HEATHROW (SP) LIMITED AND HEATHROW FINANCE PLC

INVESTOR REPORT JUNE 2022

23 June 2022

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BASIS OF PREPARATION

This Investor Report (other than Appendix 6) is being distributed by LHR Airports Limited (as 'Security Group Agent') on behalf of Heathrow Airport Limited, Heathrow Express Operating Company Limited, Heathrow (AH) Limited and Heathrow (SP) Limited ('Heathrow SP'), (together the 'Obligors' or 'the Security Group'), pursuant to the Common Terms Agreement. Appendix 6 is being distributed by Heathrow Finance plc ('Heathrow Finance') pursuant to the terms of Heathrow Finance's facilities agreements and its bond terms and conditions relating to bond issuances maturing in 2024, 2025, 2027 and 2029. This Investor Report summarises the financial performance of Heathrow (SP) and its subsidiaries (the 'Group') for the period to 31 March 2022, nominal consolidated net debt of obligors, Heathrow funding limited and Heathrow finance plc as at 31 May 2022 and its passenger traffic for the period to 31 May 2022. It also contains forecast financial information derived from current management forecasts for Heathrow (SP) and its subsidiaries (the 'Group') for the whole 2022.

Defined terms used in this document (other than in Appendix 6) have the same meanings as set out in the Master Definitions Agreement unless otherwise stated. Defined terms in Appendix 6 have the same meanings as set out either in the Master Definitions Agreement or in Heathrow Finance's facilities agreements and bond terms and conditions.

Any reference to "Heathrow" means Heathrow Airport or Heathrow Airport Limited (a company registered in England and Wales, with company number 1991017) and will include any of its direct or indirect parent companies, their subsidiaries and affiliates from time to time and their respective directors, representatives or employees and/or any persons connected with them from time to time, as the context requires.

Page 2 – Investor Report – June 2022

"We have faced 40 years of growth in just four months and that has put the entire aviation industry under pressure. We're working hard to ramp-up our operations for the summer peak as quickly as we can with the same level of security officers this summer as in 2019 and we have reopened Terminal 4 which will be serving over 30 airlines by mid-July. Our operating plan is working and the vast majority of passengers have had good, predictable journeys. For the small number who experienced pinch points or disruption at Heathrow we apologise and reassure you we are doing everything we can to ensure summer goes as smoothly as possible.

"These past months underscore the importance of continued investment in service. As we approach a final decision from the CAA on the H7 price, our message is clear – now is not the time cut back on investment. A new baggage system for Terminal 2 and streamlined security lanes enabling passengers to keep their liquids and electronics in their bags at key to delivering the airport experience passengers expect."

John Holland-Kaye | Heathrow CEO

CONTENTS

APPENDICES

1. OVERVIEW

This report sets out the forecast financial performance and ratios for Heathrow (SP) in 2021 and 2022, together with key business updates. Additional information specific to Heathrow Finance is set out in Appendix 6.

Following an extremely challenging two years, we have seen a steady traffic increase in 2022. 20.1 million passengers travelled through Heathrow in the first five months, in line with our forecast we set out in the last December Investor Report. As part of our longstanding ramp up plan, we reopened Terminal 4 and are increasing our own security, engineering and services teams, and supporting other employers across the airport with their recruitment. While we rebuild capacity from the pandemic, resources remain tight, in line with other airports in the UK and Europe. We are working closely with airlines and ground handlers to match supply and demand. This has made the difference at Heathrow in being able to get passengers away over Easter and the Jubilee half term.

We have further revised our traffic outlook since our interim passenger forecast was published in April with 2022 Q1 results. Our updated base case is that 54.4 million passengers, 67% of 2019 levels, are forecasted to travel through Heathrow in 2022, representing a significant increase to 2021 when travel restrictions were in place most of the year. This takes account of the latest short-term outlook in terms of airline schedules, bookings and short-term capping of demand based on capacity. The 8.96 million increase in passengers compared to our December 2021 guidance of 45.5 million reflects stronger than expected demand. However, the degree of uncertainty is still significant so we continue to consider a range in our forecasts, from a low case of 57% recovery to a high case of 77% recovery against 2019.

Following the increase in passenger outlook, our 2022 Adjusted EBITDA is expected to increase 257% to £1,370m versus 2021. Revenue is forecast to grow by 114% to £2,593 million compared to £1,214 million in 2021, with aeronautical revenue increasing 206% and retail revenue by 213%. We forecast operating costs to increase 47% to £1,223 million in 2022 versus 2021 as we continue to invest ahead of the growth and in part driven by steep inflation in utilities costs as a consequence of higher energy prices. RAB is forecast to be £22 billion at the end of 2022 compared to £21.6 billion published in the previous investor report, due to higher inflation.

Prudent financing action has increased liquidity to c.£3.5 billion as at 31 May 2022, sufficient to meet all obligations into 2025 under our current base case traffic forecast or until May 2023 in the extreme no revenue scenario. No covenant breaches are forecast in 2022 at Heathrow (SP) or Heathrow Finance, and the key historical and forecast financial ratios for 2021 and 2022 respectively comply with Trigger Event ratios.

We submitted our response to the CAA's Initial Proposals on 17 December 2021. Alongside our response, we also submitted the second update to our Revised Business Plan (RBP), known as RBP Update 2. Our RBP Update 2 set out a £41.95 (2018p) charge to deliver for passengers in H7 – in contrast to the CAA's Initial Proposals charge range of £22.94 – 32.19 (2018p) (£24.50– 34.40 (2020p)). Our plan has been carefully crafted over the past two years and less than the equivalent of a 2% increase in ticket prices will enable us to deliver the level of service that passengers want, drive the sector's recovery and equip the UK with the hub airport it needs to thrive. We are expecting the CAA to publish its Final Proposals for the next regulatory period imminently and we will review it and update the market in due course.

To reflect the uncertainty on traffic, 2022 charges and quantum of RAB adjustment, we have also tested financial covenants based on a combined revenue reduction of 15% versus our base case and the interim RAB adjustment of £300m only. In this scenario, referred to as the sensitivity case in this document, no covenant breaches occur in 2022 at Heathrow (SP) or Heathrow Finance although credit rating metrics could be compromised. Please refer to appendices 2, 3 and 6 for more details.

2021 and 2022 financial performance

(£m unless stated)	2021 (A)	2022 (F)	Trigger / Forecasting Event
Passengers (m)	19.4	54.4	
Summary financials			
Revenue	1,214	2,593	
Adjusted EBITDA(1)	384	1,370	
Cashflow from operations(2)	613	1,305	
Regulatory Asset Base (RAB)	17,474	21,957	
Nominal net debt			
Senior net debt	11,294	12,708	
Junior net debt	2,038	2,109	
Consolidated net debt	**13,332**	**14,817**	
Interest paid			
Senior interest paid	27	95	
Junior interest paid	60	70	
Total interest paid	**87**	**165**	
Ratios(3)			
Senior(Class A) RAR	64.6%	57.9%	72.5% / 70.0%
Junior (Class B) RAR	76.3%	67.5%	85.0% / 85.0%
Senior(Class A) ICR	10.36x	9.11x	1.40x / 1.60x
Junior (Class B) ICR	3.15x	5.24x	1.20x / 1.40x

(£m unless stated)	2021 (A)	2022 (F)	Covenant 2021 / 2022
Heathrow Finance			
Borrower net debt	2,108	1,113	
Group net debt	**15,440**	**15,930**	
Borrower interest paid	113	115	
Group interest paid	**200**	**280**	
Group RAR(3)(4)	88.4%	72.6%	93.5% / 92.5%
Group ICR(3)(5)	1.37x	3.09x	N/A / 1.00x

1) Pre-exceptional earnings before interest, tax, depreciation and amortisation
2) Adds back cash one-off items, non-recurring extraordinary items & exceptional items
3) Ratios calculated using unrounded data. Ratio definitions and calculations in Appendices 2, 3 and 6
4) Heathrow Finance's RAR covenant was increased from 92.5% to 93.5% for the testing date occurring on 31 December 2021
5) Heathrow Finance's ICR covenant was waived for the financial year ended 31 December 2021

2. BUSINESS DEVELOPMENTS

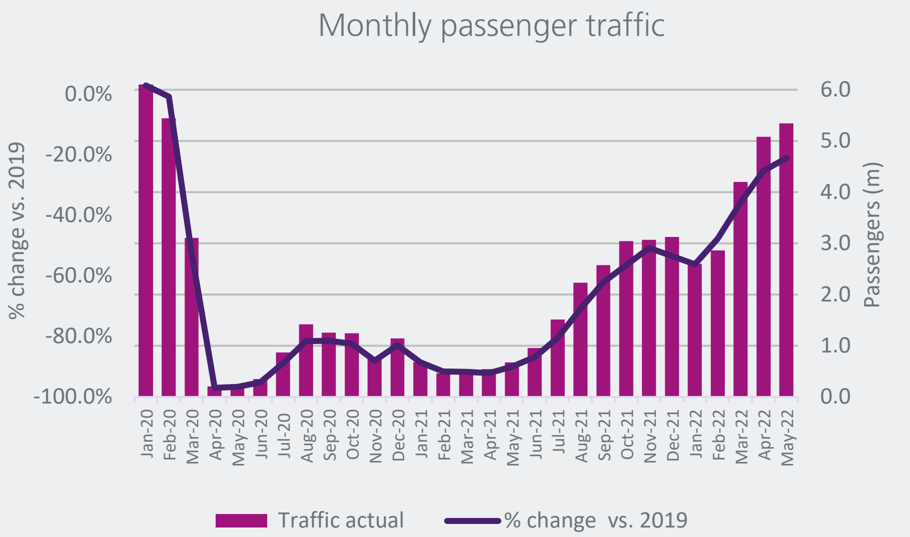
Traffic

Passenger numbers have continued to improve with May's numbers being the highest since the start of the pandemic. Since the UK Government's removal of all travel restrictions, there has been a steady increase of passengers travelling through Heathrow. Over the first five months of 2022, a total of 20.1 million passengers travelled through the airport (2021: 2.9 million), in line with our latest guidance. We have officially surpassed the total amount of passengers seen during the whole of 2021. Demand continues to be driven by outbound leisure at weekends, school holidays and bank holidays, as people take advantage of the removal of restrictions and utilise travel vouchers from cancelled trips over the past two years. Inbound leisure and business travel remains weak due to ongoing COVID-19 restrictions in other countries. Passenger growth was seen in all regions, with Latin America, North America and Europe in particular driving the increase in passenger numbers compared to 2021. Furthermore, with the additional Caribbean flights, Latin America is outperforming 2019. Our cargo tonnage increased by 4% compared to the first five months of 2021. This was driven by the increase in flights and the fact that the majority of cargo is carried in the belly hold of planes. Load factors also significantly increased compared to 2021, in line with the overall increase in demand.

Safe and Secure Ramp Up

Over the first five months of the year, we have continued to work on a robust, safe and secure ramp-up plan. Following the lifting of travel restrictions in the UK, we saw a surge in demand from late March with peaks over the Easter and Jubilee half-terms. Whilst those periods have proved challenging, coordinated and forward planning helped ensure passengers at Heathrow got away on their journeys despite some longer than usual queues. As we have been rebuilding capacity ahead of the Summer, resources have been stretched at peak times, but we have worked closely with airlines, ground handlers and Border Force to mitigate the impact of the higher flow of passengers and flight cancellations during this peak period. Overall, on our busiest days since the start of the pandemic, across Easter and the Jubilee bank holidays, performance was good. This was helped by excellent collaboration, extra resources, intense operational management, planning and coordination. Check in generally worked well, with more passengers checking in online and despite May being our busiest month since March 2020, 90% of passengers were through security in less than 10 minutes.

Our plan continues to focus on capacity, resourcing and infrastructure. We continue to concentrate on process improvements to unlock capacity and improve flow through the terminals. At check-in, we are working with the airlines to increase the use of automation to check documentation and reduce wait times. We are investing substantial efforts in recruitment and training for the Summer, in an extremely challenging market. Our plan remains on track, with up to 1,000 new security officers joining Heathrow this year as part of a recruitment drive that was kickstarted in 2021. Finally, to help maintain our service levels and as part of our long-standing plan to ramp up airport capacity, Terminal 4 reopened on the 14th of June with a strong commercial offer ready from Day 1. Rebuilding resource and capacity across all European airports including airlines and ground handlers is expected to take at least 12 months. In that intervening time, the industry will need to work together to protect passengers from last minute cancellations; we will continue to take responsible and precautionary steps to ensure capacity is aligned with resource so that passengers can fly through Heathrow with confidence.



Traffic and operating statistics

	Jan – May 2021	Jan – May 2022	Versus 2021 (%)
Passengers (m)	2.9	20.1	594.5
Long-haul traffic (decline)/increase %	(82.5)	605.4	N/A
Short-haul traffic (decline)/increase %	(78.8)	583.5	N/A
Passengers ATM	32,318	132,295	308.4
Cargo ATM	15,637	5,437	(65.2)
Load factors (%)	39.2	70.5	80.0
Seats per ATM	228.5	215.3	(5.7)
Cargo tonnage ('000)	553	576	3.9

Note:
Air Transport Movement 'ATM' – means a flight carried out for commercial purposes and includes scheduled flights operating according to a published timetable, charter flights, cargo flights but it does not include empty positioning flights, and private non-commercial flights

2. BUSINESS DEVELOPMENTS

Service standards

Over the first five months of 2022 the vast majority of passengers have had a great experience through the airport, with 79% of passengers surveyed rating their Heathrow experience as ‘Excellent’ or ‘Very Good’ (2021: 81%), reflecting the ramp-up plan we put in place during the second half of last year. We have seen some challenges in our operational metrics, in particular on departure punctuality, which was impacted by a shortage in ground handlers and colleague absence due to COVID-19. Operational resilience remained strong despite resource challenges in the first five months of 2022. In the period, 72.0% (2021: 82.5%) of flights departed within 15 minutes of their schedule, while the baggage connection performance decreased slightly to 98.5% (2021: 99.0%). Contrary to misleading headlines, over the five months 95.0% of passengers were through security within 10 minutes (2021: 98.3%). Finally, Heathrow achieved an Airport Service Quality (ASQ) survey rating of 4.13 out of 5:00 (2021:4.25) during the first quarter of 2022. Despite the operational challenges over the holiday period Heathrow continued to perform better than its European competitors. In the 12 months to 30 April 2022, rebates of £4,306,531 were paid by Heathrow under the SQR scheme in relation to Terminals security in July 2021 (T5), March 2022 (T2 and T5) and April 2022 (T2, T3 and T5). However, in relation to the same period, a £5,289,416 bonus is also expected for exceeding performance targets mainly related to seat availability and cleanliness.

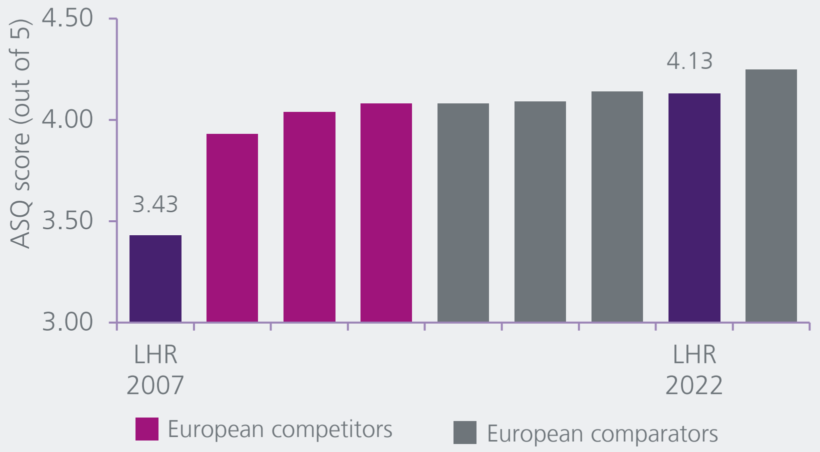
Capital investment

2022 is the start of our next regulatory period where we have 6 core programmes which will run throughout H7. Our 6 core programmes are: 1. Asset management. & compliance: The programme is focused on the replacement of life-expired assets to keep colleagues and consumers safe and secure. 2. Security: The programme responds to the 2024 regulatory DFT mandate requiring all U.K airports to process 100% of passenger and non-passenger cabin baggage through a CT-Xray EDS-CB standards C3 screening machine, with 100% of passengers and non-passengers to be body screened. 3. T2 Baggage: The programme seeks to protect our T2 baggage operation. 4. Commercial Revenues: This programme will maintain commercial assets, protecting revenues and promoting efficiency, invest in digital retail to allow our offer to meet increased passenger expectations post-COVID-19 and diversify revenue streams to become more commercially resilient. 5. Efficient Airport: This programme will improve resilience, reduce the total cost of operation, maintain service standards and provide targeted service improvements to consumers improving the predictability and reliability of their journeys with specific focus on those that are most vulnerable. 6. Carbon & Sustainability: In H7 we will target areas where direct Heathrow investment in H7 is necessary to deliver our Net Zero goals. This will keep Heathrow on a Net Zero trajectory in H7 and deliver improvements to noise, air quality and traffic congestion. During 2022 our capital investment forecast is £468m which is 42% higher than 2021, and for the whole H7 period we are forecasting £4.1billion (2018p) of investment. This increase in 2022 is driven by asset replacement alongside mobilising key strategic programmes that will protect our license to operate including Security & T2 baggage programmes. Our 2022 capital forecast will see the launch/continuation of all of the programmes described above however major investments include Security Programme where we will finalise the design works and begin procurement of equipment; Airfield Development; continuation of the Cargo & Main tunnel refurbishment; runway resurfacing deep interventions alongside the completion of projects that include T3 level transfers for PRS passengers and the completion of the T5 track transit system project which includes the asset replacement of the existing fleet of trains alongside a track extension.

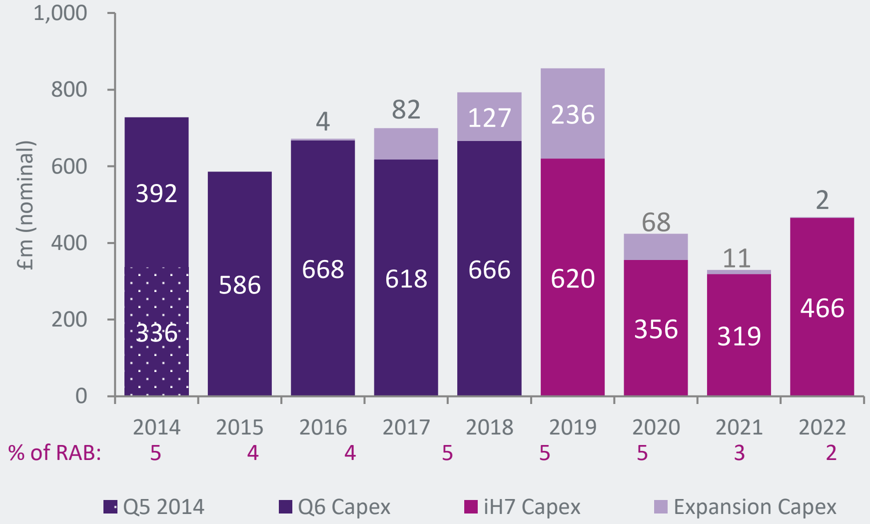
Expansion developments

While we have paused work to expand Heathrow during COVID-19, the pandemic has shown the pent-up demand from airlines to fly from Heathrow, as well as how critical Heathrow is for the UK’s trade routes and the risk to the economy of Britain relying on EU hubs which can close borders overnight. We will plan our restart for expansion later this year.

Q1 2022 Passenger satisfaction European ranking



Forecast capital expenditure profile



Heathrow

2. BUSINESS DEVELOPMENTS

In February, we released an update to our sustainability plan, Heathrow 2.0: Connecting People and Planet, adapting it for the new reality Heathrow is operating in as we recover from the pandemic. Our refreshed strategy sets out the goals we will work towards this decade. It focuses on delivering outcomes that align with the most material colleague, community and environmental issues for the airport, namely:

- Net zero aviation – decarbonising the aviation sector remains a key priority for Heathrow.
- A great place to live and work – delivering on the issues that are most important to local communities, managing the environmental impacts of the airport and championing equality, diversity and inclusion are critical factors to Heathrow's success.

Net zero aviation

Our net zero plan sets out how to get to net zero carbon emissions for our own operations and our contribution to decarbonising the wider UK aviation sector. It includes stretching targets to cut carbon "in the air" by up to 15% and "on the ground" by at least 45% by 2030. Our eight goals show where we will cut our emissions and how we plan to do that, including how we will work in partnership and influence others where we do not directly control emissions.

Our RBP Update 2 includes £188 million of investment in carbon and sustainability improvements which will allow us to deliver the essential projects up to 2026 that will keep us on track to hit these net zero goals.

Following the first deliveries of SAF into Heathrow's main fuel supply in 2021, Heathrow's 2022 landing charges include a new financial incentive for airlines to help make SAF more affordable. The incentive is designed to support 0.5% SAF of total jet fuel at Heathrow in its first year, climbing steadily in the following years. The incentive was oversubscribed for the whole of 2022 by the deadline of 31 January 2022.

Through our offsetting partner CHOOOSE, we started offering companies and passengers the chance to buy SAF in 2021. Customers can select to offset their flights by paying for SAF which is used on existing scheduled flights. Heathrow is the first airport in the UK to offer passengers this opportunity.

Heathrow's work to accelerate the decarbonisation of flight, including use of SAF, will complement a new UK Jet Zero policy the UK Government is expected to launch in July 2022.

The World Economic Forum's 'Clean Skies for Tomorrow' and the Prince of Wales' Sustainable Markets Initiative (SMI) continue to co-ordinate net zero 'high ambition' coalitions for aviation towards a global net zero target at the International Civil Aviation Organisation General Assembly in September 2022 and are pressing for urgent support for SAF to enable its achievement.

A great place to live and work

We are committed to Heathrow being a great place to live and work and are taking action to deliver positive changes this decade.

Alongside the launch of Heathrow 2.0: Connecting People and Planet, Heathrow announced an extension of the London Living Wage. Heathrow already pays at least this rate to directly employed colleagues and this latest development ensures everyone working in Heathrow's direct supply chain is guaranteed to earn at least the London Living Wage from the start of April 2022. At least 1,300 colleagues at the airport have benefitted from the wage increase, with over £4.5 million extra now in the pay packets of people at direct suppliers including Mitie and Apcoa.

Heathrow has also announced the relaunch of its Sustainable Travel Zone, a network of subsidised travel routes to and from the airport to make it more attractive for colleagues and passengers to take public transport, reducing congestion on local roads and improving local air quality. New interventions are being delivered every month, including improvements to public transport and new ways to save money.

3. REGULATORY DEVELOPMENTS

We are expecting the CAA to publish its Final Proposals for the next regulatory period 2022 - 2026, known as H7, imminently. We have encouraged the CAA to closely review the extensive evidence that we have provided around our H7 RBP since it published its Initial Proposals in October 2021, to avoid it implementing an H7 settlement that will see the airport fall far short of what passengers expect. It is crucial that the CAA's Final Proposals do not restrict investment and compromise service at the UK's hub airport, just when the country's economic recovery needs it most.

Our RBP Update 2, submitted to the CAA in December 2021 in response to its Initial Proposals, set out a £41.95 (2018p) charge to deliver for passengers in H7 – in contrast to the CAA's Initial Proposals charge range of c.£22.94 – 32.19 (2018p) (£24.50 – 34.40 (2020p)). Our plan has been carefully crafted over the past two years and less than the equivalent of a 2% increase in ticket prices will enable us to deliver the level of service that passengers want, drive the sector's recovery and equip the UK with the hub airport it needs to thrive. There is still time for the CAA to act to secure a better outcome for Heathrow's passengers and the wider UK.

We will be submitting our detailed response to the CAA's Final Proposals in line with the CAA's agreed consultation period, which will include our updated RBP forecasts for H7 passenger traffic and financial metrics. Where needed, we will continue to reiterate key points made in our previous H7 submissions to the CAA - in particular, calling for the CAA to recognise the need for a RAB adjustment following the impact of COVID-19, to implement forward looking risk sharing to prevent the type of impact seen from COVID-19 happening again and to set a WACC of 8.5% for the H7 period.

The CAA will continue its H7 process through 2022 and we currently expect it to publish its Final Determination on the H7 settlement in Q4 2022, before implementing the H7 licence towards the end of the year.

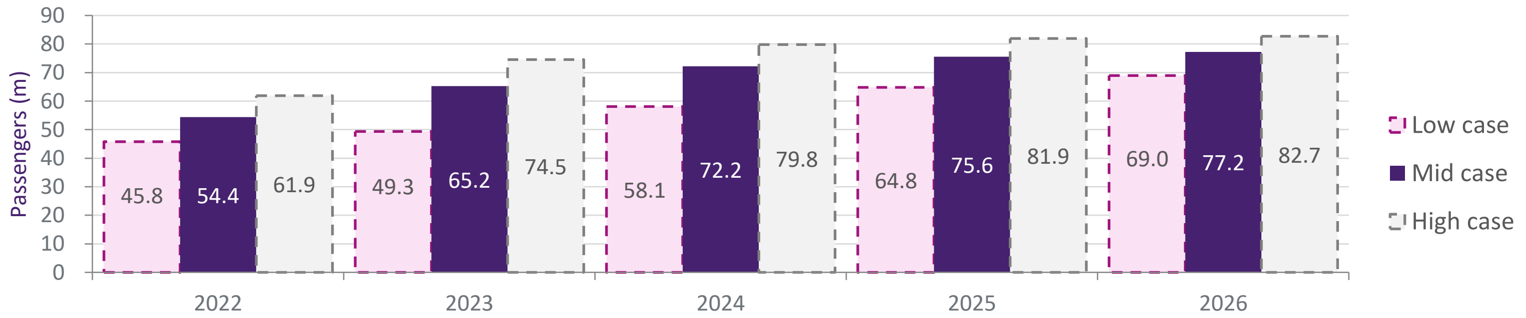
CAA Initial Proposals (October 2021)

H7 Charge	Capex Plan	WACC	RAB Adjustment
£22.94 - £32.19 (2018p)	£2.2bn (2018p)	4.4% - 7.1%	£0.3bn (2018p)

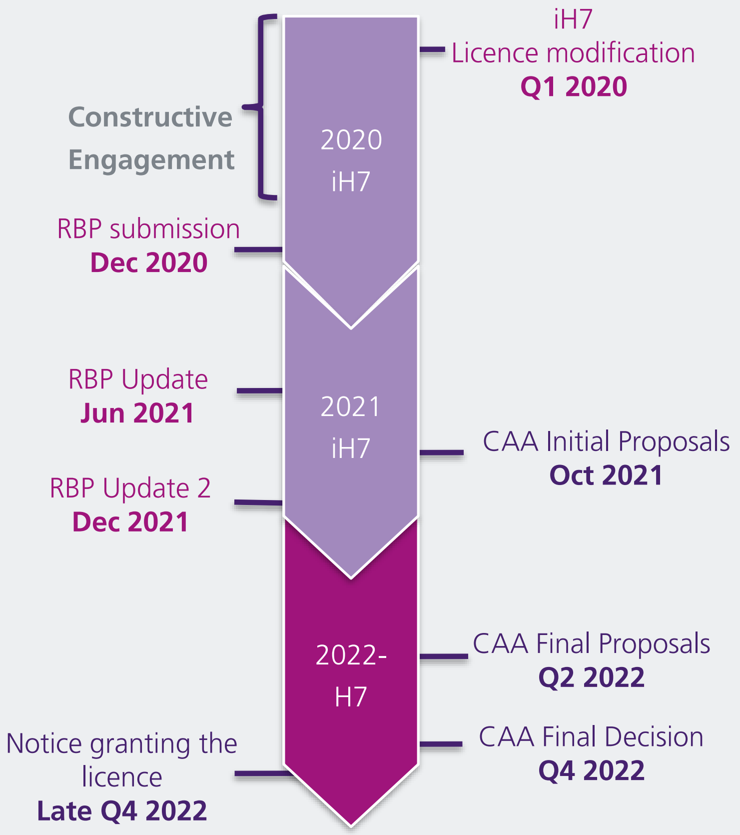
Heathrow RBP Update 2 (December 2021)

H7 Charge	Capex Plan	WACC	RAB Adjustment
£41.95 (2018p)	£4.1bn (2018p)	8.5%	£2.5bn (2018p)

Revised Passenger Forecast (June 2022)



H7 Timetable



4. HISTORICAL FINANCIAL PERFORMANCE

This section summarises the results for the Group for the three months to 31 March 2022. A full description of performance is provided in the results published on 26 April 2022, available at the Investor Centre on heathrow.com.

TRAFFIC - In the first three months of 2022, traffic increased by 474.9% to 9.7m passengers (2021: 1.7m) reflecting the travel recovery since the removal of all UK government travel restrictions as well as the realisation of pent-up demand.

ADJUSTED EBITDA - In the first three months of 2022, Adjusted EBITDA increased 1,465.0% to £273m (2021: loss of £20m).

REVENUE - In the first three months of 2022, revenue increased by 212.7% to £516m (2021: £165m). This reflects an increase of 317.9% in aeronautical income, an increase of 274.1% in retail income and an increase of 48.3% in other income. Aeronautical income increased due to higher passenger numbers as a result of removal of travel restrictions. Aeronautical income per passenger decreased to £33.75 (2021: £46.42) this is driven by the significant change in passenger numbers and increased cargo movements which are charged on a per movement basis. Retail income increased due to higher passenger numbers and the mix of retail services available in the first quarter of 2022, compared to last year when the governmental restrictions on non-essential shops were in place. Retail revenue per passenger decreased to £10.46 (2021: £16.07) driven by the significant change in passenger numbers. The increase in other income was due to an increase in Other Regulated Charges ('ORCs'), mainly because of higher passengers and aircraft movements. There was also a significant increase of 1,300.0% in Heathrow Express revenue driven by a much higher level of service compared to 2021, which was impacted by lockdown.

ADJUSTED OPERATING COSTS (EXCLUDING DEPRECIATION, AMORTISATION AND EXCEPTIONAL ITEMS)

In the first three months of 2022, adjusted operating costs increased by 31.4% to £243m (2021: £185m). This was driven by business resilience costs and additional operational ramp-up costs. We spent more on employment costs following the end of the Government's furlough scheme and incurred costs associated with recruitment and training. The increase in operational and maintenance costs are due to the reopening of operations, compared to last year when we were operating with only one runway and two terminals. Utilities and other costs have also been impacted by higher energy prices and inflation. Government business rates increased by 3.4% due to inflation. Operating costs on a per passenger basis decreased by 77.2% from £110.11 to £25.16. This is driven by the increased traffic numbers compared to the same period last year and the fixed nature of our cost base in the medium term.

REGULATORY ASSET BASE (RAB) AND FINANCIAL RATIOS

At 31 March 2022, the RAB was £17,675m (31 December 2021: £17,474m). At 31 March 2022, the Regulatory Asset Ratios, measuring nominal net debt to RAB, were 64.9% for senior debt and 76.5% for junior debt (31 December 2021: 64.6% and 76.3% respectively) compared with respective trigger event levels of 72.5% and 85.0%.

INTEREST PAYABLE AND PAID

In the first three months of 2022, net finance costs before certain re-measurements were £308m (2021: £124m). Net external interest received was £2m (2021: £3m).

NET DEBT (EXCLUDING DEBENTURE BETWEEN HEATHROW (SP) LIMITED AND HEATHROW FINANCE PLC)

At 31 March 2022, Heathrow SP's nominal net debt was £13,523m (31 December 2021: £13,332m), comprising £14,377m in bond issues, £1,230m in other term debt, £537m in index-linked derivative accretion and £35m of additional lease liabilities. This was offset by cash, cash equivalents and term deposits of £2,656m. Nominal net debt consisted of £11,468m in senior net debt and £2,055m in junior debt.

LEASE LIABILITIES

We applied IFRS 16 on 1 January 2019. The capitalised value of existing operating leases pre-dating the transition to IFRS 16 is excluded from our net debt covenant calculations. Additional lease liabilities are however taken into account when calculating net nominal debt (swap nominal and net) and amounted to £35m as at 31 March 2022.

Heathrow

5. FORECAST FINANCIAL PERFORMANCE

TRAFFIC

In 2022, traffic is forecast to increase by 181% to 54.4m passengers (2021: 19.4m) reflecting the continued recovery from the impact of COVID-19, the removal of UK travel restrictions and the realisation of pent up demand.

ADJUSTED EBITDA

Adjusted EBITDA in 2022 is forecast to increase by 257% to £1,370m (2021: £384m). This is mainly driven by the increased forecast for passenger numbers, increasing revenue by 114% while costs are forecast to increase by 47%.

REVENUE

Revenue in 2022 is forecast to increase by 114% to £2,593m. Aeronautical income is forecast to increase 206% to £1,697m (2021: £554m), reflecting the increase in passenger and aero charges in 2022. Aeronautical income per passenger is forecast to be £31.19 under our base case scenario (2021: £28.57). Retail income is expected to increase by 41% to £306m (2021: £217m). Retail revenue per passenger is forecast to be £5.61 under our base case scenario (2021: £10.63). Therefore, total aeronautical and retail income per passenger is forecast to be £47.28 under our base case scenario (2021: £52.50). Other income is expected to increase by 33% to £590m (2021: £443m).

ADJUSTED OPERATING COSTS (EXCLUDING DEPRECIATION, AMORTISATION AND EXCEPTIONAL ITEMS)

Adjusted operating costs in 2022 are forecast to increase 47% to £1,223m (2021: £830m) due to business resilience costs, additional operational ramp-up costs and higher utilities and other costs impacted by higher energy prices and broad inflation. Operating costs on a per passenger basis are expected to decrease to £22.49 compared to £42.80 in 2021.

REGULATORY ASSET BASE

At the end of 2022, the RAB is forecast to be £21,957m (2021: £17,474m). The increase in RAB is driven by expected RAB adjustment, forecasted inflation and an increase in capital investment.

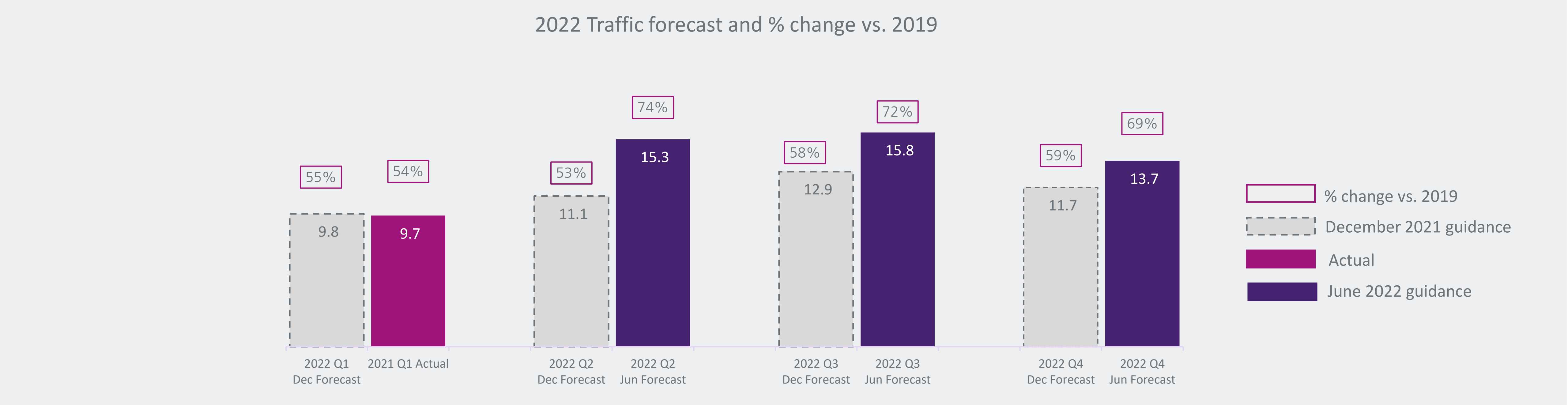
NET DEBT AND FINANCIAL RATIOS

At 31 December 2022, nominal net debt is forecast to be £14,817m (2021: £13,332m). Net external interest paid is forecast to be £165m in 2022 (2021: £86m), as a result of the steps taken in 2020 to reprofile some of our swap portfolio to secure interest savings and create more headroom to our covenants while traffic recovers.

At 31 December 2022, the Regulatory Asset Ratio (RAR) is forecast to be 57.9% for senior debt and 67.5% for junior debt (31 December 2021: 64.6% and 76.3%) driven primarily by the RAB adjustment and higher inflation. For the year ending 31 December 2022, the Interest Cover Ratio (ICR) is forecast to be 9.11x for senior debt and 5.24x for junior debt (2021: 10.36x and 3.15x).

All current and forecast ratios are calculated based on applicable Generally Accepted Accounting Principles. At 31 March 2022, we ended the trigger event that occurred in relation to the historic ICR for senior and junior debt for the year ending 31 December 2020. This allows us to reallocate liquidity across the Group to ensure we have sufficient buffers across the structure.

5. FORECAST FINANCIAL PERFORMANCE - TRAFFIC



OVERVIEW

The 2022 traffic forecast was revised upwards based on faster than expected removal of UK travel restrictions earlier this year and the resulting release of pent-up demand. Significant downside risks remain as a result of cost of living crisis impact on consumers' disposable income and propensity for air travel; the impact of war in Ukraine; the inability to ramp-up due to resource and capacity issues; and potential for a new variant of concern.

APPROACH

Heathrow has developed a forecasting approach that combines bottom-up analysis of travel restrictions by market with top-down analysis of longer-term econometric factors. A number of potential scenarios are considered and then a weighted combination is taken to create the above mid case of 54.4m passengers. This methodology reflects the amount of risk faced and so creates a balanced forecast with 50% chance of out-performance and 50% chance of under-performance. The degree of uncertainty is still significant so we continue to consider a range in our forecasts, from a low case of 57% recovery to a high case of 77% recovery against 2019. The downside scenario is included in the appendix.

The bottom-up modelling considers restrictions at either end of the route and forecasts the level of demand at each stage of recovery for each market, using data on actual passenger numbers to date for calibration. This is done at a granular level, splitting into geographical markets and purpose for travel. This modelling takes into account the risk of new variants of Covid emerging and the potential resulting travel restrictions. The bottom-up approach also incorporates analysis of airline and airport capacity, which includes airline fleet, availability of resource and the impact of longer transaction times and reduced use of automation on airport capacity. The econometric side of our modelling considers the impact of GDP on passenger demand, as well as the potential impact from permanent loss of business travel and the impact of cost of carbon on fares.

6. FINANCING MATTERS

NEW FINANCING AND CHANGES TO FACILITIES

Since the previous Investor Report was distributed on 10 December 2021, we have raised just over £335 million in new debt financing.

In March we priced £200 million of new Class A debt in the private placement market across 20-year and 30-year tranches, which settled in June 2022. In May we returned to the CHF market raising £136 million equivalent maturing in 2027. These funding complement our robust liquidity position and provides additional duration and diversification to our £16 billion debt portfolio. Additional lease liabilities to be taken into account when calculating net normal debt increased by £15 million to £35 million over the period.

DEBT MATURITIES AND REPAYMENTS

Since the previous Investor Report was distributed on 10 December 2021, the £180 million RPI-linked and €600 million Class A public bonds were redeemed in April and May respectively. In December, a final prepayment of £4 million on the EIB (European Investment Bank) was made and the associated borrower liquidity facility was closed.

HEDGING

Between the publication of the previous Investor Report on 10 December 2021 and the date of publication of this report, there has been a series of new derivative transactions. Cross currency swaps were executed to covert the proceeds of the CHF Class A bond issuance to GBP. In addition, £1,050 million of new interest rate swaps and extensions on existing swaps were executed, ranging between 10-18 years in tenor. The interest rate swap transactions provide headroom to the requirement of at least 75% and 50% of interest rate risk exposure over the next two regulatory periods respectively. The portfolio of derivatives has no breaks.

At 22 June 2022, the total notional value of cross-currency swaps was £5,533 million, the total notional value of index-linked swaps was £5,807 million and the total notional value of interest rate swaps was £7,920 million.

At 22 June 2022, 93.8% and 56.6% of interest rate risk exposure on the Obligors' and Heathrow Funding's existing debt is hedged for the regulatory periods ending on 31 December 2026 and 31 December 2031 respectively. This is consistent with the requirement to hedge at least 75% and 50% of interest rate risk exposure over those periods.

6. FINANCING MATTERS

LIQUIDITY

The Security Group expects to have sufficient liquidity to meet all its obligations in full into 2025 under our current traffic forecast or at least until May 2023 in the extreme no revenue scenario. The obligations include forecast operational costs, capital investment, debt service costs, debt maturities and repayments. The liquidity forecast takes into account c.£3.5 billion in committed and term debt as well as cash resources held at the Security Group and Heathrow Finance at 31 May 2022 and the expected operating cash flow over the period. As at 31 May 2022, Heathrow Finance had liquidity of £309 million, which can cover debt service until 2024 when the next debt maturity occurs.

HISTORICAL AND FUTURE RESTRICTED PAYMENTS

The financing arrangements of the Security Group restrict certain payments unless specified conditions are satisfied. These restricted payments include, among other things, payments of dividends, distributions and other returns on share capital, any redemptions or repurchases of share capital, and payments of fees, interest or principal on any intercompany loans. Since the previous Investor Report was distributed on 10 December 2021, total restricted payments (gross and net) made by Heathrow SP amounted to £1.1 billion. This followed the end of the trigger event in March 2022 that occurred in relation to the historic ICR for senior and junior debt for the year ending 31 December 2020. The restricted payments comprised of £110 million of interest payments on the debenture between Heathrow SP and Heathrow Finance at the end of March 2022 and the principal repayment of £1 billion on the debenture between Heathrow SP and Heathrow Finance in early June 2022. These payments have rebalanced our liquidity across the Group and increased the liquidity position at Heathrow Finance to £1.3 billion. This allows us to maximise our flexibility across the Group to ensure sufficient buffers across the structure, particularly in light of uncertainty around the upcoming H7 regulatory settlement. No payments to ultimate shareholders were made during the period.

CREDIT RATINGS

Management's assessment of liquidity and access to debt capital markets in affordable terms are reliant on Heathrow's ability to maintain a stable credit rating, returning to A- as soon as possible. Having downgraded by one notch in 2020, S&P put the ratings back on CreditWatch with negative implications again this year due to the uncertainties regarding the H7 regulatory settlement. Initial assessments based on our business plan show that charges in the lower end half of the CAA's range, if they were to crystallise in the final settlement, would put our credit rating under pressure. Furthermore, although our plans are financeable and forecast no breach of covenants (both base case and sensitivity case), credit rating metrics would be comprised under the sensitivity case.

7. CORPORATE MATTERS

ACQUISITIONS, DISPOSALS AND JOINT VENTURES

There have been no material acquisitions, disposals or joint ventures entered into related to any Obligor since the previous Investor Report was distributed on 10 December 2021.

OUTSOURCING

There have been no material outsourcing contracts entered into related to any Obligor since the previous Investor Report was distributed on 10 December 2021.

BOARD AND MANAGEMENT CHANGES

Since the last Investor Report was released in December, Mark Brooker joined the Board of Heathrow Airport Holdings Limited as an independent Non-Executive Director in April. Mr Brooker brings a wealth of digital, financial and transport expertise to the Board as the airport gears up for growth post the pandemic.

Mr Brooker has a wide breadth of experience across high-profile, operational and strategic roles including Chief Operating Officer for Trainline and Betfair Group Plc. Mr Brooker will support the airport in navigating the challenges associated with rapid growth, whilst remaining focused on providing excellent service and taking advantage of digitalisation in a post-COVID era.

8. CONFIRMATION

23 June 2022

To the Borrower Security Trustee, the Issuer, the Bond Trustee, each Rating Agency, and the Paying Agents

We confirm that each of the Ratios set out on page 4 has been calculated in respect of the Relevant Period or as at the Relevant Date for which it is required to be calculated under the Common Terms Agreement.

We confirm that the historical ratios have been calculated using, and are consistent with and have been updated by reference to, the most recently available financial information required to be provided by the Obligors under Schedule 2 (Covenants) of the Common Terms Agreement.

We confirm that all forward-looking financial ratio calculations and projections:

- have been made on the basis of assumptions made in good faith and arrived at after due and careful consideration;
- are consistent and updated by reference to the most recently available financial information required to be produced by the Obligors under Schedule 2 (Covenants) of the Common Terms Agreement; and
- are consistent with the Applicable Accounting Principles (insofar as such Applicable Accounting Principles reasonably apply to such calculations and projections).

We also confirm that:

- no Default or Trigger Event has occurred and is continuing;
- the Group is in compliance with the Hedging Policy; and
- this Investor Report is accurate in all material respects.

Javier Echave

Chief Financial Officer

For and on behalf of LHR Airports Limited as Security Group Agent

Heathrow

APPENDIX 1 - QUARTERLY PASSENGER TRAFFIC (2008 TO 2022)

Heathrow passenger traffic and air transport movement evolution

Change versus previous year (totals and changes based on unrounded data)

Passengers (m)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	2018	2019	2020	2021	2022
Jan-Mar	**15.4**	**14.4**	**14.6**	**15.0**	**15.7**	**16.0**	**16.0**	**16.4**	**16.8**	**17.2**	**17.7**	**17.9**	**14.6**	**1.7**	**9.7**
Change %	0.6	(6.4)	1.6	2.5	4.4	1.8	0.5	2.0	2.6	2.2	3.1	1.4	(18.3)	(88.5)	474.9
Apr-Jun	**17.1**	**16.8**	**15.5**	**17.9**	**17.9**	**18.4**	**19.0**	**19.2**	**18.9**	**20.0**	**20.4**	**20.8**	**0.8**	**2.2**	
Change %	(1.3)	(1.5)	(7.9)	15.3	0.4	2.9	3.2	0.7	(1.1)	5.4	2.1	2.1	(96.2)	176.2	
Jul-Sep	**18.6**	**18.6**	**19.5**	**19.8**	**19.4**	**20.4**	**20.6**	**21.4**	**21.6**	**21.9**	**22.5**	**22.2**	**3.5**	**6.3**	
Change %	(1.2)	0.3	4.4	1.5	(2.0)	5.5	0.7	3.9	0.9	1.7	2.4	(1.1)	(84.1)	78.3	
Oct-Dec	**15.9**	**16.0**	**16.1**	**16.8**	**17.0**	**17.5**	**17.7**	**18.0**	**18.4**	**18.9**	**19.6**	**19.9**	**3.1**	**9.2**	
Change %	(3.6)	1.1	0.7	3.8	1.6	2.7	1.3	1.9	1.8	3.0	3.4	1.8	(84.3)	194.3	
Full year	**66.9**	**65.9**	**65.7**	**69.4**	**70.0**	**72.3**	**73.4**	**75.0**	**75.7**	**78.0**	**80.1**	**80.9**	**22.1**	**19.4**	
Change %	(1.4)	(1.5)	(0.2)	5.5	0.9	3.4	1.4	2.2	1.0	3.1	1.4	1.0	(72.7)	(12.3)	
ATM (‘000)	**473**	**460**	**449**	**476**	**471**	**470**	**471**	**472**	**473**	**474**	**476**	**476**	**177**	**161**	
Change %	(0.5)	(2.8)	(2.3)	6.0	(1.0)	(0.4)	0.2	0.3	0.2	0.2	0.3	0.0	(62.8)	(9.3)	

APPENDIX 2 - COMPUTATION OF INTEREST COVER RATIOS(1) (‘ICR’)

(See important notice on page 2 of this document)	Trigger Level	Year to 31 December 2021 (£m)	Year to 31 December 2022 (£m)	Year to 31 December 2022 (£m) [7] Sensitivity Case
Cashflow from Operations[2]		613	1,305	948
Add back: Cash payments in respect of prior year exceptional items		11	-	-
Adjusted Cashflow from Operations		624	1,305	948
Less: corporation tax relief / (paid)		(1)	-	-
Less: 2 per cent of Total RAB		(349)	(439)	(385)
Cash Flow (A)		**274**	**866**	**563**
Interest and equivalent recurring charges paid on Senior Debt[3][4]				
Interest (received)/paid – existing Class A bonds and swaps		(25)	54	54
Interest paid – other Class A debt		30	30	30
Lease interest		16	16	16
Interest paid and commitment fees on liquidity and revolving facilities		13	3	3
Interest received		(7)	(8)	(8)
Total interest on Senior Debt (B)		**27**	95	95
Interest and equivalent recurring charges paid on Junior Debt[3][4]				
Interest paid – existing Class B debt		60	70	70
Interest paid – other Class B debt		-	-	-
Interest paid on swaps		-	-	-
Total interest on Junior Debt (C)		**60**	**70**	**70**
Total interest (D=B+C)		**87**	**165**	**165**
Senior ICR (A/B)[5][6]	**1.40x**	**10.36x**	**9.11x**	**5.93x**
Junior ICR (A/D)[5][6]	**1.20x**	**3.15x**	**5.24x**	**3.41x**

(1) 2022 figures are forecasts; values calculated on unrounded figures
(2) Reconciliation of cash flow from operations with Adjusted EBITDA is set out on page 18
(3) Reconciliation of interest paid with interest payable is set out on page 18 for 2022
(4) Excludes interest on debenture between Heathrow (SP) Limited and Heathrow Finance plc as this is not included in calculation of ratios under the Common Terms Agreement
(5) Interest Cover Ratio is cash flow from operations less 2% of RAB and corporation tax paid to HMRC divided by net interest paid
(6) Ratios calculated on unrounded figures
(7) Sensitivity case assumes interim RAB adjustment of £300m only and 15% lower revenue to reflect downside risk on traffic and potential change of aeronautical charges

Heathrow

APPENDIX 2 - COMPUTATION OF INTEREST COVER RATIOS(1) – RECONCILING INCOME STATEMENT TO CASH FLOW

(See important notice on page 2 of this document)	Year to 31 December 2021 (£m)	Year to 31 December 2022 (£m)	Year to 31 December 2022 (£m) Sensitivity Case [6]
Income			
Aeronautical income	554	1,697	1,464
Retail income	217	306	263
Other income	443	590	509
Total income	**1,214**	**2,593**	**2,236**
Operating costs[2]	(830)	(1,223)	(1,223)
Adjusted EBITDA	**384**	**1,370**	**1,013**
Working capital and cash one-off non-recurring extraordinary or exceptional items			
Cash payments in respect of prior year exceptional items	(11)	-	-
Trade working capital	218	(37)	(37)
Pension	22	(28)	(28)
Cashflow from operations	**613**	**1,305**	**948**

	Year to 31 December 2022				Year to 31 December 2021
	Income statement incl. amortisation[3][4]	Less amortisation[3]	Less variation in accruals[3]	Cash flow	Cash flow
	£m	£m	£m	£m	£m
Interest paid – existing Class A bonds and swaps	190	(44)	(92)	53	(25)
Interest paid and received – other Class A debt	23	-	(1)	22	23
Lease interest	16	-	-	17	16
Commitment fees on liquidity & RCFs[5]	3	-	-	3	13
Interest paid – Class B debt	68	-	2	70	60
Total interest[1]	**300**	**(44)**	**(91)**	**165**	**87**

(1) 2022 figures are forecasts; values calculated on unrounded figures
(2) Adjusted operating costs: operating costs excluding depreciation, amortisation and exceptional items.
(3) Excludes capitalised interest; Excludes interest on debenture between Heathrow (SP) Limited and Heathrow Finance plc as this is not included in calculation of ratios under the Common Terms Agreement
(4) Includes amortisation of refinancing fees and excludes accretion on Index Linked Swaps and bonds
(5) RCFs: Revolving Credit Facilities
(6) Sensitivity case assumes interim RAB adjustment of £300m only and 15% lower revenue to reflect downside risk on traffic and potential change of aeronautical charges

APPENDIX 3 - COMPUTATION OF REGULATORY ASSET RATIOS(1) ('RAR')

(See important notice on page 2 of this document)	Trigger Level	Year to 31 December 2021 (£m)	Year to 31 December 2022 (£m)	Year to 31 December 2022 (£m) (5) Sensitivity Case
Closing Heathrow RAB (A)		**17,474**	**21,957**	**19,225**
Senior Debt				
Class A existing bonds		12,414	11,163	11,810
Non - Existing Operating Lease debt		20	68	68
Other Class A debt		1,105	2,252	1,605
RPI swap accretion		381	806	806
Total Senior Debt (B)		**13,920**	**14,289**	**14,289**
Junior Debt				
Class B existing debt		2,038	2,109	2,109
Other Class B debt				
Total Junior Debt (C)		**2,038**	**2,109**	**2,109**
Cash and cash equivalents (D)		(2,626)	(1,581)	(1,223)
Senior net debt (E=B+D)		**11,294**	**12,708**	**13,066**
Senior and junior net debt (F=B+C+D)		**13,332**	**14,817**	**15,175**
Senior RAR (E/A)(2)(3)(4)	**72.5%**	**64.6%**	**57.9%**	**68.0%**
Junior RAR (F/A)(2)(4)	**85.0%**	**76.3%**	**67.5%**	**78.9%**

(1) 2022 figures are forecasts; values calculated on unrounded figures
(2) Regulatory Asset Ratio is the ratio of nominal net debt (including index-linked accretion) to RAB (Regulatory Asset Base)
(3) Senior RAR does not take into account ability to reduce senior debt using undrawn junior debt under revolving credit facilities
(4) Ratios calculated on unrounded figures
(5) Sensitivity case assumes interim RAB adjustment of £300m only and 15% lower revenue to reflect downside risk on traffic and potential change of aeronautical charges

APPENDIX 4 – NOMINAL CONSOLIDATED NET DEBT OF OBLIGORS, HEATHROW FUNDING LIMITED AND HEATHROW FINANCE PLC AS AT 31 MAY 2022

Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
£750m 5.225%	750	750	2023
CHF400m 0.5%	277	277	2024
C$500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
£700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	84	2027
C$650m 2.7%	374	374	2027
C$400m 3.4%	226	226	2028
£200m 7.075%	200	200	2028
A$175m 4.150%	96	96	2028
CHF165m 1.800%	136	136	2027
£450m 2.75%	450	450	2029
NOK1,000m 2.50%	91	91	2029
€750m 1.5%	566	566	2030
C$400m 3.872%	238	238	2030
€350m 1.125%	427	427	2030
C$500m 3.661%	291	291	2031
£900m 6.45%	900	900	2031
€50m Zero Coupon	42	42	2032
£75m RPI +1.366%	95	95	2032
€50m Zero Coupon	42	42	2032
€500m 1.875%	443	443	2032
C$300m 3.7%	363	363	2033
€650 1.875%	559	559	2034
£50m 4.171%	50	50	2034
€50m Zero Coupon	40	40	2034
£50m RPI +1.382%	64	64	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	695	695	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	126	126	2040
£750m 5.875%	750	750	2041
A$125m 3.500%	68	68	2041
£55m 2.926%	55	55	2043
£750m 4.625%	750	750	2046
£75m RPI +1.372%	96	96	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	185	185	2058
Total senior bonds	11,883	11,883	

Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
Term debt	1,105	1,105	Various
Index-linked derivative accretion	439	439	Various
Revolving/working capital facilities	0	900	2023
Operating lease liability	35	35	Various
Total other senior debt	**1,579**	**2,479**	
Total senior debt	13,462	14,262	
Heathrow (SP) Limited cash	**(2,018)**		
Senior net debt	11,444		

Heathrow (SP) Limited	Amount	Available	Maturity
Junior debt	(£m)	(£m)	
£600m 7.125%	600	600	2024
£155m 4.221%	155	155	2026
£350 2.625%	350	350	2028
£182m RPI + 0.101%	203	203	2032
£75m RPI + 0.347%	83	83	2035
£75m RPI + 0.337%	83	83	2036
£180m RPI +1.061%	225	225	2036
£51m RPI + 0.419%	56	56	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	83	83	2041
Total junior bonds	**1,943**	**1,943**	
Term debt	125	125	2035
Junior revolving credit facilities	0	250	2023
Total junior debt	2,068	2,318	
Heathrow (SP) Limited group net debt	13,512		

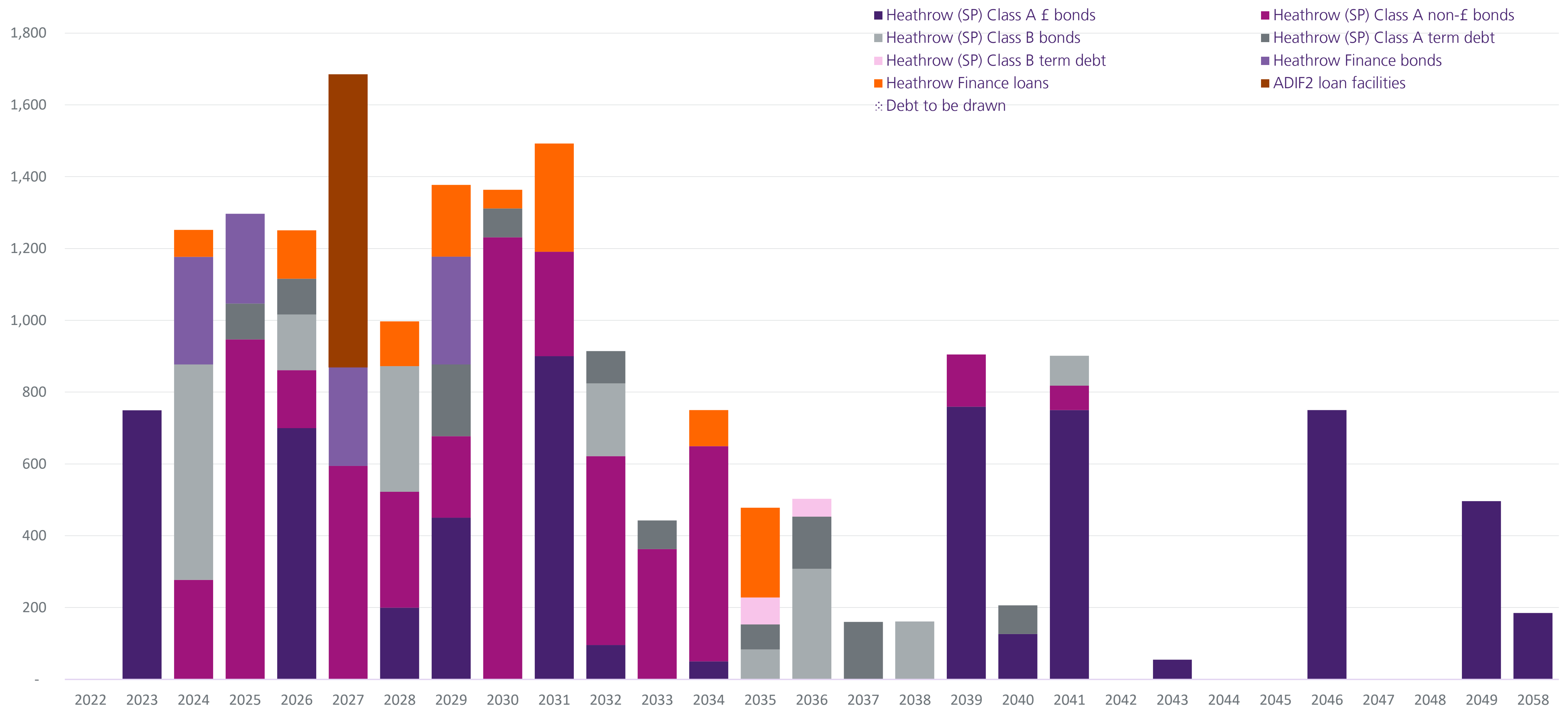
Net debt is calculated on a nominal basis excluding intra-group loans and including index-linked accretion and includes non-Sterling debt at exchange rate of hedges entered into at inception of relevant financing

Heathrow Finance plc	Amount	Available	Maturity
	(£m)	(£m)	
£300m 4.75%	300	300	2024
£250m 5.75%	250	250	2025
£275m 3.875%	275	275	2027
£300m 4.125%	300	300	2029
Total bonds	**1,125**	**1,125**	
£75m	75	75	2024
£135m	135	135	2026
£125m	125	125	2028
£150m	200	200	2029
£52m	53	53	2030
£302m	302	302	2031
£52m	100	100	2034
£300m	250	250	2035
Total loans	**1,239**	**1,239**	
Total Heathrow Finance plc debt	2,364	2,364	
Heathrow Finance plc cash	**(309)**		
Heathrow Finance plc net debt	2,055		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	**13,462**	**13,462**
Heathrow (SP) Limited junior debt	**2,068**	**2,068**
Heathrow Finance plc debt	**2,364**	**2,364**
Heathrow Finance plc group debt	17,894	18,944
Heathrow Finance plc group cash	**(2,327)**	
Heathrow Finance plc group net debt	15,567	

Heathrow

APPENDIX 5 – DEBT MATURITY PROFILE AS AT 31 MAY 2022



APPENDIX 6 – ADDITIONAL INFORMATION FOR HEATHROW FINANCE PLC CREDITORS

(See important notice on page 2 of this document)	Covenant/Trigger Level	As at or for year to 31 December 2021 (£m)	As at or for year to 31 December 2022 (£m)	As at or for year to 31 December 2022 (£m) (5) Sensitivity Case
Calculation of Group ICR(2)				
Cash Flow (A)		**274**	**866**	**563**
Interest				
Paid on Senior Debt (B)		27	95	95
Paid on Junior Debt (C)		60	70	70
Paid on Borrowings (D)		113	115	115
Group Interest Paid (E=B+C+D)		**200**	**280**	**280**
Group ICR (A/E)	**1.00x**	**1.37**	**3.09**	**2.01**
Calculation of Group RAR(3)				
Total RAB (F)		17,474	21,957	19,255
Net debt				
Senior Net Debt (G)		11,294	12,708	13,065
Junior Debt (H)		2,038	2,109	2,109
Borrower Net Debt (I)		2,108	1,113	1,113
Group Net Debt (J=G+H+I)		**15,440**	**15,930**	**16,287**
Junior RAR ((G+H)/F)(4)	**82.0%**	**76.3%**	**67.5%**	**78.9%**
Group RAR (J/F)(4)	**92.5%**	**88.4%**	**72.6%**	**84.7%**

(1) 2022 figures are forecasts

(2) ICR or Interest Cover Ratio is defined on page 17

(3) RAR or Regulatory Asset Ratio is defined on page 19

(4) Ratios calculated on unrounded data - Heathrow Finance’s RAR covenant increased from 92.5% to 93.5% for the testing date occurring on 31 December 2021

(5) Sensitivity case assumes interim RAB adjustment of £300m only and 15% lower revenue to reflect downside risk on traffic and potential change of aeronautical charges

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