

8 July 2020

HEATHROW FINANCE PLC
(the *Issuer*)

HEATHROW (DSH) LIMITED
(the *Parent*)

and

DEUTSCHE TRUSTEE COMPANY LIMITED
(the *Trustee*)

SECOND SUPPLEMENTAL TRUST DEED



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THIS SECOND SUPPLEMENTAL TRUST DEED (the *Deed*) is made the 8 July 2020

BETWEEN:

- (1) **HEATHROW FINANCE PLC**, a company incorporated under the laws of England and Wales with company number 06458635 whose registered office is at The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW (the *Issuer*);
- (2) **HEATHROW (DSH) LIMITED**, a company incorporated under the laws of England and Wales with company number 06458597 whose registered office is at The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW (the *Parent*); and
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England (the *Trustee*, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Holders and Couponholders,

(each a *Party* and together the *Parties*).

WHEREAS:

- (A) By a trust deed dated 8 June 2017 (as supplemented by a supplemental trust deed dated 28 February 2019 and as further amended and/or supplemented from time to time) (the *Trust Deed*) made between the Issuer, the Parent and the Trustee there was constituted £275,000,000 3.875 per cent. Senior Secured Notes due 2027 (the *Notes*).
- (B) By an extraordinary resolution dated 8 July 2020 (the *Extraordinary Resolution*), the Holders approved certain amendments to the Conditions of the Notes.
- (C) Following satisfaction of the Amendment Conditions, the Parties now wish to enter into this Deed in order to effect the approved amendments to the Conditions of the Notes as set out in Clause 2 (*Modifications to the Trust Deed*).
- (D) This Deed is supplemental to the Trust Deed.

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED as follows:

1. Interpretation

Definitions

- 1.1 Capitalised terms not otherwise defined in this Deed have the meanings given to them in the Trust Deed (as the same may be amended, varied or supplemented from time to time) and from the date hereof this Deed shall be construed in accordance with the rules of construction set out therein.

- 1.2 In this Deed, unless there is anything in the subject or context inconsistent therewith, **Conditions** means the terms and conditions in the form set out in Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) to the Trust Deed, as the same may, from time to time, be modified in accordance with the Trust Deed and any reference in this Deed to a particular numbered Condition shall be construed accordingly and references in the Conditions to paragraphs shall be construed as paragraphs of such Conditions.
- 1.3 In addition, the following expressions shall have the following meanings:
- Amendment Conditions** means the conditions to the implementation of the Proposals being:
- (a) the Extraordinary Resolution being passed;
 - (b) delivery of (a) a legal opinion as to the capacity of the Issuer and the Parent by Freshfields Bruckhaus Deringer LLP, and (b) a legal opinion as to enforceability of this Deed by Allen & Overy LLP, to the Trustee.
- 1.4 In this Deed references to Clauses shall, unless there is anything in the subject or context inconsistent therewith, be construed as references to the Clauses and sub-clauses of this Deed respectively.

2. Modifications to the Trust Deed

- 2.1 With effect from the date of this Deed, the Conditions shall be amended as follows:
- (a) Condition 4.1(a)(i) (*Financial Covenants*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) shall be amended by adding the following text before the semi-colon:

“; provided that:

 - (A) as at the Relevant Testing Date occurring on 31 December 2020, Group RAR shall not be greater than 95 per cent; and
 - (B) as at the Relevant Testing Date occurring on 31 December 2021, Group RAR shall not be greater than 93.5 per cent;”
 - (b) Condition 4.1(a)(i) (*Financial Covenants*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) shall be amended by adding the following sub-paragraphs (iii) and (iv):

“(iii) as at the Relevant Testing Date occurring on 30 June 2021, Group RAR shall not be greater than 95 per cent; and”

“(iv) as at the Relevant Testing Date occurring on 30 June 2022, Group RAR shall not be greater than 92.5 per cent.”
 - (c) the definition of “Compliance Reporting Date” shall be amended as follows:

“Compliance Reporting Date” means 30 June; provided that, in respect of each June Testing Date, “Compliance Reporting Date” shall mean the date falling no later than 30 September 2021 (in respect of the June Testing Date falling on 30 June 2021) and the date falling no later than 30 September 2022 respectively (in respect of the June Testing Date falling on 30 June 2022).”

- (d) the definition of “Relevant Testing Date” shall be amended as follows:

“Relevant Testing Date” means (a) in respect of any Compliance Reporting Date occurring on 30 June of any year, 31 December in the year immediately preceding such Compliance Reporting Date and (b) each June Testing Date.

- (e) Condition 4.1(c)(iii) (*Financial Covenants*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) shall be deleted and replaced with the following:

“(iii) delivers a revised Compliance Certificate to the Trustee indicating that, after taking into account the Permitted Equity Cure Amount used to remedy the breach, Group ICR is not less than 1.0; and Group RAR is not greater than 92.5 per cent., save that:

- (A) as at the Relevant Testing Date occurring on 31 December 2020, Group RAR shall not be greater than 95 per cent;*
- (B) as at the Relevant Testing Date occurring on 31 December 2021, Group RAR shall not be greater than 93.5 per cent;*
- (C) as at the Relevant Testing Date occurring on 30 June 2021, Group RAR shall not be greater than 95 per cent; and*
- (D) as at the Relevant Testing Date occurring on 30 June 2022, Group RAR shall not be greater than 92.5 per cent.”*

- (f) the definition of “Controlled Payment Conditions” in Condition 21 (*Definitions*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) is amended so that:

- (i) the full stop at the end of limb (b)(iii) is replaced with the following text:

“; and”

- (ii) The following text is added as a new (c):

“(c) such Controlled Payment is not made at any time until the later of (A) the Waiver Period End Date; and (B) the date on which the Issuer delivers a certificate to the

Trustee (and the Trustee shall be entitled to rely on the accuracy of such certificate without further enquiry or liability) to confirm that as of the date of such certificate Month-End Group RAR is not greater than 87.5 per cent.”

(g) Limb (i) of Condition 4.11(b) (*Information and Reports; Notification of Defaults and Events of Default*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) shall be amended by inserting the word “*applicable*” before the words “*financial covenants*”.

(h) A new Condition 4.14 shall be added to Condition 4 (*Covenants*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) as follows:

“4.14 Minimum Liquidity Covenant

(a) *The Issuer shall ensure that on each Quarterly Testing Date commencing on 30 September 2020 up to and including the last Quarterly Testing Date occurring before the Waiver Period End Date, the Liquidity available to it on such Quarterly Testing Date is not less than £200,000,000 (the **Minimum Liquidity Covenant**).*”

(a) *For the purposes of this Condition 4.14, Liquidity shall be as stated in the Minimum Liquidity Certificate delivered by the Issuer to the Trustee on each Quarterly Reporting Date. The Trustee shall be entitled to rely on the accuracy of the Minimum Liquidity Certificate without further enquiry or liability”*

(i) Condition 6 (*Interest*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) is amended so that:

(i) The following test is added at the beginning of sub-paragraph (a):

“Subject to Condition 6(d) below,”

(ii) The following text is added as a new sub-paragraph (d):

“(d)

(i). *With effect from the date on which the Waiver Period commences, the rate of interest accruing on the Notes pursuant to Condition 6(a) above shall be deemed to be increased by 0.25 per cent. per annum (a **Waiver Period Interest Step-Up**) and continue thereafter in respect of each subsequent Interest Period up to and including the final day of the*

Interest Period in which the Waiver Period End-Date occurs.

(ii). *In respect of the Interest Period in which a Rating Event Trigger Date occurs, the rate of interest accruing on the Notes pursuant to Condition 6(a) above shall be deemed to be increased by 0.25 per cent. per annum (a **Rating Event Interest Step-Up**) (and interest shall accrue at the higher rate from the first day of such Interest Period) and continue thereafter in respect of each subsequent Interest Period up to and including the final day of the Interest Period in which a Rating Event Termination Trigger Date occurs.”*

(iii). *In respect of the Interest Period in which a Gearing Event Trigger Date occurs, the rate of interest accruing on the Notes pursuant to Condition 6(a) above shall be deemed to be increased by 0.25 per cent. per annum (a **Gearing Event Interest Step-Up**) (and interest shall accrue at the higher rate from the first day of such Interest Period) and continue thereafter in respect of each subsequent Interest Period up to and including the final day of the Interest Period in which a Gearing Event Termination Trigger Date occurs.*

(iii) The following text is added as a new sub-paragraph (e):

“(e) *With effect from the first day of the Interest Period immediately following any Interest Step-Up Termination Trigger Date, the Waiver Period Interest Step-Up and/or the Rating Event Interest Step-Up and/or the Gearing Event Interest Step-Up (as applicable) shall cease to apply to rate of interest accruing on the Notes.”*

(iv) The following text is added as a new sub-paragraph (f):

“(f) *If an Interest Step-Up Trigger Date occurs, the Issuer shall, by no later than 10 Business Days after the Interest Step-Up Trigger Date, notify the Trustee and the Paying Agents (the **Interest Step-Up Trigger Date Notice**). The Interest Step-Up Trigger Date Notice shall confirm the revised interest rate applicable to the relevant Class of Notes and the first day of the Interest Period from which such revised rate shall accrue. The Issuer shall also notify the Noteholders in accordance with Conditions 20 (Notices).”*

(v) The following text is added as a new sub-paragraph (g):

“(g) *If an Interest Step-Up Termination Trigger Date occurs, the Issuer shall, by no later than 10 Business Days after the Interest Step-Up Termination Trigger Date, notify the Trustee and the Paying Agents (the **Interest Step-Up Termination Trigger Date Notice**). The Interest Step-Up Termination Trigger Date Notice shall confirm the revised interest rate applicable to the relevant Class of Notes and the first day of the Interest Period from which such revised rate shall accrue. The Issuer shall also notify the Noteholders in accordance with Conditions 20 (Notices).*”

- (j) Condition 21 (*Definitions*) of Schedule 3 (*Terms and Conditions of the Notes in Definitive Form*) shall be amended to include the following additional definitions in the appropriate alphabetical order:

“**Gearing Event Interest Step-Up**” has the meaning given to such term in Condition 6 (*Interest*).”

“**Gearing Event Termination Trigger Date**” means the earlier of either:

- (i). the Waiver Period End Date; or
- (ii). the date on which the Group RAR is not greater than 92.5 per cent. as reported in the quarterly, semi-annual or annual consolidated financial results of Heathrow (SP) Limited.”

“**Gearing Event Trigger Date**” means the date on which the Group RAR is greater than 92.5 per cent. as reported in the quarterly, semi-annual or annual consolidated financial results of Heathrow (SP) Limited.”

“**Interest Step-Up Termination Trigger Date**” means:

- (i) the Waiver Period End Date; and/or
- (ii) a Rating Event Termination Trigger Date; and/or
- (iii) a Gearing Event Termination Trigger Date.

“**Interest Step-Up Trigger Date**” means:

- (i) a Rating Event Trigger Date; and/or
- (ii) a Gearing Event Trigger Date.

“**Interest Step-Up Termination Trigger Date Notice**” has the meaning given to such term in Condition 6 (*Interest*).”

“**Interest Step-Up Trigger Date Notice**” has the meaning given to such term in Condition 6 (*Interest*).”

“**June Testing Date**” means 30 June 2021 and 30 June 2022.”

“**Liquidity**” means, at any date, the aggregate amount of (a) cash on a cleared funds basis that is held by Issuer; and (b) any Cash Equivalents Investments held by the Issuer, provided that, in each case, it is not subject to any security except for Transaction Security.”

“**Minimum Liquidity Certificate**” means a certificate, signed by a director of the Issuer and delivered to the Trustee, certifying compliance with the Minimum Liquidity Covenant and providing calculations for such covenant as at the Quarterly Testing Date, in the form set out in Schedule 7 (*Form of Minimum Liquidity Certificate*) to the Trust Deed.”

“**Minimum Liquidity Covenant**” has the meaning given to such term in Condition 4.14 (*Minimum Liquidity Covenant*).”

“**Month-End 12M Group ICR**” means Group ICR determined:

- (a) on a backward-looking basis, as if the Relevant Testing Period is a backward-looking 12-month period ending on the date of the most recent monthly management accounts available to the Issuer; and
- (b) on a forward-looking basis, as if the Relevant Testing Period is a forward-looking 12-month period beginning on the first day of the current monthly management accounting period for the Issuer and:
 - (i) calculated to take into account interest and equivalent recurring finance change forecast to be paid over such 12-month period;
 - (ii) adjusted to take into account of any committed Financial Indebtedness which is expected to be incurred by the Issuer during such 12-month period and any Financial Indebtedness which is expected to be repaid by the Issuer during such 12-month period.”

“**Month-End Group RAR**” means Group RAR determined using Senior Net Indebtedness, Junior Net Indebtedness and Issuer Net Indebtedness (as applicable) and Total RAB set out in the most recent monthly management accounts available to the Issuer.

“**Month-End Junior RAR**” means Junior RAR determined using Senior Net Indebtedness and Junior Net Indebtedness and Total RAB set out in the most recent monthly management accounts available to the Issuer.

“**Quarterly Reporting Date**” means the date falling no later than 30 days after each Quarterly Testing Date.”

“**Quarterly Testing Date**” means 31 March, 30 June, 30 September and 31 December in each year starting on 30 September 2020.”

“**Rating Event Interest Step-Up**” has the meaning given to such term in Condition 6 (*Interest*).”

“**Rating Event Termination Trigger Date**” means earlier of either:

- (i) the Waiver Period End Date; or
- (ii) the date on which the Notes are rated at least Ba3 by Moody’s and at least BB- by Fitch.

“**Rating Event Trigger Date**” means the date on which any of the following events occur:

- (i) the Notes are downgraded below Ba3 by Moody’s, or
- (ii) the Notes are downgraded below BB- by Fitch; or
- (iii) the ratings are withdrawn by any Rating Agency.

“**Waiver Period**” means the period commencing on ___ July 2020 and ending on the Waiver Period End Date.”

“**Waiver Period End Date**” means the earlier of:

- (a) 1 July 2022; and
- (b) the date on which the Issuer delivers a certificate (the *Waiver Period End Date Certificate*) to the Trustee (and the Trustee shall be entitled to rely on the accuracy of such certificate without further enquiry or liability) to confirm that as of the date of such Waiver Period End Date Certificate:
 - (i) no Default is continuing;
 - (ii) Month-End Junior RAR is not greater than 82 per cent.;
 - (iii) Month-End Group RAR is not greater than 90 per cent.;
 - (iv) Month-End 12M Group ICR (on a backward-looking and a forward-looking basis) is not less than 1.0;
 - (v) the Issuer has Liquidity available to it of at least £200,000,000; and
 - (vi) the Regulator has not issued a notice to terminate any licence required for carrying on the business of any member of the Group or of any proposed or actual modification to any such licence which, if implemented, would reasonably be expected to have a Material Adverse Effect unless the licence is replaced or reinstated or the relevant authority or Regulator has directed that the Group’s business can continue without such licence or such licence is no longer required.”

“**Waiver Period Interest Step-Up**” has the meaning given to such term in Condition 6 (*Interest*).”

- 2.2 A new Schedule 7 (*Form of Minimum Liquidity Certificate*) shall be included to the Trust Deed in the form set out in the Schedule to this Supplemental Trust Deed.

3. Waivers

The Trustee hereby agrees to waive any Event of Default arising under Condition 11(a)(v) (*Events of Default*) arising as a result of the Issuer's failure to comply with the Group ICR covenant under Condition 4.1(a)(ii) (*Financial Covenants*) with respect to the Relevant Testing Period covering the 12-month period ending on 31 December 2020 as reported in the Compliance Certificate to be delivered by the Issuer to the Trustee on or before the Compliance Reporting Date in June 2021.

4. Relationship with the Trust Deed

This Deed is supplemental to the Trust Deed and, subject to the amendments and waiver to be effected to the Trust Deed hereunder, the Trust Deed shall remain in full force and effect and the Trust Deed and this Deed shall be read and construed together as one deed.

5. Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

6. General

- 6.1 The Trust Deed shall remain in full force and effect subject only to the variations set out herein and shall henceforth be read and construed in conjunction with this Deed as one document.
- 6.2 A memorandum of this Deed shall be endorsed by the Trustee and the Issuer on the Trust Deed.

7. Counterparts

This Deed may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Deed.

8. Governing Law

This Deed and any non-contractual obligation arising out of or in relation to this Deed shall be governed by, and interpreted in accordance with, English law.

Schedule
FORM OF MINIMUM LIQUIDITY CERTIFICATE

[ON THE LETTERHEAD OF THE ISSUER]

To: Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London
EC2N 2DB

[Date]

Dear Sirs / Madams

£275,000,000 3.875 per cent. Senior Secured Notes due 2027

This certificate is delivered to you in accordance with Condition 4.14 (*Minimum Liquidity Covenant*) of the Conditions of the notes in Schedule 3 to the Trust Deed dated 8 June 2017 (as supplemented by a supplemental trust deed dated 28 February 2019 and as further amended and/or supplemented from time to time) (the **Trust Deed**) and made between Heathrow Finance plc (the **Issuer**) and Deutsche Trustee Company Limited (the **Trustee**). All words and expressions defined in the Trust Deed shall (save as otherwise provided herein or unless the context otherwise requires) have the same meanings herein.

1. We confirm that as at [*Quarterly Testing Date*]:
 - (a) Liquidity is [**•**]; and
 - (b) therefore, Liquidity is not less than £200,000,000¹
2. We set out below calculations establishing the Liquidity figure above in paragraph 1:

[insert calculations]

For and on behalf of

Heathrow Finance plc
Issuer

.....
Director

¹ If this is not the case, give details.

