action or proceedings relating to this Notice of Demand ("Proceedings"), the Bond Trustee irrevocably submits to the jurisdiction of the English courts and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings that such court does not have any jurisdiction over it.]\*\*

No Person, other than each Financial Guarantor, shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Notice of Demand but this shall not affect any such right any Person may have otherwise than by virtue of such Act.

**IN WITNESS WHEREOF**, the undersigned has executed and delivered this Notice of Demand as a deed on the [•] day of [•] of 2[•].

**EXECUTED** as a **DEED** by affixing ) .....  
**THE COMMON SEAL** of ) Associate Director  
**DEUTSCHE TRUSTEE COMPANY LIMITED** )

.....  
 Associate Director

For the Financial Guarantor or  
 Fiscal Agent use only  
 Wire transfer sent on  
 By:  
 Confirmation Number:

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\* To be inserted if demand relates to Avoided Payments.

\*\* For use when the Bond Trustee is not incorporated in England and Wales.

**FORM OF AGM FINANCIAL GUARANTEE**

**DATED 2023**

**FINANCIAL GUARANTEE NO. [●]**

**ASSURED GUARANTY MUNICIPAL CORP.**

**DEUTSCHE TRUSTEE COMPANY LIMITED**

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**in respect of £70,000,000 6.07 per cent. Sub Class A-[●]  
Fixed Rate Wrapped Bonds due 20[●] issued by  
Heathrow Funding Limited**

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**THIS FINANCIAL GUARANTEE** (this “**Financial Guarantee**”) is dated \_\_\_\_\_ 2023 and given by Assured Guaranty Municipal Corp. whose principal place of business is at 1633 Broadway, New York, NY 10019, United States of America (the "**Financial Guarantor**") in favour of Deutsche Trustee Company Limited as trustee for the holders of the Guaranteed Bonds (as defined below) (the "**Bond Trustee**", which expression shall, whenever the context admits, include such Persons for the time being the trustee or trustees of the Bond Trust Deed for the Guaranteed Bondholders).

## 1 INTERPRETATION

### 1.1 Definitions

Any capitalised terms used in this Financial Guarantee and not otherwise defined shall have the meaning given to such term in the Conditions, Bond Trust Deed or the Master Definitions Agreement (each as defined below) unless the context otherwise requires. In the event of any inconsistency between the provisions of this Financial Guarantee and the provisions of the Conditions, Bond Trust Deed and/or the Master Definitions Agreement, this Financial Guarantee shall prevail. For the purposes of this Financial Guarantee, the following terms will have the following meanings:

"**Accelerated Payment**" means, following an Acceleration, any payment made in full or in part by the Financial Guarantor or AGUK, at the Financial Guarantor's or AGUK's absolute option, of all or part of the Scheduled Principal in advance of the Scheduled Redemption Date together with accrued but unpaid Scheduled Interest on such Scheduled Principal to the date of such payment (but excluding any amounts referred to in items (i) to (vii) of the definition of "Guaranteed Amount");

"**Acceleration**" means, in relation to the Guaranteed Bonds, the giving of a Bond Enforcement Notice by the Bond Trustee to the Issuer that the Guaranteed Bonds are immediately due and repayable pursuant to Condition 11 (*Bond Events of Default*), and "Accelerated" will be construed accordingly;

"**Account**" has the meaning set out in clause 3.4;

"**Agent**" means Deutsche Bank AG, London Branch, as principal paying agent under the Guaranteed Bonds, and the term Agent shall include any successor to such Agent;

"**AGM Proportion**" means the proportion of the Financial Guarantees provided by the Financial Guarantor, which proportion is 85 per cent;

"**AGUK**" means Assured Guaranty UK Limited (Company Number 02510099) whose registered office is at 11th Floor, 6 Bevis Marks, London, EC3A 7BA;

"**AGUK Financial Guarantee**" means the Financial Guarantee No. [●] dated on or about the date hereof, provided by AGUK as financial guarantor in respect of the Guaranteed Bonds, without regard to any amendment, modification or supplement thereto other than any such amendment, modification or supplement made in accordance with clause 13.3 thereof;

"**AGUK Proportion**" means the proportion of the Financial Guarantees provided by AGUK, which proportion is 15 per cent;

“**Alternative Rating Agency**” means a credit rating agency other than S&PGR which is registered with the United States Securities and Exchange Commission as a nationally recognised statistical rating organisation;

"**Avoided Payment**" means any amount that is paid, credited, transferred or delivered to or to the order of the Bond Trustee or a Guaranteed Bondholder by or on behalf of the Issuer in accordance with the terms of the Conditions, Bond Trust Deed and/or the Guaranteed Bonds in respect of any Guaranteed Amount, which amount has been recovered from, or is otherwise required to be returned or repaid by, the Bond Trustee or a Guaranteed Bondholder as a result of Insolvency Proceedings by or against the Issuer;

"**Bond Trust Deed**" has the meaning given to the term “Bond Trust Deed” in the Master Definitions Agreement without regard to any amendment, modification or supplement thereto made after the date of this Financial Guarantee other than any such amendment, modification or supplement made in accordance with the provisions of such bond trust deed;

"**Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York;

"**Conditions**" means the terms and conditions of the Guaranteed Bonds as set out in Schedule 4 (*Terms and Conditions of the Bonds*) of the Bond Trust Deed as supplemented by the Final Terms, and "**Condition**" when used herein means such Condition as set out in Schedule 4 (*Terms and Conditions of the Bonds*) of the Bond Trust Deed as supplemented by the Final Terms and referred to herein;

"**Defaulted Amount**" means the portion of a Guaranteed Amount that is Due for Payment and unpaid by reason of Non-payment by the Issuer including any portion of any Guaranteed Amount that has become an Avoided Payment;

"**Drawdown Prospectus**" means the drawdown prospectus dated 14 November 2023 in respect of the issue of £70,000,000 in aggregate principal amount of 6.07 per cent. Sub-Class A-58 Fixed Rate Wrapped Bonds due 2058 and the issue of £70,000,000 in aggregate principal amount of 6.07 per cent. Sub-Class A-59 Fixed Rate Wrapped Bonds due 2059 by the Issuer under its multicurrency programme;

"**Due for Payment**" means, with respect to:

- (a) Scheduled Interest on a Scheduled Payment Date, the amount of Scheduled Interest that is due and payable by the Issuer on such Scheduled Payment Date; and
- (b) Scheduled Principal on a Scheduled Payment Date, the amount of Scheduled Principal that is due and payable by the Issuer on such Scheduled Payment Date,

in each case as each such Scheduled Payment Date occurs or would have occurred in accordance with the original terms of the Guaranteed Bonds and without regard to any prepayment, Acceleration or mandatory or optional redemption of the Guaranteed Bonds or any subsequent amendment or modification of the Guaranteed Bonds that has not been consented to in writing by the Financial Guarantor and AGUK in accordance with the provisions of the Bond Trust Deed. For the avoidance of doubt, "Due for Payment" does not

refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the Guaranteed Bonds, by reason of prepayment, Acceleration, mandatory or optional redemption or otherwise;

"**Final Terms**" has the meaning given to that term in the Drawdown Prospectus;

"**Financial Guarantee**" means this Financial Guarantee No. \_\_\_\_\_, without regard to any amendment, modification or supplement hereto other than any such amendment, modification or supplement made in accordance with clause 13.3;

"**Financial Guarantees**" means this Financial Guarantee and the AGUK Financial Guarantee;

"**Financial Guarantee Fee**" has the meaning given to it in the Financial Guarantee Fee Letter;

"**Financial Guarantee Fee Letter**" means the fee letter dated as of the date of this Financial Guarantee between the Financial Guarantor and the Issuer, without regard to any amendment, modification or supplement thereto other than any such amendment, modification or supplement made in accordance with the provisions of such fee letter with the prior written consent of the Financial Guarantor;

"**Financial Guarantor Default**" means in relation to AGM as the Financial Guarantor if any of the below has occurred and is continuing:

- (a) any Guaranteed Amount which is Due for Payment is unpaid by reason of Non-payment by the Issuer and is not paid by the Financial Guarantor on the date stipulated in the Financial Guarantee;
- (b) the Financial Guarantor disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the Financial Guarantee or seeks to do so (in each case, in writing);
- (c) the Financial Guarantor:
  - (i) files a petition or commences a case or proceeding under any provision or chapter of the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation, or
  - (ii) makes a general assignment for the benefit of its creditors, or
  - (iii) has a final and non-appealable order for relief entered against it under the United States Bankruptcy Code or any other similar federal or state law relating to insolvency, bankruptcy, liquidation or reorganisation; or
- (d) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and non-appealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for the Financial Guarantor or for all or any material portion of its property or (ii) authorising the taking of possession by a custodian, trustee, agent or receiver of the Financial Guarantor or of all or any material portion of its property.

**“Financial Guarantor Downgrade Event”** means at any time while the Guaranteed Bonds remain outstanding, both:

- (a) AGM’s insurer financial strength rating by S&PGR ceases to be at least “BBB-”; and
- (b) AGM’s insurer financial strength rating is not rated at least “BBB-” or the equivalent by at least one other Alternative Rating Agency;

**"Fiscal Agent"** has the meaning assigned thereto in clause 9 (*Fiscal Agent*);

**"Force Majeure Event"** means any unforeseeable event outside the control of the Financial Guarantor that renders the Financial Guarantor’s performance under this Financial Guarantee impossible (and not merely impracticable or more onerous);

**"Guaranteed Amount"** means, with respect to a Scheduled Payment Date:

- (a) an amount equal to the Scheduled Interest Due for Payment on the Guaranteed Bonds on such Scheduled Payment Date; plus
- (b) an amount equal to the Scheduled Principal Due for Payment on the Guaranteed Bonds on such Scheduled Payment Date;

but excluding in each case any amounts due in respect of the Guaranteed Bonds:

- (i) attributable to any increase in interest margin, penalty or other sum payable by the Issuer for whatever reason;
- (ii) attributable to any present or future taxes, duties, withholding, deduction, assessment or other charge (including interest and penalties in respect of such taxes, duties, withholding, deduction, assessment or other charge) of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state (including the United Kingdom), or any political subdivision or governmental or taxing authority therein or thereof;
- (iii) attributable to any default interest;
- (iv) attributable to any amount relating to prepayment, early redemption, broken-funding indemnities, penalties, premium, "spens", any make-whole amount or similar types of payments payable in respect of the Guaranteed Bonds;
- (v) attributable to any amounts in respect of Bonds held by the Issuer or any Affiliate of the Issuer during the period in which the Issuer or the relevant Affiliate, or any Person (as defined in this Financial Guarantee) acting on behalf of the Issuer or the relevant Affiliate is the legal or beneficial owner of the Bonds, but not thereafter; or
- (vi) in respect of which the Financial Guarantor or AGUK has made an Accelerated Payment on or prior to such Scheduled Payment Date;

**"Guaranteed Bondholder"** means a holder of Guaranteed Bonds;

**"Guaranteed Bonds"** means the £70,000,000 6.07 per cent. Sub Class A-[●] Fixed Rate Wrapped Bonds due 20[●] constituted under the Bond Trust Deed and the Final Terms

contained in the Drawdown Prospectus but excluding any such bonds that are held by or for the account of an Obligor or any Affiliate of an Obligor;

**"Interest Payment Date"** has the meaning given in the Conditions;

**"Issuer"** means Heathrow Funding Limited, a public company incorporated in Jersey (with registered number 99529);

**"Master Definitions Agreement"** means the master definitions agreement originally dated 18 August 2008 as amended on 13 January 2012 and on 28 February 2019 and as amended or supplemented from time to time) between, among others, the Issuer and the Bond Trustee without regard to any amendment, modification or supplement thereto made after the date of this Financial Guarantee other than any such amendment, modification or supplement made in accordance with the provisions of the Issuer Transaction Documents;

**"Maturity Date"** has the meaning given to it in the Final Terms;

**"Moody's"** means Moody's Investors Service, Inc.;

**"Non-payment by the Issuer"** means, with respect to a Guaranteed Amount at a time when such Guaranteed Amount is Due for Payment, that the funds, if any, remitted to any Agent or the Bond Trustee under the terms of the Guaranteed Bonds or the Bond Trust Deed for payment to Guaranteed Bondholders are insufficient for payment in full of such Guaranteed Amount. In addition to and without limiting the foregoing, "Non-payment by the Issuer" applies to any portion of any Guaranteed Amount that has become an Avoided Payment;

**"Notice of Demand"** means a notice of demand in the form of the Annex hereto;

**"Order"** means a final, non-appealable order of a court or other body exercising jurisdiction in an Insolvency Proceeding by or against the Issuer, to the effect that the Bond Trustee, any Agent or any Guaranteed Bondholder is required to return or repay all or any portion of an Avoided Payment;

**"Payment Date"** means Scheduled Payment Date;

**"Rating Agency"** means S&PGR and such rating agencies as may be substituted for such rating agency from time to time in accordance with the provisions of the Bond Trust Deed and Security Trust and Intercreditor Deed with the prior written consent of the Financial Guarantor and AGUK;

**"Receipt"** and **"Received"** shall mean actual delivery to the Financial Guarantor prior to 12:00 noon, London time, on a Business Day; provided that delivery either on a day that is not a Business Day, or after 12:00 noon, London time, on a Business Day, shall be deemed to be "Received" on the next succeeding Business Day. For the purposes of this definition, "actual delivery" to the Financial Guarantor shall mean (i) the delivery of the original Notice of Demand, notice or other applicable documentation to the Financial Guarantor's address for notices in accordance with clause 12 (*Notices*), or (ii) email transmission of a pdf of the original Notice of Demand, notice or other applicable documentation to the Financial Guarantor's email address for notices in accordance with clause 12 (*Notices*). If presentation is made by email transmission, the Bond Trustee (a) shall promptly confirm transmission by telephone to the Financial Guarantor at its telephone number referred to in clause 12

(Notices), and (b) as soon as is reasonably practicable, shall deliver the original Notice of Demand, notice or other applicable documentation to the Financial Guarantor's address for notices in accordance with clause 12 (Notices);

If any Notice of Demand, notice or other documentation actually delivered (or attempted to be delivered) under this Financial Guarantee by the Bond Trustee is not in proper form or is not properly completed, executed or delivered, "Receipt" by the Financial Guarantor shall be deemed not to have occurred, and the Financial Guarantor shall promptly so advise the Bond Trustee of such deficiency and the nature of the deficiency. In such case, the Bond Trustee may submit an amended or corrected Notice of Demand, notice or other documentation, as the case may be, to the Financial Guarantor;

"Recovery" has the meaning set out in clause 3.2;

"S&PGR" means S&P Global Ratings, the credit ratings business of S&P Global Inc. operated through its wholly owned direct and indirect subsidiaries;

"Scheduled Interest" means, in respect of a Scheduled Payment Date, the amount of scheduled interest on the Guaranteed Bonds then payable in accordance with the original terms of the relevant Conditions, (i) without regard to any amendment or modification of such terms made after the date of this Financial Guarantee other than any amendment or modification of such terms made in accordance with the provisions of the Bond Trust Deed and (ii) after giving effect to each amount of principal repaid or prepaid by the Issuer pursuant to the relevant Conditions or otherwise paid following enforcement in accordance with Condition 11(d) (*Consequences of the delivery of a Bond Enforcement Notice*);

"Scheduled Payment Date" means:

- (a) an Interest Payment Date; or
- (b) the Scheduled Redemption Date; or
- (c) if the Guaranteed Bonds have not been redeemed on or prior to the Scheduled Redemption Date, the Maturity Date;

"Scheduled Principal" means, in respect of a Scheduled Payment Date, the amount of scheduled principal payable on the Guaranteed Bonds on such Scheduled Payment Date in accordance with Condition 9 (*Payments*) in accordance with the original terms of the Conditions without regard to any amendment or modification of such terms made after the date of this Financial Guarantee other than any amendment or modification of such terms made in accordance with the provisions of the Bond Trust Deed as reduced by each amount of principal repaid or prepaid by the Issuer pursuant to the relevant Conditions or otherwise paid following enforcement in accordance with Condition 11(d) (*Consequences of the delivery of a Bond Enforcement Notice*);

"Security Trust and Intercreditor Deed" has the meaning given to the term "STID" in the Master Definitions Agreement without regard to any amendment, modification or supplement thereto made after the date of this Financial Guarantee other than any such amendment, modification or supplement made in accordance with the provisions of such security trust and intercreditor deed;

"Term of the Financial Guarantee" means the period from and including the date hereof to and including the earlier of:

- (a) the termination of this Financial Guarantee in accordance with clause 11 (*Termination*); and
- (b) the last to occur of the following:
  - (i) the date on which all Guaranteed Amounts have been paid under the Guaranteed Bonds;
  - (ii) the date on which any period during which any Guaranteed Amount could have become, in whole or in part, an Avoided Payment has expired; and
  - (iii) if the Issuer becomes subject to any Insolvency Proceedings before the occurrence of (i) and (ii) above, the later of (a) the date of the conclusion or dismissal of the Insolvency Proceedings without continuing jurisdiction by the court in such Insolvency Proceedings and (b) if the Bond Trustee or any Guaranteed Bondholder is required to return any payment (or portion thereof) in respect of a Guaranteed Amount that is avoided as a result of such Insolvency Proceedings, the date on which the Financial Guarantor has made all payments required to be made under this Financial Guarantee to or to the order of the Bond Trustee in respect of all such Avoided Payments.

## 1.2 Construction

In this Financial Guarantee, a reference to:

- 1.2.1 a statutory provision or any other provision of law includes a reference to such statutory provision or any other provision of law as modified or re-enacted or both from time to time whether before or after the date of this Financial Guarantee and any subordinate legislation or any other provision of law made or other thing done under such statutory provision or any other provision of law whether before or after the date of this Financial Guarantee;
- 1.2.2 the singular includes the plural and vice versa (unless the context otherwise requires);
- 1.2.3 a time of day is a reference to the time in London, unless a contrary indication appears;
- 1.2.4 each reference to "**clause**" or to "**Annex**", unless the context otherwise requires, is a reference to a clause of or an annex to this Financial Guarantee; and
- 1.2.5 a "**Person**" or "**person**" includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality.

## 1.3 Headings

The headings in this Financial Guarantee do not affect its construction or interpretation.



## 2 GUARANTEE

2.1 In consideration of the payment by the Issuer of the Financial Guarantee Fee and subject to the terms of this Financial Guarantee, the Financial Guarantor irrevocably and unconditionally guarantees to the Bond Trustee during the Term of the Financial Guarantee the full and complete payment of:

2.1.1 the AGM Proportion of:

- (a) Guaranteed Amounts that are Due for Payment but are unpaid by reason of Non-payment by the Issuer; and
- (b) Avoided Payments; and

2.1.2 the AGUK Proportion of:

- (a) Guaranteed Amounts that are Due for Payment but are unpaid by reason of Non-payment by the Issuer to the extent that AGUK has not paid such amounts when due and payable by AGUK under the terms of the AGUK Financial Guarantee; and
- (b) Avoided Payments to the extent that AGUK has not paid such amounts when due and payable by AGUK under the terms of the AGUK Financial Guarantee.

Any payment by the Financial Guarantor under this clause 2.1.2 shall constitute a discharge of AGUK's obligation to make such payment under the AGUK Financial Guarantee.

2.2 This Financial Guarantee does not guarantee any prepayment or other accelerated payment that at any time may become due in respect of any Guaranteed Amount, other than at the sole option of the Financial Guarantor as specified in clause 4 (*Acceleration*), nor against any risk other than Non-payment by the Issuer, including failure of the Bond Trustee or any Agent to make any payment due to the Guaranteed Bondholders or any diminution in the market or fair value of the Guaranteed Bonds.

## 3 PAYMENTS BY THE FINANCIAL GUARANTOR

3.1 Following Receipt by the Financial Guarantor of a Notice of Demand in accordance with clause 8 (*Notice of Demand*) from the Bond Trustee for any Defaulted Amount, the Financial Guarantor will, subject to clause 7.5, pay:

3.1.1 the AGM Proportion of the Defaulted Amount to the Bond Trustee by no later than 10.00 a.m., London time, on the later of:

- (a) the date such Defaulted Amount becomes Due for Payment; and
- (b) the fourth Business Day following the day on which the Financial Guarantor Received such Notice of Demand; and

3.1.2 if (i) the Bond Trustee has made a claim against AGUK under the AGUK Financial Guarantee by delivering a Notice of Demand that has been Received (each as defined in the AGUK Financial Guarantee) by AGUK, (ii) such claim has not been

paid by AGUK in accordance with the terms of the AGUK Financial Guarantee, (iii) the AGUK Financial Guarantee has not been terminated and (iv) the Financial Guarantor has Received notice from the Bond Trustee that AGUK has failed to pay such claim, the AGUK Proportion of the Defaulted Amount to the Bond Trustee no later than the Business Day following the day on which such amount was due and payable by AGUK in accordance with the terms of the AGUK Financial Guarantee.

- 3.2 In the event that any amount shall be received by the Bond Trustee or the Bond Trustee has actual notice that any Guaranteed Bondholder has received any amount in respect of a Defaulted Amount forming the basis of a claim specified in a Notice of Demand submitted hereunder, which amount had not been received by the Bond Trustee, or which the Bond Trustee did not have actual notice had been received by a Guaranteed Bondholder when the Notice of Demand was prepared but which is received by the Bond Trustee or the Bond Trustee has actual notice has been received by such Guaranteed Bondholder prior to the receipt of payment from the Financial Guarantor as contemplated by this Financial Guarantee (each such amount, a "**Recovery**"), the Bond Trustee shall promptly so notify the Financial Guarantor (which notice shall include the amount of any such Recovery). The fact that a Recovery has been received by the Bond Trustee or the Bond Trustee has actual notice that a Recovery has been received by such Guaranteed Bondholder shall be deemed to be incorporated in the applicable Notice of Demand as of the date such Notice of Demand was originally prepared, without the need for any further action by any Person, and the Financial Guarantor shall pay the amount of the claim against the Financial Guarantor specified in paragraph (ii) of the Notice of Demand less the sum of the AGM Proportion of all such Recoveries or, in the case of any payment by the Financial Guarantor under clause 2.1.2, the claim against AGUK specified in paragraph (ii) of the Notice of Demand less the sum of the AGUK Proportion of all such Recoveries.
- 3.3 The Financial Guarantor shall be entitled to elect, in its absolute discretion, to pay part or all of any Defaulted Amount to any such bank account as is specified by the Bond Trustee without the need for the Financial Guarantor to have Received, and irrespective of whether the Financial Guarantor shall have Received, a Notice of Demand therefor. Any such payment shall be considered a payment by the Financial Guarantor under this Financial Guarantee for all purposes. If requested by the Financial Guarantor, the Bond Trustee shall promptly deliver to the Financial Guarantor a properly completed and executed Notice of Demand in respect of any such payment made or to be made by the Financial Guarantor.
- 3.4 Payments due hereunder in respect of Guaranteed Amounts will be disbursed to or to the order of the Bond Trustee and credited (in immediately available funds) to the bank account (the "**Account**") specified by the Bond Trustee in the applicable Notice of Demand or pursuant to clause 3.3 or clause 4.2. Payment in full to the Account shall discharge the obligations of the Financial Guarantor under this Financial Guarantee to the extent of such payment, whether or not such payment is properly applied by or on behalf of the Bond Trustee or any Agent.

- 3.5 Once payment by or on behalf of the Financial Guarantor of an amount in respect of any Guaranteed Amount (whether on a Scheduled Payment Date or pursuant to clause 3.3 or on an accelerated basis pursuant to clause 4.2 has been made to the Account, the Financial Guarantor shall have no further obligations under this Financial Guarantee in respect of such Guaranteed Amount to the extent of such payment.

#### **4 ACCELERATION**

- 4.1 At any time and from time to time following Acceleration, the Financial Guarantor may decide, in its absolute discretion, to make an Accelerated Payment under this Financial Guarantee without the need for the Financial Guarantor to have Received, and irrespective of whether the Financial Guarantor shall have Received, a Notice of Demand.
- 4.2 The Financial Guarantor shall notify the Bond Trustee in writing of its intention to make an Accelerated Payment and the proposed date of such payment, no later than two Business Days prior to such proposed date of payment. Any such Accelerated Payment shall be considered a payment by the Financial Guarantor under this Financial Guarantee for all purposes. If so requested by the Financial Guarantor at the time the Financial Guarantor gives such written notice, the Bond Trustee shall deliver to the Financial Guarantor and AGUK a corresponding Notice of Demand.

#### **5 WITHHOLDING TAX**

All payments by the Financial Guarantor to or to the order of the Bond Trustee under this Financial Guarantee shall be made without withholding or deduction for, or on account of, any taxes, duties, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any sovereign state, or any political subdivision or governmental or taxing authority therein or thereof unless such withholding or deduction is required by law. If any withholding or deduction is so required by law, the Financial Guarantor shall pay such amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Financial Guarantor shall not be obliged to pay any amount to or to the order of the Bond Trustee in respect of the amount of such withholding or deduction.

#### **6 SUBROGATION**

- 6.1 The Financial Guarantor will be fully, immediately and automatically subrogated to the Guaranteed Bondholders' and the Bond Trustee's rights to payment of the Guaranteed Amounts, and to any rights relating thereto, to the fullest extent permitted by applicable law to the extent of and at the time of any payments made by or on behalf of the Financial Guarantor under this Financial Guarantee, including, for the avoidance of doubt, any Accelerated Payment.
- 6.2 Any payment made by or on behalf of the Issuer to or for the benefit of the Bond Trustee or any Guaranteed Bondholder in respect of any Guaranteed Amount forming the basis of a claim hereunder (and a corresponding claim under this Financial Guarantee and/or the AGUK Financial Guarantee, which claims shall have been paid in full by the

Financial Guarantor and AGUK respectively) shall be received and held by the recipient to the order of the Financial Guarantor and AGUK and shall be paid by the recipient over to the Financial Guarantor and AGUK pro rata in proportion to the respective amounts paid (i) by the Financial Guarantor in respect of a claim made pursuant to this Financial Guarantee, and (ii) by AGUK in respect of the related claim made pursuant to the AGUK Financial Guarantee.

- 6.3 The Bond Trustee shall cooperate in all reasonable respects, and at the expense of the Financial Guarantor, with any request by the Financial Guarantor for action necessary to preserve or enforce the Financial Guarantor's rights and remedies, any related security arrangements or otherwise necessary in relation to such subrogation including, without limitation, any request to assign to the Financial Guarantor the Bond Trustee's rights in respect of any Guaranteed Amount which has been paid by the Financial Guarantor. Payments to the Financial Guarantor at any time in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Bond Trustee and the Guaranteed Bondholders to receive all Guaranteed Amounts that are due at or before such time in respect of the Guaranteed Bonds.

## **7 WAIVER OF DEFENCES**

- 7.1 The obligations of the Financial Guarantor under this Financial Guarantee will continue and will not be terminable other than in accordance with clause 13 (*Termination and Amendment*) notwithstanding failure to receive payment of the Financial Guarantee Fee or any other amount due in respect of this Financial Guarantee. The Financial Guarantee Fee is not refundable for any reason.
- 7.2 The Financial Guarantor acknowledges that there is no duty of disclosure by the Bond Trustee under this Financial Guarantee but nonetheless, to the fullest extent permitted by applicable law, hereby waives for the benefit of the Bond Trustee and the Guaranteed Bondholders and agrees not to assert any and all rights (whether by counterclaim, rescission, set-off or otherwise) and any and all equities and defences howsoever arising (including, without limitation, any right, equity or defence based on: (a) any right to require the Bond Trustee or any Guaranteed Bondholder first to proceed against or to enforce any other rights or security against, or to claim payment from, any Person (except in the case only of the guarantee set out in clause 2.1.2, to the extent of the conditions set out in clause 3.1.2) before the Bond Trustee may claim from the Financial Guarantor under this Financial Guarantee; (b) fraud on the part of any Person (including fraud on the part of any agent for the Bond Trustee, but excluding fraud by the Bond Trustee itself); (c) misrepresentation, breach of warranty or non-disclosure of information by any Person; (d) any lack of validity or enforceability of the Guaranteed Bonds or the Bond Trust Deed; (e) any modification or any amendment to the Guaranteed Bonds or the Bond Trust Deed; (f) the granting of any time, indulgence or concession by any Person to the Issuer; (g) any insolvency or similar proceedings in respect of the Issuer or any other Person; (h) any lack of capacity, power or authority or any change in status of the Issuer or any other Person; or (i) the refusal or failure to take up, to hold, to perfect or to enforce by any Person any rights under or in connection with any guarantee (except in the case only of the guarantee set out in clause 2.1.2, to the extent of the conditions set out in

clause 3.1.2), indemnity, security or other document) to the extent such rights, equities and defences may be available to the Financial Guarantor to avoid payment of its obligations under this Financial Guarantee in accordance with the express provisions hereof.

- 7.3 No warranties are given and nothing in this Financial Guarantee is intended to constitute a warranty or a condition precedent to payment under the Financial Guarantee other than Receipt of a Notice of Demand in accordance with clause 8 (*Notice of Demand*) and, in the case only of the guarantee set out in clause 2.1.2, the conditions set out in clause 3.1.2.
- 7.4 Nothing in this Financial Guarantee shall be construed in any way to limit or otherwise affect the Financial Guarantor's right to pursue recovery or claims (based on contractual or other rights, including to the extent applicable such rights resulting from any Person's fraud, negligence or breach of any agreement to which it is a party) for reimbursement against any Persons for any liabilities, losses, damages, costs and expenses incurred by the Financial Guarantor or to exercise at any time any other remedies that may be available to the Financial Guarantor at law or in equity.
- 7.5 Nothing in this Financial Guarantee shall be construed to require payment by the Financial Guarantor so long as a Force Majeure Event is continuing, in which event the Financial Guarantor agrees to perform its obligations under this Financial Guarantee promptly following cessation of such Force Majeure Event.

## **8 NOTICE OF DEMAND**

- 8.1 Subject to clauses 2.2, 3.3 and 4 (*Acceleration*), payments of Guaranteed Amounts (including Avoided Payments) will only be made after presentation of a properly completed Notice of Demand signed by the Bond Trustee and Received by the Financial Guarantor.
- 8.2 Notices of Demand can only be given by the Bond Trustee in the manner set out in clause 12 (*Notices*).
- 8.3 Without limitation to the Financial Guarantor's obligations under clause 8.5, if any Notice of Demand is not in the proper form or is not properly completed, executed or delivered, the Financial Guarantor will not be deemed to have Received such Notice of Demand.
- 8.4 Any Notice of Demand in respect of an Avoided Payment will not be deemed properly completed unless it is accompanied by:
- 8.4.1 a copy of the Order; and
- 8.4.2 a certificate of the Bond Trustee that the Order has been entered and that, on the basis of legal advice received by the Bond Trustee, the Order is not subject to any stay and specifying (to the extent that the Bond Trustee has actual knowledge sufficient to do so) the Guaranteed Amounts that are Avoided Payments.

- 8.5 The Financial Guarantor will promptly advise the Bond Trustee if a Notice of Demand is not in the proper form or has not been properly completed, executed or delivered and the Bond Trustee may submit an amended Notice of Demand to the Financial Guarantor.

## 9 FISCAL AGENT

- 9.1 At any time during the Term of the Financial Guarantee, the Financial Guarantor may appoint a fiscal agent (the "**Fiscal Agent**") for the purposes of this Financial Guarantee by written notice to the Bond Trustee, specifying the name and notice address of such Fiscal Agent. From and after the date of receipt of such notice by the Bond Trustee:
- 9.1.1 copies of all notices (including Notices of Demand) and other documents required to be delivered to the Financial Guarantor pursuant to this Financial Guarantee shall be simultaneously delivered to the Fiscal Agent and to the Financial Guarantor; and
- 9.1.2 all payments required to be made by the Financial Guarantor under this Financial Guarantee may be made directly by the Financial Guarantor or by the Fiscal Agent on behalf of the Financial Guarantor.
- 9.2 The Fiscal Agent is the agent of the Financial Guarantor only, and the Fiscal Agent shall in no event be liable to the Bond Trustee for any acts of the Fiscal Agent or any failure of the Financial Guarantor to deposit, or cause to be deposited, sufficient funds to make payments due under this Financial Guarantee.

## 10 TRANSFER

- 10.1 The rights and obligations of the Financial Guarantor under this Financial Guarantee may be assigned or transferred to, or assumed by, any Affiliate of the Financial Guarantor provided that:
- 10.1.1 no Financial Guarantor Default has occurred and is continuing at the time of such assignment, transfer or assumption or would occur as a result of such assignment, transfer or assumption;
- 10.1.2 the Financial Guarantor or such assignee, transferee or party assuming such rights and obligations delivers to the Bond Trustee written confirmation from the Rating Agency or one other Alternative Rating Agency that, at the time of and immediately following any such assignment, transfer or assumption, the financial strength or claims paying ability of such affiliate will be rated at least equal to the financial strength or claims paying ability of the Financial Guarantor at that time or, if such assignment, transfer or assumption is in connection with remedying a Financial Guarantor Downgrade Event pursuant to clause 11, the financial strength or claims paying ability of such affiliate will be rated as required under the Final Terms;
- 10.1.3 the Financial Guarantor or such assignee, transferee or party assuming such rights and obligations thereafter delivers to the Bond Trustee written notice of any such assignment, transfer or assumption;

- 10.1.4 such transferee assumes the obligations of the Financial Guarantor under this Financial Guarantee and accedes to the relevant Finance Documents to which the Financial Guarantor is party; and
  - 10.1.5 the location of the transferee does not (a) result in any withholding or deduction for any taxes, duties, assessments, or other governmental charges of whatever nature in respect of any payment by such transferee hereunder, which withholding or deduction is not at the time of the relevant transfer applicable to any such payment by the Financial Guarantor hereunder, and (b) otherwise prevent payment being made in respect of any Guaranteed Amount where payment made by the Financial Guarantor hereunder is not prevented at the time of the relevant transfer.
- 10.2 The Bond Trustee may not transfer, assign, sub-participate, declare a trust over or otherwise dispose (other than in favour of the Guaranteed Bondholders) of any of its rights under this Financial Guarantee except to a Person as to whom the Financial Guarantor has given its prior written consent. However, if the Bond Trustee transfers or assigns its rights and obligations under the Bond Trust Deed to a new or additional trustee which has been appointed in accordance with the Bond Trust Deed, no such consent shall be required and such new or additional trustee will be able to enforce this Financial Guarantee and references in this Financial Guarantee to "Bond Trustee" shall be construed as including such new trustee or such additional trustee, as applicable.

## 11 TERMINATION

- 11.1 If a Financial Guarantor Downgrade Event has occurred and is continuing:
- 11.1.1 the Financial Guarantor shall notify the Bond Trustee; and
  - 11.1.2 the Bond Trustee (acting on the instructions of the Bondholders, acting by way of Extraordinary Resolution) shall, subject to being prefunded and/or indemnified and/or secured to its satisfaction by the Bondholders, issue a notice (the "**Financial Guarantor Removal Notice**") to the Financial Guarantors specifying the Bondholders' intention to terminate and cancel the Financial Guarantees in whole (and not in part) unless the Financial Guarantor Downgrade Event has been remedied or waived by the date that is three calendar months after the date of delivery of the Financial Guarantor Removal Notice (the "**Preliminary Financial Guarantor Removal Date**" where such a period constitutes the "**Cure Period**").
- 11.2 Where a Financial Guarantor Downgrade Event has occurred, the Financial Guarantors may remedy such Financial Guarantor Downgrade Event (and the related Financial Guarantor Removal Notice shall be deemed revoked) at any time prior to the Preliminary Financial Guarantor Removal Date by transferring the Financial Guarantee to an affiliate of the Financial Guarantor that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR (or, if prior to such remedy, the Financial Guarantor was relying on the rating of an Alternative Rating Agency, by transferring the Financial Guarantee to an affiliate of the Financial Guarantor that is rated at least "Baa3" by Moody's or "BBB-" by S&PGR or "BBB-" or the equivalent by such Alternative Rating Agency) or the Bond Trustee (acting on the instructions of the Bondholders, acting by way of Extraordinary Resolution) may

waive such Financial Guarantor Downgrade Event at any time prior to the Preliminary Financial Guarantor Removal Date in which case the Financial Guarantor Downgrade Event shall be deemed to have been remedied or waived.

11.3 If a continuing Financial Guarantor Downgrade Event has not been remedied or waived prior to the Preliminary Financial Guarantor Removal Date, then on the Preliminary Financial Guarantor Removal Date:

11.3.1 the Issuer shall pay to the Financial Guarantors or their respective Affiliates (as applicable) an amount equal to: (A) any and all amounts paid by the Financial Guarantors under the Financial Guarantees not previously reimbursed; (B) any and all other amounts due and payable in accordance with the G&R Deed (including without limitation, indemnifications, gross up, taxes, reimbursements, interest, charges, fees, costs and expenses); (C) any and all Financial Guarantee Fees due and payable in accordance with the Financial Guarantee Fee Letters; and (D) any other amounts of any nature whatsoever due and payable to the Financial Guarantors pursuant to the Issuer Transaction Documents (such amounts pursuant to (A) to (D) collectively the “**Financial Guarantor Removal Payments**”), as set forth in a notice in writing delivered to the Issuer, the Security Group Agent and the Borrower Security Trustee by the Financial Guarantors, and the Issuer shall simultaneously provide proof of the payment of the Financial Guarantor Removal Payments to the Financial Guarantors or their respective Affiliates (as applicable) to their reasonable satisfaction in full and final settlement of such Financial Guarantor Removal Payments;

11.4 On receipt by the Issuer, Security Group Agent and Borrower Security Trustee of written notification from the Financial Guarantors or their respective Affiliates (as applicable), that they are satisfied that the Financial Guarantor Removal Payments have been paid in full or that there are no Financial Guarantor Removal Payments due and payable:

11.4.1 the Financial Guarantees shall be unconditionally and irrevocably terminated and cancelled in whole (and not in part) and shall cease to have any further force or effect and the term of the Financial Guarantees shall be deemed to have expired, as of the date on which the Financial Guarantor Removal Payments were paid in full (if applicable), such date being the “**Effective Financial Guarantor Removal Date**” and no further claim may be made under the Financial Guarantees on and from the Effective Financial Guarantor Removal Date and any such further claim shall be null and void;

11.4.2 all Issuer Transaction Documents other than the Financial Guarantees shall continue in full force and effect; and

11.4.3 the Financial Guarantee Fees shall cease to accrue, and the Bond Trustee may (acting on the instructions of the Bondholders) sanction to use the amounts no longer required to be paid as such financial guarantee fees in accordance with the Bond Trust Deed.

11.5 Until the occurrence of the Effective Financial Guarantor Removal Date and provided that no FG Event of Default has occurred and is continuing, the Financial Guarantor will



continue to be the Secured Creditor Representative in respect of the Bonds and will therefore have the right to exercise any voting and control rights under the Bonds, subject to the Security Trust and Intercreditor Deed.

## 12 NOTICES

12.1 All notices given under this Financial Guarantee shall be in writing (except as otherwise specifically provided herein) and shall be mailed by registered mail or personally delivered or emailed (such email to be followed up by a confirmatory telephone call) as follows:

12.1.1 To the Financial Guarantor:

Assured Guaranty Municipal Corp.  
1633 Broadway  
New York, NY 10019  
United States of America

Attention: Chief Surveillance Officer  
Re: Financial Guarantee No. \_\_\_\_\_  
Telephone: +1 212 974 0100  
Email: [SurvPFIreports@agltd.com](mailto:SurvPFIreports@agltd.com) and [generalcounsel@agltd.com](mailto:generalcounsel@agltd.com)

with a copy to the General Counsel at the above address and email address. Each Notice of Demand shall be marked to indicate URGENT MATERIAL ENCLOSED.

12.1.2 To the Bond Trustee:

Deutsche Trustee Company Limited  
Winchester House, 1 Great Winchester Street, London EC2N 2DB, England

Attention: Managing Director – Heathrow Wrapped Bond A58 & A59  
Re: Financial Guarantee No. [●]  
Email: [abs.mbs.london@list.db.com](mailto:abs.mbs.london@list.db.com); [asfs\\_trustee@list.db.com](mailto:asfs_trustee@list.db.com);  
[ed.bond@db.com](mailto:ed.bond@db.com); [patrick.mccoy@db.com](mailto:patrick.mccoy@db.com);  
[adam.wilson@db.com](mailto:adam.wilson@db.com); [dominyk.lavill@db.com](mailto:dominyk.lavill@db.com);  
[kelly.cardoo@db.com](mailto:kelly.cardoo@db.com);

If presentation to the Bond Trustee is made by email transmission, the Financial Guarantor, as soon as is reasonably practicable, shall deliver the original notice or other applicable documentation to the Bond Trustee's address for notices in accordance with this clause 12 (*Notices*).

12.2 The Financial Guarantor or the Bond Trustee may designate an additional or different address, or telephone or email address, by prior written notice. Each notice, presentation, delivery and communication to the Financial Guarantor or the Bond Trustee shall be

effective only upon Receipt by the Financial Guarantor or actual receipt by the Bond Trustee, as the case may be.

### **13 TERMINATION AND AMENDMENT**

- 13.1 This Financial Guarantee is not cancellable by the Financial Guarantor for any reason, including, without limitation, the failure of the Financial Guarantor to receive payment of any Financial Guarantee Fee due in respect of this Financial Guarantee.
- 13.2 This Financial Guarantee and the obligations of the Financial Guarantor hereunder shall terminate upon the expiration of the Term of the Financial Guarantee.
- 13.3 This Financial Guarantee may not be amended, modified or supplemented without the prior written consent of the Bond Trustee.

### **14 LIABILITY OF THE FINANCIAL GUARANTOR**

- 14.1 The Financial Guarantor and any of its officers, directors, employees or agents shall not be liable or responsible for:-
  - 14.1.1 the use which may be made of this Financial Guarantee by the Bond Trustee or any of the Guaranteed Bondholders or for any acts or omissions of any such persons or the in connection herewith; or
  - 14.1.2 the validity, sufficiency, accuracy or genuineness of documents delivered to the Financial Guarantor (or its Fiscal Agent) in connection with any demand under this Financial Guarantee, or of any signatures hereon, even if such documents or signatures should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged (unless the Financial Guarantor shall have actual knowledge thereof); or
  - 14.1.3 any acts or omissions of the Bond Trustee or the Security Trustee in connection with the Security.
- 14.2 In furtherance and not in limitation of the foregoing, the Financial Guarantor (or its Fiscal Agent) may accept documents that appear on their face to be in order, without responsibility for further investigation.

### **15 MISCELLANEOUS**

No waiver of any rights or powers of the Financial Guarantor or the Bond Trustee, or any consent by either of them, shall be valid unless in writing and signed by an authorised officer or agent of the Financial Guarantor or the Bond Trustee, as applicable. The waiver of any right by the Financial Guarantor or the Bond Trustee, or the failure promptly to exercise any such right, shall not be construed as a waiver of any right to exercise the same or any other right at any time thereafter.

## **16 LAW AND JURISDICTION**

16.1 This Financial Guarantee, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, the laws of England and Wales.

16.2 With respect to any suit, action or proceedings relating to this Financial Guarantee ("**Proceedings**"), the Financial Guarantor irrevocably submits to the jurisdiction of the English courts and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

## **17 ENTIRE AGREEMENT**

This Financial Guarantee constitutes the entire agreement between the Financial Guarantor and the Bond Trustee in relation to the Financial Guarantor's obligation to make payments to the Bond Trustee for the benefit of the Guaranteed Bondholders in respect of the Guaranteed Amounts that become Due for Payment but are unpaid by reason of Non-payment by the Issuer, and supersedes any previous agreement between the Financial Guarantor and the Bond Trustee in relation thereto.

## **18 THIRD PARTY RIGHTS**

No Person other than the Bond Trustee shall have rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Financial Guarantee but this shall not affect any such right any Person may have otherwise than by virtue of such Act.

## **19 REDENOMINATION**

If the Guaranteed Bonds are redenominated into a currency different from their original currency, the calculation of amounts Due for Payment and the calculation of Guaranteed Amounts hereunder and the payment of any Defaulted Amount shall be made in such new currency, notwithstanding anything to the contrary set forth herein.

## **20 PROPERTY/CASUALTY INSURANCE SECURITY FUND**

This Financial Guarantee is not covered by the Property/Casualty Security Fund specified in Article 76 of the New York Insurance Law.

## **21 SURRENDER OF FINANCIAL GUARANTEE**

The Bond Trustee shall deliver its original engrossment of this Financial Guarantee to the Financial Guarantor upon expiration of the Term of the Financial Guarantee.

**SIGNATORIES**

**IN WITNESS WHEREOF**, this Financial Guarantee has been executed as a deed and delivered on the date inserted above.

Executed as a deed for and on behalf of )  
**ASSURED GUARANTY** )  
**MUNICIPAL CORP.** )  
a company constituted in the State of )  
New York acting by: )

being a person/persons who, in accordance with the laws of that territory, is/are duly authorised to act on behalf of the company

.....

**ANNEX**  
**NOTICE OF DEMAND**

[EACH NOTICE TO BE MARKED TO INDICATE: "URGENT MATERIAL ENCLOSED"]

Assured Guaranty UK Limited  
11th Floor  
6 Bevis Marks  
London, EC3A 7BA

Assured Guaranty Municipal Corp.  
1633 Broadway  
New York, NY 10019  
USA

[Date]

Attention:

Chief Surveillance Officer and  
General Counsel

The undersigned, Deutsche Trustee Company Limited as Bond Trustee (the "**Bond Trustee**"), hereby certifies to each of Assured Guaranty UK Limited ("AGUK") and Assured Guaranty Municipal Corp. ("AGM" and, together with AGUK, the "**Financial Guarantors**") with reference to Financial Guarantee No. \_\_\_\_\_ (the "**AGUK Financial Guarantee**") and Financial Guarantee No. \_\_\_\_\_ (the "**AGM Financial Guarantee**" and, together with the AGUK Financial Guarantee, the "Financial Guarantees") that:

- (i) [The Guaranteed Amount[s] that [is/are] due and payable on the Scheduled Payment Date falling on [insert applicable payment date] [is/are] [●][insert applicable amount[s]]./The Guaranteed Amount[s] that [was/were] paid, credited, transferred or delivered to or to the order of the Bond Trustee or the Guaranteed Bondholders by or on behalf of the Issuer in accordance with the terms of the Bond Trust Deed and/or the Guaranteed Bonds on [insert applicable payment date] of [●][insert applicable amount[s]] [was/were] recovered from, or [was/were] otherwise required to be returned or repaid by, the Bond Trustee or [a/the] Guaranteed Bondholder[s] as a result of Insolvency Proceedings by or against the Issuer on [insert applicable repayment date].]
- (ii) [The deficiency with respect to the Guaranteed Amount Due for Payment and unpaid by reason of Non-payment by the Issuer on the Scheduled Payment Date falling on [insert applicable payment date] is [●] [insert applicable amount] (the "**Defaulted Amount**"), the AGUK Proportion of such Defaulted Amount is [●] and the AGM Proportion of such Defaulted Amount is [●]]. The AGUK Proportion of such Defaulted Amount is [●] and the AGM Proportion of such Defaulted Amount is [●]].
- (iii) The Bond Trustee is making (a) a claim against AGUK under the AGUK Financial Guarantee for the AGUK Proportion of the Defaulted Amount, and (b) a claim against AGM under the AGM Financial Guarantee for the AGM Proportion of the Defaulted Amount, with each such amount to be applied to the payment of the above-described Guaranteed Amount[s].

- (iv) To the extent that AGUK does not pay the AGUK Proportion of any Defaulted Amount when due and payable by AGUK in accordance with the terms of the AGUK Financial Guarantee, the Bond Trustee is making a claim against AGM under clause 3.1.2 of the AGM Financial Guarantee for such amount. The Bond Trustee agrees that any payment by AGM of such amount shall discharge AGUK from any obligation to make such payment under the AGUK Financial Guarantee.
- (v) The Bond Trustee agrees that following any payment by the Financial Guarantors made with respect to the Defaulted Amount which is the subject of this Notice of Demand, it (a) will cause such amounts to be applied directly to the payment of the applicable Guaranteed Amount[s] in accordance with clause 8 of the Bond Trust Deed; (b) will ensure that such funds are not applied for any other purpose; and (c) will cause an accurate record of such payment to be maintained with respect to the appropriate Guaranteed Amount(s), the corresponding claim on each Financial Guarantee, and the proceeds of such claim.
- (vi) Payments should be made by credit to the following account:  
[(insert details of bank account)] (the "**Account**").

Capitalised terms used in this Notice of Demand and not otherwise defined herein shall have the respective meanings ascribed thereto in or pursuant to the applicable Financial Guarantee.

This Notice of Demand may be revoked at any time by written notice of such revocation by the Bond Trustee to each Financial Guarantor, if and only to the extent that moneys are actually received by the Bond Trustee prior to any such revocation from a source other than the Financial Guarantors with respect to the Defaulted Amount set forth herein. Subject to clause 3.2 of the Financial Guarantee, the Bond Trustee will withdraw this Notice of Demand, or submit a restated Notice of Demand reducing the amount of the claim hereunder, if the required amount of the Defaulted Amount and accordingly each of the AGUK Proportion and the AGM Proportion thereof has been reduced (including reduction to zero) on or prior to the date the Financial Guarantors are required to make payment under the Financial Guarantees.

If the Bond Trustee has received, or the Bond Trustee has actual notice that one or more Guaranteed Bondholders has received, from the Issuer or the Financial Guarantors an amount in excess of a Defaulted Amount, the Bond Trustee shall promptly return to each Financial Guarantor the lesser of (i) such Financial Guarantor's proportionate share in such excess amount (such share being calculated by a fraction equal to the amount of the Defaulted Amount paid by the relevant Financial Guarantor to or to the order of the Bond Trustee divided by the total Defaulted Amount paid by both Financial Guarantors to or to the order of the Bond Trustee) and (ii) the amount of the Defaulted Amount paid by the relevant Financial Guarantor to or to the order of the Bond Trustee and not previously distributed by the Bond Trustee to the Guaranteed Bondholders or to any insolvency official appointed in respect of the Issuer. For the avoidance of doubt the Bond Trustee shall only be required to repay any such amounts to the Financial Guarantors that are in the Bond Trustee's possession and under its control, at the time it becomes aware of the requirement to repay such amounts, and the Bond Trustee shall have no liability to any Person for any amounts received by the Bond Trustee from the Financial Guarantors but distributed by the Bond Trustee in accordance with the preceding sentence.

The Bond Trustee acknowledges that as of the date on which any payment by the relevant Financial Guarantor towards a Defaulted Amount is credited to the Account, the relevant Financial Guarantor shall be deemed fully, immediately and automatically subrogated, to the fullest extent permitted by applicable law, to the rights (including, without limitation, any rights and benefits attached thereto, and any security granted at law, by contract or otherwise) of the Guaranteed Bondholders to payment of the Guaranteed Amounts to the extent and at the time of such payment by the relevant Financial Guarantor towards the Defaulted Amount.

The Bond Trustee hereby (i) assigns to each Financial Guarantor its rights to receive any payment for the account of the Guaranteed Bondholders from the Issuer in respect of the Guaranteed Bonds to the extent of any payments made to (or to the order of) the Bond Trustee by the relevant Financial Guarantor under the applicable Financial Guarantee, including without limitation its right to receive payments of principal and interest on the Guaranteed Bonds (including Recoveries), and (ii) confirms that it has taken or will promptly take all steps reasonably required by, and at the expense of, the Financial Guarantors to effect and to perfect such assignments to the Financial Guarantors. The foregoing assignments are in addition to, and not in limitation of, rights of subrogation otherwise available to each Financial Guarantor in respect of such payments. Payments to each Financial Guarantor in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Bond Trustee to receive all Guaranteed Amounts in respect of the Guaranteed Bonds. The Bond Trustee shall cooperate in all reasonable respects, and at the expense of the Financial Guarantors, with any request by either Financial Guarantor for action necessary to preserve or to enforce such Financial Guarantor's rights and remedies, any related security arrangements or otherwise in relation to such subrogation. The Bond Trustee shall also, at the expense of the Financial Guarantors, deliver any such instruments as may be reasonably requested or required by the Financial Guarantors to effectuate the purpose or provisions of this paragraph.

Any payment made by or on behalf of the Issuer to or for the benefit of the Bond Trustee in respect of any Guaranteed Amount forming the basis of a claim hereunder (which claim shall have been paid in full by the Financial Guarantors) shall be received and held to the order of the Financial Guarantors and shall be paid over to each Financial Guarantor pro rata in proportion to the respective amounts each Financial Guarantor paid in respect of the Defaulted Amount.

The Bond Trustee hereby agrees that so long as no Financial Guarantor Default shall have occurred and be continuing, each Financial Guarantor may at any time during the continuation of any Insolvency Proceeding by or against the Issuer under any applicable law direct all matters relating thereto, including without limitation, (a) all matters relating to any claim in connection with an Insolvency Proceeding by or against the Issuer seeking the avoidance as a preferential transfer of any payment made with respect to the Guaranteed Bonds (a "Preference Claim"), (b) the direction of any appeal of any order relating to any Preference Claim at the expense of the Financial Guarantors and (c) the posting of any surety or performance bond pending any such appeal.

[Pursuant to clause 8.4 of the Financial Guarantee, the following documents are attached:

- a copy of the Order; and
- a certificate of the Bond Trustee that the Order has been entered and that, on the basis of legal advice received by the Bond Trustee, the Order is not subject to any stay and

specifying (to the extent that the Bond Trustee has actual knowledge sufficient to do so), the Guaranteed Amounts that are Avoided Payments.]\*

This Notice of Demand, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, the laws of England and Wales.

[With respect to any suit, action or proceedings relating to this Notice of Demand ("Proceedings"), the Bond Trustee irrevocably submits to the jurisdiction of the English courts and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings that such court does not have any jurisdiction over it.]\*\*

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\* To be inserted if demand relates to Avoided Payments.

\*\* For use when the Bond Trustee is not incorporated in England and Wales.



No Person, other than each Financial Guarantor, shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Notice of Demand but this shall not affect any such right any Person may have otherwise than by virtue of such Act.

**IN WITNESS WHEREOF**, the undersigned has executed and delivered this Notice of Demand as a deed on the [●] day of [●] of 2[●].

**EXECUTED as a DEED by affixing** ) .....  
**THE COMMON SEAL of** ) **Associate Director**  
**DEUTSCHE TRUSTEE COMPANY LIMITED** )

.....  
**Associate Director**

For the Financial Guarantor or  
Fiscal Agent use only  
Wire transfer sent on  
By:  
Confirmation Number:

## DESCRIPTION OF FINANCIAL GUARANTORS

### ASSURED GUARANTY UK LIMITED

#### *General*

Assured Guaranty UK Limited ("**AGUK**") is a direct wholly-owned subsidiary of Assured Guaranty Municipal Corp. ("**AGM**" and together with AGUK, the "**Financial Guarantors**"), an insurance company organised under the laws of the State of New York, U.S.A. AGM is an indirect wholly-owned subsidiary of Assured Guaranty Ltd. ("**AGL**" and, together with its subsidiaries, "**Assured Guaranty**"), a Bermuda based holding company that provides, through its operating subsidiaries, credit protection products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets. Assured Guaranty also participates in the asset management business, as described below under the section entitled "*Assured Guaranty Municipal Corp. – Recent Developments*". AGL's shares are publicly listed on the New York Stock Exchange under the symbol "**AGO**".

AGUK was incorporated with limited liability in England on 8 June 1990 pursuant to the Companies Acts 1985 and 1989 with registered number 02510099. AGUK was authorised on 29 April 1994, originally by the UK Department of Trade and Industry and subsequently by the UK Financial Services Authority, to carry out and effect three classes of general insurance business in the United Kingdom, specifically: classes 14 (credit), 15 (suretyship) and 16 (miscellaneous financial loss) (firm reference number 202896). From 1 April 2013, AGUK has been authorised by the UK Prudential Regulation Authority (the "**PRA**") and regulated by the PRA and the UK Financial Conduct Authority (the "**FCA**"). These permissions are sufficient for AGUK to effect and carry out financial guaranty insurance and reinsurance in the UK.

AGUK's registered office is located at 11th Floor, 6 Bevis Marks, London EC3A 7BA, United Kingdom, Telephone: +44 (0)207 562 1900. AGUK's legal and commercial name is Assured Guaranty UK Limited.

AGUK is dependent on AGM in that AGM supports AGUK through certain contractual arrangements, see the section entitled "*Assured Guaranty UK Limited - Material Contracts*" below.

#### *Ratings*

S&PGR has assigned AGUK a financial strength and financial enhancement rating of "AA" (stable outlook); Moody's Inc. has assigned AGUK an insurance financial strength rating (**IFSR**) of "A1" (stable outlook), following an upgrade from a rating of "A2" issued on 18 March 2022; and KBRA has assigned AGUK an IFSR of "AA+" (stable outlook). Neither S&PGR, Moody's Inc. nor KBRA are established in the United Kingdom. The credit ratings that S&PGR and Moody's Inc. assigned to AGUK have been endorsed, respectively, by S&P and Moody's in accordance with the UK CRA and have not been withdrawn. The credit rating that KBRA assigned to AGUK is currently not endorsed by KBRAUK in accordance with the UK CRA Regulation.

On 13 July 2023, S&P affirmed its endorsement of the "AA" (stable) financial strength and financial enhancement ratings of AGUK. On 18 March 2022, Moody's upgraded its endorsement of AGUK to "A1" (stable outlook) from "A2" (stable outlook) IFSR of AGUK.

Neither Moody's nor KBRAUK rate the Bonds.

AGUK periodically assesses the value of each rating assigned to it, and as a result of such assessment may request that a rating agency add or drop a rating. AGUK can give no assurance as to any further ratings action that the rating agencies may take, voluntarily or at the request of AGUK.

Each rating of AGUK should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any bond or other security, and such ratings are subject to revision or withdrawal at any time by

the rating agencies, including withdrawal initiated at the request of AGUK in its sole discretion. In addition, the rating agencies may at any time change AGUK's ratings outlooks or place AGUK's ratings on a watch list for possible downgrade. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any bond or other security guaranteed by AGUK.

AGUK only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds or other securities guaranteed by AGUK on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant financial guarantee), and does not guarantee the market price or liquidity of the bonds or other securities it insures, nor does it guarantee that the ratings on such bonds or other securities will not be revised or withdrawn.

### ***Overview of AGUK's Business***

AGUK provides financial guarantees in the United Kingdom and other countries for public finance, structured finance and other project and infrastructure finance transactions.

Financial guarantees on public infrastructure finance transactions are typically issued in connection with transactions in which the bonds or other securities being issued are secured by or payable from cashflows coming either from a government or a quasi-governmental entity, or from users of the relevant asset (e.g., passengers on a light rail system or drivers on a toll road). Projects financed under the UK government's Public Private Partnership based model typically involve the construction of an asset (e.g., hospital, school, court buildings) and its ongoing management and maintenance for an agreed duration in return for which a performance-based fee is paid by the relevant public sector body; this fee is used to pay interest on and amortise the debt that is guaranteed by AGUK.

Financial guarantees on structured finance or asset-backed obligations are typically issued in connection with transactions in which the bonds or other securities being issued are secured by or payable from a specific pool of assets having an ascertainable cash flow or market value and held by a special purpose issuing entity.

New business written by AGUK is guaranteed using a co-guarantee structure pursuant to which AGUK co-guarantees municipal and infrastructure transactions with AGM and structured finance transactions with its affiliate Assured Guaranty Corp. ("AGC"). As further described below under the section entitled "*Material Contracts*", pursuant to the co-guarantee structure AGUK directly guarantees 15% of the issued obligations and AGM for public finance transactions (or AGC for structured finance transactions) directly guarantees 85% of the issued obligations. In addition, pursuant to the co-guarantee structure, AGM for public finance transactions (or AGC for structured finance transactions) also provides a second-to-pay guarantee for AGUK's portion of the guaranteed obligations. As described below under the section entitled "*Material Contracts*", the Financial Guarantees issued by AGUK and AGM in respect of the Bonds will be issued under the co-guarantee structure. Accordingly, in accordance with the terms of the Financial Guarantees (i) AGUK will unconditionally and irrevocably agree to pay to the Bond Trustee 15 per cent. of all sums due and payable but unpaid by the Issuer in respect of scheduled principal and interest on the Bonds until the relevant Maturity Date (the "**Guaranteed Obligations**") and (ii) AGM will unconditionally and irrevocably agree to pay to the Bond Trustee (x) the remaining 85 per cent. of the Guaranteed Obligations, and (y) any Guaranteed Obligations due and payable but unpaid by AGUK.

### ***Information***

Copies of the annual financial statements filed with the Registrar of Companies in the United Kingdom are available upon request to AGUK at its registered office. See also the section entitled "*Documents Incorporated by Reference*" above.

### ***Recent Developments***

Since 31 December 2022, the date as at which its latest audited accounts were prepared, AGUK has continued to conduct its financial guarantee business in the United Kingdom and certain other non-EU countries.

There are no governmental, legal or arbitration proceedings (pending or threatened) of which AGUK is aware during the previous 12 months from the date of this Prospectus which in the opinion of AGUK's management, based on the information available, may have, or have had in the recent past, significant effects on AGUK's financial position.

AGUK has completed a series of further policy novations to transfer 85% of the insured par on a commercial mortgage backed securitisation and a public private partnership in order to further reduce its net retention for certain single name risks. (A process commenced in December 2022 and reported on in the AGUK 2022 Financial Statements incorporated by reference in this Prospectus and included in paragraph (b) of the section entitled "*Documents Incorporated by Reference*" above). The total net par transferred since 31 December 2022 was £2.8 billion, representing 40% total net par as at 31 December 2022.

On 26 June 2023, AGUK made a dividend payment of £100 million to its parent company, AGM.

### ***Directors of AGUK***

The following is a list of the members of the board of directors of AGUK by name and function and sets forth any principal activities of such members outside of AGUK:

| <b>Name</b>             | <b>Function</b>   | <b>Principal Activities Outside of AGUK</b>  |
|-------------------------|---|--|
| Robert Bailenson        | Group Non-Executive Director  | Chief Financial Officer, Assured Guaranty Ltd.<br>Group Non-Executive Director, Assured Guaranty (Europe) SA   |
| Mark Batten             | Independent Non-Executive Director and Chair of Board                               | Non-executive director of other UK companies and entities, covering property, NHS Trust, education and financial services                            |
| Dominic Frederico       | Group Non-Executive Director  | Chief Executive Officer and President, Assured Guaranty Ltd.<br>Group Non-Executive Director and Chairman of the Board, Assured Guaranty (Europe) SA |
| Samantha Hoe-Richardson | Independent Non-Executive Director and Chair of Remuneration & Nomination Committee | Non-executive roles at other UK companies  |
| Dominic Nathan          | Executive Director  | Head of Underwriting Infrastructure Finance and Executive Director, Assured Guaranty (Europe) SA   |
| Richard Nicholas        | Executive Director  | Head of Finance and Executive Director, Assured Guaranty (Europe) SA   |
| Nicholas Proud          | Executive Director  | Senior Managing Director, International Infrastructure and Structured Finance  |

|               |  |   |
|---------------|--|---|
|               |  | Managing Director, Assured Guaranty (Europe) SA   |
| Penelope Shaw | Independent Non-Executive Director and Chair of Risk Oversight Committee | Non-executive roles at other UK companies<br>Independent Non-Executive Director, Board member, Chair of Risk Oversight Committee and of Audit Committee, Assured Guaranty (Europe) SA |
| David Todd    | Independent Non-Executive Director and Chair of Audit Committee          | Non-executive roles at other UK companies   |

The business address of Messrs. Batten and Todd and Ms. Hoe-Richardson and Shaw in their capacity as non-executive directors, is 11th Floor, 6 Bevis Marks, London EC3A 7BA, United Kingdom. The business address of Mr. Bailenson is 1633 Broadway, New York, New York 10019, United States of America. The business address of Mr. Frederico is 30 Woodbourne Avenue, Hamilton, Bermuda HM 08.

As at the date of this Prospectus, the above-mentioned board members of AGUK do not have potential conflicts of interests between any duties to AGUK and their private interests or other duties that are material to the Bonds.

### ***Insurance Regulation***

AGUK is authorised by the PRA and regulated by the PRA for prudential regulation and by the FCA for conduct of business, in the conduct of its financial guarantee business in the United Kingdom.

The PRA has a general regulatory objective to promote the safety and soundness of the firms which it regulates, thereby supporting the stability of the UK financial system, and a specific insurance objective to contribute to securing an appropriate degree of protection for those who are or may become policyholders. The PRA applies threshold conditions ("**Threshold Conditions**"), which insurers must meet, and against which the PRA will assess them on a continuous basis. These Threshold Conditions include that (a) an insurer, which is incorporated in the United Kingdom, should have its head office (and registered office, if different) in the United Kingdom; (b) an insurer's business must be conducted in a prudent manner — in particular, that the insurer maintains appropriate financial and non-financial resources; (c) the insurer must be fit and proper, including that the individuals managing its business have adequate skills and experience; and (d) the insurer must be capable of being effectively supervised by reference to a number of matters including whether it is a member of a group which might prevent the PRA's effective supervision and the complexity of its business and products.

### ***Solvency***

Under Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II**"), which took effect from 1 January 2016 as implemented in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), AGUK is subject to certain limits and requirements, including the maintenance of a minimum solvency capital requirement (which depends on the type and amount of insurance business a company writes and the other risks to which it is exposed) and the establishment of technical provisions, which include projected losses and premium earnings. Failure to maintain capital at least equal to the capital requirements under Solvency II is one of the grounds on which the wide powers of intervention conferred upon the PRA may be exercised.

Among other things, Solvency II introduced a revised risk-based prudential regime which includes the following features: (1) assets and liabilities are generally to be valued at their market value; (2) the amount of required economic capital is intended to ensure, with a probability of 99.5 %, that regulated insurance firms

are able to meet their obligations to policyholders and beneficiaries over the following 12 months; and (3) reinsurance recoveries are treated as a separate asset (rather than being netted off the underlying insurance liabilities). AGUK calculates its solvency capital requirements under Solvency II using the Standard Formula.

### *Financial Services Compensation Scheme*

The beneficiaries of AGUK's financial guarantees are not protected by the Financial Services Compensation Scheme.

### *Financial Information*

The audited accounts of AGUK for the year ended 31 December 2021 and 31 December 2022 prepared in accordance with UK GAAP, have been filed with the FCA and are incorporated by reference in this Prospectus and included in paragraphs (c) and (b) respectively of the section entitled "*Documents Incorporated by Reference*" above.

Other than as may be described under the section entitled "*Assured Guaranty UK Limited – Recent Developments*" above, there has been no significant change in the financial performance or financial position of AGUK and there has been no material adverse change in the prospects of AGUK since 31 December 2022 (being the date as at which AGUK's most recent audited financial statements have been prepared).

### *Auditors*

AGUK's auditors are Deloitte LLP, Hill House, 1 Little New Street, London EC4A 3TR. Deloitte is a member of the Institute of Chartered Accountants in England and Wales.

Deloitte's reports on the audited accounts of AGUK for the year ended 31 December 2021 appear on pages 16 to 26 of the AGUK 2021 Financial Statements, included in paragraph (c) of the section entitled "*Documents Incorporated by Reference*" above and for the year ended 31 December 2022 appear on pages 15 to 25 of the AGUK 2022 Financial Statements above included in paragraph (b) of the section entitled "*Documents Incorporated by Reference*" above.

### *Material Contracts*

Except as discussed below, AGUK has not entered into contracts outside the ordinary course of business that could result in AGUK being under an obligation or entitlement that is material to AGUK's ability to meet its obligations to the Bond Trustee under the AGUK Financial Guarantees.

AGUK and AGM in 2011 implemented a co-guarantee structure pursuant to which (i) AGUK directly guarantees a specified portion of the obligations issued in a particular transaction rather than guaranteeing 100% of the issued obligations, (ii) AGM directly guarantees the balance of the guaranteed obligations, and (iii) AGM also provides a second-to-pay guarantee for AGUK's portion of the guaranteed obligations. The current co-guarantee split is 15% AGUK and 85% AGM.

Separate and apart from the co-guarantee structure, AGM provides support to AGUK through a quota share and excess of loss reinsurance agreement (the "**Reinsurance Agreement**") and a net worth maintenance agreement (the "**Net Worth Agreement**" and together with the Reinsurance Agreement, the "**Assured Guaranty Agreements**"). Under the quota share cover of the Reinsurance Agreement, AGM reinsures approximately 95-99% of AGUK's retention (after cessions to other reinsurers) of outstanding financial guarantees that AGUK wrote prior to the implementation of the co-guarantee structure in 2011. Such cover also generally obliges AGM to reinsure 85% of municipal, utility, project finance or infrastructure risks or similar business that AGUK has written since October 2018 without utilising the co-guarantee structure, but there is currently no such outstanding business at AGUK. AGM secures its quota share reinsurance obligations to AGUK under the Reinsurance Agreement by posting collateral in trust equal to 102% of the sum of AGM's assumed share of the following in respect of the reinsured AGUK policies: (i) AGUK's unearned premium

reserve (net of AGUK's reinsurance premium payable to AGM); (ii) AGUK's provisions for unpaid losses and allocated loss adjustment expenses (net of any salvage recoverable), and (iii) any unexpired risk provisions of AGUK, in each case (i) - (iii) as calculated by AGUK in accordance with UK GAAP.

Under the excess of loss cover of the Reinsurance Agreement, AGM is obligated to pay AGUK quarterly the amount (if any) by which (i) the sum of (a) AGUK's incurred losses, calculated in accordance with UK GAAP, and (b) AGUK's paid losses and loss adjustment expenses, in both cases net of all other performing reinsurance (including the reinsurance provided by AGM under the quota share cover of the Reinsurance Agreement), exceeds (ii) an amount equal to (a) AGUK's capital resources under UK law minus (b) 110% of the greatest of the amounts as may be required by the PRA as a condition for maintaining AGUK's authorisation to carry on a financial guarantee business in the UK.

AGUK may terminate the Reinsurance Agreement upon the occurrence of any of the following events: (i) AGM's ratings by Moody's fall below "Aa3" or its ratings by S&PGR fall below "AA-" (and AGM fails to restore such rating(s) within a prescribed period of time); (ii) AGM's insolvency, failure to maintain the minimum capital required under AGM's domiciliary jurisdiction, filing a petition in bankruptcy, going into liquidation or rehabilitation or having a receiver appointed; or (iii) AGM's failure to maintain its required collateral described above.

Under the Net Worth Agreement, AGM is obligated to cause AGUK to maintain capital resources equal to 110% of the greatest of the amounts as may be required by the PRA as a condition for maintaining its authorisation to carry on a financial guarantee business in the United Kingdom, provided that AGM's contributions (i) do not exceed 35% of AGM's policyholders' surplus as determined by the laws of the State of New York, and (ii) are in compliance with a provision of the New York Insurance Law requiring notice to or approval by the New York State Department of Financial Services (the "NYSDFS") for transactions between affiliates that exceed certain thresholds. The Net Worth Agreement clarifies that any amounts due thereunder will take into account all amounts paid or reasonably expected to be paid under the Reinsurance Agreement. The Net Worth Agreement also includes termination provisions substantially similar to those in the Reinsurance Agreement. AGM has never been required to make any contributions to AGUK's capital under the current Net Worth Agreement or its prior net worth maintenance agreements.

On the basis of the support provided by the Assured Guaranty Agreements, AGUK has the same ratings as AGM. The Bondholders should note that AGUK's ability to maintain its current rating and to perform its obligations under its financial guarantees, including the AGUK Financial Guarantees, substantially depends on the ability of AGM to perform its obligations under the Assured Guaranty Agreements.

It should also be noted that the Assured Guaranty Agreements are entered into for the benefit of AGUK and are not, and should not be regarded as, guarantees by AGM of the payment of any indebtedness, liability or obligations of the Issuer or AGUK, including the Bonds or the AGUK Financial Guarantees. The Assured Guaranty Agreements are not guarantees for the benefit of Bondholders. Neither the Bond Trustee nor the Bondholders have any recourse to AGM in respect of the Assured Guaranty Agreements.

Payment of Guaranteed Amounts that are Due for Payment (as defined in the Financial Guarantees) on the Bonds and unpaid by reason of Non-payment by the Issuer (as defined in the Financial Guarantees) will be guaranteed by AGUK and AGM pursuant to the Financial Guarantees but will not be additionally covered by the Assured Guaranty Agreements.

## **ASSURED GUARANTY MUNICIPAL CORP.**

### ***General***

AGM is an insurance company organised under the laws of the State of New York, U.S.A. AGM is an indirect wholly-owned subsidiary of AGL.

AGM was organised in the State of New York, U.S.A. as an insurance company on 16 March 1984 as “Financial Security Assurance Inc.” and commenced operations in 1985. AGM is registered with The National Association of Insurance Commissioners with identifying number NAIC #18287. AGM maintains its principal executive offices at 1633 Broadway, New York, New York 10019, U.S.A. The telephone number of AGM is +1 212 974 0100. AGM’s legal and commercial name is Assured Guaranty Municipal Corp.

### ***Ratings***

S&PGR has assigned AGM a financial strength and financial enhancement rating of “AA” (stable outlook); Moody’s Inc. has assigned AGM an IFSR of “A1” (stable outlook); and KBRA has assigned AGM an IFSR of “AA+” (stable outlook). The credit ratings that S&PGR and Moody’s Inc. assigned to AGM have been endorsed, respectively, by S&P and Moody’s in accordance with the UK CRA and have not been withdrawn. The credit rating that KBRA assigned to AGM is not currently endorsed by KBRAUK in accordance with the UK CRA Regulation.

On 13 July 2023, S&P affirmed its endorsement of the “AA” (stable) financial strength and financial enhancement ratings of AGM. On 18 March 2022, Moody’s upgraded its endorsement of AGM to “A1” (stable outlook) from “A2” (stable outlook) IFSR of AGM.

Neither Moody’s nor KBRAUK rate the Bonds.

AGM periodically assesses the value of each rating assigned to it, and as a result of such assessment may request that a rating agency add or drop a rating. AGM can give no assurance as to any further ratings action that any rating agency may take.

Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any bond or other security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s ratings outlooks or place AGM’s ratings on a watch list for possible downgrade. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any bond or other security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds or other securities guaranteed by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant financial guarantee), and does not guarantee the market price or liquidity of the bonds or other securities it insures, nor does it guarantee that the ratings on such bonds or other securities will not be revised or withdrawn.

### ***Overview of AGM’s business***

AGM provides financial guarantees to issuers both within and outside the U.S. New public finance business written by AGUK is guaranteed using a co-guarantee structure with AGM. (see the section entitled “*Description of Financial Guarantors - Assured Guaranty UK Limited – Overview of AGUK’s Business*” above). Since mid-2008, AGM has provided financial guaranty insurance and reinsurance on debt obligations issued in U.S. and non-U.S. public finance and infrastructure markets. AGM’s direct subsidiaries, AGUK and AGE SA, provide financial guarantees for the non-U.S. public finance (including infrastructure) market and structured finance markets.

### ***Information***

The annual financial statements filed by AGM in the U.S. are available in the “Investor Information” section of Assured Guaranty’s website at [www.assuredguaranty.com](http://www.assuredguaranty.com).



The audited accounts of AGM for the years ended 31 December 2021 and 31 December 2022 prepared in accordance with US GAAP, are incorporated by reference in this Prospectus and included in paragraph (d) of the section entitled "*Documents Incorporated by Reference*" above.

### ***Recent Developments***

Since 31 December, 2022, the date as at which its latest audited consolidated financial statements were prepared, AGM has continued to conduct its financial guarantee business in the U.S. and other countries.

Other than as set forth in AGM's audited consolidated financial statements as of 31 December 2022 and 2021 ("**AGM GAAP Financial Statements**"), There are no governmental, legal or arbitration proceedings (pending or threatened) of which AGM is aware during the 12 months preceding the date of this Prospectus which in the opinion of AGM's management, based on the information available, will have, or have had in the recent past, a material adverse effect on AGM's financial position.

Until 1 July 2023, Assured Guaranty served as an investment advisor to collateralised loan obligations ("**CLOs**") and opportunity funds, as well as certain legacy hedge and opportunity funds subject to an orderly wind-down, through Assured Investment Management LLC ("**AssuredIM LLC**") and its investment management affiliates (together with AssuredIM LLC, "**AssuredIM**"). Beginning 1 July 2023, Assured Guaranty participates in the asset management business through its ownership interest in Sound Point Capital Management, LP ("**Sound Point**") as described below.

On 1 July 2023, Assured Guaranty contributed to Sound Point most of its asset management business, other than that conducted by Assured Healthcare Partners LLC, as contemplated by the transaction agreement entered into with Sound Point on 5 April 2023 ("**Transaction Agreement**"). In addition, in accordance with the terms of a letter agreement ("**Letter Agreement**"), effective 1 July 2023 AGM and Assured Guaranty Corp. ("**AGC**" and, together with AGM, the "**U.S. Insurance Subsidiaries**") (i) engaged Sound Point as their sole alternative credit manager, and (ii) transitioned to Sound Point the management of certain existing alternative investments and related commitments. The Letter Agreement also provides that, in the first two years of Sound Point's engagement, the U.S. Insurance Subsidiaries would, subject to regulatory approval, make new investments in funds, other vehicles and separately managed accounts managed by Sound Point which, when aggregated with the alternative investments and commitments transitioned from AssuredIM, will total \$1 billion. Assured Guaranty received, subject to certain potential post-closing adjustments, common interests in Sound Point representing a 30% participation percentage in Sound Point, and certain other interests in related Sound Point entities (the transaction contemplated under the Transaction Agreement and the Letter Agreement, the "**Sound Point Transaction**").

### ***Directors of AGM***

The following is a list of the members of the board of directors of AGM by name and function and sets forth any principal activities of such members outside of AGM:

| <b>Name</b>         | <b>Function</b>               | <b>Principal Activities Outside of AGM</b>   |
|---------------------|-------------------------------|--|
| Robert A. Bailenson | Chief Financial Officer       | Chief Financial Officer, Assured Guaranty Ltd Group Non-Executive Director, Assured Guaranty (Europe) SA |
| Laura Bieling       | Chief Accounting Officer      | Chief Accounting Officer, Assured Guaranty Ltd.  |
| Ashleigh Bischoff   | Chief Investment Officer      | Chief Investment Officer, AGC  |
| Ling Chow           | General Counsel and Secretary | General Counsel and Secretary, Assured Guaranty Ltd.   |

|                              |                                       |  |
|------------------------------|---------------------------------------|--|
| Stephen Donnarumma           | Chief Credit Officer                  | Chief Credit Officer of Assured Guaranty Ltd.  |
| Dominic Frederico (Chairman) | President and Chief Executive Officer | President and Chief Executive Officer; Deputy Chairman, Assured Guaranty Ltd. Group Non-Executive Director and Chairman of the Board, Assured Guaranty (Europe) SA |
| Jorge A. Gana                | Chief Risk Officer                    | Chief Risk Officer, Assured Guaranty Ltd.  |
| Holly Horn                   | Chief Surveillance Officer            | Chief Surveillance Officer, Assured Guaranty Ltd.  |
| Alfonso Pisani               | Treasurer                             | Treasurer of AGC   |
| Benjamin Rosenblum           | Chief Actuary                         | Chief Actuary of AGC<br>Key Function Holder for Actuarial, Assured Guaranty (Europe) SA<br>SMF 20 at Assured Guaranty UK Limited                                   |

The business address of Messrs. Bailenson, Donnarumma, Gana, Pisani, Rosenblum and of Ms. Bieling, Ms. Bischoff, Ms. Chow and Ms. Horn is 1633 Broadway, New York, New York 10019, U.S. The business address of Mr. Frederico is 30 Woodbourne Avenue, Hamilton, Bermuda HM 08.

As at the date of this Prospectus, the above-mentioned board members of AGM do not have potential conflicts of interests between any duties to AGM and their private interests or other duties that are material to the Bonds.

### ***Insurance Regulation***

AGM is licensed to do business as an insurance company in all fifty states of the United States, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands. It is subject to the insurance laws and regulations of the State of New York, its state of incorporation, which has a comprehensive financial guarantee insurance law, and the insurance laws and regulations of other jurisdictions in which it is licensed to transact business. These laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance departments, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, meet certain financial tests, including single risk limits and minimum policyholders' surplus and reserve levels, file certain reports with regulatory authorities, including information concerning their capital structure, ownership and financial condition, and require prior approval of certain changes in control of domestic insurance companies and their direct and indirect parents and the payment of certain dividends and distributions. In addition, these laws and regulations require approval of certain intercorporate transfers of assets and certain transactions between insurance companies and their direct and indirect parents and affiliates, and generally require that all such transactions have terms no less favourable than terms that would result from transactions between parties negotiating at arm's length.

U.S. state insurance laws and regulations (as well as the rating agencies) impose minimum capital requirements on financial guarantee insurance companies, limiting the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. Such companies can use reinsurance to diversify risk, increase underwriting capacity, reduce additional capital needs, stabilise shareholder returns and strengthen financial ratios.

AGM is required to file quarterly and annual statutory financial statements in the United States, and is subject to single and aggregate risk limits and other statutory restrictions concerning the types and quality of investments and the filing and use of policy forms and premium rates. In addition, AGM's accounts and

operations are subject to periodic examination by the NYSDFS and its market conduct is subject to review by the NYSDFS and other state insurance regulatory authorities.

The beneficiaries of the AGM Financial Guarantees are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the Insurance Law of the State of New York, U.S.

AGM is not authorised or regulated by the PRA or the FCA in the United Kingdom.

### ***Financial Information***

The AGM GAAP Financial Statements, including the report of independent auditors, consolidated balance sheets, and consolidated statements of operations, comprehensive income (loss), shareholder's equity and cash flows, and notes to such consolidated financial statements, for the years ended 31 December 2022 and 2021, prepared in accordance with U.S. GAAP, have been filed with the FCA and are included in paragraph (d) in the section entitled "*Documents Incorporated by Reference*" above.

Other than as may be described under the section entitled "*Assured Guaranty Municipal Corp. – Recent Developments*" above, there has been no significant change in the financial performance or financial position of AGM, including its consolidated subsidiaries (taken as a whole) (the "**AGM Group**") and there has been no material adverse change in the prospects of the AGM Group since 31 December 2022 (being the date to which AGM's most recent audited consolidated financial statements have been prepared).

### ***Auditors***

AGM's auditors are PricewaterhouseCoopers LLP ("**PwC U.S.**"), 300 Madison Avenue, New York, New York 10017 U.S.A. PwC U.S. is a member of the American Institute of Certified Public Accountants.

PwC U.S.'s report on the audited consolidated financial statements of AGM for the years ended 2022 and 2021 is included with such accounts, which are included in paragraph (v) of the section entitled "*Documents incorporated by reference*" above.

### ***Material Contracts***

As described above in the section entitled "*Assured Guaranty Municipal Corp. – Recent Developments*" in accordance with the terms of the Letter Agreement effective 1 July 2023, AGM and AGC (i) engaged Sound Point as their sole alternative credit manager, and (ii) transitioned to Sound Point the management of certain existing alternative investments and related commitments. The Letter Agreement also provides that, in the first two years of Sound Point's engagement, AGM and AGC would, subject to regulatory approval, make new investments in funds, other vehicles and separately managed accounts managed by Sound Point which, when aggregated with the alternative investments and commitments transitioned from AssuredIM, will total \$1 billion.

AGM has not entered into other contracts outside the ordinary course of business that could result in AGM being under an obligation or entitlement that is material to AGM's ability to meet its obligations to the Bond Trustee under the AGM Financial Guarantees. See the section entitled "*Assured Guaranty UK Limited – Material Contracts*" above for more detail on the Assured Guaranty Agreements.

## TAX CONSIDERATIONS

The summary of the tax considerations in respect of the Bonds shall consist of the section entitled “Tax Considerations” set out on pages 197 to 204 inclusive of the Base Prospectus which is incorporated by reference herein, along with the below for the purposes of this Prospectus in relation to the Bonds:

### ***UK Withholding Tax on payments by AGUK and AGM under the Financial Guarantees***

The UK tax treatment withholding tax treatment of payments by guarantors is uncertain. If AGUK and/or AGM make any payments in respect of interest on the Bonds (or other amounts due under the Bonds other than the repayment of amounts subscribed for the Bonds) such payments may in the case of AGUK, and could in the case of AGM, be subject to UK withholding tax subject to any available domestic exemptions and such relief as may be available under the provisions of any applicable double taxation treaty. Such payments by AGUK and AGM may not be eligible for the quoted Eurobond exemption described in the section entitled “*Tax Considerations – United Kingdom Taxation*” on page 197 of the Base Prospectus.

The references to “interest” in this sub-section entitled “*UK Withholding Tax on payments by AGUK and AGM under the Financial Guarantees*” and the section entitled “*Tax Considerations – United Kingdom Taxation*” page 197 of the Base Prospectus, mean such amounts that are treated as interest for the purposes of UK tax law. The statements above do not take into account different definitions of “interest” or “principal” which may prevail under any other law or which may apply under the terms and conditions of the Bonds or any related documentation.

### ***US Withholding Tax on payments by AGUK and AGM under the Financial Guarantees***

No US withholding tax should apply to payments made by the Financial Guarantors in respect of payments of principal and interest on the Bonds under present US federal income tax law.

## GENERAL INFORMATION

### Authorisation

The issue of the Bonds has been duly authorised by a resolution of the Board of Directors of the Issuer dated 10 November 2023.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Bonds.

AGUK has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the AGUK Financial Guarantees.

AGM has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the AGM Financial Guarantees.

### Listing of Bonds

Application is expected to be made by the Issuer (or on its behalf) on or around the Issue Date for the Bonds to be admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market with effect from 16 November 2023, subject only to the issue of each Temporary Global Bond and to the execution by AGUK of the AGUK Financial Guarantee and AGM of the AGM Financial Guarantee. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

### Documents Available

For as long as this Prospectus remains in effect or any Bonds are outstanding, copies of the following documents will, when published, be available for inspection on the Special Purpose Website:

- (a) the Memorandum and Articles of Association of each of the Issuer and the Obligors;
- (b) the audited financial statements of the Issuer, Heathrow and Heathrow Express for the year ended 31 December 2021 and the year ended 31 December 2022;
- (c) the audited consolidated financial statements of the Group for the year ended 31 December 2021 and the year ended 31 December 2022;
- (d) the unaudited financial statements of Heathrow (SP) for the financial half-year ended 30 June 2023;
- (e) a copy of the Base Prospectus together with any supplement to this Prospectus or further Prospectus, including all documents incorporated by reference therein;
- (f) each Final Terms relating to Bonds;
- (g) each Investor Report; and
- (h) the Bond Trust Deed and each supplemental Bond Trust Deed.

For as long as this Prospectus remains in effect or any Bonds are outstanding, copies of the following documents will, when published, be available for inspection during normal business hours at the specified offices of the Principal Paying Agent (in the case of Bearer Bonds) or the specified offices of the Transfer Agents and the Registrar (in the case of Registered Bonds):

- (a) Articles of Association of AGUK and by-laws of AGM;
- (b) the Financial Guarantees;
- (c) audited financial statements of AGUK for the financial years ended 31 December 2021 and 31 December 2022; and
- (d) audited consolidated financial statements of AGM for the financial years ended 31 December 2021 and 31 December 2022.

The website of AGUK is <http://assuredguaranty.com/>. The information on <http://assuredguaranty.com/> does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

The website of AGM is <http://assuredguaranty.com/>. The information on <http://assuredguaranty.com/> does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

### **Clearing Systems**

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for the Bonds allocated by Euroclear and Clearstream, Luxembourg are specified in the Final Terms. If the Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **LEI**

The Legal Entity Identifier code of Heathrow Funding Limited is 7TI96JO3DYEIQWZ7Z726.

The Legal Entity Identifier code of AGUK is 549300M46A841BTWC767.

The Legal Entity Identifier code of AGM is 549300EW17XUAI9WBQ69.

### **Significant or Material Change**

There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2022.

There has been no significant change in the financial position or financial performance of the Issuer since 31 December 2022.

There has been no material adverse change in the prospects of Heathrow (SP) since 31 December 2022.

There has been no significant change in the financial position or financial performance of Heathrow since 31 December 2022.

There has been no material adverse change in the prospects of Heathrow since 31 December 2022.

There has been no significant change in the financial position or financial performance of Heathrow Express since 31 December 2022.

There has been no material adverse change in the prospects of Heathrow Express since 31 December 2022.

There has been no significant change in the financial position or financial performance of Heathrow (AH) since 31 December 2022.

There has been no material adverse change in the prospects of Heathrow (AH) since 31 December 2022.

There has been no significant change in the financial position or financial performance of the Group since 30 June 2023.

## **Yields**

The yield for the Bonds is specified in the Final Terms and is calculated at the Issue Date on the basis of the Issue Price but is not an indication of future yield.

## **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Heathrow is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Heathrow or its subsidiaries.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Group.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Heathrow (AH) is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Heathrow (AH).

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Heathrow Express is aware) within a period of 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Heathrow Express.

## **Auditors**

PricewaterhouseCoopers LLP was appointed as auditor of the Group from 1 January 2020. The financial statements as at and for the years ended 31 December 2021 and 31 December 2022 incorporated by reference in the Base Prospectus that is incorporated by reference in this Prospectus have been audited by PricewaterhouseCoopers LLP.

## **Legend**

Bearer Bonds, Receipts, Talons and Coupons appertaining thereto will bear a legend substantially to the following effect: “**Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.**” The sections referred to in such legend provide that a United States person who holds a Bearer Bond, Coupon, Receipt or Talon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Bond, Coupon, Receipt or Talon and any gain (which might

otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

### **Information in respect of the Bonds**

The issue price and the amount of the Bonds will be determined, before filing of the Final Terms, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Bonds, but LHR Airports as Security Group Agent (on behalf of the Group) is required to produce an Investor Report semi-annually.

### **Material Contracts**

None of Heathrow, Heathrow (SP), Heathrow (AH) or Heathrow Express has entered into contracts outside the ordinary course of its business, which could result in Heathrow, Heathrow (SP), Heathrow (AH) or Heathrow Express or any member of its group being under an obligation or entitlement that is material to the ability of Heathrow to meet its obligation to the Issuer under the Borrower Loan Agreement.

### **Third party information**

Where information in this Prospectus or the Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer and each Obligor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.



**REGISTERED OFFICE  
OF THE ISSUER**

IFC5, St Helier  
Jersey JE1 1ST

**REGISTERED OFFICE  
OF THE OBLIGORS**

The Compass Centre  
Nelson Road, Hounslow  
Middlesex TW6 2GW

**FINANCIAL GUARANTORS**

**Assured Guaranty Municipal Corp.**  
1633 Broadway  
New York, New York 10019  
USA

**Assured Guaranty UK Limited**  
11th Floor, 6 Bevis Marks  
London EC3A 7BA

**BOND TRUSTEE AND BORROWER SECURITY TRUSTEE**

**Deutsche Trustee Company Limited**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**PRINCIPAL PAYING AGENT  
AND AGENT BANK**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**REGISTRAR, TRANSFER AGENT,  
PAYING AGENT AND EXCHANGE AGENT**

**Deutsche Bank Trust Company Americas**  
c/o Deutsche Bank National Trust Company  
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Summit, NJ 07901  
United States of America

**LEGAL ADVISERS**

*To the Issuer and the Group  
as to English law*

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*To the Issuer as to Jersey law*

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Channel Islands

*To the Dealers and the Financial Guarantors  
as to English law*

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*To the Bond Trustee and the  
Borrower Security Trustee*

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