NATS (EN ROUTE) PLC

(*Incorporated in England and Wales with limited liability under registered number 04129273*)

£250,000,000 5.250% SENIOR UNSECURED BULLET BONDS DUE 2036

The £250,000,000 5.250% Senior Unsecured Bullet Bonds due 2036 (the "**Bonds**") will be issued by NATS (En Route) plc (the "**Issuer"**) on 12 November 2025 (the "**Issue Date"**) at an issue price of 99.572% of their principal amount (the "**Issue Price**").

The Bonds are expected to be admitted to trading on the London Stock Exchange plc's (the "**London Stock Exchange"**) Main Market ("**Main Market**") and admitted to the official list of the Financial Conduct Authority (the "**Official List**") on or about the Issue Date. The Main Market is a UK regulated market for the purposes of Regulation (EU) 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**").

This Prospectus has been approved as a prospectus by the Financial Conduct Authority (the "**FCA**"), as the competent authority in the United Kingdom ("**UK**") pursuant to Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA (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. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessments as to the suitability of investing in the Bonds. This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to the Bonds.

Interest on the Bonds is payable annually in arrear on 31 March in each year (short first coupon), as described in the Terms and Conditions of the Bonds (the "**Conditions**") under the "*Terms and Conditions of the Bonds – Interest*".

The Bonds will, unless previously redeemed in full or purchased and cancelled, be redeemed on 31 March 2036.

The Bonds are subject to redemption at the option of the Issuer, (a) in whole but not in part at their outstanding principal amount together with accrued interest in the event of certain changes affecting taxes of the UK or (b) in whole but not in part at their outstanding principal amount together with accrued interest on any date falling on or after 31 December 2035 or (c) in whole or in part (provided that the minimum principal amount of Bonds redeemed shall be at least £5,000,000) at the Make-Whole Redemption Amount (as defined in the Conditions). In addition, the Issuer may purchase some or all of the Bonds at any price, in the open market, by private agreement or otherwise (including through tender or exchange offers). See *"Terms and Conditions of the Bonds — Redemption and Purchase at the Option of the Issuer"*. Upon the occurrence of a Put Event as defined in the Conditions and as described under the "*Terms and Conditions of the Bonds — Redemption at the Option of Bondholders*", the holders of the Bonds may, subject as provided in the Conditions, require the Issuer to redeem the Bonds at their outstanding principal amount (plus accrued interest, if any).

The Bonds will be issued on the Issue Date. The Bonds will initially be represented by a temporary global bond (the "**Temporary Global Bond**"), without interest coupons, which will be deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the "**Permanent Global Bond**" and, together with the Temporary Global Bond, the "**Global Bonds**"), without interest coupons, on or after a date which is expected to be 22 December 2025 upon certification as to non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable for definitive Bonds in bearer form, with interest coupons attached in the limited circumstances set out in the Permanent Global Bond. Definitive Bonds, if issued, will be issued in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No definitive Bonds will be issued with a denomination above £199,000.

An investment in the Bonds involves certain risks. Prospective investors should have regard to the risks described under "Risk Factors" on page 5 which may affect the ability of the Issuer to fulfil its obligations in respect of the Bonds.

The Bonds have been assigned a rating of A+ by S&P Global Ratings UK Limited ("**S&P**") and A2 by Moody's Investors Service Limited ("**Moody's**"). Each of S&P and Moody's is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). As of the date of this Prospectus, each of S&P and Moody's appears on the latest update of the list of registered credit rating agencies on the FCA's Financial Services Register. Moody's and S&P are not established in the European Union ("**EU**") and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**"). Each of S&P and Moody's has its credit ratings endorsed by a credit rating agency in its group established in the EU for the purposes of the EU CRA Regulation. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation.**

Bookrunners

Barclays **BNP PARIBAS** **NatWest**

Passive Bookrunners

Bank of China **CaixaBank**

This Prospectus is dated 10 November 2025

IMPORTANT INFORMATION

This Prospectus constitutes a prospectus for the purposes of Article 8 of the UK Prospectus Regulation. This Prospectus has been prepared for the purpose of giving information with regard to the Issuer and the Bonds, which, according to the particular nature and circumstances of the Issuer and the Bonds, is necessary information which material to an investor for making an informed assessment of: (i) the assets and liabilities, financial position, profit and losses and prospects of the Issuer; (ii) the rights attaching to the Bonds; and (iii) the reasons for the issuance of the Bonds and its impact on the Issuer.

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

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (as described under "*Documents Incorporated by Reference*") and shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus. Other than in relation to the documents which are deemed to be incorporated in this Prospectus 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.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Bookrunners (as defined under "*Subscription and Sale*").

Neither the Bookrunners nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Bookrunners or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution. The Bookrunners and the Trustee do not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

No person is or has been authorised by the Issuer, the Bookrunners or the Trustee to give any information or to make any representation not contained in or consistent with this Prospectus or any other information supplied by it in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Bookrunners or the Trustee. Neither the delivery of this Prospectus nor any subscription, sale or purchase made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or NATS Holdings Limited ("**NHL**") or any of its subsidiaries (together, the "**Group**") since the date hereof.

This Prospectus does not constitute an offer to sell, or an invitation by or on behalf of the Issuer, the Trustee or the Bookrunners to subscribe for or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Trustee and the Bookrunners to inform themselves about, and to observe, any such restrictions. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Bookrunner or any affiliate of the relevant Bookrunner is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. as defined in Regulation S

under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of the United States, any state of the United States, and any other jurisdiction. For a further description of certain restrictions on offerings and sales of Bonds and on distribution of this Prospectus, see "*Subscription and Sale*".

PROHIBITION OF SALES TO EEA 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 European Economic Area ("**EEA**"). 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 "**Insurance Distribution Directive**"), 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 (the "**EU PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (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 of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK 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.

UK MiFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in 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 manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook 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.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Trustee or the Bookrunners that any recipient of this Prospectus should purchase any of the Bonds. Each investor contemplating purchasing Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Bonds may not be a suitable investment for all potential investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the

merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact that the Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds until the maturity of the Bonds, including Bonds where the potential investor's currency is not sterling;

(iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Bonds.

Legal investment considerations may restrict certain investments. The investment activities of certain potential investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Bonds are legal investments for it; (2) the Bonds can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal or other advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

In this Prospectus, references to "£", "pounds", "sterling", "pence" or "p" are to the lawful currency of the UK and references to a "Member State" are to a Member State of the EEA (unless expressly stated otherwise). In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

FORWARD-LOOKING STATEMENTS

This Prospectus (including the documents incorporated by reference into this Prospectus) includes forward-looking statements. All statements relating to the Issuer other than statements of historical fact included in this Prospectus are forward-looking statements, which by their nature involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Issuer will operate in the future.

Various factors could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements, including legislative, regulatory or other circumstances affecting anticipated revenues, costs or capital expenditure requirements, future climatic and environmental conditions, future economic conditions including changes in customer demand, development of competition within the air traffic management industry and changes in capital market conditions.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Forward-looking statements speak only as of the date of this Prospectus. Except as required by the FCA, the London Stock Exchange or any other applicable law, regulation or stock exchange requirements, the

Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Prospectus (or the documents incorporated by reference into this Prospectus) to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

NON-IFRS RATIOS AND MEASURES

The Issuer Statutory Accounts (as defined below) have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the UK. This Prospectus contains certain ratios and measures that do not form part of IFRS.

These measures and ratios include: (i) adjusted revenue, (ii) adjusted profit before tax, (iii) debt-adjusted cash flows ("**DACF**"), (iv) net debt; (v) regulatory asset base ("**RAB**"); (vi) regulatory return (adjusted); and (v) gearing.

For a description of the above alternative performance measures, please see the section entitled "*NATS (En Route) plc – Alternative Performance Measures*".

IN CONNECTION WITH THE ISSUE OF THE BONDS, NATWEST MARKETS PLC AS STABILISATION MANAGER (THE "**STABILISATION MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus, and which shall be incorporated in, and form part of, this Prospectus:

(a) the audited financial statements of the Issuer for the financial year ended 31 March 2025, together with the auditor's report to the members thereon (which can be found at pages 35 to 100 of the Annual Financial Statements of the Issuer for the financial year ended 31 March 2025), which can be accessed from the following hyperlink: https://www.nats.aero/wp-content/uploads/2025/06/NATS-En-Route-plc-2025-signed-EY.pdf;

(b) the audited financial statements of the Issuer for the financial year ended 31 March 2024, together with the auditor's report to the members thereon (which can be found at pages 32 to 97 of the Annual Financial Statements of the Issuer for the financial year ended 31 March 2024) which can be accessed from the following hyperlink: https://www.nats.aero/wp-content/uploads/2024/06/NATS-En-Route-Plc-2024.pdf,

((a) and (b) together, the "**Issuer Statutory Accounts**"); and

(c) pages 6 to 9 (*Chief Executive's Review*), pages 10 to 13 (*Business environment*) and pages 14 to 19 (*Financial Review*) of the Annual Financial Statements of the Issuer for the financial year ended 31 March 2025), which can be accessed from the following hyperlink: https://www.nats.aero/wp-content/uploads/2025/06/NATS-En-Route-plc-2025-signed-EY.pdf.

Any information which is incorporated by reference in documents which are deemed to be incorporated in, and to form part of, this Prospectus, shall not form part of this Prospectus. Any information contained in any of the documents specified above which is not expressly incorporated by reference in this Prospectus does not form part of this Prospectus and is either not relevant to investors or is covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained on the Issuer's website (https://www.nats.aero/), from the registered office of the Issuer and, upon reasonable request and during business hours, from the specified offices of the Paying Agent for the time being in London. Except for the information specifically incorporated by reference in this Prospectus, the information provided on such website is not part of this Prospectus and is not incorporated by reference in it. Copies of the documents may also be provided by a Paying Agent by email to a Bondholder or Couponholder (as the case may be) following their prior written request to the relevant Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Prospectus which may affect the assessment of the Bonds arising between the date of this Prospectus and the commencement of dealings in the Bonds following their admission to trading on the Main Market of the London Stock Exchange, prepare and publish a supplement to this Prospectus.

OVERVIEW

The following overview must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole, including the information incorporated by reference.

Words and expressions defined in the Conditions shall have the same meanings in this Overview.

Issuer:	NATS (En Route) plc
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Bonds. All of these are set out under "*Risk Factors*".
Description:	£250,000,000 5.250% Senior Unsecured Bullet Bonds due 2036 (the "**Bonds**").
Active Bookrunners:	Barclays Bank PLC BNP PARIBAS NatWest Markets Plc
Passive Bookrunners:	Bank of China Limited, London Branch CaixaBank, S.A.
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Trustee:	BNY Mellon Corporate Trustee Services Limited
Currency:	The Bonds are denominated in pound sterling.
Issue Price:	99.572%.
Interest:	Fixed interest of 5.250% per annum on the Bonds is payable annually in arrear on 31 March in each year to and including 31 March 2036 (short first coupon), as described in the Conditions under "*Terms and Conditions of the Bonds - Interest*".
Redemption and Purchase:	The Bonds will, unless previously redeemed in full or purchased and cancelled, be redeemed on 31 March 2036. The Bonds are subject to redemption at the option of the Issuer, (a) in whole but not in part at their outstanding principal amount together with accrued interest in the event of certain changes affecting taxes of the UK or (b) in whole but not in part at their outstanding principal amount together with accrued interest on any date falling on or after 31 December 2035 or (c) in whole or in part (provided that the minimum principal amount of Bonds redeemed shall be at least £5,000,000) at the Make-Whole Redemption Amount (as defined in the Conditions) together with accrued interest. See "*Terms and Conditions of the Bonds — Redemption and Purchase at the Option of the Issuer*". Upon the occurrence of a Put Event as defined in the Conditions and

	as described under the "*Terms and Conditions of the Bonds - Redemption at the Option of Bondholders*", the holders of the Bonds may, subject as provided in the Conditions, require the Issuer to redeem the Bonds at their outstanding principal amount (plus accrued interest, if any). The Issuer may also purchase at any time some or all of the Bonds at any price, in the open market, by private agreement or otherwise (including through tender or exchange offers). Such Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. See "*Terms and Conditions of the Bonds — Redemption and Purchase at the Option of the Issuer*".
Form and Denomination:	The Bonds are in bearer form, serially numbered, in the denomination of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000.
Taxation:	All payments in respect of the Bonds will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the UK, or any political sub-division of, or any authority in or of, the UK having power to tax, unless the withholding or deduction of such Taxes is required by law. In the event that any such withholding or deduction is made, the Issuer is save in certain limited circumstances provided in Condition 8 (*Taxation*), required to pay additional amounts to cover the amounts so withheld or deducted.
Negative Pledge:	The terms of the Bonds contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).
Cross Default:	The terms of the Bonds contain a cross default provision as further described in Condition 10 (*Events of Default*).
Status of the Bonds:	The Bonds and the Coupons constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable laws and subject to the provisions of Condition 3 (*Negative Pledge*), equally with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.
Rating:	The Bonds have been assigned a rating of A+ by S&P and A2 by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing:	The Bonds are expected to be admitted to trading on the Main Market and admitted to the Official List on or about the Issue Date.

Governing Law:	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Bonds in the United States, Singapore, the EEA and the UK, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S; Category 2; TEFRA D.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer believes that the factors described below represent, separately or in combination, the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including the information incorporated by reference in this Prospectus, and analyse all market, political, regulatory and economic factors (or such other factors) as they deem appropriate in order to reach their own views prior to making any investment decision. Capitalised words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section.

This Risk Factors section is presented to cover the following risk categories and is accordingly divided into the following sections:

- Strategic risks;
- Compliance risks;
- Operational risks;
- Financial risks; and
- Risks related to the Bonds.

STRATEGIC RISKS

Termination of the Licence

The licence granted to the Issuer to operate air traffic control ("**ATC**") services (the "**Licence**") continues to have effect until determined by, currently, not less than 15 years' notice from the Secretary of State for Transport (the "**Secretary of State**") after consultation with the Civil Aviation Authority ("**CAA**"). The Licence termination notice period was extended by the Secretary of State from 10 years' notice in September 2021 and is reflected in the Licence currently published on the CAA's website, dated 7 December 2023. The Secretary of State has the power to amend the terms of the Licence, including shortening this notice period. The Issuer is not aware of any intention on the part of the Secretary of State and/or the CAA to terminate the Licence. However, the Issuer derives a substantial majority of its revenue from operation of its licensed services. Accordingly, if notice was given to terminate the Licence and the termination took place before the maturity of the Bonds, there is a risk that the Issuer would not be able to refinance the Bonds and/or to make payments on the Bonds.

Revocation of the Licence

The Licence may be revoked at any time where one of the grounds for revocation listed in the Licence are met. The grounds for revocation include if the Secretary of State and the Issuer agree the Licence should be revoked; if the Issuer ceases to carry on an en route ATC business; or if the Issuer fails to comply with its requirement to notify relevant changes in shareholdings to the Secretary of State. The notice period for revocation is either 24 hours or 30 days, depending on the grounds for revocation (see "*NATS (En Route) plc – The Licence*" for more details). The Issuer derives a substantial majority of its revenue from operation of the licensed services. Accordingly, if the Licence was revoked and the Issuer was not subsequently granted a new licence on similar terms there is a risk that the Issuer would not be

able to refinance the Bonds and to make payments on the Bonds.

Expiry of exclusivity period under the Licence

The exclusivity period in respect of the authorisation granted to the Issuer under the Licence expired on 26 July 2011. Accordingly, it is in theory possible that further licences or exemptions could be granted to other parties under the Transport Act 2000 (the "**Transport Act**") in respect of controlled airspace and the Licence modified so as to reduce the scope of the services provided by the Issuer.

The Issuer is not aware of any current intention on the part of the Secretary of State or the CAA to grant further licences in respect of the services currently performed by the Issuer and/or to modify the Licence so as materially to reduce the scope of the services provided. In practice, to do so would be likely to make the provision of such services more inefficient and costly.

If further licences or exemptions were granted to other parties under the Transport Act, this would reduce the scope of the Licence and licensed services to be performed by the Issuer. The Issuer derives a substantial majority of its revenue from operation of the licensed services. Accordingly, any reduction in the scope of the Licence could have an adverse impact on the Issuer's liquidity and cash flows and on its ability to refinance or make payments on the Bonds and/or to raise additional financing.

Regulatory environment and framework

The Issuer's regulatory environment is complex and subject to change. Potential changes in the regulatory environment, frameworks and associated strategies imposed or overseen by the Secretary of State and/or the CAA could result in increased costs, reduced income, lower margins and greater uncertainty of returns for the Issuer which could make it difficult for the Issuer to make payments on the Bonds (subject to the CAA's duty to protect the Issuer's financeability – see the "*NATS (En Route) plc – The Issuer's regulatory environment*" section below).

Adverse outcomes of future price control determinations

The nature and amount of the Issuer's charges to airlines for the provision of its licensed services, and therefore the maximum revenue the Issuer can expect to receive based on forecast air traffic in a given period, are subject to economic regulation determined by the CAA and imposed and enforced through modifications to the Licence (see the "*NATS (En Route) plc – The economic regulation of the Issuer*" section below for more details).

It is the CAA's duty to ensure that any price control determination will not result in the Issuer finding it unduly difficult to finance its licensed activities (see the "*NATS (En Route) plc – The Issuer's regulatory environment*" section below for more information). However, the economic settlement that is given effect by the price control decision is intended to impose challenging cost efficiency targets on the Issuer's operating costs and to regulate its capital expenditure. The price control determination is also the primary means by which the CAA sets the economic and regulatory parameters for the strategic direction of the Issuer over the period of the price control.

The latest price control period, NR23 (2023-2027), commenced on 1 January 2023. The CAA published its final decision concerning the latest price control on the Issuer's charges to airlines on 26 October 2023 (the "**CAP2597 Final Decision**"). This led to licence modifications being implemented in the Licence dated 7 December 2023, including the basis for the calculation of the Issuer's charges.

The next price control period ("**NR28**") is due to commence on 1 January 2028. In anticipation, the CAA published a document in August 2024 setting out its lessons learnt from NR23 and summarising its proposed approach to NR28 ("**CAP3000**"). On 30 September 2025, the CAA published an update and consultation on the timetable and approach to the constructive engagement for NR28, under which the Issuer and the airlines will be engaging in business plan discussions ahead of the CAA setting the price controls for NR28 (the "**Constructive Engagement**"). The CAA anticipates publishing initial proposals

for NR28 for consultation in July 2027 with a final decision and statutory notice on Licence modifications to follow in August 2028. Interim arrangements will be made to cover the period from January to August 2028 based on the CAA's initial proposals.

An adverse outcome as a result of any changes to the Issuer's price control arrangements during the current NR23 price control period, the upcoming NR28 price control period and/or any future price control periods could impact on the Issuer's financial performance and cash flow and therefore its ability to make payments on the Bonds.

See "*NATS (En Route) plc – The economic regulation of the Issuer – The CAA's approach to economic regulation for the current NR23 price control period*" for more details.

Modifications to the Licence

Under the Transport Act (as amended by the Air Traffic Management and Unmanned Aircraft Act 2021 (the "**Air Traffic Act**")), the Licence may be modified by the CAA without the Issuer's consent, after consultation and subject to a statutory appeal mechanism providing for appeals to the Competition and Markets Authority (the "**CMA**"). The Transport Act also empowers the Secretary of State to amend the Licence by modifying any term specifying the period for which the Licence continues in force or any term by or under which that period is determined or by modifying a term that has been prescribed for the purposes of this modification power by regulations made by the Secretary of State.

Any modification to the Licence requiring the Issuer to provide additional services or to utilise specific items of infrastructure could have a material adverse impact on the financial performance and/or cash flow of the Issuer which may make it difficult for the Issuer to make payments on the Bonds. The application of the Issuer's regulatory regime, including the CAA's statutory duties, (see "*NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment*" and *"NATS (En Route) plc – The Issuer's regulatory environment – Modifying licences"* on the expansion of the Issuer's role in respect of providing a UK Airspace Design Service ("**UKADS**")) will be relevant to this impact.

Uncertainty in future air traffic demand

The Issuer is dependent on traffic volumes for its revenue. The current socioeconomic landscape, driven by high energy prices, inflationary fluctuations, and volatility in interest rates, creates uncertainty around flight volume forecasts, as air traffic volumes have historically and broadly varied proportionately with UK gross domestic product ("**GDP**"). In addition, ongoing trade tariff uncertainties in the United States and globally could also contribute to a slowdown in traffic volumes. The Issuer's principal source of revenue is the provision of air traffic control services to airlines flying through UK and the eastern North Atlantic airspace. A pronounced slowdown in economic growth in the UK, the United States and Europe could result in fewer flights and lower income than the CAA assumed for NR23.

In the financial year 2025, the volume of flights handled by the Issuer grew by 2.9% to 2.48 million (2024: 2.41million), which marks a positive recovery to 96% of pre-pandemic levels. However, this figure was still 3.8% below the traffic forecast adopted by the CAA for NR23. While traffic volumes have rebounded following the global easing of Covid-19 travel restrictions, the speed of this recovery for the medium to long-term remains uncertain due to the possibility of future global or regional pandemics or other health emergencies.

Longer term, changes to government environmental policy, measures impacting the air travel demand (for example, air passenger duty or frequent flyer taxes) and/or the public perception of the desirability of air travel could also result in persistently lower levels of traffic demand in future, which could negatively impact the Issuer's future revenue and therefore its ability to make payments on the Bonds. See also the risk factor *"Financial Risks – Reduction in traffic volumes*" below.

Significant and prolonged variations in traffic volumes have the potential to impact the financial performance and/or cash flow of the Issuer and the ability of the Issuer to refinance the Bonds and/or to

raise additional financing and the Issuer's ability to make payments on the Bonds. The application of the Issuer's regulatory regime, including the CAA's statutory duties, (see "*NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment*") will be relevant to this impact.

COMPLIANCE RISKS

Breach of statutory duties and Licence obligations

The CAA is responsible for investigating and enforcing compliance by the Issuer with its statutory duties under the Transport Act and its Licence obligations.

Under the Transport Act (as amended by the Air Traffic Act), the CAA may issue a contravention notice to the Issuer if it has reasonable grounds for believing that the Issuer is contravening, or has contravened, a condition of its Licence and/or its statutory duties.

If the CAA has given the Issuer a contravention notice (and has not withdrawn it) and the CAA determines, following the end of a representation period, that the Issuer is contravening or has contravened the condition of its Licence and/or the statutory duty specified in the notice and has not taken all of the appropriate steps to comply with its obligations and remedy the consequences of the contravention, the CAA may issue an enforcement order against the Issuer. An enforcement order must require the Issuer to take any appropriate steps that are specified in the order within a specified period.

The CAA may also give an urgent enforcement order if the CAA has reasonable grounds for believing that a contravention by the Issuer has resulted in, is likely to result in, or creates an immediate risk of a serious economic or operational problem and it is appropriate to give an urgent enforcement order to prevent, remove, prevent or reduce that problem or risk.

An enforcement order (and/or urgent enforcement order) may have an adverse impact on the operation of the Issuer and, potentially, put pressure on its cash flows, which in turn could have an adverse impact on its ability to make payments on the Bonds.

An enforcement order (or urgent enforcement order) by the CAA creates a duty on the part of the Issuer to comply with it (unless it is revoked). That duty is owed to every person who may be affected by a contravention of it. A breach of the duty is actionable by any person to whom the breach causes loss or damage and is specifically excluded from the statutory immunity under the Transport Act. The CAA may also enforce the duties owed in civil proceedings (and the CAA doing so does not prejudice the rights of any other person in respect of an alleged breach of the relevant duty).

The CAA may also impose penalties on the Issuer for contravention of a condition of its Licence and/or a statutory obligation specified in a contravention notice and/or for contravention of a requirement in an enforcement order or urgent enforcement order. The amount of the penalty can be up to 10% of annual turnover or a daily amount of up to 0.1% of annual turnover. If this were to occur, it could have a material adverse impact on the financial condition of the Issuer.

An enforcement order, urgent enforcement order or penalty imposed by the CAA could introduce material unanticipated costs that may not be recoverable by the Issuer, at least within the relevant price control period. Any decision by the CAA in the course of regulatory investigations is subject to the CAA's statutory duties and to a statutory appeal mechanism providing for appeals to the CMA.

In February 2021 the CAA published its CAP2100 final decision in its investigation regarding alleged contraventions by the Issuer in relation to staffing resilience in the London Approach Service (air traffic services in the airspace between the en route airspace and the terminal airspace around London) for users of Stansted and Luton Airports, in which the CAA found that the Issuer contravened its statutory duties and Licence obligations. In response to a number of recommendations made by the CAA, the Issuer has now deployed several operational changes and reports bi-annually on the progress towards implementing the recommendations. The last planned update on progress was published by the Issuer

in August 2025.

An imposition of financial penalties by the CAA on the Issuer could have a material adverse impact on the financial condition of the Issuer.

See *"NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment - Enforcement"* for further information regarding enforcement.

Acts or omissions in the course of providing air traffic services causing third party loss

The Issuer enjoys an immunity from legal proceedings in respect of a failure to perform a statutory duty or Licence obligation. However, this statutory immunity does not affect a right of action in respect of (a) an act or omission of the Issuer which takes place in the course of it providing air traffic services (e.g. a negligent act of the Issuer in providing a service); or (b) a failure by the Issuer to comply with an enforcement order which causes loss to a third party. A successful claim may affect the financial condition of the Issuer and put pressure on the Issuer's liquidity and cash flows and therefore its ability to make payments on the Bonds.

On 28 August 2023, the Issuer experienced a failure of its automatic flight plan processing system that resulted in the Issuer imposing temporary restrictions on the use of UK airspace (the "**Incident**"). As a result, the Issuer was served by Ryanair DAC and Ryanair UK Limited (the "**Claimants**") in April 2024 with a High Court claim alleging negligence against the Issuer in connection with the Incident. The Claimants say that the Issuer owed them a common law duty of care in tort to take reasonable care in the provision of air traffic services to avoid causing them economic loss, and that the Issuer's negligence caused the shutdown of the Issuer's automated systems. The Claimants are seeking damages of €5,367,911.25 (converted to £4,593,858.45), plus accrued interest. The claim is at an early stage and the Issuer is defending the claim robustly, including on the basis that the alleged duty would be inconsistent with the statutory framework. Given its relatively low value, even if successful, the claim itself is unlikely to have any material impact on the financial condition of the Issuer. However, if the claim is successful, this could make similar claims in respect of the incident that occurred on 28 August 2023 or future alleged acts or omissions by the Issuer more likely, and as such could impact the financial condition of the Issuer.

See *"Risk Factors – Operational Risks – Systems failure" and "General Information – Litigation"* sections below for more information.

Initiation of an Air Traffic Administration Order

The Issuer is subject to a bespoke insolvency regime provided under the Transport Act. In addition to the usual requirements in such procedures to have regard to the interests of the shareholders and creditors, the bespoke procedure applicable to the Issuer includes an additional requirement to ensure continuity of the provision of the Licensed services until the Licence is revoked and the services can be provided by a new Licence holder.

The court may make an air traffic administration order ("**ATAO**") in relation to the Issuer if an application is made by the Secretary of State or, with their consent, the CAA and one or more of the stipulated conditions is satisfied, including that the company is or is likely to be unable to pay its debts or commits a serious contravention or breach of the Licence or statutory duty.

Until the Licence is revoked the Issuer may not be wound up, nor may an administrator under the Insolvency Act 1986 be appointed in respect of it. During such time, where a court would otherwise have made an order for winding up, on an application for the winding up of the Issuer, it is bound to appoint an air traffic administrator.

The purposes of an ATAO are (i) the transfer to one or more different companies, as a going concern, of so much of the business and undertaking of the Issuer as it is necessary to transfer to ensure that its licensed activities may be properly carried out; and (ii) the carrying out of those licensed activities pending

the making of a transfer. During the period of the ATAO, the Issuer is to be managed for the achievement of the purposes of the ATAO and in the manner which protects the respective interests of the Issuer's shareholders and creditors (see "*NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment – Air Traffic Administration Orders*"). The continuity of service requirement set out in the regime overrides the interests of the Issuer's creditors, including the Bondholders, and there may therefore be insufficient cash flow, or proceeds from the disposal of any assets, allocated to make payments due on the Bonds following the Issuer being subject to an ATAO.

The CAA's powers to direct the Issuer pursuant to the Air Navigation Orders

The CAA stipulates detailed safety regulations governing UK-managed airspace in secondary legislation enacted under the Civil Aviation Act 1982 (the "**CAA 1982**"), known as Air Navigation Orders ("**ANO**"). Under the ANO, the CAA is empowered to direct the Issuer in relation to the provision of air traffic services in the interests of safety and/or to achieve UK government policy on the allocation and use of UK-managed airspace, including to direct the Issuer to provide such services (in addition to those services provided under the Licence) and in respect of the standard to which, the periods and times during which, the manner in which and the sector of airspace in which, such services are to be provided.

The CAA is not bound by its statutory duties contained under the Transport Act – in particular its statutory duty to secure that the Issuer does not find it unduly difficult to finance its Licensed activities, when promulgating ANOs under the CAA 1982. As such, it is possible that the CAA could direct the Issuer via an ANO in a manner that changes the scope and detail of the Issuer's service obligations without doing so via the Licence modification procedures under the Transport Act. No such directions have been issued to date, but if such directions were lawfully issued, the Issuer would be obliged to comply with such directions and doing so could have a material adverse impact on the financial performance of the Issuer and put pressure on the Issuer's liquidity and cash flows and its ability to make payments on the Bonds. The application of the Issuer's regulatory regime including the CAA's statutory duties, (see "*NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment*") will be relevant to this impact.

OPERATIONAL RISKS

Systems failure

A failure to meet customer service requirements, such as a serious failure in the main air traffic management system, could result in a direct reduction in the Issuer's income. Such systems failures could also result in financial losses for airline companies, resulting in possible attempts by them to claim against the Issuer for losses.

An example of a system failure is the Incident experienced by the Issuer. Following the Incident, the CAA established an independent review panel to investigate the causes and recommend improvement measures (the "**Independent Review**"). While the CAA did not delay the issuance of CAP2597 as a result of the Incident, it noted in CAP2597 that changes to the Issuer's regulatory framework may be required during NR23 and future price controls to address issues arising from the Incident. The Independent Review, published in November 2024 (the "**Independent Review's Final Report**"), confirmed that safety was not compromised, but made a series of recommendations for the Issuer and the wider sector. In parallel, the Issuer also conducted its own investigation. The Issuer has implemented a programme of operational and technical changes in response to both these recommendations and continues to report on progress.

In addition, on 30 July 2025, the Issuer experienced an isolated radar-related technical issue. In response, the Issuer introduced traffic volume restrictions on a temporary basis to maintain safety, resulting in delays and some cancellations of flights. The Issuer promptly switched to a back-up system, resolving the immediate issue within 45 minutes. However, residual impacts on air traffic operations continued for several hours thereafter.

Notwithstanding the measures taken by the Issuer to prevent a recurrence of similar incidents and other systems failures, and to limit their consequences, the possibility of a future system failure cannot be ruled out. Any such event could disrupt air traffic services and may have an adverse effect on the Issuer's business, operations, financial condition and its ability to meet its obligations under the Bonds.

Air traffic safety incidents

The Issuer utilises modern technology and maintains sophisticated safety systems and a detailed safety regime. Nevertheless air traffic incidents and other disasters cannot be ruled out. The Issuer maintains significant third party liability cover, although the amount of insurance cover is dependent upon the available capacity in the insurance market and so may not be sufficient to cover all possible eventualities. If a serious air traffic incident or disaster were to occur as a result of, or otherwise be attributable to, the Issuer's acts or omissions, the Issuer could be subjected to numerous claims (including claims under certain indemnities given by the Issuer to certain product suppliers, described in more detail in — "*Indemnities*" below) which, if successful, could have a material adverse effect on the Issuer's finances and operations. Furthermore, such incidents could adversely affect the Issuer's reputation and damage confidence in the Issuer's ability to provide *en route* services, which may have an impact on the Issuer's financial performance and cash flow and therefore its ability to make payments on the Bonds.

Catastrophic risk

Catastrophic events such as fires, earthquakes, floods, prolonged droughts, terrorist attacks, diseases, systems failure or other similar events could result in personal injury, loss of life, pollution or environmental damage, severe damage to or destruction of the Issuer's operational assets and cause brand / reputational harm, or loss of stakeholder confidence in the Issuer. Insurance coverage for business continuity risks is constrained economically and/or due to market availability and as such any costs resulting from suspension of operations of the Issuer could have a material adverse effect on the ability of the Issuer to meet its financing obligations including making payments on the Bonds.

Operation of key sites during and following health emergencies

The aviation sector has shown a positive recovery from the impact of the Covid-19 pandemic on both the UK and the global economy. Nevertheless, the effects of that period, particularly on revenue streams, continue to be felt across the industry. In the Issuer's case, this resulted in a shortfall of £707 million which is being recovered over ten years under the NR23 and NR28 price controls. This Issuer's income entitlement for the service provided during the Covid-19 period was determined by the CAA following a retrospective reconciliation of the Issuer's flight income and costs.

In 2025, the air traffic volumes for the Issuer recovered to 96% of pre-pandemic levels, marking progress. However, uncertainty remains regarding the potential resurgence of Covid-19 or the emergence of other global or regional pandemics, epidemics, or health emergencies, any of which could lead to a recurrence of circumstances similar to, or even more severe than, those experienced during the Covid-19 pandemic.

A key risk for the Issuer will be to ensure operational resilience and flexibility for the possibility of any global or regional pandemics or other health emergencies, in addition to air traffic controllers remaining capable of managing rapid increases in workload following such events. The Issuer is working closely with the Department for Transport and key stakeholders including the CAA, airlines and airports to maintain a strong operational resilience. Nevertheless, any failure to effectively manage operational resilience, particularly during the recovery phase of such events – when air travel demand may increase – may impact the Issuer's ability to operate effectively and could damage the Issuer's operational activities and reputation, leading to a material adverse effect on the business, operations and financial condition of the Issuer.

Indemnities

In the course of its business as a provider of air traffic and related services the Issuer (and its

predecessors in business, NATS Limited and the CAA) has entered into indemnities in favour of third parties, both customers and suppliers, against loss, damage (including death and personal injury) or claims they may suffer, and whether arising from the negligence of third parties or the Issuer (or NATS Limited or the CAA) or otherwise. Such indemnities have typically been given to a third party to whom or from whom specific equipment or services are supplied or purchased by the Issuer (or NATS Limited or the CAA). In particular, the Issuer and the CAA have given indemnities in favour of suppliers of licenced software and computer hardware, principally at the Issuer's control centres and data centre. Failure to adhere to the terms of the licences associated with the licenced assets could lead to substantial losses for these suppliers. Such losses could result in significant liability for the Issuer under these indemnities. The terms of these indemnities vary but in some cases liability is unlimited, which could have a material adverse effect on the financial condition of the Issuer making it difficult for the Issuer to make payments on the Bonds.

Capital Investment

Failure by the Issuer to maintain its capital assets might affect the Issuer's financial condition. Demonstrably inefficient or wasteful expenditure ("**DIWE**") on capital assets may also result in reduced recovery of such expenditure under the regulatory regime, affecting the Issuer's revenues. Similarly, the Issuer's performance against the regulatory capital investment engagement incentive mechanism may also impact revenues (see "*NATS (En Route) plc – The Licence – Operation of the regulated business*").

The Issuer's ability to invest sufficiently in capital assets and deliver improvements is constrained by its price control settlement, as determined by the CAA, and by the outturn traffic volumes. If the Issuer is unable to maintain its capital assets or deliver required improvements, there is a risk of asset failure and unplanned service interruptions. The Issuer's profitability might suffer because of engineering repair costs or a need for increased capital expenditure. Failure to make the required investment or material delay in completing the investment could also result in the Issuer being unable to meet its statutory duties and/or Licence obligations resulting in enforcement action. Alternatively, a lack of investment could lead to a failure by the Issuer to meet its performance targets, which could impact on its financial performance and cash flow.

Supply chain risks

The failure of a major supplier to deliver its services, including the financial failure of that supplier, could affect the Issuer's operations and/or have a financial impact on the Issuer until such time as suitable arrangements were put in place with alternative suppliers. To manage this risk, all suppliers are regularly assessed through an independent risk monitoring agency and contingency plans are available for those suppliers deemed business critical. Ongoing operational and financial performance of high value spend and business critical suppliers is managed through a comprehensive performance management and review process. In addition, third parties are monitored against an additional range of measures including but limited to corporate social responsibility initiatives, cyber security compliance and reputational impact. The Group maintains a Supplier Charter which outlines the standards expected throughout its supply chain and which is readily accessible on the Issuer's website. Despite these efforts, the risk remains that the failure of a major supplier could adversely impact the Issuer's operations and/or financial position.

Loss of data or interruptions to key business systems and service continuity

Loss or misuse of data, or interruptions to key business and operational systems could have an adverse impact on the availability or integrity of the Issuer's operational assets. This could also result in the Issuer being in breach of its Licence obligations, which could have an adverse impact on the Issuer's financial condition and/or reputation.

The Issuer's operations, including the effective asset operations, and successful treasury activities rely on sensitive and highly complex information systems and networks, including systems and networks provided by and interconnected with those of third-party providers. It is critical for the Issuer to maintain

a high degree of focus on the effectiveness, availability, integrity and security of information systems to assure delivery of its services.

The volume and complexity of disruptive cyber security threats (such as denial of service) are increasing and constantly evolving, as such it is not completely certain that the Issuer's control measures will be sufficient to prevent, respond to or recover from all possible breaches and the Issuer relies on third-party hardware, software and service providers, which are not entirely under the Issuer's control, for certain systems and networks. Any malicious cyber-attack could affect the integrity or availability of the Issuer's operational services and result in extensive effort to respond and recover. A cyber-attack on a non-operationally critical part of the Issuer's business could be similarly disruptive and reputationally damaging. The Issuer maintains robust technical, physical and personnel security controls, along with close working relationships with the UK's security services, including the National Cyber Security Centre and the National Protective Service Authority to monitor threats of a damaging cyber-attack.

Nevertheless, there is a risk that a security breach or a cyber security attack could lead to a requirement to reduce or stop the provision of ATC services for safety reasons until resolution of the security breach or the cyber security attack resulting in significant reputational damage and could result in regulatory intervention and/or substantial fines.

Attraction and retention of senior management, skilled personnel and capabilities

The attraction, development, retention, reputation and succession of senior management and individuals with key skills are critical factors in the successful execution of the Issuer's objectives, and operation of the Issuer's businesses. Insufficient capability and capacity in high calibre senior management and individuals, or any failure to make appropriate succession plans, could compromise achievement of the Issuer's objectives and could have a material adverse effect on the Issuer's business, results of operations and overall financial condition.

Labour disputes

Labour disputes, such as strikes, walkouts, claims or other formal or informal industrial action may disrupt the Issuer's business. A significant strike or other labour dispute could impact the Issuer's ability to provide air traffic services to customers. Consequently, its reputation, financial position and operating results may be adversely affected by industrial action, which could make it difficult for the Issuer to make payments on the Bonds.

NATS Limited (as the employer of all the Group employees) is a highly unionised company with a strong tradition of collective bargaining with two trade unions: Prospect (for air traffic controllers and engineers) and PCS (for air traffic service assistants and support staff). Regular dialogue takes place with trades unions on a range of challenging issues including air traffic controller supply, working practices and employee pay. However, there is a general risk, heightened by the inflationary fluctuations and the cost of living uncertainties, that employee engagement may decrease and industrial relations could worsen as a result of pay negotiations and other changes to employment terms and conditions, employment related court decisions, changes to pensions, and as a response to any wider climate of trade union disputes.

Pension scheme funding

The NATS section of the Civil Aviation Authority Pension Scheme ("**CAAPS**") is a defined benefit scheme (the "**NATS Section**"), subject to a statutory funding objective, as set out in pensions legislation and supported by a code of practice issued by the UK pensions regulator. The trustees of the NATS Section are required to formally review the funding position at least every three years. The most recent formal review was on 31 December 2023, and that review formed the basis for the latest agreed schedule of contributions required in order to meet the benefits of the NATS Section. The investment strategy of the NATS Section is determined by the trustees, after consultation with NATS Limited, and aims to achieve an appropriate balance between achieving higher returns (to keep the costs of benefits affordable) and minimising risk (to protect members benefits and the chances of large adverse movements in the funding

position). The current investment strategy includes a growth portfolio of return seeking assets, including equities and fixed income investments, that account for the majority of the NATS Section assets. The remaining assets are held in a Liability Driven Investments ("**LDI**") portfolio which provides protection against adverse movements in nominal interest rates and inflation. The LDI portfolio is designed to eliminate up to 90% of the inflation and interest rate exposures inherent within the funded liabilities of the NATS Section on its long term funding target. The main risks arising from the current investment strategy are lower than expected investment returns, lower real interest rates and improved life expectancy.

The other predominant risk is in relation to the strength of the covenant of NATS Limited and its ability to pay the contributions. Under the current regulatory framework, the Issuer is able to recover from customers increases in contributions from changes in unforeseen financial market conditions.

The pension risks detailed above are partially mitigated by the continued existence of the pension pass-through arrangements and the regular engagement between NATS Limited and the trustee of CAAPS and its advisors around an appropriate funding and investment strategy. The CAA published a regulatory policy statement (CAP 2119) on the principles it proposes to apply in respect of pension pass-through in March 2021. The CAA confirmed in CAP2597 its intention to continue to allow pass-through of unexpected changes in pension costs due to unforeseen financial market conditions. Despite these pension pass-through arrangements, increased pension scheme contributions by the Issuer could have an adverse impact on the Issuer's financial position and its ability to make payments on the Bonds.

Please see the sections "*Risk Factors – Strategic Risks – Adverse outcomes of future price control determinations*" and "*NATS (En Route) Plc – The economic regulation of the Issuer – The CAA's approach to economic regulation for the current NR23 price control period*" for more details on the impact of CAP2597.

Deed of a Trust of a Promise

NATS Limited has separately provided certain covenants in relation to the continuance of CAAPS under the Deed of a Trust of a Promise which limit NATS Limited's ability to mitigate its liabilities thereunder. At the time of the Private Public Partnership ("**PPP**"), NATS Limited entered into a deed dated 26 July 2001 with the Secretary of State for the Environment, Transport and the Regions (as it then was) and Law Debenture Pension Trust Corporation plc (the "**Trust of a Promise**"), and gave certain covenants, broadly, for the continuance of CAAPS or identical pension benefits (including on transfers of employment) for the benefit of those NATS Limited employees who were members of the CAAPS at the time of the PPP (the "**Protected NATS Employees**"). The Issuer (and NATS (Services) Limited ("**NSL**")) have agreed to indemnify NATS Limited (under the management services agreements ("**MSAs**")) in respect of liabilities arising under the Trust of a Promise in respect of relevant employees. The protection afforded to Protected NATS Employees' pension rights under the Trust of a Promise is significant and represents a material financial exposure for NATS Limited and the Issuer.

Further detail on the CAAPS is set out in "*Pension scheme funding*" above.

In particular, the loss of the Licence by the Issuer which, if it were to occur, could result in a compulsory transfer of employment of the relevant employees to the new licence holder, with the obligation on NATS Limited to continue to employ them if the new licence holder does not continue CAAPS or an equivalent scheme. NATS Limited (as the current employer of such employees) and the Issuer, under the indemnities referred to above, could face potentially significant liabilities, since any of the Protected NATS Employees who continue to be employed by NATS Limited will probably have to be made redundant (and any re-hiring of relevant employees by the successor in this situation will not mitigate NATS Limited's or the Issuer's liability for redundancy compensation).

A similar situation could arise in the event of the loss of certain fixed term contracts for the provision by NSL of ATC services at airports. As at the date of this Prospectus, approximately 200 relevant employees are employed in this business. If NSL were to lose these contracts, NATS Limited and/or NSL could face

significant liabilities, since any Protected NATS Employee who continues to be employed by NATS Limited will either have to be made redundant or relocated (and any re-hiring of NSL employees by the successor in this situation will not mitigate NATS Limited's or NSL's liability for redundancy compensation). If such liabilities cannot be met by NSL (under the terms of the indemnity provided to NATS Limited under the MSA between NSL and NATS Limited) then such liabilities will have to be borne by NATS Limited and if the potential liabilities to NATS Limited were such that NATS Limited were to become insolvent then certain liabilities of NATS Limited could pass to the Issuer.

Such liabilities could have a material adverse effect on the Issuer's business, finances and operations.

Insolvency of other Group companies

The insolvency of NATS Limited or NSL could have a material adverse effect on the business, finances and operations of the Issuer. Under the MSA with the Issuer, NATS Limited makes available to the Issuer the personnel to carry out its operations and also provides head office services to the Issuer. In the event of the liquidation, administration or receivership of NATS Limited or any arrangement or composition with its creditors, the MSA would terminate forthwith on written notice from the Issuer and upon such termination, it is intended that pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 1981 (the "**TUPE Regulations**") the personnel supplied by NATS Limited to the Issuer (or so many to whom the TUPE Regulations apply) would transfer to the Issuer. The Issuer would be obliged to enter into a prescribed form of deed (annexed to the Deed of a Trust of a Promise) as successor to NATS Limited in respect of the relevant employees under the Deed of a Trust of a Promise.

The insolvency of NATS Limited would also mean that the Issuer would need to replace the other services provided by NATS Limited and there can be no assurance as to whether it could do so or at what cost. NSL also provides certain services to the Issuer, including the North Sea Helicopter Advisory Service, which the Issuer is obliged to provide under its Licence. Provision by the Issuer of such services in the event of insolvency of other Group companies would involve unbudgeted cost which could have a material adverse effect on the financial condition of the Issuer.

FINANCIAL RISKS

Reduction in traffic volumes

Historically, air travel has exhibited a long term growth trend related to the growth in global GDP.

However, this trend can be interrupted by external events such as wars or acts of terrorism, by economic slowdown, recession or by global tariffs conflicts, by pandemic, epidemic or disease or by changes in business and recreational travel patterns (see "*Uncertainty in future air traffic demand*" risk factor above). In addition, geopolitical risks, such as the conflict in the Middle East and the ongoing uncertainty regarding a potential resolution to the war in Ukraine in the near term, may have implications on the UK economy and potentially on the demand by consumers for air travel.

Cost of living pressures and the public concern as to the sustainability of aviation have also led to greater uncertainty within the air travel demand forecasting. The UK economy is already experiencing a range of economic effects with uneven impacts, including high energy prices, inflationary fluctuations, and affordability challenges for households, which could lead to further economic stress as consumers reduce their expenditure (including in respect of the air travel sector).

The persistence of adverse macroeconomic and geopolitical factors creates uncertainty in forecasting air travel demand. As the Issuer's revenue is derived from charges for services provided to airspace users, and given its dependency on the flight volumes, any sustained reduction in demand could adversely impact the Issuer's financial performance such that it may not have sufficient cash to make payments on the Bonds. The application of the Issuer's regulatory regime, including the CAA's statutory duties, (see "*NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment*") will be relevant to this impact.

Failure by users to pay charges

The credit terms extended to airlines through the Eurocontrol billing and collection cycle amounts to between 50 and 60 days. The Issuer is thus exposed to up to two months of income loss should an airline default on its payment of Eurocontrol charges such that this risk may adversely impact the Issuer's financial performance and its liquidity and cash flows and its ability to make payments on the Bonds. Whilst under the Civil Aviation (Chargeable Air Services) (Detention and Sale of Aircraft for Eurocontrol) Regulations 2001, the CAA may, with the consent of Eurocontrol, act on behalf of Eurocontrol to detain and, ultimately, sell an aircraft to recover unpaid Eurocontrol charges, the Issuer does not have any right itself to request such detention. There is therefore a risk that the CAA and/or Eurocontrol may fail to take all necessary steps (including detention) to recover charges properly, adequately or expeditiously.

In relation to its Oceanic En route Service, North Sea Helicopter Advisory Service and London Approach Service charges, the Issuer may itself request the CAA to detain and ultimately sell an aircraft to recover any unpaid charges under the Civil Aviation (Chargeable Air Services) (Detention and Sale of Aircraft) Regulations 2001. Again, there is a risk that the CAA may fail to take all necessary steps (including detention) to recover charges properly, adequately or expeditiously.

See *"NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment – payment and recovery of charges"* for more information.

Risk of bankruptcy of users

Payments from users make up a significant part of the Issuer's revenue. There is always a risk to the Issuer that certain users in the aviation industry may enter into bankruptcy.

Airlines using Chapter 11 or similar administration arrangements often continue to operate and to pay their bills as they fall due, reducing bad debt risk. In many cases, when an airline ceases to operate, operations will be transferred to a new company or other carriers will take up airport departure and landing slots which become available, thus tending to mitigate the potential revenue loss to the Issuer. However, there is a risk that the insolvency of airline companies could adversely impact the financial condition of the Issuer such that it may not have sufficient cash flow to make payments on the Bonds.

Poor performance against targets

Under the Issuer's charge control conditions within the Licence, imposed by the CAA as a consequence of the price control settlement, the Issuer is subject to certain performance incentives and targets. These incentives and targets are such that the Issuer can only benefit from them in circumstances where its performance meets or exceeds its performance targets and the assumptions based on traffic forecasts during the relevant period are sufficiently accurate.

If the Issuer fails to provide sufficient air traffic controllers or system capacity, this could lead to delays for which the Issuer may suffer a financial penalty under the capacity performance incentive regime in the price control settlement. As such, poor performance by the Issuer against such targets can directly result in lower revenue which could affect the Issuer's financial condition and its cash flow. Equally, poor performance by the Issuer in relation to environmental targets relating to flightpath efficiency (measured by the **"3Di"** metric) can directly result in lower revenue. Financial penalties associated with these targets are capped. Under the CAA's CAP2597 Final Decision for the current price control period, NR23, the maximum penalty for underperformance in relation to capacity is 1.25% of the CAA's allowances for efficient costs (the "**Determined Costs**") and for the environmental target is 0.50% of the Determined Costs.

Future financing

The Issuer may need to raise further debt from time to time in order, among other things, to finance future capital enhancements to the Issuer's operational assets and redeem, repay, purchase or refinance the

Bonds and/or any other debt (including any final retail price index ("**RPI**") payments under an RPI linked hedging agreement or any other inflation index-linked hedging agreement) and for liquidity or working capital purposes, the terms of which have become inefficient or which have a scheduled partial or final maturity or payment date prior to the final maturity of the Bonds.

There can be no assurance that the Issuer will be able to raise sufficient funds, or funds at a suitable interest rate, or on suitable terms, at the requisite time such that the purposes for which such financing is being raised are fulfilled, and in particular such that all amounts then due and payable on the Bonds or any other maturing indebtedness will be capable of being so paid when due.

Macroeconomic and geopolitical risks

Investors should note that current economic, monetary and political conditions in the UK may have an adverse effect on the financial performance of the Issuer and its business more generally. In addition, geopolitical risks (including Russia's invasion of Ukraine, the conflict in the Middle East or the global tariffs conflicts), as well as any political or regulatory repercussions of such geopolitical risks (including, but not limited to, the imposition of sanctions or the initiation of trade wars) may negatively affect the Issuer's business and its revenue.

These events, alone or in combination, could have a material adverse effect on the Issuer's finances and operations. See the risk factor entitled "*Reduction in traffic volumes*" above on how this may impact traffic volumes.

Payment and recovery of charges

It is the obligation of owners and/or operators of aircraft to pay charges for air traffic services specified by the CAA under the Transport Act.

Even if charges are set within the parameters of the Licence charge control provisions, the Issuer is dependent on the Secretary of State, Eurocontrol and the CAA (in respect of the Eurocontrol charges) and the CAA (in respect of the other charges) to take a number of administrative steps in order to create an obligation on owners and operators of aircraft to pay the charges. There is therefore a risk that some or all of these steps may not be properly or adequately taken which might adversely affect the Issuer's financial performance and its liquidity and cash flow (see "*NATS (En Route) plc – The Issuer's regulatory environment – Domestic regulatory environment – payment and recovery of charges*" for more information).

Potential loss or breach of Future Military Area Radar Services ("FMARS") Contract

The FMARS contract, under which the Issuer provides services and facilities to the Ministry of Defence ("**MOD**") based on sharing of the Issuer's facilities at its Swanwick control centre, was renewed in November 2019 so that FMARS will be provided by the Issuer until 2030. A significant proportion of the price of the contract is based on the sharing of fixed costs, with the price then offset against the revenues chargeable to customers pursuant to each regulatory settlement. The termination of the FMARS contract would cause a material loss of revenue that is unlikely to be included in the regulatory cost base and therefore not chargeable to customers until the regulatory settlement following such termination. This loss of revenue may have an adverse impact on the Issuer's liquidity and cash flows and therefore on its ability to make payments on the Bonds.

The contract terms include an adjustment to the price at regular intervals to reflect the actual utilisation of facilities by the MOD compared to assumptions made at the start of the contract. If the level of actual utilisation of facilities by the MOD is below that budgeted for by the Issuer, the Issuer's revenue might be reduced and/or its finances and operations could be adversely affected. NHL on behalf of the Issuer has also given guarantees to the MOD associated with the FMARS contract which could give rise to significant liabilities. Any such reduction in revenue or increase in liabilities may have an adverse impact on the Issuer's liquidity and cash flows and therefore on its ability to make payment on the Bonds.

RISKS RELATED TO THE BONDS

Risks related to Bonds generally

The Bonds are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). As a result, the FSCS will not pay compensation to an investor in the Bonds upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, Bondholders may lose all or part of their investment in the Bonds.

The Bonds are subject to optional redemption or purchase by the Issuer

There are circumstances in which the Issuer may redeem some or all of the outstanding Bonds, and a Bondholder may not be able to reinvest any or all of the redemption proceeds at a rate of return which is the same as, or better, than the rate of return in respect of the Bonds. Such optional redemption features are likely to limit the market value of the Bonds.

During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to the first date on which the Bonds may be redeemed.

The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the Issuer reserves the right to purchase some or all of the Bonds at any price, in the open market, by private agreement or otherwise (including through tender or exchange offers). Depending on the number of Bonds purchased by the Issuer, any trading market in respect of those Bonds that have not been so purchased may become illiquid. As a result, a Bondholder may not be able to resell its Bonds without incurring a material discount from the nominal value of the Bonds.

The Conditions of the Bonds contain provisions which may permit their modification without the consent of all Bondholders and confer certain discretions on the Trustee which may be exercised without the consent of the Bondholders and without regard to the individual interests of particular Bondholders

The Conditions of the Bonds contain provisions for calling meetings (including via an audio or video conference call) of the Bondholders and without regard to the interests of particular Bondholders to consider matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Bondholders who voted in a manner contrary to the majority.

The conditions of the Bonds also provide that the Trustee may, without the consent of the Bondholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions; and (ii) determine without the consent of the Bondholders that any Event of Default or Potential Event of Default shall not be treated as such in the circumstances described in Condition 14 (*Meetings of Bondholders, Modification, Waiver and Authorisation*).

A Restructuring Plan implemented pursuant to Part 26A of the Companies Act 2006 may modify or disapply certain terms of the Bonds without the consent of the Bondholders

Where the Issuer encounters, or is likely to encounter, financial difficulties that are affecting, or will or

may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a "**Plan**") with its creditors (and members, if relevant) under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors (and members, if relevant) whose rights are affected are organised into classes and can vote on any such Plan (subject to being excluded from the vote by the English courts for having no genuine economic interest in the Issuer and certain exclusions where the Plan is proposed within the 12 week period following the end of a moratorium under Part A1 of the Insolvency Act 1986). Providing that one class of creditors (or (as the case may be) of members) (who would receive a payment, or have a genuine economic interest in the Issuer in the ""relevant alternative"" (as outlined below)) has approved the Plan (by exceeding the relevant statutory threshold of votes in favour of the Plan, being a number representing 75% in value of that class of creditors or (as the case may be) of members, present and voting in person or by proxy at the relevant creditors' or (as the case may be) members' meeting), and in the view of the English courts no members of any dissenting class(es) who did not approve the Plan are any worse off under the Plan than they would be in the event of the "relevant alternative" (being whatever the court considers would be most likely to occur if the Plan is not sanctioned, which will often be liquidation or administration), then the English court can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to the Issuer may, therefore, adversely affect the rights of Bondholders and the price or value of their investment in the Bonds, as it may have the effect of modifying or disapplying certain terms of the Bonds (by, for example, writing down the principal amount of the Bonds, modifying the interest payable on the Bonds, the maturity date or dates on which any payments are due or substituting the Issuer).

The value of the Bonds could be adversely affected by a change in English law or administrative practice

The Conditions are based on English law in effect as at the date of this Prospectus and any subsequent change in English law could materially adversely impact the value of any Bonds affected by it. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Bonds affected by it.

Investors who hold less than the minimum denomination may be unable to sell their Bonds and may be adversely affected if definitive Bonds are subsequently required to be issued

The Bonds have denominations consisting of a minimum of £100,000 plus one or more higher integral multiples of £1,000 in excess thereof up to and including £199,000. It is possible that the Bonds may be traded in amounts that are not integral multiples of £100,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Bonds (which could be in an amount equal to or greater than £100,000) such that its holding amounted to £100,000 or a higher integral multiple of £1,000. Further, a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 or a higher integral multiple of £1,000 in their account with the relevant clearing system at the relevant time may not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to £100,000.

If definitive Bonds are issued, holders should be aware that definitive Bonds which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Bonds may never be established or may be illiquid, which could adversely affect the value at which an investor could sell their Bonds

The Bonds may have no established trading market when issued, and one may never develop. If a market for the Bonds does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with the anticipated yield or a yield comparable to similar investments that have a developed secondary market.

If an investor conducts their financial activity in a currency other than sterling, that investor will be exposed to movements in exchange rates which could adversely affect the value of their holding. In addition, the imposition of exchange controls in relation to any Bonds could result in an investor not receiving payments on those Bonds.

The Issuer will pay principal and interest on the Bonds in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease: (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency, equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency, equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Bonds may be adversely affected by movements in market interest rates

The Bonds are fixed rate instruments and, accordingly, an investment in the Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Bonds, this could adversely affect the price at which an investor is able to sell their Bonds.

Credit ratings assigned to the Bonds may not reflect all of the risks associated with an investment in the Bonds

Moody's and S&P have assigned credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by

a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

As at the date of this Prospectus, each of Moody's and S&P is a credit rating agency established in the UK and registered under the UK CRA Regulation whose ratings are endorsed by a credit rating agency in its group established in the EEA for the purposes of the EU CRA Regulation.

If the status of the rating agency rating the Bonds changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Bonds may have a different regulatory treatment, which may impact the value of the Bonds and their liquidity in the secondary market.

As the Global Bonds are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer and payment

The Bonds will be represented by the Global Bonds and, except in certain limited circumstances described in the Permanent Global Bond, investors will not be entitled to receive definitive Bonds. The Global Bonds will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by procuring that payments are made to Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Payment obligations of the Issuer under the Bonds are unsecured

The Bonds constitute direct, unconditional and, subject to Condition 3 (*Negative Pledge*), unsecured obligations of the Issuer. The payment obligation of the Issuer under the Bonds, save for such exceptions as provided for under applicable laws and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with the Issuer's other outstanding unsecured and unsubordinated obligations of the Issuer, present and future. No security has been granted by the Issuer in connection with the issue of the Bonds. In the event of an administration or winding-up of the Issuer, all claims by the Bondholders in respect of the Bonds will rank junior to all claims of all secured creditors and any other preferential creditors, and there may therefore be insufficient assets available to make payments due on the Bonds.

TERMS AND CONDITIONS OF THE BONDS

The "Conditions"

The following, except for any paragraphs in italics, is the text of the Terms and Conditions of the Bonds which will be endorsed on each Bond in definitive form if issued:

The £250,000,000 5.250% Senior Unsecured Bonds due 2036 (the "**Bonds**" which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Bonds) are constituted by a trust deed (the **"Trust Deed"**) dated 12 November 2025 (the "**Issue Date**") between NATS (En Route) plc (the "**Issuer**") and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the "**Bondholders**").

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer passed on 3 November 2025. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and of an agency agreement dated 12 November 2025 (the "**Paying Agency Agreement**") between the Issuer, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor in such capacity), any other paying agents appointed thereunder (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and the Trustee (i) are available for inspection upon reasonable request during normal business hours by the Bondholders and the holders of the interest coupons appertaining to the Bonds (the "**Couponholders**" and the "**Coupons**" respectively) at the specified office of each of the Paying Agents or (ii) may be provided by email to a Bondholder or Couponholder following their prior written request to the relevant Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). The Bondholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them.

Unless defined elsewhere in these Terms and Conditions, words and expressions used in these Terms and Conditions shall have the meanings given to them in Condition 17 (*Definitions*).

1. FORM, DENOMINATIONS AND TITLE

1.1 The Bonds are in bearer form, serially numbered, in the denomination of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. Each Bond will have Coupons attached on issue. Title to the Bonds and the Coupons will pass by delivery.

1.2 The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Bond or Coupon as the absolute owner for all purposes (whether or not the Bond or Coupon shall be overdue and notwithstanding any notice of ownership, trust or any interest in it or writing on the Bond or Coupon or any notice of previous loss or theft of the Bond or Coupon).

2. STATUS

The Bonds and the Coupons are direct, unconditional and, subject to the provisions of Condition 3 (*Negative Pledge*), unsecured obligations of the Issuer and rank and will rank pari passu without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall, save for such exceptions as may be provided by applicable laws and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

3. **NEGATIVE PLEDGE**

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), the Issuer (in respect of itself) shall ensure and (in respect of its Subsidiaries) shall procure that no Relevant Indebtedness of the Issuer or any other person and no guarantee by the Issuer or any of its Subsidiaries of any Relevant Indebtedness of any person will be secured by a mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries unless, before or at the same time as the creation of the Security Interest, the Issuer shall take any and all action necessary to ensure that:

(a) all amounts payable by the Issuer under the Bonds, the Coupons and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee, as the case may be, by the same Security Interest, in each case to the satisfaction of the Trustee; or

(b) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Bonds, the Coupons and the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders,

save that the Issuer or any of its Subsidiaries may create or have outstanding a Security Interest in respect of any Relevant Indebtedness and/or guarantee(s) given by the Issuer or any of its Subsidiaries in respect of any Relevant Indebtedness of any person (without the obligation to provide a Security Interest or guarantee or other arrangement in respect of the Bonds, the Coupons and the Trust Deed as aforesaid) where such Relevant Indebtedness is of a maximum aggregate amount outstanding at any time not exceeding £100,000,000 (indexed).

4. **INTEREST**

4.1 Each Bond bears interest on its Principal Amount from (and including) the Issue Date at the fixed rate of 5.250% per annum, payable, subject as provided below, annually in arrear on 31 March in each year to and including 31 March 2036 (each an "**Interest Payment Date**"). Subject to Condition 4.2 (*Interest*) below, the amount of interest payable in respect of the Calculation Amount (as defined below) shall be: (i) £52.50 per Calculation Amount on each Interest Payment Date (other than the Interest Payment Date falling on 31 March 2026); and (ii) £19.99 per Calculation Amount on the Interest Payment Date falling on 31 March 2026.

Each Bond will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal in respect of such Bond is improperly withheld or refused or unless default is otherwise made in respect of such payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.2 If interest is required to be calculated for a period of less than one year, it will be calculated by applying the fixed rate of 5.250% per annum in respect of the Bonds to each £1,000 in principal amount of Bonds (the "**Calculation Amount**") on the basis of: (i) the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the date on which it falls due (the "**Accrual Period**") divided by (ii) the actual number of days in the Determination Period during which the Accrual Period ends, where "**Determination Period**" means each period from (and including) 31 March to (but excluding) the next 31 March. The resultant figure shall be rounded to the nearest penny, half a penny being rounded upwards. The interest payable in respect of a Bond shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Bond, without any further rounding.

4.3 The first Interest Payment Date shall be 31 March 2026.

5. PAYMENTS

5.1 Payments of principal and interest in respect of the Bonds will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Bonds, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupons, in each case at the specified office of any of the Paying Agents.

5.2 Payments will be made at the specified office of any Paying Agent by transfer to a sterling account maintained by the payee with a bank in London, subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or the Couponholders in respect of such payments.

5.3 Each Bond should be presented for payment (including exercise of the Bondholders' option pursuant to Condition 7 (*Redemption at the Option of Bondholders*)) together with all relative unmatured Coupons (being Coupons which would otherwise fall due for payment after the relevant due date for payment or, as the case may be, the Put Date (as defined in Condition 7.6 (*Redemption at the Option of Bondholders*)) failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in 8 (*Taxation*)) in respect of the relevant Bond (whether or not the Coupon would otherwise have become void pursuant to Condition 9 (*Prescription*)) or, if later, 10 years after the date on which the Coupon would have become due, but not thereafter.

5.4 A holder shall be entitled to present a Bond or Coupon for payment only on a Presentation Date and shall not be entitled to payment until the next following Presentation Date falling after the due date and shall not (except as provided in Condition 4 (*Interest*)) be entitled to any further interest or other payment if a Presentation Date falls after the due date.

5.5 The names of the initial Paying Agents and their initial specified offices are set out at the end of these Terms and Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that there will at all times be a Principal Paying Agent.

5.6 Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

6. REDEMPTION AND PURCHASE AT THE OPTION OF THE ISSUER

6.1 Mandatory Redemption

Unless previously redeemed in full or purchased and cancelled in accordance with this Condition 6 (*Redemption and Purchase at the Option of the Issuer*) or Condition 7 (*Redemption at the Option of Bondholders*), the Bonds shall be redeemed in full by the Issuer at their Principal Amount on 31 March 2036 (the "**Maturity Date**").

6.2 Tax Call

If, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom

or any political sub-division of, or any authority in or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) (and such amendment or change has been evidenced by the delivery by the Issuer to the Trustee (who shall, in the absence of manifest error, be entitled without any enquiry or liability to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition, in which event it shall be conclusive and binding on the Bondholders and the Couponholders) of a certificate signed by two directors of the Issuer stating that such amendment or change has become effective, describing the facts leading thereto and stating that such obligation cannot be avoided by the Issuer taking reasonable measures available to it), the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem the Bonds in whole but not in part at their Principal Amount together with interest (if any) accrued to (but excluding) the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Bonds then due.

6.3 **Par Call 3 months prior to maturity**

The Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem the Bonds in whole, but not in part, at their Principal Amount together with interest (if any) accrued to (but excluding) the date of redemption on any date falling on or after the 3-Month Optional Redemption Date.

6.4 **Make-Whole Call**

The Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable) redeem the Bonds at any time prior to the 3-Month Optional Redemption Date in whole or in part (but, if in part, in a principal amount of at least £5,000,000 or integral multiples thereof) at the amount (the "**Make-Whole Redemption Amount**") that is the higher of the following:

(a) the Principal Amount of the Bonds to be redeemed; and

(b) the Principal Amount of the Bonds to be redeemed multiplied by the price (the "**Redemption Price**"), expressed as a percentage rounded to four decimal places (0.00005 being rounded upwards), at which the Gross Redemption Yield to the 3-Month Optional Redemption Date on such Bonds, if they were to be purchased at such price on the second dealing day prior to the redemption date, would be equal to the Gross Redemption Yield on the same dealing day of the 4.250% Treasury Stock due 7 March 2036 or, if such security is no longer in issue, of such other United Kingdom government security as the Issuer, with the advice of three leading brokers operating in the gilt-edged market and/or gilt-edged market makers, shall determine to be appropriate (the "**Reference Stock**") on the basis of the middle market price of the Reference Stock prevailing at or about 3.00 p.m. (London time) on such dealing day, as determined by an Independent Financial Adviser, plus 0.100%. In connection with any exercise by the Issuer of its option under this Condition 6.4 (*Make-Whole Call*), any reference in these Terms and Conditions to principal shall, where applicable and where the context so permits, be deemed to be a reference to the Make-Whole Redemption Amount. The "**Gross Redemption Yield**" on the Bonds and the Reference Stock will be expressed as a percentage and will be calculated by the Independent Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "*Formulae for Calculating Gilt Prices from Yields*" page 4, Section One: Price/Yield Formulae

(Conventional Gilts) (published 8 June, 1998 and updated on 15 January 2002, 16 March 2005 and 18 December 2024) (as amended or supplemented from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Independent Financial Adviser shall advise to the Issuer and the Trustee,

together with interest (if any) accrued to (but excluding) the date of redemption.

6.5 **Notices of Redemption**

Notices of redemption will specify the date fixed for redemption, the applicable redemption price or, as the case may be, the Make-Whole Redemption Amount and, in the case of partial redemption, the serial numbers of the Bonds called for redemption, the serial numbers of any Bonds previously called for redemption and not presented for payment and the aggregate principal amount of the Bonds to remain outstanding after redemption. Upon the expiry of any such notice as is referred to above (and subject as provided above), the Issuer shall be bound to redeem the Bonds at the applicable redemption price or, as the case may be, the Make-Whole Redemption Amount together with interest (if any) accrued to (but excluding) the date of redemption. Any partial redemption of the Bonds shall be on the basis of selection by drawings (the method of such drawings to be approved by the Trustee).

6.6 **Purchase of Bonds**

The Issuer may at any time purchase some or all of the Bonds at any price in the open market, by private agreement or otherwise (including through tender or exchange offers). Such Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.7 **Cancellation of Bonds**

All Bonds which are redeemed by the Issuer will forthwith be cancelled (together with all relative unmatured Coupons attached to the Bonds or surrendered with the Bonds) and may not be reissued or resold. All Bonds so purchased and cancelled pursuant to Condition 6.6 (*Purchase of Bonds*) above shall be forwarded to the Paying Agent and cannot be reissued or resold.

7. **REDEMPTION AT THE OPTION OF BONDHOLDERS**

7.1 If, at any time, while any of the Bonds remains outstanding:

(a) the Air Traffic Licence is terminated, suspended or otherwise revoked (or written notice is given to the Issuer by the Secretary of State for Transport (or any other entity permitted to exercise such powers) or there is a formal public announcement by the Secretary of State for Transport (or any other entity permitted to make such an announcement) confirming that the Air Traffic Licence will be terminated, suspended or otherwise revoked) by a specified date in the future, such date being no later than the Maturity Date) (the "**Air Traffic Licence Modification Event**"); or

(b) a Restructuring Event occurs and (subject as provided below):

(i) within the Restructuring Period, either:

(1) if at the time such Restructuring Event occurs there are Rated Securities, a Rating Downgrade in respect of such Restructuring Event also occurs; or

(2) if at such time there are no Rated Securities, a Negative Rating Event in respect of such Restructuring Event also occurs; and

(ii) an Independent Financial Adviser shall have certified in writing to the Issuer and the Trustee that such Restructuring Event is, in its opinion, materially prejudicial to the interests of the Bondholders (a "**Negative Certification**"),

(an event in respect of which condition (a) or (b) above is satisfied being a "**Put Event**"), then, unless at any time the Issuer shall have given a notice under Condition 6.2 (*Tax Call*), Condition 6.3 (*Par Call 3 months prior to maturity*) or Condition 6.4 (*Make-Whole Call*) in respect of all of the Bonds, the holder of each Bond will, upon the giving of a Put Event Notice (as defined below), have the option (the "**Put Option**") to require the Issuer to redeem that Bond on the Put Date (as defined below), at its Principal Amount together with interest (if any) accrued to (but excluding) the Put Date.

7.2 If, at any time while any of the Bonds remains outstanding, a Restructuring Event occurs and prior to the commencement of or during the Restructuring Period an Independent Financial Adviser shall have certified in writing to the Issuer and the Trustee that such Restructuring Event will not be or is not, in its opinion, materially prejudicial to the interests of the Bondholders, the foregoing provisions shall cease to have any further effect in relation to such Restructuring Event. Any such notification shall be notified by the Issuer to the Bondholders in accordance with Condition 13 (*Notices*).

7.3 A Restructuring Event shall be deemed not to be materially prejudicial to the interests of the Bondholders if, notwithstanding the occurrence of a Rating Downgrade or a Negative Rating Event, the rating assigned to the Rated Securities by any Rating Agency is subsequently increased to, or, as the case may be, there is assigned to the Bonds an investment grade rating (BBB-/Baa3 or their respective equivalents for the time being) or better prior to any Negative Certification being issued. Any such increase or, as the case may be, assignment shall be notified by the Issuer to the Bondholders in accordance with Condition 13 (*Notices*).

7.4 Any certification by an Independent Financial Adviser as aforesaid as to whether or not, in its opinion, any Restructuring Event is materially prejudicial to the interests of the Bondholders shall, in the absence of manifest error, be conclusive and binding, without further enquiry or liability to any person, on the Trustee, the Issuer and the Bondholders. If the Independent Financial Adviser has not reached a decision in respect of such certification within 30 days of its appointment, the Issuer shall appoint an alternative independent financial adviser (such appointment to be notified to the Trustee). If the Independent Financial Adviser (or alternative independent financial adviser) has not certified in writing whether or not any Restructuring Event is, in its opinion, materially prejudicial to the interests of the Bondholders within sixty days of the Restructuring Event occurring (including if the reason for such non-certification is that the Issuer has not appointed the Independent Financial Adviser (or alternative independent financial adviser)) a Negative Certification shall be deemed to have been made on the Business Day following such sixtieth day.

7.5 Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time, upon the Trustee becoming similarly so aware, the Trustee may, and if so requested by the holders of at least one-quarter in Principal Amount of the Bonds then outstanding (and having been indemnified and/or prefunded and/or secured to its satisfaction) shall, give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 13 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the Put Option.

7.6 To exercise the Put Option, the holder of a Bond must deliver such Bond to the specified office of any Paying Agent, on a day which is a Business Day in London and in the place of such specified office falling within the period (the "**Put Period**") of 45 days after the date on which a Put Event Notice is given, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**")

and in which the holder may specify a bank account complying with the requirements of Condition 5 (*Payments*) to which payment is to be made under this Condition 7 (*Redemption at the Option of Bondholders*). Each Bond should be delivered together with all Coupons appertaining thereto maturing after the day (the "**Put Date**") being the fifteenth day after the date of expiry of the Put Period. The Paying Agent to which such Bond and Put Notice are delivered shall issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered in accordance with this Condition 7.6 (*Redemption at the Option of Bondholders*). Payment in respect of any Bond so delivered shall be made, if the holder duly specifies an account with a bank in London in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date in each case against presentation and surrender or (as the case may be) endorsement of such receipt at any specified office of any Paying Agent, subject in any such case as provided in Condition 5 (*Payments*). A Put Notice, once given, shall be irrevocable. For the purposes of these Terms and Conditions and the Trust Deed, receipts issued pursuant to this Condition 7 (*Redemption at the Option of Bondholders*) shall be treated as if they were Bonds. The Issuer shall redeem the relevant Bond on the applicable Put Date unless previously redeemed.

7.7 A Rating Downgrade or a Negative Rating Event or a non-investment grade rating shall be deemed not to have occurred as a result or in respect of a Restructuring Event if the Rating Agency making the relevant reduction in rating or, where applicable, declining to assign a rating of at least investment grade as provided in this Condition 7 (*Redemption at the Option of Bondholders*), does not announce or publicly confirm or inform the Trustee in writing at its request that the reduction or, where applicable, declining to assign a rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of the applicable Restructuring Event.

7.8 The Trust Deed provides that the Trustee is under no obligation to ascertain whether a Put Event, an Air Traffic Licence Modification Event, a Restructuring Event, a Negative Rating Event or any event which could lead to the occurrence of or could constitute a Put Event, an Air Traffic Licence Modification Event or a Restructuring Event has occurred and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary the Trustee may assume that no Restructuring Event, Negative Rating Event or such other event has occurred. The Trust Deed also provides that in determining whether or not a Put Event, an Air Traffic Licence Modification Event a Restructuring Event or such other event has occurred, the Trustee may rely solely and without any enquiry or liability on an opinion given in a certificate signed by two directors of the Issuer and shall have no obligation to verify or investigate the accuracy thereof.

8. TAXATION

8.1 All payments in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the United Kingdom, or any political sub-division of, or any authority in or of, the United Kingdom having power to tax, unless the withholding or deduction of such Taxes is required by law. In the event that such withholding or deduction of such Taxes is required by law, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds or, as the case may be, Coupons in the absence of the withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Bond or Coupon:

(a) presented for payment by or on behalf of, a holder who is liable to such Taxes in respect of the Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days, assuming, whether or not such is in fact the case, such last day to be a Presentation Date; or

(c) to, or to a third party on behalf of, a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority or paying agent or any other relevant person.

8.2 As used herein, "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Bondholders by the Issuer in accordance with Condition 13 (*Notices*).

8.3 Any reference in these Terms and Conditions to any amounts in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. **PRESCRIPTION**

Claims against the Issuer in respect of principal and interest shall be prescribed and become void unless the relevant Bond or Coupon is presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect thereof.

10. **EVENTS OF DEFAULT**

10.1 The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in Principal Amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) (but, in the case of the happening of any of the events mentioned in sub-paragraphs (b), (f), (g) and (h) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice to the Issuer that the Bonds are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Principal Amount together with accrued interest (as provided in the Trust Deed) if any of the following events (each (together where applicable with certification by the Trustee as described above) an "**Event of Default**") shall have occurred (unless such event has been remedied to the satisfaction of the Trustee):

(a) if default is made for a period of 15 calendar days or more in the payment of any principal of or interest on the Bonds; or

(b) if the Issuer fails to perform or observe any of its other obligations under the Bonds or the Trust Deed and (except where the Trustee shall have certified to the Issuer in writing that it considers such failure to be incapable of remedy in which case no such notice or continuation as is hereinafter mentioned will be required) such failure continues for the period of 60 days (or such longer period as the Trustee may in its absolute discretion permit) following the service by the Trustee of notice on the Issuer specifying such failure and requiring the same to be remedied; or

(c) if (i) any other indebtedness for borrowed money of the Issuer or a Material Subsidiary becomes due and repayable prior to its stated maturity by reason of an event of default howsoever described or (ii) any such indebtedness for borrowed money is not paid when due (or, as the case may be, within any originally applicable grace period) or (iii) the Issuer or a Material Subsidiary fails to pay when due (or, as the case may be, within any originally

applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money of any person or (iv) any security given by the Issuer or a Material Subsidiary for any indebtedness for borrowed money of any person or for any guarantee or indemnity of indebtedness for borrowed money of any person becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security, provided that the aggregate amount of the relevant indebtedness for borrowed money in respect of which any one or more of the events mentioned above in this sub-paragraph (c) has or have occurred equals or exceeds £25,000,000 (indexed) (or its equivalent in other currencies); or

(d) if any order shall be made by any competent court or any resolution shall be passed for the winding up or dissolution of the Issuer or any Material Subsidiary, save for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (i) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders or (ii) in the case of a Material Subsidiary, whereby all or substantially all of the undertaking and assets of that Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries which, as a result of such transfer or vesting, becomes a Material Subsidiary; or

(e) an air traffic administration order is made under section 28 of the Transport Act 2000 (including under any successor legislation, if applicable) in respect of the Issuer or any Material Subsidiary or if a petition is presented to the court in respect of such an order (in each case if not dismissed within 60 calendar days);

(f) if the Issuer or any Material Subsidiary shall cease to carry on the whole or substantially the whole of its business, save in each case for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement, (i) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders or (ii) in the case of a Material Subsidiary, in connection with the transfer of all or substantially all of its undertaking and assets to the Issuer or another Subsidiary of it which, as a result of such transfer, becomes a Material Subsidiary; or

(g) if the Issuer or any Material Subsidiary shall suspend or announce its intention to suspend payment of its debts generally (or any class of debts) or shall be declared or adjudicated by a competent court to be unable, or shall admit in writing its inability, to pay its debts generally (within the meaning of section 123(1) or (2) of the Insolvency Act 1986) as they fall due, or shall be adjudicated or found insolvent by a competent court or shall enter into any composition or other similar arrangement with its creditors generally under section 1 of the Insolvency Act 1986 save, in the case of a Material Subsidiary, in connection with the transfer of all or substantially all of its undertaking and assets to the Issuer or another Subsidiary which, as a result of such transfer, becomes a Material Subsidiary; or

(h) if a receiver, administrative receiver, monitor, administrator or other similar official shall be appointed in relation to the Issuer or any Material Subsidiary or in relation to the whole or a substantial part of the undertaking or assets of any of them or a distress, execution or other process shall be levied or enforced upon or sued out against, or any encumbrancer shall take possession of, the whole or a substantial part of the assets of any of them and in any of the foregoing cases it or he shall not be paid out or discharged within 60 days (or such longer period as the Trustee may in its absolute discretion permit).

10.2 For the purposes of sub-paragraph 10.1(g) above, section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted with "£350,000". The Issuer or, as the case may be, a Material Subsidiary shall not be deemed to be unable to pay its debts for the purposes of sub-paragraph 10.1(g) above if any such demand as mentioned in section 123(1)(a) of the

Insolvency Act 1986 is being contested in good faith by the Issuer or, as the case may be, the relevant Material Subsidiary with recourse to all appropriate measures and procedures or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Trustee under this Condition.

11. ENFORCEMENT

11.1 The Trustee may at any time, at its discretion and without notice, take such proceedings or any other action against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Bonds and the Coupons but it shall not be bound to take any proceedings or any other action in relation to the Trust Deed, the Bonds or the Coupons unless it shall have been directed or requested to do so (i) by an Extraordinary Resolution of the Bondholders or (ii) in writing by the holders of at least one-quarter in Principal Amount of the Bonds then outstanding and in either case then only if and from the date on which it is indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing.

11.2 No Bondholder or Couponholder shall be entitled to take proceedings directly against the Issuer to enforce the terms of the Bonds or the Trust Deed unless the Trustee, having become bound so to proceed, fails or is unable to do so within 60 days from the date on which the Trustee is so bound and such failure or inability shall be continuing.

12. REPLACEMENT OF BONDS AND COUPONS

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

13. NOTICES

All notices to the Bondholders will be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if in the opinion of the Issuer such publication shall not be practicable, in an English language daily newspaper with general circulation in Europe. If and for so long as the Bonds are admitted to trading on the Main Market of the London Stock Exchange or on any other stock exchange, notices may be given in accordance with any applicable requirements of such stock exchange (and if notices are so given no publication in a leading English language daily newspaper published in London shall be required). Any notice shall be deemed to have been given on the date of publication or, if so published more than once, on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together with the relative Bond or Bonds, with the Principal Paying Agent.

14. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

14.1 The Trust Deed contains provisions for convening meetings of the Bondholders (including via an audio or video conference call) to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Terms and Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution

will be one or more persons present holding or representing a clear majority in Principal Amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the Principal Amount of the Bonds held or represented by him or them, except that at any meeting, the business of which includes modification of certain of the provisions of these Terms and Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the Principal Amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders will be binding on all Bondholders, whether or not they are present at the meeting, and on all Couponholders.

14.2 The Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (provided that in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders) or to any modification which is of a formal, minor or technical nature or to correct a manifest error.

14.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders or Couponholders and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

14.4 Any modification, waiver, authorisation or determination referred to in Condition 14.2 (*Meetings of Bondholders, Modification, Waiver and Authorisation*) above shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Bondholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction, (ii) provisions limiting or excluding its liability in certain circumstances and (iii) provisions entitling it to payment of its fees, costs and expenses in priority to the claims of the Bondholders and the Couponholders. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit or any other benefit received thereby or in connection therewith. The Trustee may rely without any enquiry or liability to Bondholders on a certificate signed by two directors of the Issuer or a report of the Auditors whether or not addressed to it and whether or not the Auditors have any liability to it in respect of the same, notwithstanding that such report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors in respect thereof and notwithstanding that the scope and/or basis of such report may be limited by any engagement or similar letter or by the terms of the report

itself.

16. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further bonds, having terms and conditions the same as those of the Bonds, or the same except for the amount and date of the first payment of interest which may be consolidated and form a single series with the outstanding Bonds. Any further bonds which are to form a single series with the Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17. **DEFINITIONS**

For the purposes of these Terms and Conditions:

"**3-Month Optional Redemption Date**" means 31 December 2035.

"**Air Traffic Licence**" means the licence granted to the Issuer authorising it to provide air traffic services in respect of a managed area pursuant to the Transport Act 2000.

"**Auditors**" means the auditors for the time being of the Issuer which, as at the Issue Date, means Ernst & Young LLP and, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these Terms and Conditions or the Trust Deed, such other firm of accountants or financial advisers as may be approved by the Trustee for the purpose.

"**Business Day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place (and in the absence of any place being specified, in London).

"**Event of Default**" has the meaning given to the term in Condition 10.1 (*Events of Default*).

"**Extraordinary Resolution**" means, in respect of the holders of the Bonds:

(a) a resolution passed at a meeting of Bondholders duly convened and held in accordance with the Trust Deed and these Conditions by at least 75% of persons entitled to attend and vote at the meeting (or proxies on their behalf) voting at such meeting upon a show of hands or, if a poll is duly demanded, by at least 75% of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount of the Bonds held by the relevant persons);

(b) a resolution in writing signed by or on behalf of the Bondholders holding at least 75% of the aggregate Principal Amount of the Bonds then outstanding, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders; or

(c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the Bondholders holding at least 75% in aggregate Principal Amount of the Bonds then outstanding.

"**indebtedness for borrowed money**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

"**Independent Financial Adviser**" means an independent financial adviser (including, but not limited to, an investment bank or other financial institution, accountancy or consultancy firm) appointed by the Issuer, at its own expense, and notified to the Trustee.

A reference to an "**indexed**" amount is a reference to that amount, calculated by the Issuer, as increased by reference to the increase in the "Retail Price Index - all items" published by the Office of National Statistics from time to time (or, if that index ceases to be published, any index which may replace it for the purpose of calculating the amount payable on repayment of UK Index-Linked Gilts) from its level at March 2021 (published on 21 April 2021) to its most recently published level immediately prior to the date on which the index-linked amount falls to be calculated.

As at the date of this Prospectus, were the amounts calculated by reference to the "Retail Price Index - all items" published by the Office for National Statistics from its level at September 2025 (published on 22 October 2025), the amount for Condition 3 (Negative Pledge) would be approximately £136,780,061, and the amount for Condition 10.1(c) (Events of Default) would be approximately £34,195,015.

"**Make-Whole Redemption Amount**" has the meaning given to the term in Condition 6.4 (*Make-Whole Call*).

"**Material Subsidiary**" means at any time any Subsidiary of the Issuer:

(a) whose profit before tax (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 15% of the consolidated profit before tax or, as the case may be, consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:

(i) if the then latest audited consolidated accounts of the Issuer and its Subsidiaries show (x) a net loss for the relevant financial period then there shall be substituted for the words "profit before tax" the words "gross revenues" for the purposes of this definition and/or (y) negative assets at the end of the relevant financial period then there shall be substituted for the words "net assets" the words "total assets" for the purposes of this definition; and

(ii) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Auditors; or

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a

Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate profit before tax equal to) not less than 15% of the consolidated profit before tax, or represent (or, in the case aforesaid, are equal to) not less than 15% of the consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate profit before tax equal to) not less than 15% of the consolidated profit before tax, or its assets represent (or, in the case aforesaid, are equal to) not less than 15% of the consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

A report by two directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

"**Maturity Date**" has the meaning given to the term in Condition 6.1 (*Mandatory Redemption*).

"**Negative Certification**" has the meaning given to the term in Condition 7.1 (*Redemption at the Option of Bondholders*).

A "**Negative Rating Event**" shall be deemed to have occurred if (i) the Issuer does not, either prior to or not later than 14 days after the date of a Negative Certification in respect of the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Bonds or any other unsecured and unsubordinated debt of the Issuer which, in any such case, has an initial maturity of five years or more from a Rating Agency or (ii) if it does so seek and use such endeavours, it is unable, as a result of such Restructuring Event, to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being).

"**outstanding**" has the meaning given to the term in the Trust Deed.

"**Principal Amount**" means, in relation to a Bond on any date, the outstanding principal amount of such Bond at such time (being £250,000,000 as at the Issue Date).

"**Potential Event of Default**" means any condition, event or act which, with the lapse of time

and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition in each case as provided in Condition 10 (*Events of Default*), would constitute an Event of Default.

"**Put Event Notice**" has the meaning given to the term in Condition 7.5 (*Redemption at the Option of Bondholders*).

"**Put Notice**" has the meaning given to the term in Condition 7.6 (*Redemption at the Option of Bondholders*).

"**Put Option**" has the meaning given to the term in Condition 7.1 (*Redemption at the Option of Bondholders*).

"**Put Period**" has the meaning given to the term in Condition 7.6 (*Redemption at the Option of Bondholders*).

"**Presentation Date**" means a day which (subject to Condition 9 (*Prescription*)) is a Business Day in the place of the specified office of the Paying Agent at which the Bond or Coupon is presented for payment and, in the case of payment by transfer to a sterling account with a bank in London as referred to in these Terms and Conditions, in London.

"**Rated Securities**" means the Bonds, if at any time and for so long as they have a rating from a Rating Agency, and otherwise any other unsecured and unsubordinated debt of the Issuer having an initial maturity of five years or more which is rated by a Rating Agency.

"**Rating Agency**" means S&P Global Ratings UK Limited or any of its affiliates and their successors, Moody's Investor Services Limited or any of its affiliates and their successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed).

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Restructuring Event if the then current rating assigned to the Rated Securities by any Rating Agency (whether provided by a Rating Agency at the invitation of the Issuer or by its own volition) is withdrawn or reduced from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or, if the Rating Agency shall then have already rated the Rated Securities below investment grade (as described above), the rating is withdrawn or lowered by at least one full rating category (from BB+/Ba1 to BB/Ba2 or such similar lowering).

"**Relevant Date**" has the meaning given to the term in Condition 8.2 (*Taxation*).

"**Relevant Indebtedness**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or recognised over-the-counter or other securities market.

"**Restructuring Event**" means the occurrence of any of the following:

(a) any material provision of the Air Traffic Licence held by the Issuer is amended or modified;

(b) any legislation (whether primary or subordinate) is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for Transport (or any successor) (including any such legislation removing, reducing or qualifying such duties or powers

under or pursuant to Sections 2 and 3 of the Transport Act 2000) in each case as compared to those in force on the Issue Date; or

(c) the provisions of section 29 of the Transport Act 2000 are amended and/or modified (whether by way of express primary or subordinate legislation or by any other legislative instrument),

unless, in each case, two directors of the Issuer in good faith certify to the Trustee (and the Trustee shall be entitled to rely absolutely on such certificate without any enquiry or liability to any person) in writing that the board of directors does not consider such event(s) will have a material adverse effect on the financial condition of the Issuer.

"**Restructuring Period**" means:

(a) if at any time a Restructuring Event occurs there are Rated Securities, the period of 60 days starting from and including the day on which that Restructuring Event occurs; or

(b) if at the time a Restructuring Event occurs there are no Rated Securities, the period starting from and including the day on which that Restructuring Event occurs and ending on the day 60 days following the later of (a) the date on which the Issuer shall seek to obtain a rating as contemplated in the definition of Negative Rating Event prior to the expiry of the 14 days referred to in that definition and (b) the date on which a Negative Certification shall have been given to the Issuer and the Trustee in respect of that Restructuring Event.

Any reference to an obligation being guaranteed shall include a reference to an indemnity being given in respect of the obligation.

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

18. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

18.1 The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Bonds and the Coupons are governed by, and shall be construed in accordance with, English law.

18.2 The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Bonds or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Bonds or the Coupons (a "**Dispute**") and each of the Issuer, the Trustee and any Bondholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

18.3 For the purposes of this Condition, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Bonds or the Coupons but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds are expected to amount to approximately £248,055,000 and will be used by the Issuer for working capital and other general corporate purposes.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Bonds contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Conditions, set out in this document. The following is a summary of certain of those provisions.

1. EXCHANGE

The Temporary Global Bond is exchangeable in whole or in part (free of charge to the holder) for interests in the Permanent Global Bond on or after a date which is expected to be 22 December 2025, subject to certification as to non-U.S. beneficial ownership in the form set out in the Trust Deed. The Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for definitive Bonds only:

(a) upon the happening of any of the events defined in the Conditions as "Events of Default";

(b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(c) if the Issuer would suffer a material disadvantage in respect of the Bonds as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee (and the Trustee shall be entitled to rely absolutely on such certificate without any enquiry or liability to any person).

Thereupon: (i) in the case of (a) and (b) above, the holder of the Permanent Global Bond (acting on the instructions of one or more of the accountholders) may give notice to the Issuer and the Trustee; and (ii) in the case of (c) above, the Issuer may give notice to the Trustee and the Bondholders, of its intention to exchange the Permanent Global Bond for definitive Bonds on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Bond may or, in the case of (c) above, shall surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond, the Issuer will deliver, or procure the delivery of, an equal aggregate Principal Amount of duly executed and authenticated definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Bond and in respect of which claims shall not have become prescribed), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any definitive Bonds.

For these purposes, "**Exchange Date**" means a day specified in the notice requiring exchange falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for general business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the cities in which the relevant clearing systems are located.

2. PAYMENTS

No payment will be made on the Temporary Global Bond unless, upon due presentation of the Temporary Global Bond for exchange, issue and delivery of the Permanent Global Bond, it is improperly withheld or refused and such withholding or refusal is continuing at 22 December 2025. Payments of principal (including any premium) and interest in respect of Bonds represented by

the Permanent Global Bond will, subject as set out below, be made to the bearer of the Permanent Global Bond and, if no further payment falls to be made in respect of the Bonds, surrender of the Permanent Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed on the appropriate schedule to the Permanent Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bonds. Payments of interest on the Temporary Global Bond (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership, unless such certification has already been made.

3. **INTEREST CALCULATION**

For so long as Bonds are represented by one or both of the Global Bonds, interest payable to the bearer of a relevant Global Bond will be calculated by applying the fixed rate of 5.250% per annum to the Principal Amount of the relevant Global Bond and on the basis of (i) the actual number of days in the Accrual Period divided by (ii) the actual number of days in the Determination Period during which the Accrual Period ends. The resultant figure is rounded to the nearest penny (half a penny being rounded upwards).

4. **NOTICES**

So long as the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication by it to relative accountholders rather than by publication as required by Condition 13 (*Notices*). Any such notice shall be deemed to have been given to the Bondholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Bonds held by a Bondholder are represented by a Global Bond, notices to be given by such Bondholder may be given by such Bondholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

If and for so long as the Bonds are admitted to trading on the Main Market of the London Stock Exchange or on any other stock exchange, notices may also be given in accordance with any applicable requirements of such stock exchange (and if notices are so given no publication in a leading English language daily newspaper published in London shall be required).

5. **PRESCRIPTION**

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by a Global Bond shall be prescribed and become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*)).

6. **CANCELLATION**

Cancellation of any Bond represented by a Global Bond and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the Principal Amount of such Global Bond on the relevant part of the Schedule thereto.

7. **TRUSTEE'S POWERS**

While the Bonds are represented by one or both of the Global Bonds and such Global Bond(s)

is/are held on behalf of a clearing system, the Trustee may, in considering the interests of Bondholders, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the relevant Global Bond and may consider such interests as if such accountholders were the holder(s) of the relevant Global Bond.

8. **PUT OPTION**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Bondholders provided for in Condition 7 (*Redemption at the Option of Bondholders*) may be exercised by an accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the Principal Amount of the Bonds in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Bond to the Principal Paying Agent for notation accordingly within the time limits set forth in the relevant Condition.

9. **CALL OPTION**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Bonds will be required under Condition 6.4 (*Make-Whole Call*) in the event that the Issuer exercises its call option in respect of less than the aggregate Principal Amount of the Bonds. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the relevant Global Bond are to be subject to such option.

Description of the Issuer

The Issuer is a public limited company registered in England and Wales with registered number 04129273. The Issuer was incorporated on 21 December 2000 under the Companies Act 1985 (as amended) as 3216th Single Member Shelf Trading Company Limited.

The registered office of the Issuer is situated at 4000 Parkway, Whiteley, Fareham, Hampshire, PO15 7FL and its telephone number is 01489 616001.

The Issuer is permitted, pursuant to the terms of its memorandum and articles of association and applicable laws in England and Wales, to enter into the Subscription Agreement (as defined in "*Subscription and Sale*"), the Trust Deed, the Paying Agency Agreement and to issue the Bonds.

As at the date of this Prospectus, the authorised share capital of the Issuer is £10,000,000 divided into 10,000,000 ordinary shares of £1 each of which 10,000,000 ordinary shares have been issued and are fully paid up.

History and background of the Group

NATS Limited was originally set up as the National Air Traffic Control Services in 1962, bringing together responsibility for the UK's existing military and civil ATC services. Until its establishment as a separate company, leadership of NATS Limited alternated between civil and military services. In 1992 it was recognised that, as a service provider, NATS Limited should be operated at arm's length from its regulator, the CAA. Therefore, NATS Limited was incorporated as a separate legal entity in 1996 and became a wholly-owned subsidiary of the CAA.

The Transport Act enabled the formal separation of NATS Limited from the CAA on 31 March 2001, where the shareholding in NATS Limited was transferred to NHL, a wholly owned subsidiary of the Secretary of State. In addition, the Issuer and NSL were incorporated as wholly-owned subsidiaries of NHL. The Issuer, acting as the monopoly provider in UK-managed airspace, focused on the regulated en route ATC service to customers and NSL took on the role of providing other air traffic services, in particular ATC services in the competitive UK airport towers market. This allowed the segregation of the role of the UK air traffic services provider and the role of the UK regulator in the regulation of UK- managed airspace.

The PPP, which the Secretary of State entered into with The Airline Group on 26 March 2001, was completed on 26 July 2001. On completion, the UK Government transferred 46% of the ordinary shares of NHL to The Airline Group, at that time a consortium of seven airlines, along with strategic responsibility for the management of NATS. It also transferred 5% of its holding to the NATS Employee Share Trust Limited, the corporate trustee of the employee share scheme.

Following the aviation shock after the terrorist events of September 2001, additional investment was sought which resulted in LHR Airports Limited (then BAA PLC) purchasing 4.2% of the shareholding of NHL from The Airline Group.

With the increasing liberalisation of the aviation market, there are now a number of ATC providers with private involvement, but the majority of *en route* ATC services remain provided by national (typically state-owned) operators.

Principal activities

The Issuer provides air traffic services to assist aircraft navigation, primarily in UK airspace and also limited areas of airspace contiguous with UK airspace (collectively referred to in this Prospectus as "**UK-managed airspace**").

UK-managed airspace is either controlled or uncontrolled. In controlled airspace, aircraft require air traffic

services and must follow air traffic controllers' instructions. In uncontrolled airspace, users take full responsibility for their own safety, although they can request help and air traffic services from air traffic controllers.

Air traffic services involve the provision of positive monitoring and direction to airspace users, so they avoid other airspace users and other obstructions and complete their flight in the safest and most efficient manner. Air traffic controllers do this by allocating different heights to aircraft or by arranging minimum horizontal distances between them. Air traffic services also extends to various additional functions, including the provision of aeronautical information to the aviation industry and the making available of surveillance and navigational infrastructure.

There are broadly two types of air traffic services:

(a) *En route* air traffic services: Air traffic services provided to aircraft flying between airports.

(b) Terminal air traffic services: Air traffic services provided to aircraft taking off or landing at airports.

The Issuer provides *en route* air traffic services pursuant to a licence granted to it on 28 March 2001 (the "**Licence**") pursuant to the Transport Act. The Issuer is the only licensed provider of UK en route air traffic services in the UK.

The Issuer also provides:

(a) The Oceanic En route Service: *en route* air traffic services in the Shanwick Oceanic Control Area (which is a part of the airspace over the North Atlantic in respect of which the UK, under international arrangements, has committed to provide air traffic services);

(b) The London Approach Service: air traffic services in the airspace between the *en route* airspace and the terminal airspace around London (known as the London Terminal Manoeuvring Area);

(c) The North Sea Helicopter Advisory Service: air traffic services for helicopter operations in specified airspace over the North Sea; and

(d) Advice and instructions to aircraft in specific areas of uncontrolled UK-managed airspace.

In May 2025, the Department for Transport and CAA confirmed in "**CAP 3106**" the UK Government's decision, as part of its Airspace Modernisation Strategy, to task the Issuer with providing a UKADS, such that the Issuer will be responsible for progressing all future airspace change in the UK, and with administering the Airspace Design Support Fund ("**ADSF**") to meet the costs of future airspace design. The Issuer will be entitled to recover the costs of doing so through its charges to airlines. This change to the Issuer's scope of activities under its regulatory framework has not yet come fully into effect and requires changes to the Transport Act and to the Licence, which are in the process of being implemented by the Department for Transport and the CAA, with the view of this being completed by the end of 2025.

The Issuer also provides miscellaneous services to NSL under contract (including approach control for Luton Airport, provision of radar data, engineering, support and training services) and services and support infrastructure under contract to the MOD to enable it to undertake its military air traffic services.

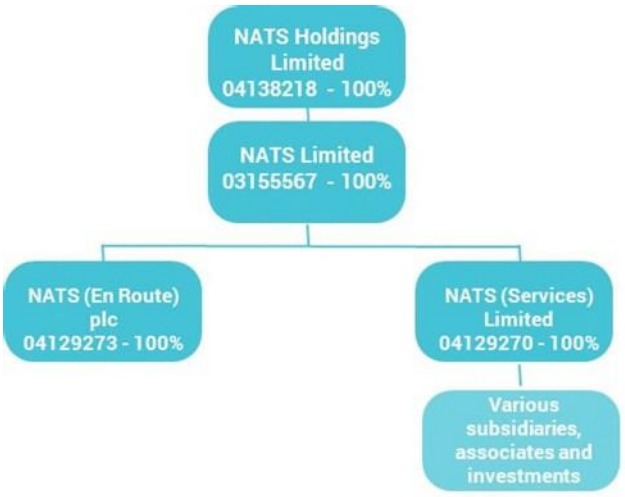
The major source of the Issuer's revenue comprises the charges relating to its *en route* service provided in UK-managed airspace, which are established under statute and payable by all aircraft flying through UK-managed airspace irrespective of whether the aircraft departs from and/or lands in the UK. The Issuer also derives revenue via charges received in respect of its other services.

Group Structure

NHL is the holding company of the Group. The current shareholding of NHL is as follows: The Secretary of State (48.9%, including a golden share); The Airline Group (41.9%); NATS Employee Share Trust

Limited (5.0%); and LHR Airports Limited (4.2%).

NHL wholly owns NATS Limited, which in turn wholly owns the two principal operating subsidiaries, the Issuer and NSL. The Issuer has no subsidiaries.



Board of Directors

The members of the board of directors of the Issuer (who are each also the directors of NHL), their functions and the principal activities performed by them outside of the Issuer are, as of the date of this Prospectus, set forth in the following table:

Name	**Function**	**Principal activities outside of the Issuer**
David Warren Arthur East	Chairman	Non-Executive Director of Tokamak Energy, ITM Power plc and ASML Holding.
Alistair John Borthwick	Director and CFO. On 15 July 2025, Alistair informed the board of directors of the Issuer of his decision to step down from his role as CFO. A formal search process to appoint his successor has commenced, and Alistair will continue with the business of the Issuer as CFO until the end of 2025.	None.
Dr Harry John Bush	Director	Director of The Airline Group Limited.
Michael Campbell	Director	Chair of The Airline Group Limited.
Maria Juana Da Cunha	Director	Non-Executive Director of Irwin Mitchell Holdings Ltd, Group Board Non-Executive Director and Chair of Governance and Remuneration Committee at London & Quadrant Housing Trust and Independent Panel Member at the Competition

Name	Function	Principal activities outside of the Issuer
		and Markets Authority.
Greg Bagwell	Director	Executive Director of Cobham Ltd, President of UK's Air & Space Power Association, Chair for senior programmes at Windsor Leadership Trust and Trustee for "Flying for Freedom".
Gavin Bruce Merchant	Director	Director of The Airline Group Limited.
Martin John Rolfe	Director and Chief Executive Officer	Non-Executive Director of Port of London Authority.
David Miles Smith	Director	A member of the Advisory Panel at the Chartered Institute of Management Accountants and a Fellow of the RSA.
Albertus Antonius Maria Prudon	Director	Director of The Airline Group Limited and Director of Flight Operations at Easyjet.
Louise Anne Street	Director	Director of The Airline Group Limited. Director of British Airways Engineering Gatwick Limited, British Airways Maintenance Cardiff Limited, British Airways Interiors Engineering Limited and British Airways Avionics Engineering Limited. Director of LHR Maintenance at British Airways plc.
Ross Findlay Scott Baker	Director	Chief Commercial Officer at Heathrow Airport. Director of Heathrow Airport Limited, LHR Airports Limited, BMG (Ashford) Limited, Heathrow Express Operating Company Limited, LHR Airport Services Limited, Heathrow Enterprises Limited, BMG (Ashford) Partnership Trustco Limited.
Richard Paul Churchill-Coleman	Company Secretary	None.

The business address of the directors and the company secretary is 4000 Parkway, Whiteley, Fareham, Hampshire, PO15 7FL.

There are no actual or potential conflicts of interest between any duties of the directors to the Issuer and the directors' private interests or other duties.

The remainder of the section is divided into the following sections:

(a) The Issuer's regulatory environment

(b) The Licence

(c) The economic regulation of the Issuer

(d) The Issuer's business strategy

The Issuer's regulatory environment

Domestic regulatory environment

The provision of air traffic services in the UK is primarily regulated in the UK by the Transport Act and the CAA 1982.

The Secretary of State and the CAA are the principal regulators of providers of air traffic services. The Secretary of State's primary role as regulator is the granting of licences and exemptions. The CAA is responsible for economic regulation, licensing and the general supervision and enforcement of the licence regime and of licence holders' statutory duties. The CAA is also responsible for the safety oversight of the Issuer.

Key provisions of the Transport Act are described below. Certain of these provisions have been amended by the Air Traffic Act, which is considered further below.

1. **LICENSING FRAMEWORK**

It is an offence under the Transport Act for anyone to provide air traffic services without a licence, unless they are the subject of an exemption. Licences under the Transport Act may be granted either by the Secretary of State, after consultation with the CAA, or by the CAA with the consent of, or under a general authority from, the Secretary of State.

The Issuer is the holder of the only licence issued under the Transport Act and the only licence issued for the provision of *en route* air traffic services in the UK. Other providers of air traffic services in the UK (primarily terminal services provided at specific airports) do so under an exemption.

The Licence was granted to the Issuer on 28 March 2001 and its key provisions are summarised in the section "*The Licence*" below.

2. **GENERAL DUTIES OF THE SECRETARY OF STATE AND THE CAA**

The Secretary of State and the CAA are both subject to certain general duties in respect of the provision of air traffic services in the UK.

The primary duty of the Secretary of State and the CAA is to exercise their functions in a way that maintains a high standard of safety in the provision of air traffic services.

Subject to this primary duty, the Secretary of the State and CAA must act in a manner each thinks best calculated:

- to further the interests (regarding the range, availability, continuity, cost and quality of air traffic services) of operators and owners of aircraft, owners and managers of aerodromes, persons travelling in aircraft and persons with rights in property carried in them;

- to promote efficiency and economy on the part of licence holders;
- to secure that licence holders will not find it unduly difficult to finance activities authorised by their licences; and
- to impose on licence holders the minimum restrictions which are consistent with the exercise of their functions.

In addition, the CAA has a duty to exercise its functions in a manner it thinks best calculated:

- to take account of any international obligations of the UK notified to the CAA by the Secretary of State; and
- to take account of any guidance on environmental objectives given to the CAA by the Secretary of State.

3. **STATUTORY DUTY OF THE ISSUER**

As a licence holder, the Issuer is placed under a general duty pursuant to the Transport Act to:

- secure that a safe system for the provision of air traffic services which the Issuer is authorised to provide is provided, developed and maintained;
- take all reasonable steps to secure that the system is also efficient and coordinated;
- take all reasonable steps to secure that the demand for the air traffic services which it is authorised to provide is met in respect of its licensed area; and
- have regard, in providing, developing and maintaining the system, in accordance with the demands which are likely to be placed on it in the future.

These statutory duties apply in respect of the air traffic services the Issuer is authorised and required to provide under the Licence. What constitutes a "safe" system is defined by reference to requirements imposed by the Air Navigation Order issued by the CAA under the CAA 1982.

4. **MODIFYING LICENCES**

Licence conditions may be modified, either in accordance with the terms of the Licence or in accordance with the procedures provided under the Transport Act (as amended by the Air Traffic Act), the CAA may modify a Licence condition without the Issuer's consent, after consultation and subject to a statutory appeal mechanism providing for appeals to the CMA. The Transport Act also empowers the Secretary of State to amend the Licence by modifying any term specifying the period for which the licence continues in force or any term by or under which that period is determined or by modifying a term that has been prescribed for the purposes of this modification power by regulations made by the Secretary of State.

On 4 September 2025, the Department for Transport published a consultation proposing modifications to prescribed terms of the Licence in order to authorise, and require, the Issuer to provide the UKADS. The consultation period ended on 1 October 2025. These proposed changes will be complementing further the licence modifications proposed by the CAA setting out what the Issuer is required to do as the UKADS provider and to enable it to recoup relevant costs (as described in the section *"NATS (EN ROUTE) PLC – Principal Activities"*). The Secretary of State will consider responses to the consultation and decide what modifications, if any, to make to the terms of the Licence before publishing the notice of its decision and the date on which it will come into effect. No modification of the Licence may come into effect until a minimum of 28 days after the publication of the decision notice.

5. **STATUTORY IMMUNITY FOR BREACH OF DUTIES OR CONDITIONS**

A third party cannot bring any legal proceedings against the Issuer in respect of a failure to perform a statutory duty imposed by the Transport Act or a condition of its Licence. Alleged breaches of the Licence or of its statutory duties can only be investigated and enforced by the CAA in accordance with the enforcement mechanisms specifically provided in the Transport Act (see below).

This statutory immunity does not affect a right of action in respect of: (a) an act or omission of the Issuer which takes place in the course of it providing air traffic services; or (b) a failure by the Issuer to comply with an enforcement order which causes loss to a third party.

6. **ENFORCEMENT**

The CAA is responsible for enforcing compliance by the Issuer with the conditions of its Licence and with its statutory duties. The CAA may require information to be supplied to it in connection with its enforcement activities. The enforcement regime set out in the Transport Act was amended by the Air Traffic Act, and is summarised below.

The CAA may issue a contravention notice to the Issuer if it has reasonable grounds for believing that the Issuer is contravening, or has contravened, a condition of its Licence and/or its statutory duties. A contravention notice must explain the action the CAA may take in respect of the contravention and that representations may be made about the matters in the notice within a specified period. A contravention notice can be withdrawn by notice to the Issuer at any time.

The CAA may issue an enforcement order to the Issuer if: (a) the CAA has given the Issuer a contravention notice (and has not withdrawn it); (b) the representation period has ended; (c) the CAA has considered any representations made about the matters in the contravention notice; and (d) the CAA has determined that the Issuer (i) is contravening the condition of its Licence and/or the statutory duty specified in the contravention notice in one or more of the ways specified in the notice; or (ii) has contravened the condition of its Licence and/or the statutory duty specified in the contravention notice and did not, before the end of the representation period, take all of the appropriate steps to comply with its obligations and remedy the consequences of the contravention. An enforcement order must require the Issuer to take any appropriate steps that are specified in the order within a specified period. The CAA may modify or revoke an enforcement order (after having given notice of the proposed modification or revocation and considered any representations made about the proposal within a specified period).

The CAA may also give an urgent enforcement order if the CAA has reasonable grounds for believing that a contravention by the Issuer has resulted in, is likely to result in, or creates an immediate risk of a serious economic or operational problem and it is appropriate to give an urgent enforcement order to prevent, remove, prevent or reduce that problem or risk.

An enforcement order (or urgent enforcement order) by the CAA creates a duty on the part of the Issuer to comply with it (unless it is revoked). That duty is owed to every person who may be affected by a contravention of it. A breach of the duty is actionable by any person to whom the breach causes loss or damage and is specifically excluded from the statutory immunity under the Transport Act. It is a defence, in any such proceedings, for the Issuer to show that it took all reasonable steps and exercised all due diligence to avoid contravening the requirements of the order. The CAA may also enforce the duties owed in civil proceedings (and the CAA doing so does not prejudice the rights of any other person in respect of an alleged breach of duty).

The CAA may also impose penalties on the Issuer for contravention of a condition of its Licence and/or a statutory obligation specified in a contravention notice and/or for contravention of a requirement in an enforcement order or urgent enforcement order. The amount of the penalty can be up to 10% of annual turnover or a daily amount of up to 0.1% of annual turnover.

The Issuer may appeal to the Competition Appeals Tribunal ("**CAT**") against certain decisions in respect of an enforcement order or urgent enforcement order, namely the decision to give the order, the decision as to the steps specified in the order, and/or the decision as to the period allowed for taking those steps. The making of an appeal against an enforcement order suspends the effect of the order until the appeal is decided or withdrawn, unless the CAT orders otherwise. However, the making of an appeal against an urgent enforcement order does not suspend the effect of the order, unless the CAT orders otherwise.

The Issuer may also appeal against a decision by the CAA to impose a penalty, the amount of the penalty and/or the period allowed for payment of the penalty. Where the Issuer appeals against a penalty, the CAA cannot require the licence holder to pay the penalty until the appeal is decided or withdrawn.

Similarly, in November 2024, the Independent Review's Final Report recommended that the UK Government introduce legislation enabling the CAA to take consumer enforcement action without recourse to the courts. Accordingly, if such legislation were enacted, it could provide the CAA with a new enforcement recourse against the Issuer. The Issuer is not aware of any such proposal currently being under consideration by the UK Government.

7. PAYMENT AND RECOVERY OF CHARGES

Under the Transport Act, the obligation on users to pay charges for the Issuer's air traffic services arises under specifications made by the CAA. These specifications may include the amount or method of calculating the charges, the persons by and to whom they are to be paid and the currencies in which they are to be paid. These specifications determine and enable the Issuer to recover these charges from users.

Each year, the CAA specifies the charges payable in respect of air traffic services provided for aircrafts. Charges in respect of different air traffic services provided by the Issuer are subject to different CAA specifications and collected via different mechanisms.

- Charges for en route air traffic services are collected by Eurocontrol, an inter-governmental organisation of which the UK is a contracting member state (see below) (a "**Eurocontrol Member State**"). Eurocontrol collects *en route* service charges on behalf of Eurocontrol Member States and distributes the revenues to Eurocontrol Member States based on the revenues generated for each Eurocontrol Member State overflown. The current CAA specification in place in respect of *en route* air traffic services is The Civil Aviation Authority (Eurocontrol Charges) Specification 2024.

- Charges for the Oceanic En route service (specified as the "*charges for services provided in the Shanwick Oceanic Control Area*", and separately the "*charges for ADS-B data*"), the London Approach Service and the North Sea Helicopter Advisory Service are collected by the Issuer. The current CAA specification in place in respect of these services is The Civil Aviation Authority (Navigation Services Charges) Specification 2024.

While the CAA's specifications give rise to the obligation to pay charges, the amount and method of calculating the charges is determined as part of the economic regulation of the Issuer. The price controls to which the Issuer is subject are revised periodically by the CAA by reference to the Issuer's business plan and are implemented into the charge controls in its Licence. These price controls are then given legal effect on an annual basis by the specifications made under the Transport Act. The economic regulation to which the Issuer is subject is described in more detail below.

Charges in respect of services provided by the CAA, the Met office and the Department for Transport are also collected by Eurocontrol. In practice, there is one combined UK unit rate for Eurocontrol charges which consists of the portion due to the Issuer and the CAA, Met office and

Department for Transport portions. Eurocontrol has been directed by the Secretary of State to pay all the UK unit rate charges to the Issuer, and therefore, the Issuer receives its income directly from Eurocontrol.

There are regulations providing for the detention and (ultimately) the sale of aircraft by the CAA where charges due in respect of air traffic services are unpaid. However, the Issuer is dependent on the CAA and, in the case of UK Eurocontrol charges, Eurocontrol, to enforce these provisions. The Issuer has a close working relationship with Eurocontrol and the CAA and pro-actively contacts Eurocontrol and the CAA as soon as it becomes aware of any potential problem in order to find out what action is proposed and to volunteer suggestions as to how any problem might be remedied.

8. **AIR TRAFFIC ADMINISTRATION ORDERS**

An application to wind up the Issuer cannot be made by anyone other than the Secretary of State unless 14 days' notice has been given to the Secretary of State and the CAA.

The Issuer may not be wound up, nor can an administrator be appointed until the Licence is revoked.

During the period from when an application to wind up the Issuer is made to the point at which the Licence is revoked, the court may appoint an air traffic administrator.

The court has the power to make an ATAO in relation to the Issuer if an application is made by the Secretary of State or, with his consent, the CAA, and one of the following four conditions is satisfied:

(a) the Issuer is or is likely to be unable to pay its debts;

(b) the Secretary of State certifies that, but for the prohibition on winding up the Issuer in the Transport Act, it would be appropriate for them to petition for its winding up under section 124A of the Insolvency Act 1986 (which contains various "public interest" grounds) and such winding up would be just and equitable;

(c) there has been or is or is likely to be a contravention by the Issuer of a statutory duty imposed by the Transport Act, no notice of withdrawal or revocation has been given by the CAA in respect of the contravention and the contravention is serious enough to make it inappropriate for the Issuer to continue to hold the Licence; or

(d) an enforcement order or urgent enforcement order has been made or confirmed in relation to a contravention of a statutory duty imposed by the Transport Act or a Licence condition that is not the subject of an appeal by the Issuer and there has been or is or is likely to be a contravention of the enforcement order by the Issuer as to make it inappropriate for it to continue to hold the Licence.

An ATAO is an order of the court directing that the affairs, business and property of the Issuer shall be managed by the air traffic administrator. Once an ATAO is made, the air traffic administrator must act in a way that secures the purposes of the order and in a manner which protects the respective interests of the Issuer's members and creditors.

The purposes of an ATAO are: (i) the transfer to one or more different companies, as a going concern, of so much of the business and undertaking of the Issuer as is necessary to transfer to ensure that its licensed activities may be properly carried out; and (ii) the carrying on of those licensed activities pending the making of the transfer.

Once an ATAO has been made, no steps may be taken to enforce any security except with the

consent of the air traffic administrator or with the leave of the court. Where no ATAO has been made, a person seeking to enforce security over the Issuer's property is required to give at least 14 days' notice to the Secretary of State and the CAA during which time the Secretary of State or, with his consent, the CAA, may apply to court to make an ATAO in relation to the Issuer.

9. **CORPORATE INSOLVENCY AND GOVERNANCE ACT 2020 - MORATORIUM**

The provisions in Part A1 of the Insolvency Act 1986 (inserted by section 1 of the Corporate Insolvency and Governance Act 2020) enable an eligible company, in certain circumstances, to obtain a moratorium, giving it various protections from creditors.

A moratorium, with certain exceptions, will provide that the relevant company will not have to pay debts falling due prior to the moratorium but will have to pay debts falling due during the moratorium. The moratorium will apply for an initial period of 20 business days, with an ability to extend it for a further period of 20 business days without consent and with the possibility of further extensions. For the duration of this period, the moratorium will prevent the enforcement of security, the commencement of insolvency proceedings or other legal proceedings against the relevant company.

Directors of a company will remain in control throughout a moratorium, however a licensed insolvency practitioner will be appointed as monitor to protect creditor interests and to ensure continued compliance with the moratorium entry requirements and conditions (that (i) the directors of the company are of the view that the company is, or is likely to become, unable to pay its debts and (ii) that the monitor is of the view that it is likely that the moratorium would result in the rescue of the company as a going concern).

A company is excluded from being eligible for a moratorium if, among other things, on the date of filing for the moratorium, (a) it is a party to an agreement which is or forms part of a "capital market arrangement"; (b) a party has incurred, or when the agreement was entered into was expected to incur, a debt of at least £10 million under the arrangement; and (c) the arrangement involves the issue of a capital market investment.

Where entities currently benefit from a special administration regime (as in the case of the Issuer), the Secretary of State may make regulations to modify the application of, or disapply, the moratorium for those entities. To date, no such regulations have been made in respect of the air traffic special administration regime.

10. **DIRECTIONS RELATING TO NATIONAL SECURITY**

The Secretary of State can give the Issuer a direction:

- of a general character as the Secretary of State thinks are necessary or expedient in the interests of national security or in the interests of encouraging or maintaining the UK's relations with another country or territory;
- to do or not to do any particular thing as the Secretary of State thinks is necessary or expedient in the interests of national security;
- to do or not do a particular thing or secure that a particular thing is done or not done, in connection with anything authorised by the Licence which the Secretary of State thinks necessary or expedient to discharge an international obligation of the UK.

Separate provision is made for the Secretary of State to direct relevant persons (including the CAA, the Issuer and other providers of air traffic services and airport operators) in times of actual or imminent hostilities, severe international tensions or of great national emergency.

Directions may provide for expropriation of relevant assets for use by or for the purposes of the armed forces. A person who suffers direct injury or loss arising from compliance with an expropriation order is entitled to receive compensation from the Secretary of State.

11. **DIRECTIONS RELATING TO THE ENVIRONMENT**

The Secretary of State has the power to give directions to the Issuer (and various other categories of persons) as they think necessary or expedient to prevent or deal with noise, vibration, pollution or other disturbance attributable to aircraft used for civil aviation or to limit or mitigate these effects. Before giving a direction of a specific nature to a particular provider the Secretary of State is required to consult that person and the CAA. At present, no such directions have been issued to the Issuer.

12. **DIRECTIONS RELATING TO THE AIRSPACE CHANGE PROPOSALS**

The Air Traffic Act empowers the Secretary of State (or the CAA) to direct the Issuer (among others) to take forward airspace change proposal to facilitate the UK Government's airspace modernisation strategy. The provisions include enforcement powers, including the power to issue penalties of up to 10% of annual turnover or a daily amount of up to 0.1% of annual turnover for failure to take specified steps to remedy the consequences of a contravention of a direction.

International regulatory environment

1. **THE INTERNATIONAL CIVIL AVIATION ORGANISATION**

The current framework relating to the provision of air navigation services in UK is based on the Convention on International Civil Aviation (the "**Chicago Convention**"), by which the UK is bound to ensure the provision of air navigation services. Whilst large areas of UK legislation relating to civil aviation are directly or indirectly derived from provisions of international conventions such as the Chicago Convention, the international treaties and conventions are part of the English legislative system only in so far as they have been incorporated in domestic legislation.

The Chicago Convention established the International Civil Aviation Organisation ("**ICAO**"). As the principal international body with respect to the regulation of world aviation, ICAO develops principles and techniques of international air navigation and fosters the planning and development of international air transport.

2. **EUROCONTROL**

The UK is a signatory to both the Eurocontrol International Convention relating to Co-operation for the Safety of Air Navigation (the "**Eurocontrol Convention**") and the Multilateral Agreement relating to Route Charges (the "**Multilateral Agreement**").

The Eurocontrol Convention established Eurocontrol, an inter-governmental organisation whose key functions include working to improve the co-ordination of ATC systems throughout Europe. Eurocontrol processes all flight plans requiring air traffic services in the airspace of Eurocontrol Member States and collects the charges from those flights, distributing the revenues proportionally to the providers of air traffic services for each flight in accordance with the Eurocontrol Route Charges System.

The Eurocontrol Route Charges System is governed by the Multilateral Agreement (which all Eurocontrol Member States are obliged to sign), whereby each flight across the airspace of Eurocontrol Member States receives only one bill in Euros for *en route* air traffic services, irrespective of the number of Eurocontrol Member States overflown. This amount is calculated, billed and collected by the Central Route Charges Office on behalf of the Eurocontrol Member States. As a Eurocontrol Member State, the UK is obliged to ensure that the charges for air traffic

services in the UK are calculated in a manner that is compatible with the formulae set out in the Multilateral Agreement. In the UK, this is achieved via the economic regulation of the Issuer, which is incorporated into the Licence and given legal effect via the CAA specifications.

3. **UK-EU TRADE AND COOPERATION AGREEMENT**

The UK and the EU have agreed a Trade and Cooperation Agreement ("**TCA**") which governs aspects of trade and cooperation between them following the UK's withdrawal from the EU. The TCA includes a chapter on Aviation, which provides that the UK and the EU and their respective regulatory authorities and providers of air traffic services will cooperate with each other in such a way as to enhance the safe and efficient functioning of air traffic in the European region and will seek interoperability between their respective air traffic service providers. The TCA also provides that the UK and the EU agree to:

- cooperate on matters concerning the performance and charging of air traffic services and network functions, with a view to optimising overall flight efficiency, reducing costs, minimising environmental impacts and enhancing the safety and capacity of air traffic flows between their respective existing air traffic management systems;
- promote cooperation between their respective providers of air traffic services in order to exchange flight data and coordinate traffic flows to optimise flight efficiency, with a view to achieving improved predictability, punctuality and service continuity for air traffic; and
- cooperate on their air traffic management modernisation programmes, including research, development and deployment activities, and to encourage cross-participation in validation and demonstration activities with the goal of ensuring global interoperability.

The Licence

The Licence was issued by the Secretary of State under the Transport Act at the time of the PPP and comprises:

- terms, such as licence duration and notice period; and
- conditions, which largely implement the CAA's regulatory regime and are varied to reflect the current regulatory settlement.

Licence Terms

The Licence both authorises and requires the Issuer to provide:

- the Core Services comprising the UK En route Service, the Oceanic En route Service, the Advisory Control Service and the London Approach Service, each of which is defined in the Licence as the "**Core Services**"; and
- the UK Aeronautical Information Service, Navigational Infrastructure Services, Surveillance Infrastructure Services, North Sea Helicopter Advisory Service, UK Meteorological Information Service and UK Flight Information Service) (defined in the Licence as the "**Specified Services**").

The Licence continues to have effect until terminated by not less than 15 years' notice (amended from 10 years' notice in September 2021) from the Secretary of State following consultation with the CAA. The Transport Act (as amended by the Air Traffic Act) empowers the Secretary of State to amend this notice period. The authorisations relating to the UK and Oceanic areas may be determined independently of each other. The Issuer is not aware of any intention to give notice to terminate the Licence on the part of the Secretary of State.

The Licence also provides the basis through which the Issuer is economically regulated by the CAA,

principally through the price controls that are imposed periodically in respect of its Licensed services. The process by which the CAA determines the price controls settlement for a given period is explained in detail further below.

The Licence may be modified, either in accordance with the terms of the Licence or in accordance with the procedures provided under the Transport Act (see above).

The Secretary of State may at any time following consultation with the CAA revoke the Licence in accordance with Schedule 3 of the Licence.

The grounds for revocation are:

(a) if the Issuer requests or otherwise agrees in writing with the Secretary of State that the Licence should be revoked;

(b) failure to pay the annual Licence fee;

(c) failure to rectify non-compliance with an enforcement order under the Transport Act following notice from the Secretary of State;

(d) failure to comply with an order made by the Secretary of State under competition legislation;

(e) the Issuer ceasing to carry on an *en route* business;

(f) insolvency or entry into special administration; and

(g) breach of the Licence condition requirement to notify certain relevant changes in shareholdings to the Secretary of State or such a change taking place where the Secretary of State has notified their objection for reasons connected with national security or the UK's international relations.

The notice period for revocation is:

- for the purposes of (f) and (g) above, 24 hours; and
- for all other purposes, 30 days.

Licence Conditions

The Licence conditions can be grouped under six broad headings:

1. **SERVICE OBLIGATIONS**

The Issuer's main service obligation relates to the Core Services and is contained in Condition 2 of the Licence.

Condition 2.1 of the Licence provides that the Issuer must make available the Core Services so as to be capable of meeting on a continuing basis any reasonable level of overall demand for those services. The Issuer is also required to make available the Specified Services.

Condition 2.4 of the Licence provides that in determining what is a reasonable level of demand for the purposes of Condition 2.1, regard is to be had to:

- the level of overall demand reasonably expected to be met at the relevant time on the basis of capacity to be made available in accordance with the Service and Investment Plan (defined below) required under a separate condition (see below); and
- the effect on overall demand of changes in legal and regulatory requirements made subsequent to the provision of the Service and Investment Plan provided that the Issuer

has taken all reasonable steps to meet the resulting changed demand.

Condition 2.5 of the Licence provides that, without extending the obligation in Condition 2.1 as to the overall level of Core Services, the Issuer is also required to meet each individual request for provision of Core Services reasonably made by any person, having regard, in particular, to safety requirements.

Condition 2.7 of the Licence provides that, in providing the services, the Issuer must not unduly prefer or discriminate against any person or class of person in respect of the operation of the Issuer's systems, after taking into account (i) the need to maintain the most expeditious flow of air traffic as a whole without unreasonably delaying or diverting individual aircraft or (ii) such other criteria as the Issuer may apply from time to time with approval of the CAA. In addition, Condition 2.8 of the Licence provides that the Issuer must not discriminate against or give preferential treatment to any person or class of persons in respect of the terms on which services are provided, to the extent that such terms have or are intended to have or are likely to have the effect of preventing, restricting or distorting competition in any market.

Condition 2.2 of the Licence provides that the Issuer must at all times develop and maintain its assets, personnel, systems and other parts of its business so as to be able to comply with its service obligations and having regard to the objective of permitting access to controlled airspace on the part of all users while making the most efficient overall use of airspace. In accordance with Conditions 2.9 to 2.16 of the Licence, the Issuer must periodically submit to the CAA a resilience plan setting out the principles, policies and processes by which the Issuer will comply with its service obligations with regard to resilience, contingency and business continuity.

2. **AVAILABILITY OF RESOURCES AND FINANCIAL RING-FENCING OF THE REGULATED BUSINESS**

The Licence contains a number of conditions imposing detailed constraints on how the Issuer can operate. These include:

- restrictions on the activities of the Issuer to prevent it from carrying on significant business other than its main UK En route Service and Oceanic En route Service activities. The Licence restricts the Issuer's ability to carry out unregulated activities subject to certain exceptions set out in the Licence and subject to an overall limit on such activities;

- requirements on the Issuer to act in a manner calculated to secure that it has available to it sufficient resources including (without limitation) financial, management and staff resources to comply with its obligations under the Transport Act and its Licence and controls on the way in which relevant assets which are necessary for its key activities are dealt with. Disposal of relevant assets used in the regulated businesses requires the consent of the CAA. The criteria for decisions on disposal of certain categories of assets are set out in directions which have been issued by the CAA under the Licence;

- restrictions as to the terms on which the Issuer can, other than in respect of transactions that are on an arm's length basis, on normal commercial terms or for a permitted purpose (essentially the UK En route Service and Oceanic En route Service businesses) without the consent of the CAA, create any mortgage, charge, pledge, lien or other form of security or encumbrance of whatsoever form, undertake any indebtedness or enter into any liability in respect of any obligation;

- restrictions as to the terms on which the Issuer can, without the consent of the CAA, transfer, lease, licence or lend any sums, asset, right or benefit to any affiliate or related undertaking other than by way of specified circumstances (for example by way of a dividend, repayment of capital, payment for goods and services provided on an arm's length basis or payment for group tax relief);

- restrictions on the Issuer, without the consent of the CAA, entering into any agreement with an affiliate or related undertaking other than on an arm's length basis and on normal commercial terms;

- restrictions on the Issuer, without the consent of the CAA, entering into an agreement or incurring a commitment incorporating a cross default obligation;

- a requirement to prepare regulatory accounts according to accounting guidelines approved by the CAA based on its statutory accounting records for the purpose of allowing the CAA and the public to assess the financial position of the Issuer and the financial performance of each separate *en route* business;

- a prohibition on the Issuer allowing cross subsidies between any business which is the subject of an individual charge cap and any other business (whether within or outside the Issuer) where such cross subsidy has or is intended to have the effect of distorting competition in the provision of air traffic services;

- a requirement on the Issuer not to disclose or permit to be disclosed to its affiliates information relating to or deriving from either of its *en route* businesses which is not in the public domain, if the disclosure may confer a competitive advantage over third parties;

- a requirement to use all reasonable endeavours to maintain at all times an investment grade issuer credit rating; and

- requirements to notify and in some instances consult with the CAA before undertaking specified actions and to notify the CAA of the happening of certain events which might prejudice the Issuer's financial stability.

3. **OPERATION OF THE REGULATED BUSINESS**

The Issuer is required to prepare a full business plan and submit it to the CAA one year before the plan renewal date (defined as 31 December 2020 and every fifth anniversary thereof) or a date agreed with the CAA.

The relevant Licence condition provides as follows:

The business plan must relate to the period beginning on that plan renewal date. Later business plans shall always supersede any earlier business plan in respect of a period which is covered by both. Business plans must comply with the relevant requirements for a business plan set out in the Licence and any relevant legislation and/or guidance issued by the Secretary of State arising out of or in connection with the withdrawal of the UK from the EU.

The purpose of the business plan is to describe the detail of the Issuer's plans and expectations for each of the En route businesses and London Approach Services including its capital expenditure and operational plans, together with measures which it proposes to take to improve efficiency and effectiveness of its operations in providing the services required by the Licence.

Every year, the Issuer is also required to submit:

- not later than 31 January each year, a service and investment plan (a "**Service and Investment Plan**");

- not later than 31 July each year, an interim service and investment plan (an "**Interim Service and Investment Plan**");

- not later than 30 April and 31 October in each year, an update to the Service and

Investment Plan; and

- not later than seven months after the end of the regulatory year, a business plan report relating to the previous regulatory year.

The Service and Investment Plan and Interim Service and Investment Plan must provide an update of:

- the Issuer's investment plans, including its technology and airspace programmes;
- the Issuer's delivery of the investment plans, as measured against the capital expenditure programme milestones set out in the business plan; and
- material changes in the Issuer's expectations as to the level and quality of the service it will provide, the means by which the services will be provided and the likely implications for charges to users beyond the expiry of the period for which charges are being set.

Each business plan report must provide a description of progress achieved in relation to the business plan and the latest Service and Investment Plan or Interim Service and Investment Plan, reconciling actual performance and these plans, and information on the performance of the Issuer against its service obligations.

The form, scope and level of detail of the Issuer's plans are subject to approval by the CAA and must take into account the views of users consulted in accordance with another condition in the Licence.

The Issuer is subject to a financial incentive in respect of the efficiency of its capital expenditure programme which may result in the disallowance of capex from the Issuer's RAB where its capital expenditure is determined to be DIWE according to an ex-post assessment. This assessment is carried out following the criteria and principles outlined in the CAA's published regulatory policy statement. Any resulting adjustment to the Issuer's RAB will be applied in the subsequent price control period subject to the CAA's statutory duties under the Transport Act (which include to having regard to the Issuer's ability to finance its regulated activities).

Since 1 January 2021, the Issuer has been subject to a financial incentive in respect of the quality of its engagement (rather than delivery) on its capital expenditure programme, to be assessed against the criteria set out in the Licence. The Issuer is potentially liable to a penalty in respect of the quality of its engagement on its capital expenditure. The process that the CAA will use to assess the Issuer's performance against the engagement incentive and the level of penalty (if any) is set out in a guidance document published by the CAA which states that any penalty will be implemented by either a RAB adjustment or a revenue adjustment at the price control review and will not exceed the Issuer's rate of return on its actual capex in the price control period. The CAA may appoint an independent reviewer to help assess the Issuer's performance with respect to these engagement and efficiency incentives.

4. AIRSPACE MODERNISATION

*Airspace Change Organising Group ("**ACOG**")*

The Issuer must maintain an ACOG. ACOG must be a unit within the Issuer, separate and impartial from the Issuer's other functional units set up for the purpose of carrying out the functions set out in the Licence. ACOG is subject to oversight from a Steering Committee to assist with its impartiality and engagement with relevant stakeholders. The Issuer must appoint (and has appointed) the Head of ACOG and the Chair of the Steering Committee following consultation with the CAA and the Department for Transport. The Issuer must ensure that the Steering Committee will include at least one representative from the Issuer, airlines, airports, the general

aviation community and independent members with appropriate experience. The Issuer is responsible for the outputs of ACOG.

The Issuer must create and maintain a single coordinated implementation plan for airspace changes in the UK for the period to 2040 (the "**airspace change masterplan**"). The airspace change masterplan must:

- be consistent with the delivery of airspace modernisation as described in the CAA's Airspace Modernisation Strategy;
- meet the criteria for a masterplan set out in a joint letter of the Department for Transport and CAA to the Issuer dated 2 November 2018 or any successor publication;
- comply with any requirements or guidance associated with the requirements set out above as provided by the Secretary of State or the CAA;
- take into consideration the information provided by and expertise of the airport operators and other providers of air traffic services in the relevant part of UK-managed airspace; and
- take into consideration the views of entities listed as representative of a stakeholder group identified in the Airspace Modernisation Strategy or any successor publication.

The airspace change masterplan is subject to assessment against the above criteria and subsequent acceptance by the CAA in consultation with the Secretary of State. The Issuer must make any changes to the airspace change masterplan as are reasonably proposed by the CAA in order to comply with and meet the objectives of the Airspace Modernisation Strategy.

The Issuer must prepare and submit to the CAA the airspace change proposals related to the airspace in which the Issuer provides UK *en route* air traffic services. This requirement may be identified in the airspace change masterplan or other work undertaken by the Issuer pursuant to the activities under the Licence.

Subject to coordination with relevant stakeholders and the agreement of the CAA, the Issuer may provide support to airspace change proposals proposed by other bodies where other bodies are designated as responsible for such airspace change proposals in the masterplan. The Issuer is obliged to encourage such sponsors to follow the coordinated programme in the airspace change masterplan including, where appropriate, providing advice and coordination to sponsors on the implementation of the airspace changes identified in the airspace change masterplan.

The Issuer must periodically update the airspace change masterplan as reasonably requested by the CAA and the Issuer must provide a high-level report to the CAA and the Department for Transport on progress against the delivery of the Airspace Modernisation Strategy initiatives or equivalent provisions on 1 November each year and at any time it is requested to do so by the CAA. The Issuer must report quarterly, or at an alternative period agreed with the CAA, on the costs incurred on the deliverables and associated activities of the ACOG. The Issuer is also responsible for other activities identified in the Airspace Modernisation Strategy which the Issuer is required to undertake pursuant to legislation (for example, under the Air Traffic Act).

UKADS

In addition, as part of the UK Government's decision for the Issuer to provide the UKADS (which goes beyond the coordinating oversight role of ACOG into the integrated functional design of blocks of airspace), the CAA published a consultation on 12 June 2025 ("**CAP3121**") on its initial proposals to modify the Licence, specifying the Issuer's obligations as the UKADS provider and addressing the funding arrangements for its delivery. The consultation closed on 24 July 2025.

The CAA estimates that the combined cost of the Issuer providing the UKADS to be approximately £194 million in total over ten years (2024 prices) (with an estimated cost of £52 million until the end of NR23). The CAA's proposals include a cost pass-through arrangement that would allow the Issuer to recover these costs from users through its charges. The CAA has also proposed that the Issuer should be compensated for managing the risks associated with these new activities by permitting an operating margin as part of its price control. The proposed changes would be implemented during the NR23 price control period and reviewed at the next price control review.

The CAA is expected to publish a statutory consultation on the final proposals for modification of the Licence in autumn 2025 with a view to making a final decision by the end of 2025. In CAP3121, the CAA proposes to:

- create high-level obligations on the Issuer to provide the UKADS, and administer the Airspace Design Support Fund;
- set the Issuer's approach to the implementation of these obligations to be informed by strategic priorities and guidance from the CAA and the Department for Transport, alongside stakeholder views; and
- set a new charge control in respect of UKADS.

As part of UKADS, the CAA intend to reform the way that airspace change is funded. The Issuer's work on the UKADS will be funded through a new Airspace Design Charge on airspace users, which will also support a new Airspace Design Support Fund, expected to be administered by the Issuer.

5. RELATIONS WITH THE SECRETARY OF STATE, THE CAA, OTHER SERVICE PROVIDERS AND USERS

The Issuer is subject to obligations to provide advice and information to the Secretary of State and/or the CAA in certain circumstances. The Licence also provides for the secondment of air traffic controllers to the CAA to provide advice on airspace policy and safety matters.

The Issuer must consult and collaborate with the CAA and other providers of air traffic services to ensure high standards of operational efficiency and compliance with the UK's international treaty obligations. In particular, it must collaborate with the MOD to develop, implement and maintain a joint and integrated approach to service provision and to prepare and implement an Operating Protocol.

The Issuer's Licence fee was historically payable by the Issuer annually to the CAA. The CAA reviewed this approach in relation to meeting the cost of its economic regulation activities for air traffic services and concluded that the beneficiaries of CAA's regulation of the Issuer should meet the costs of regulation directly. Since January 2023, the CAA has switched to including the costs of its economic regulation of the Issuer in the existing CAA airspace costs, recovered through the UK en route unit-rate charged to consumers.

6. CHARGE CONTROLS

The Licence contains three detailed charge control formulae for calculating the annual charge relating to:

(a) the Eurocontrol charges (i.e. charges levied in respect of the UK En route Service, the Advisory Control Service and most of the Specified Services, which are collected by Eurocontrol on behalf of the Issuer);

(b) charges levied in respect of the London Approach Service; and

(c) charges levied in respect of the Oceanic En route Service.

The formulae in respect of the Eurocontrol charge and London Approach charge determine the maximum permitted average charge per service unit in respect of the relevant air traffic service. They are based on (i) the Issuer's determined costs for the relevant year, fixed as part of its business plan in respect of a given price control period, (ii) forecast traffic volumes for the price control period, also fixed as part of the business plan, and (iii) adjustments (recovered on an n+2 basis) for traffic volume risk sharing, inflation and financial incentives relating to performance targets, also fixed in the business plan. The traffic volume risk sharing mechanism limits the Issuer's exposure to favourable and adverse variations between actual and forecast traffic volumes during a price control period (recovered on a regulatory n+2 basis). In the Issuer's current Licence, the Issuer bears all traffic volume risk for variations in either direction up to and including 2% (known as the "**deadband**"). Beyond this, risk is shared between the Issuer and users (with the Issuer bearing or benefiting from 30% of the risk) in respect of incremental variations that occur in excess of the deadband but subject to a 10% upper limit in either direction, after which users bear or benefit from all incremental traffic risk. Where it materially breaches the overall 10% limit, exceptional measures such as re-opening the price control would be expected to apply.

The formula in respect of the Oceanic En route Service charge determines the maximum permitted average charge per oceanic flight.

The Licence also contains provisions relating to the charges for the North Sea Helicopter Advisory Service.

The latest charge control conditions were set in October 2023 following the issuance of CAP2597. Modifications to the Licence were made in December 2023 to give effect to the new price control conditions. The NR23 price control covers the period 1 January 2023 – 31 December 2027. Any future changes to the price control conditions will require further modification under the licence modification provisions of the Transport Act.

The economic regulation of the Issuer

As the monopoly provider of *en route* services in the UK, the price the Issuer can charge airlines for these services – and therefore the maximum revenue the Issuer can expect to receive based on forecasted air traffic in a given period – is subject to economic regulation imposed and enforced through the Licence.

As noted above, the CAA's specifications made under the Transport Act give rise to the legal obligation on users to pay charges. However, the amount and method of calculating the charges is determined as part of price controls reviews conducted periodically by the CAA by reference to the Issuer's business plan. These price controls are then implemented by modifying the charge controls in the Licence (as described above).

The Issuer is currently in the sixth price control period since the PPP. The CAA's approach to economic regulation of the Issuer to date has been to establish the maximum charges that will provide sufficient revenue allowances to remunerate efficient investment capex, operating costs opex, pensions and an allowed return on money invested in the RAB.

The CAA's price control also sets targets and provides incentives for service, environment performance, capital investment and borrowing levels. If regulatory assumptions are borne out and the Issuer meets its targets, then the Issuer earns a return equal to the cost of capital. The Issuer can outperform if it is more cost efficient than the CAA's assumptions, finances at lower cost, if traffic volumes (after risk sharing – see below) are higher than forecast or if it outperforms service targets. The Issuer earns lower returns if the opposite occurs.

The CAA's approach to economic regulation for the current NR23 price control period

In October 2023, the CAA published its CAP2597 Final Decision for NR23, covering the period from 1 January 2023 until 31 December 2027. In this final decision, the CAA confirmed that the charge control

conditions for 2023 would be set according to the CAA's initial proposals and would be adjusted for any differences resulting from the CAP2597 Final Decision through adjustments.

In addition, the next price control period, NR28, is due to commence on 1 January 2028. In anticipation, the CAA published a document in August 2024 setting out its lessons learnt from NR23 and summarising its proposed approach to NR28 ("**CAP3000**"). The CAA also published an update and consultation on the timeline and approach to Constructive Engagement for NR28 on 30 September 2025. The CAA will focus on, among other things, considering a six-year regulatory period for the Issuer, rounds of Constructive Engagement between the Issuer and the airline services, airspace modernisation and establishing effective and efficient governance around price controls. The CAA anticipates publishing initial proposals for NR28 for consultation in July 2027 with a final decision and statutory notice on licence modifications to follow in August 2028. Interim arrangements will be made to cover the period from January to August 2028 based on the CAA's initial proposals.

The Issuer's business strategy

The Issuer's purpose is "*Advancing aviation, keeping the skies safe*". The Issuer is the core business of the Group. As such, it is a core contributor to the strategy of the Group. The strategy of the Group targets four long-term objectives for delivery by 2040:

(a) the Group will be a Top 25 UK company to work for;

(b) every airspace user will rely on the Group's services;

(c) the Group will be carbon-negative; and

(d) the Group will be delivering an additional £500 million in revenue per year.

In service of these objectives, the Issuer's priorities, amongst others, are to: (a) deliver a safe, efficient and resilient service; (b) secure its long-term finances; (c) deliver airspace modernisation; and (d) progress its carbon target zero plan. The Issuer's plan for the NR23 proposes to deliver:

- a safe air traffic system under a range of foreseeable recovery scenarios;
- efficient service levels underpinned by operational and technical resilience;
- cost effective prices to support industry recovery, including deferring recovery of 2020-22 revenue shortfalls and profiling prices;
- capacity increases to support expected 2027 traffic levels;
- enhanced environmental and fuel benefits, consistent with the Issuer's obligation to achieve net zero emissions, and increased societal expectations from aviation; and
- appropriate financial resilience against a slower recovery or future traffic/economic shocks, essential for maintaining critical national infrastructure.

Business operations

Operational safety

Safety is paramount to the Issuer's business and is managed through formal systems approved and audited by the CAA. The Issuer places a strong emphasis on training of both air traffic controllers and engineers who are supported by operational procedures and by equipment and systems which in many cases have double or triple back up capability. To provide assurance that safety is given the highest priority, all major changes to operational procedures or equipment are subject to formal safety assessments that are documented in the form of safety cases approved by the CAA.

Less significant changes are assessed in accordance with the Issuer's safety management system procedures, and the results are subject to audit by the CAA.

To date (and since 1971, when the CAA was first established), none of National Air Traffic Service (the

joint organisation through which, prior to the incorporation of NATS, the CAA collaborated with the Secretary of State for Defence in exercising its functions in providing air navigation services), the Group or the Issuer have been responsible for any aviation accidents involving fatalities or serious injuries. Nonetheless, a number of Aircraft Proximity Events (or "**Airprox**"), being situations in which, in the opinion of a pilot or air traffic controller, the distance between aircraft as well as their relative positions and speed have been such that safety of the aircraft involved was, or may have been, compromised and some less serious safety events do still occur. These events are subject to assessment by the UK Airprox Board, the independent organisation established in January 1999 to promote improved safety standards in the air and which investigates safety incidents and makes recommendations to prevent incidents recurring.

Over the last fifteen financial years (to 31 March 2025) there have been four risk-bearing Airprox events that were attributable to the Issuer, comprising both Category A, where there is an actual risk of collision and Category B, where the safety of the aircraft is compromised.

The Issuer has continuous safety improvement based on a comprehensive programme of incident reporting, investigation and analysis that pays close attention to contributory and causal factors to determine what measures it should take to prevent incidents occurring in the future. In this regard it works closely with the CAA, airlines, airports and other air traffic service providers.

Operational assets

The Issuer owns and operates the assets that are essential for provision of its services.

In addition, there are a small number of other assets owned by third parties (with which the Issuer has agreements) that are used in support of the provision of its services.

The main centres from which the Issuer operates are:

NATS Swanwick, in Swanwick, Hampshire, which combines:

- The London Area Control Centre, which manages *en route* traffic over much of England and Wales up to the Scottish border.
- The London Terminal Control Centre, which handles traffic below 24,500 feet flying to or from London's airports. This area, one of the busiest in Europe, extends south and east towards the coast, west towards Bristol and north to near Birmingham.
- Military Air Traffic Control, which provides services to certain civil and military aircraft operating outside controlled airspace.

NATS Prestwick, in Prestwick, South Ayrshire, which combines:

- The Scottish Area Control Centre, which controls aircraft over Scotland, some of Northern Ireland, Northern England and the North Sea from 2,500 feet up to 66,000 feet.
- The Oceanic Area Control Centre, which controls the airspace over the eastern half of the North Atlantic from the Azores (45 degrees north) to a boundary with Iceland (61 degrees north) (i.e. Shanwick Oceanic Control Area).
- The Manchester Area Control Centre, which controls aircraft over much of the north of England, the Midlands and north Wales from 2,500 feet up to 28,500 feet.

In addition to the control centres, the main assets owned and used by the Issuer comprise supporting infrastructure which includes:

- radar and flight data display systems, support information displays and ground-ground and air-ground communications facilities located at area control centres;

- flight data processing ("**FDP**") infrastructure. The FDP infrastructure maintains a database of the flight plans of all aircraft intending to fly, or actually flying, through UK-managed airspace. The system presents the controller with a record of the flight, which acts as the main means of planning the aircraft's passage through a sector. The system is responsible for keeping plans up to date and distributing revised plans to the centres during the flight. The Issuer's main system is known as the National Airspace System and is linked to other adjacent states' FDPs, to the Central Flow Management Unit in Brussels and to UK airport ATC systems. An Oceanic system FDP is located at Prestwick; and

- communications, navigation and surveillance infrastructure including radars, navigation aids, radio stations and transmission networks.

Employees

All employees working for the Issuer are employed by NATS Limited, which provides such employees to the Issuer under the terms of a management services agreement. Over the financial year ending 31 March 2025, the monthly average number of employees (including executive directors) working for the Issuer was 3,483. The key operational and technical staff working for the Issuer include:

- air traffic controllers, who take responsibility for planning and controlling flights and communicating with pilots and other controllers;

- air traffic service assistants, who support air traffic controllers by updating the flight data processing system, providing support with coordination and telephone calls. They also provide Flight Information Service by directly communicating with pilots;

- engineers, who develop and maintain the Issuer's system infrastructure; and

- research staff, who provide research and development services to appraise new technology and control procedures.

Responsible Business and Sustainability

In 2018 the Group launched a responsible business policy, adopting the following principles:

- Respect for human rights & people;

- Exemplary ethics & professional behaviour;

- Sustainable value creation;

- Protecting the natural world;

- Working together with communities;

- Embedding good practice; and

- Transparent performance & reporting.

The Group is part of an industry commitment to decarbonise aviation in the UK by 2050. It has made a commitment to a net zero estate by 2035 with a target aligned with the Science Based Target Initiative. The Issuer has established a near term science-based target to reduce the emissions from running its business by 41% by 31 March 2026 against a 2019 baseline. This has been independently verified by the Science-based Targets Initiative, for which NATS was awarded "Business Ambition" status. As of March 2025, the Issuer has achieved a 37% reduction in its emissions against the 2019 baseline. These targets set by the Issuer demonstrate that its emissions targets exceed requirements to help prevent the most damaging effects of climate change and are consistent with the goals of the Paris Agreement.

The Group is committed to protecting the natural world, biodiversity and ecosystems. For over a decade the Group has transparently reported its direct and indirect impacts on the environment, including progress on managing airspace efficiently and reductions in greenhouse gas emissions and other resource use associated with running buildings and infrastructure. The Group has an ISO14001 certified environmental management system and its GHG emissions are verified independently to ISO 14064 standards.

The Group has a sustainable operations team comprised of four qualified environment, sustainability and air traffic management experts. They work across the business and beyond it, with many other aviation stakeholders and public bodies, providing technical support, guidance and leadership on a range of environment and sustainability issues.

Insurance

Insurance for the Group is taken out, maintained and administered by NATS Limited on behalf of all Group companies for certain insured risks including professional indemnity, property damage and third-party risks (including aviation risk). The level of insurance cover is dependent on the available capacity in the insurance market, amongst other factors. The Issuer has agreed, under the terms of its management services agreement entered into between the Issuer and NATS Limited, to contribute a fair and reasonable proportion of the premium payable for the Group insurance and has agreed not to do or omit to do anything which could invalidate or jeopardise that insurance cover.

Pension Scheme

The Issuer participates in two pension schemes: a defined benefit pension scheme and a defined contribution pension scheme. Both schemes are provided to employees by NATS Limited. It also provides a pension cash alternative of 25% of pensionable pay for staff who have opted out of membership of the defined benefit scheme, due to pension taxation issues. New joiners are auto-enrolled into the defined contribution scheme. The defined benefit scheme is a section of the CAAPS. CAAPS is a defined benefits scheme that was closed to new entrants on 1 April 2009 and provides a pension benefit accrual at the rate of 1/58 of members' pensionable earnings for each year of pensionable service. Pensionable pay rises are capped through an agreement with trade unions and future service benefits are linked to the Consumer Prices Index. Although the CAA participates in CAAPS, the finances of the NATS Section are separate from those of the CAA Section, which also includes those who left or retired from NATS prior to 31 March 2001. Following the closure of the defined benefit scheme to new entrants, new joiners have been able to participate in a defined contribution scheme with NATS matching employee contributions on a 2:1 basis up to a maximum employer cost of 18% of pensionable salary. The majority of employees are now either members of the defined contribution scheme or the recipients of the pension cash alternative following their opting-out of the defined benefit scheme. There are around 1,051 employees of the Issuer still accruing benefits in the defined benefit scheme.

The CAAPS Statement of Investment Principles and Statement of Asset Arrangements are reviewed following each formal actuarial valuation by CAAPS and by NATS. The purpose of these is to document the agreed long-term funding target and investment strategy for the NATS Section. The agreed long term funding target is to be 100% funded using a discount rate of gilts +0.5% p.a. in 2034-2039 with the current investment strategy targeting the improvement of the funding level on the trustee current technical provisions funding basis. Following the valuation in 2023, the technical provisions have been directly aligned with this target such that from 2039 onwards the NATS Section will be valued on a gilts +0.5% basis.

The average funding level on the trustee basis over the last three Assessments (31 December 2017, 31 December 2020 and 31 December 2023) was 95.8%.

The next formal actuarial valuation of NATS Section is due by 31 December 2026.

The CAA recognised in the second price control reference period (referred to as "CP2", 2006-2010) that the Issuer was exposed to a high degree of uncertainty in the level of pension contributions due to factors beyond its control. To mitigate against these, the CAA allowed an end-of-period adjustment to the RAB to reflect the difference between forecast and outturn pension costs in present value terms. In allowing this, the CAA applied a stewardship test to ensure that the charges that users pay reflect efficient management of the pension scheme. The European Commission adopted a similar mechanism in its regulations for the first EU Reference Period (referred to as RP1, 2012-2014), which applied to the Issuer, whereby unforeseen and significant changes in pension costs resulting from unforeseen changes in national pension law, pensions accounting law or unforeseen changes in financial market conditions are subject to a cost risk sharing mechanism, so long as these costs are outside of the control of the Issuer and it has taken reasonable measures to manage cost increases during the reference period. These arrangements were augmented by a regulatory policy statement from the CAA relating to the Issuer's defined benefit pension scheme costs, published on 19 March 2021 (Appendix C to CAP2119) that applied for RP3 and CAA has confirmed in CAP2597 that in relation to NR23, it will continue to allow pass-through of unexpected changes in defined benefit pension costs due to unforeseen financial market conditions.

Capital investment

Over the last 15 years, the Issuer will have invested £1.9 billion in ATC infrastructure. Broadly, that investment has been made to:

- **enhance the capacity and effectiveness of the ATC network** to handle greater traffic volumes in a safe and more environmentally efficient way, for example through targeted safety improvements, through changes to how airspace structures are designed, changing where aircraft route and how sectors are configured, and technology investments such as the iFACTS trajectory prediction tool and iTEC, a flight data processing system;

- **sustain and modernise the infrastructure**, which included the replacement of the whole of the radar network, the replacement of communications systems and networks, the regular upgrade to software systems at its ATC centres and controller interface improvements at the workstation and the development of cloud-based computing and networking capability to host the next generation of ATC tooling; and

- **deliver efficiency projects** which have improved air traffic controller productivity and have enabled reductions in greenhouse gas emissions, such as installation of solar arrays at its operational sites.

Hedging activities

The Issuer uses interest rate and index-linked swap contracts and forward foreign exchange contracts to hedge exposures to interest rates, inflation and foreign currency exchange rates. As permitted under IFRS 9, the Issuer applies the existing hedge accounting requirements of International Accounting Standard 39 (Financial Instruments; Recognition and Measurement) for its cash flow hedges until a new dynamic risk management accounting standard for hedging is implemented by the International Accounting Standards Board.

The use of financial derivatives is governed by the Issuer's policies approved by the board of directors, which provides written principles on the use of financial derivatives. The Issuer documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Financing

The Issuer has in place the following bonds:

- £445,000,000 1.750% senior unsecured bullet bonds due 2033; and
- £450,000,000 1.375% senior unsecured amortising bonds due 2031,

(together, the "**Existing Bonds**").

The Existing Bonds are expected to remain in place for the Issuer's working capital and general corporate requirements.

In addition, the Issuer has access to a £400,000,000 revolving credit facility (the "**RCF**"), which was refinanced in December 2024 and is due to mature in December 2027. The RCF includes options, subject to bank approval, to extend the maturity by up to a further two years, potentially extending it to December 2029. As of the date of this Prospectus, the Issuer has £340,000,000 million in undrawn commitments and £60,000,000 million in outstanding drawings under the RCF.

Credit rating

The Issuer currently has a rating of A+(stable) from S&P and A2(stable) from Moody's.

Alternative Performance Measures

This Prospectus includes, in the "*NATS (En Route) plc - The economic regulation of the Issuer*" section and in the documents incorporated by reference, a reference to (i) adjusted revenue, (ii) adjusted profit before tax, (iii) debt-adjusted cash flows ("**DACF**"), (iv) "Regulatory Asset Base" or "RAB", (v) net debt (as defined in the Issuer's licence and finance documents), (vi) regulatory return (adjusted), and (viii) gearing, which constitute Alternative Performance Measures ("**APM**") for the purpose of the European Securities and Markets Authority Guidelines on Alternative Performance Measures. APMs are non-IFRS measures used to supplement disclosures prepared in accordance with other applicable regulations such as IFRS. The Issuer considers that these APMs provide useful information to enhance and to provide investors with a clear basis for the understanding of its financial performance. The APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. An explanation of the components and calculation method of the APMs relating to the Issuer can be found at pages 1, 3, 45, 82, 99 and 100 of the Issuer's audited annual financial statements for the year ended 31 March 2025 (which are incorporated by reference as more fully set out in the "*Documents incorporated by reference*" section) (the "**2025 Financial Statements**"). Each of these APMs (including the net debt figure) is directly identifiable in the 2025 Financial Statements, and therefore no additional reconciliation is required. The CAA has capped the gearing ratio at 65% under the terms of the Licence. Furthermore, for each of the adjusted revenue, adjusted profit before tax, DACF and net debt, a reconciliation to equivalent IFRS measures is also directly identifiable in the 2025 Financial Statements.

UNITED KINGDOM TAXATION

The comments set out below do not constitute legal or tax advice. Bondholders or prospective Bondholders or Couponholders who are in any doubt as to their tax position should consult their own professional advisers.

The comments set out below are based on the Issuer's understanding of the current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs ("**HMRC**") published practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change. They are intended as a general and non-exhaustive guide to certain United Kingdom tax considerations in respect of the Bonds for persons who are the absolute beneficial owners of their Bonds and any amounts paid in respect of them. They apply only to persons who hold their Bonds as an investment whereby amounts in respect of them are not taken into account in the profits of a trade, profession, vocation or property business. Save where expressly stated, the comments assume the Bondholder or Couponholder is resident in (and only in) the United Kingdom and, in the case of an individual, domiciled in the United Kingdom and is not subject to "split year" treatment or the Foreign Income and Gains regime. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person nor to certain classes of persons such as dealers or certain professional investors. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution. The United Kingdom tax treatment of an earlier issue of Bonds may be affected by a subsequent issue. The references to "interest" are to such term as understood for the purposes of United Kingdom tax law.

A. Interest on the Bonds

1. PAYMENT OF INTEREST ON THE BONDS BY THE ISSUER

Payments of interest on the Bonds by the Issuer may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds carry a right to interest and the Bonds are and continue to be to listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007. The Main Market of the London Stock Exchange is a recognised stock exchange for these purposes. The Bonds will be treated as listed on the London Stock Exchange if they are included in the Official List maintained by the Financial Conduct Authority and are admitted to trading on the Main Market of the London Stock Exchange. Provided, therefore, that the Bonds carry a right to interest and are and remain admitted to trading on a recognised stock exchange, interest on the Bonds will be payable without deduction of or withholding on account of United Kingdom tax.

In other cases, payments of yearly interest which have a United Kingdom source will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20%), subject to the availability of other reliefs or exemptions under United Kingdom law or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

2. FURTHER UNITED KINGDOM INCOME TAX ISSUES

Payments of interest by the Issuer in respect of the Bonds are expected to have a United Kingdom source. Such interest may be subject to United Kingdom tax by direct assessment even where the Bondholder is not resident in the United Kingdom. However, interest that is received without withholding or deduction for or on account of United Kingdom tax is not generally chargeable to United Kingdom tax in the hands of a Bondholder (other than in the case of certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation through a branch, agency or (in the case of a corporate Bondholder) permanent establishment in the United Kingdom to which the interest is attributable, by which the Bonds are used or by or for which they are held. Where a Bondholder who is not resident in the United Kingdom is within a charge to United Kingdom tax by direct assessment the provisions of

any applicable double tax treaty may be relevant.

Where interest on the Bonds has been paid under deduction of United Kingdom income tax, Bondholders may still be liable to pay further United Kingdom tax on the interest received or may be able to reclaim all or part of the tax deducted, including by virtue of an appropriate provision in an applicable double tax treaty.

The provisions relating to the payment of additional amounts in Condition 8 (*Taxation*) would not apply in respect of amounts of United Kingdom tax to which a Bondholder is assessed directly.

3. **UNITED KINGDOM CORPORATION TAX PAYERS**

Bondholders which are companies resident in the United Kingdom or which are companies not resident in the United Kingdom but which carry on a trade in the United Kingdom through a permanent establishment in the United Kingdom to which profits in respect of the Bonds are attributable, by which the Bonds are used or by or for which they are held will generally be subject to corporation tax as income on profits and gains, or obtain relief for losses, from the Bonds broadly by reference to amounts recognised in accordance with generally accepted accounting practice under the loan relationship rules. Interest and other amounts (including foreign exchange gains and losses) so recognised in respect of the Bonds will generally fall within these rules.

B. Other United Kingdom Tax Payers

1. **TAXATION OF CHARGEABLE GAINS**

The Bonds will constitute "qualifying corporate bonds" for capital gains tax purposes. Therefore, no chargeable gains or allowable losses will arise for United Kingdom capital gains tax purposes on a disposal (including redemption) of a Bond.

2. **ACCRUED INCOME SCHEME**

A transfer (within the meaning of Chapter 2 of Part 12 of the Income Tax Act 2007) of Bonds by an individual Bondholder who is resident in the United Kingdom or is carrying on a trade in the United Kingdom through a branch or agency during any part of the tax year and acquired, used or held their Bonds for the purposes of the branch of agency may give rise to a charge to income tax on an amount representing the interest on the transferred Bonds that has accrued since the preceding interest payment date under the rules on accrued income profits in Part 12 of the Income Tax Act 2007.

3. **STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")**

No United Kingdom stamp duty or SDRT should be payable on the issue or transfer of the Bonds.

Barclays Bank PLC, BNP PARIBAS, NatWest Markets Plc, Bank of China Limited, London Branch and CaixaBank, S.A. (together, the "**Bookrunners**") have, pursuant to a Subscription Agreement dated 10 November 2025 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Bonds at the Issue Price, as a percentage of their nominal amount less certain commissions. The Bookrunners are entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Bookrunners against certain liabilities in connection with the issue of the Bonds.

United States

The Bonds have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

Each Bookrunner has represented and agreed that it will not offer, sell or deliver the Bonds: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the Issue Date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons, and that, at or prior to confirmation of the sale of the Bonds, it will have sent to each dealer or other person to which it sells any Bonds during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering of such Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the

following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other UK regulatory restrictions

Each Bookrunner has represented and agreed that:

(a) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Singapore

Each Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Bookrunner has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to, and in accordance with the conditions specified in Section 275 of the SFA.

General

No action has been taken by the Issuer or any of the Bookrunners that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute this Prospectus or any form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief in all material respects, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

GENERAL INFORMATION

Admission to trading and listing of the Bonds

It is expected that the admission to listing on the Official List and the admission to trading on the Main Market of the London Stock Exchange of the Bonds will be granted on or about the Issue Date, subject only to the issue of the Temporary Global Bond. Application has been made to the London Stock Exchange for the Bonds to be admitted to trading on the Main Market and to the FCA for the Bonds to be admitted to listing on the Official List.

The Issuer estimates that the total expenses related to the admission to trading will be £6,850 (excluding VAT).

Legal Entity Identifier

The legal entity identifier of the Issuer is 213800AOOCT6JKFY6Z68.

Yield

On the basis of the Issue Price (excluding accrued interest), the yield on the Bonds is 5.309% on an annual basis.

The yield is calculated at the Issue Date on the basis of the Issue Price, excluding accrued interest. It is not an indication of future yield.

Clearing systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the ISIN for this issue are as follows:

ISIN:	XS3201279471
Common Code:	320127947

The CFIs and FISNs for the Bonds will be as set out on the website of the Association of National Number Agencies (ANNA), as updated from time to time, or alternatively sourced from the responsible National Numbering Agency that assigned the relevant ISIN.

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

Approvals and authorisations

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

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer passed on 3 November 2025.

No significant or material adverse change

There has been no significant change in the financial performance or financial position of the Issuer or the Group since 31 March 2025 and there has been no material adverse change in the prospects of the Issuer since 31 March 2025.

Litigation

In relation to the Incident, in April 2024 the Issuer was served by an airline with a High Court claim alleging negligence against the Issuer. The Claimants say that the Issuer owed them a common law duty of care in tort to take reasonable care in the provision of air traffic services to avoid causing them economic loss, and that the Issuer's negligence caused the shutdown of the Issuer's automated systems. The claim is at an early stage and the Issuer is defending the claim robustly, including on the basis that the alleged duty would be inconsistent with the statutory framework.

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

Auditors

The auditor of the Issuer is Ernst & Young LLP, chartered accountants and registered auditor, who have audited the Issuer's statutory accounts, without qualification, in accordance with International Standards on Auditing (UK) and applicable law for the financial year ended 31 March 2025.

The previous auditor of the Issuer was BDO LLP, chartered accountants and registered auditor, who have audited the Issuer's statutory accounts, without qualification, in accordance with International Standards on Auditing (UK) and applicable law for the financial year ended 31 March 2024. In compliance with the UK Corporate Governance Code, following 10 years' of its engagement with BDO LLP as its auditor, the Issuer led a mandatory tender for the audit service and appointed Ernst & Young LLP.

Documents available for inspection

Copies of the following documents may be inspected free of charge (i) during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) at the offices of the Issuer at 4000 Parkway, Whiteley, Fareham, Hampshire, PO15 7FL, or (ii) on the website of the Issuer at https://www.nats.aero/, during the period of 12 months from the date of this Prospectus:

(a) the memorandum and articles of association of the Issuer;

(b) the Issuer Statutory Accounts;

(c) a copy of this Prospectus (together with any supplements to this Prospectus);

(d) the documents incorporated by reference in this Prospectus (and any supplement to this Prospectus); and

(e) the Trust Deed (which includes the form of the Global Bonds, the definitive Bonds and the Coupons) (including any supplement(s) thereto); and

(f) the Paying Agency Agreement (including any supplement(s) thereto).

Electronic copies of the Trust Deed and the Agency Agreement will be made available to Bondholders on request, provided that such Bondholder has provided evidence of its holding.

Post-issuance information

If and for so long as the Bonds are admitted to trading on the Main Market or any other stock exchange, the Issuer intends to comply with its continuing obligations in respect of that exchange. Otherwise, the Issuer does not intend to provide post-issuance information in connection with this issue.

Bookrunners transacting with the Issuer

The Bookrunners and their respective affiliates have engaged, and may in the future engage, in

investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or its affiliates in the ordinary course of business.

The Bookrunners and their respective affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and/or its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Any of the Bookrunners or their respective affiliates that have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, any such Bookrunner or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such positions could adversely affect future trading prices of the Bonds. Any of the Bookrunners or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments (in each case, including potentially the Bonds).

Legend on Bonds

The Bonds (other than the Temporary Global Bond), and the Coupons will contain the following legend:

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 U.S. Internal Revenue Code of 1986, as amended.

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PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
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London EC4V 4LA

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