

Supplemental Q&A

Annington provides further detail on the response to the Question, “Does the sale constitute an Event of Default under the Notes?”

Based on extensive legal advice received by the Annington group of companies, Annington is firmly of the view that the MQE sale does not constitute a Cessation of Business Event of Default under Condition 11.1(e)(i) of the Notes.

There are two elements to the Cessation of Business Event of Default, both of which must be met: there must be a cessation of “the whole or substantially the whole of [Annington’s] business” which **must also** be “materially prejudicial” to the interests of the Noteholders.

Taking each element in turn:

- Annington is not ceasing to carry on its business and is not threatening to do so: Annington is continuing its property investment business. Its business is not limited to the MQE portfolio and Annington will continue to carry on its non-MQE business and will use proceeds from the Transaction to make new investments in residential real estate assets in accordance with its long-term business plan, with sufficient business assets to support its obligations under the Notes including compliance with its financial covenants.
- There is no material prejudice to Noteholders. The proceeds of the Transaction significantly exceed Annington’s outstanding liabilities and Annington’s ability to meet all obligations to make payments of interest and principal under the Notes as they fall due remains unchanged.