Heathrow

HEATHROW (SP) LIMITED AND HEATHROW FINANCE PLC

Investor Report December 2021

10 December 2021

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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 30 September 2021 and its passenger traffic for the period to 30 November 2021. It also contains forecast financial information derived from current management forecasts for Heathrow (SP) and its subsidiaries (the 'Group') for the whole of 2021 and 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.

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APPENDICES

"The UK aviation sector's recovery is underway, but the emergence of the latest variant and new travel restrictions imposed by governments around the world shows just how unstable the recovery will be. While we still expect more people to travel through Heathrow in 2022 than in 2021, we forecast that passenger numbers next year will be just over half of pre-pandemic levels. We do not expect that international travel will recover to 2019 levels until at least all travel restrictions (including testing) are removed from all the markets that we serve, at both ends of the route, and there is no risk of new restrictions, such as quarantine, being imposed. This is likely to be several years away."

John Holland-Kaye | Heathrow CEO

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.

Given the resumption of international travel and the gradual reopening of borders, we have seen a steady build in traffic from May to November. Whilst this recovery in traffic is encouraging and should allow us to look forward with more confidence, recent developments with the Omicron 'variant of concern' highlight that the pandemic is far from over. The reintroduction of the red list arrivals facility, pre departure testing before arrival into the UK and a PCR test by Day 2 are expected to have an impact on demand. However, we will continue to support temporary measures which protect public health as we learn more about this new variant.

For 2021, we anticipate traffic to be 20 million, which is down 1.5 million on our June forecast and reflects the slower reopening of borders over the Summer. This remains 75% down compared to 2019. The 20 million forecast remains uncertain as the reintroduction of border restrictions is leading to cancellations and a reduction in flight schedules. Despite a lower traffic outturn, adjusted EBITDA is forecast to be £412 million, an increase of £80 million versus the June forecast. This reflects lower operating costs versus forecast as recruitment has been slower than planned. Our liquidity position remains strong with £4 billion of cash and committed facilities available as at 30 November 2021, sufficient to meet all obligations until 2025 under our traffic forecasts.

We have also set out our financial forecast for 2022. This is underpinned by a traffic forecast of 45.5 million passengers which represents further recovery across 2022 but remains 44% below 2019. Adjusted EBITDA is forecast to increase by 227% to £1,347 million. In respect of the 2022 aeronautical charge, we have responded to the CAA's recent consultation. However, at the time of publication of this Investor Report, we await a decision from the CAA, in the absence of which we have prepared our 2022 financial forecast based on the tariffs set out in our aeronautical charges consultation document on 31 August 2021, which we were required to publish under the Airport Charges Regulations 2011. We expect a decision from the CAA in December and will review whether an update to the Investor Report is required if there are material differences to our financial forecast resulting from this.

Our RAB is forecast to be £17.2 billion at the end of 2021 and £21.3 billion at the end of 2022. Our 2022 RAB forecast assumes we receive a full RAB adjustment of £2.5 billion (2018p) as set out in our Revised Business Plan (RBP) Update in June 2021.

In October 2021 we received the CAA's Initial Proposals for the H7 period. The CAA has recognised that lower passenger numbers until full recovery must mean a higher charge per passenger. The CAA also needs to recognise the critical role of private investment which will enable sustainable levels of passenger service and resilience, building confidence that investors will earn a fair return in H7 and have a fair bet of recovering their efficiently incurred investment. Equally, from a debt financing perspective, initial assessments based on our business plan show that charges in the lower half of the CAA's range put our credit rating at risk. Further credit rating downgrades would impact our ability to access the debt capital markets efficiently.

Our response to the CAA will also set out numerous errors in their proposals. These include how their traffic forecast is not deliverable within our ATM cap, unrealistic assumptions on operating costs and commercial revenue growth and expectations that we can improve services in numerous areas with no capital investment. Alongside our response, we will submit the second update to our December 2020 RBP.

No covenant breaches are forecast in 2021 or 2022 at Heathrow (SP) or Heathrow Finance. As at the date of this report, a Forecasting Event and a Trigger Event have occurred and are continuing in relation to the historic ICR for senior and junior debt for the year ended 31 December 2020. We expect the Trigger Event to be remedied by mid 2022 under our base case scenario.

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, no covenant breaches occur in 2022 at Heathrow (SP) or Heathrow Finance although credit rating metrics are likely to be compromised. Please refer to appendices 2, 3 and 6 for more details.

2021 and 2022 financial performance

(£m unless stated)	2021 (F)	2022 (F)	Trigger / Forecasting Event
Passengers (m)	20.0	45.5	
Summary financials			
Revenue	1,232	2,494	
Adjusted EBITDA[1]	412	1,347	
Cashflow from operations[2]	572	1,327	
Regulatory Asset Base (RAB)	17,248	21,337	
Nominal net debt			
Senior net debt	11,416	11,346	
Junior net debt	2,036	2,065	
Consolidated net debt	**13,452**	**13,411**	
Interest paid			
Senior interest paid	14	102	
Junior interest paid	60	71	
Total interest paid	**74**	**173**	
Ratios[3]			
Senior(Class A) RAR	66.2%	53.2%	72.5% / 70.0%
Junior (Class B) RAR	78.0%	62.9%	85.0% / 85.0%
Senior(Class A) ICR	16.24x	8.72x	1.40x / 1.60x
Junior (Class B) ICR	3.05x	5.16x	1.20x / 1.40x

(£m unless stated)	2021 (F)	2022 (F)	Covenant 2021 / 2022
Heathrow Finance			
Borrower net debt	2,107	2,220	
Group net debt	**15,559**	**15,631**	
Borrower interest paid	114	113	
Group interest paid	**188**	**286**	
Group RAR[3][4]	90.2%	73.3%	93.5% / 92.5%
Group ICR[3][5]	1.21x	3.12x	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 increased from 92.5% to 93.5% for the testing date occurring on 31 December 2021
5) Heathrow Finance's ICR covenant is waived for the financial year ended 31 December 2021

2. BUSINESS DEVELOPMENTS

PROTECTING OUR BUSINESS

Keeping people safe – The safety of our colleagues and passengers remains our number one priority. In response to the risk of the new variant of concern – Omicron – the airport will maintain stringent anti-viral measures, in order to reduce the risk of transmission. At the request of the UK Government, we have reopened Terminal 4 at pace to function as a dedicated 'Red List Arrivals Facility', keeping direct arrivals from red list countries separate from others travelling. PCR tests remain available on arrival to simplify the new testing requirements and reduce isolation time for inbound passengers. Our safety-first approach, which includes mandatory face coverings, intensive robotic cleaning regimes and enhanced ventilation in immigration halls, has been designed to protect passengers and colleagues and provide a more efficient experience for all passengers.

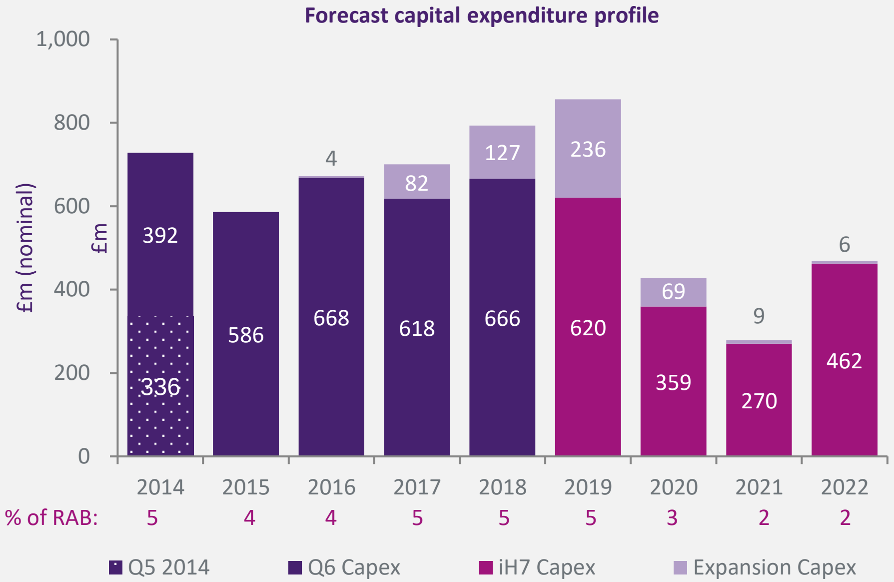
Cost mitigation – Due to management actions to protect the business, monthly average cash burn has reduced by c.50% during the first nine months of the year to £88 million from £170 million in the same period in 2020. As we move into the recovery phase, we expect our operating costs to increase with the scale up of operations to meet increasing demand, such as operational costs, higher utilities costs, and employment costs given the end of the furlough scheme. On capex, we plan to reinvest in 2022 to catch up on the limited investment in the past two years so we can start to deliver consumer benefits in areas such as security.

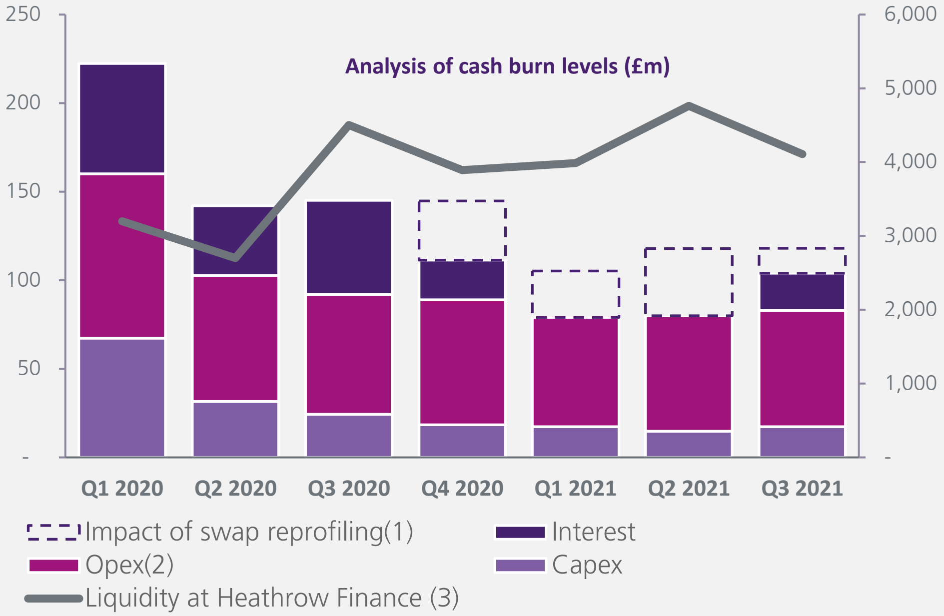
Revenue protection and losses mitigation – We continue to believe that the Government's removal of tax-free shopping places UK tourism at a competitive disadvantage and will place challenges on our retail operation. The impact of COVID-19 has also meant that several of our retailers are no longer trading. We continue working to improve our digital offering, in the context of the capital constraints we have faced in the past two years, and identifying other retail partners such as JD Sports and Saint Laurent to replace those who have left. On 1 November 2021, we introduced a Terminal Drop-Off Charge across the airport's departure forecourts; Heathrow is one of the last UK airports to introduce such a charge, as similar access charges are already in place across nine out of the ten largest UK airports. The charge is designed to incentivise the use of public transport wherever possible when accessing Heathrow's terminals as well as reducing congestion on local roads..

Preserving liquidity – We successfully completed the remainder of our £1.6 billion 2021 funding plan in early October with a C$325 million tap of the 12-year Class A bond issued earlier in the year and a £50 million Class B private placement. The additional funding means we can cover our forecast obligations until 2025 under our traffic and financial forecast or at least until February 2023 in the extreme stress scenario of no revenue.

SERVICE STANDARDS

Our vision remains to give passengers the best airport service in the world. In the first nine months of 2021, we delivered Airport Service Quality score of 4.22 compared to 4.29 in the same period of 2020. In the 12 months to 30 November 2021, rebates of £361,489 were paid by Heathrow under the SQR scheme in relation to campus security in December 2020 and £370,287 rebates is expected to be paid related to Terminal 5 CSA. However, in relation to the same period, a £3m bonus is also expected for exceeding performance targets mainly related to seat availability and cleanliness.





(1) Our swap portfolio reprofiling resulted in c.£100m of interest prepayment in Q4 2020 with interest savings arising from Q1 2021 to Q4 2022.
(2) Opex excludes impact of 2020 opex prepayments of c.£280m
(3) Liquidity position including cash and undrawn facilities

2. BUSINESS DEVELOPMENTS

WINNING THE RECOVERY

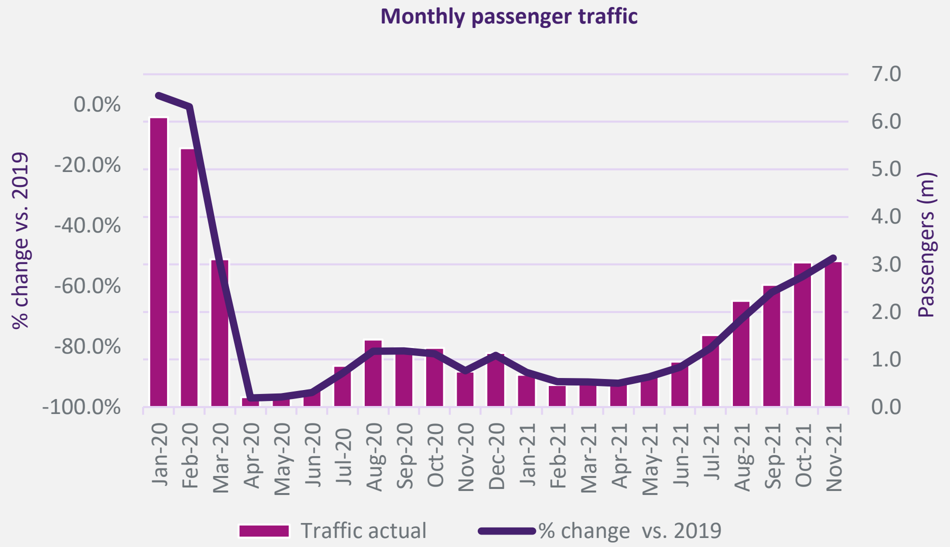
As traffic gradually increases, we are moving into the recovery phase of our response to COVID-19. This presents an opportunity to create an environment where passengers feel safe and confident to fly comfortably.

Building confidence in travel - With the emergence of the new COVID-19 Omicron variant, the UK Government has reintroduced some travel restrictions, including PCR testing and self-isolation. Additionally, 11 southern African nations have been put on the red list. We are supportive of any temporary measures that will protect public health as we learn more about this new variant. However, these come at a time where the sector was looking forward to recovery after the past catastrophic 20 months. Measures such as these take us a step backwards, damaging passenger confidence and hampering Britain's economic recovery. The restrictions in place must be reviewed and removed as soon as it is safe to do so, providing passengers with the confidence to book their travel in 2022. The aviation sector is yet again the only sector that remains significantly restricted, and so Government must urgently look at financial compensation as long as these restrictions remain in place.

Gearing up for growth - The steady build in passenger numbers since May has put Heathrow on the path to recovery. Since early summer, we have been operating with two runways and Terminals 2, 3 and 5 are fully operational. As requested by the UK Government, we reopened Terminal 4 as a dedicated arrivals facility for red list countries on 1 December. With the additional travel checks required as a result of COVID-19 and current resourcing challenges across Team Heathrow, we are seeing increasing pressure on service and punctuality, particularly at peak times. We therefore continue to work with all Team Heathrow to ensure we have a resilient operation in place to accommodate growth in 2022.

Working to attract as much traffic as possible - Our four strategic initiatives to drive passenger and cargo growth remain as follows:

- Incumbent build back: We continue to work closely with airline customers on our collective ramp-up plans and support their growth in recovery.
- London consolidation: Some of our biggest airlines have signalled the consolidation of their entire operation at Heathrow at least for the Summer 2022 season.
- New entrants: Fifteen airlines have already taken the opportunity to fly from Heathrow for the first time, including Rwandair, China Airlines, Czech Airlines, Vistara, Eastern, Blue Air, Loganair, Ukraine Airlines, Wideroe, Jazeera Airways, Arkia Israeli Airlines, Sky Express, Smartwings, Jetblue and Uganda Airlines. This shows that we continue providing attractive value for money to airline partners.
- Growing cargo: Since the start of 2021, targeted business development has enabled five new freighter entrants to regularly operate from Heathrow, which, together with seven new passenger entrants flying significant cargo, has made up 7.4% of all UK air cargo in H1 2021.



	Jan - Nov 2019	Jan - Nov 2020	Jan - Nov 2021	2021 vs. 2019 (%)
Passengers (m)	74.2	20.2	16.3	(22.4)
Long-haul traffic growth/(decline) %	2.2	(74.5)	(31.6)	N/A
Short-haul traffic growth/(decline) %	(0.6)	(69.7)	(13.7)	N/A
Passengers ATM	435,090	167,841	137,681	(68.4)
Cargo ATM	2,773	20,690	27,741	915.0
Load factors (%)	79.9	58.0	54.8	(31.5)
Seats per ATM	213.4	215.3	215.9	0.0
Cargo tonnage ('000)	1,464	1,034	1,271	(13.2)

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

BUILDING BACK BETTER

Our focus remains on beating the pandemic, but we also stand ready to support the Government's efforts to build back better and deliver a cleaner, greener and more resilient economy.

Sustainable growth – We are continuing work to review and update our sustainability plan, Heathrow 2.0, adapting it for the new reality Heathrow is operating in as we recover from the pandemic. It will focus on delivering outcomes that align with the most material colleague, community and environmental issues for the airport. Decarbonisation remains a key priority and alongside this we continue to focus on making Heathrow a great place to live and work.

Net zero aviation – We need to take the carbon out of flying to protect the benefits of aviation for the future. Scaling up Sustainable Aviation Fuel (SAF) is key to decarbonizing aviation. SAF is proven, sustainable and cuts carbon however it is more expensive than kerosene so we need Government policies to send a market signal to kick start a new sunrise industry for the UK. With airlines, fuel producers and investors we are calling for a mandate of 10% SAF by 2030, a price stability mechanism to close the price gap with kerosene (such as Contracts for Difference) and government capital funding particularly for first of a kind plants. Legislation on a mandate is planned by end 2022 and in its recent net zero strategy the Government announced £180m of capital funding for SAF plants. To showcase that SAF exists today as a solution and just needs the right policies to scale it, British Airways blended SAF into all its flights between the London airports and Scotland or the two weeks of COP26 and also powered the first transatlantic flight after the lifting of restrictions on 35% SAF. We are introducing a financial incentive for SAF in our landing charges in 2022.

Globally, momentum for decarbonizing global aviation built through the autumn and at COP26 with a series of industry and Government announcements. IATA, representing the world's airlines, made a landmark commitment to net zero in October, the first time a whole global sector has made such a commitment. The US Government set an ambition for 15% SAF by 2030 and the UK Government for 10% by the same date. At COP26 the UK Government launched an international aviation ambition coalition of c. 20 international states backing net zero aviation as well as a group of SAF Ambassador states promoting policies to scale up SAF. The next major milestone for decarbonizing aviation is the triennial assembly of ICAO, the UN body responsible for aviation, in 2022. With our global industry partners we are campaigning for a net zero deal for at the ICAO Assembly and a strong ambition for SAF, and will work with the UK and other Governments around the world to support that.

Expansion developments - Currently, our focus is on working to safely restart international travel and trade to help kickstart the UK's economic recovery. However, when demand returns to pre-COVID levels, meeting that demand as the UK's hub airport will be essential to a country with global and levelling up ambitions. We will continue to consult with investors, Government, airline customers and regulators on our next steps.

Brexit - The UK exited the European Union on 1 January 2021. As part of the Withdrawal Agreement, flights can continue without disruption between the UK and EU. Aviation connectivity is seen as a priority for both parties and will continue to be so in the future.

From a border perspective, the UK's Border Operating Model (BOM) outlines a phased approach for cargo to limit immediate inbound changes at the UK border as a result of EU Exit. In September 2021, the UK Government revised this timeline again, with checks on some imports being required from 1 January 2022 and further checks from 1 March and 1 July 2022.

EU citizens can continue to use electronic gates at immigration upon arrival into the UK. From 1 October 2021, unless they hold EU Settled Status, EU arrivals must now present their passport at the UK border as valid ID. Heathrow has been working with Government and UK Border Force to manage changes to border and passenger processes, including the end of using EU ID cards to enter the UK.

Longer-term post-EU Exit, Heathrow is working with the Government to deliver on their objective of 'a world class border for people and goods'. As the UK's biggest port by value and only hub airport, Heathrow has an integral role to play in helping the Government make 'Global Britain' a reality.

From a passenger perspective, we plan to increase the number of eligible cohorts using eGates, better resource colleagues at the border, and introduce new security scanners that would make the passenger journey faster and smoother than today. From a freight perspective, we are pushing Government to remove outdated 'Canalisation' regulation, thereby making the cargo processing time at Heathrow quicker – in some cases halving the processing time for goods. Heathrow is playing an active role in shaping the Government's 2025 Border Strategy and these asks sit alongside wider improvements to increase digitization and efficiency at the border.

3. REGULATORY DEVELOPMENTS

BUILDING BACK BETTER

H7 and CAA consultations - On 19 October 2021 we received the CAA's Initial Proposals for the H7 period which set out the following draft policy positions for the H7 price control:

- A range of cost and revenue forecasts leading to an upper quartile H7 charge of £34.40 (2020p) and a lower quartile estimate of £24.50 (2020p)
- Three potential capital expenditure plans ranging from £1.6bn to £3bn
- A pre-tax WACC range of between 7.09% and 4.38%
- A new traffic risk sharing mechanism and mechanisms to deal with asymmetric risk and cost uncertainty
- Proposals for an ex-ante capital efficiency framework with an incentive of between 20% and 30%
- Movement towards an outcomes-based service quality framework

We welcome the CAA's recognition that lower passenger numbers until full recovery must mean a higher charge per passenger. However, the CAA also needs to recognise the critical role of private investment which will enable sustainable levels of passenger service and resilience. To do so, the CAA must build confidence that investors will earn a fair return in H7 and have a fair bet of recovering their efficiently incurred investment. Equally, from a debt financing perspective, initial assessments based on our business plan show that charges in the lower half of the CAA's range put our credit rating at risk. Further credit rating downgrades would impact our ability to access the debt capital markets efficiently

We will submit a formal response to the CAA on 17 December 2021 setting out numerous errors in their proposals. For example, operating costs for 2022 are unrealistic (lower than 2020 when substantial parts of the airport were closed) and commercial revenue growth is also unrealistic (higher than we or any other airport have ever achieved). Furthermore, the CAA's high passenger forecast of 88.3m in 2026 would require the annual ATM cap to be lifted by 37k movements, an extra 100 flights a day, and they assume we can switch to lower carbon technology, provide a higher digital service and continue to increase efficiency in our security processes with no capital investment. Fixing these and others would result in a higher range of prices for the H7 period than those initially set out by the CAA.

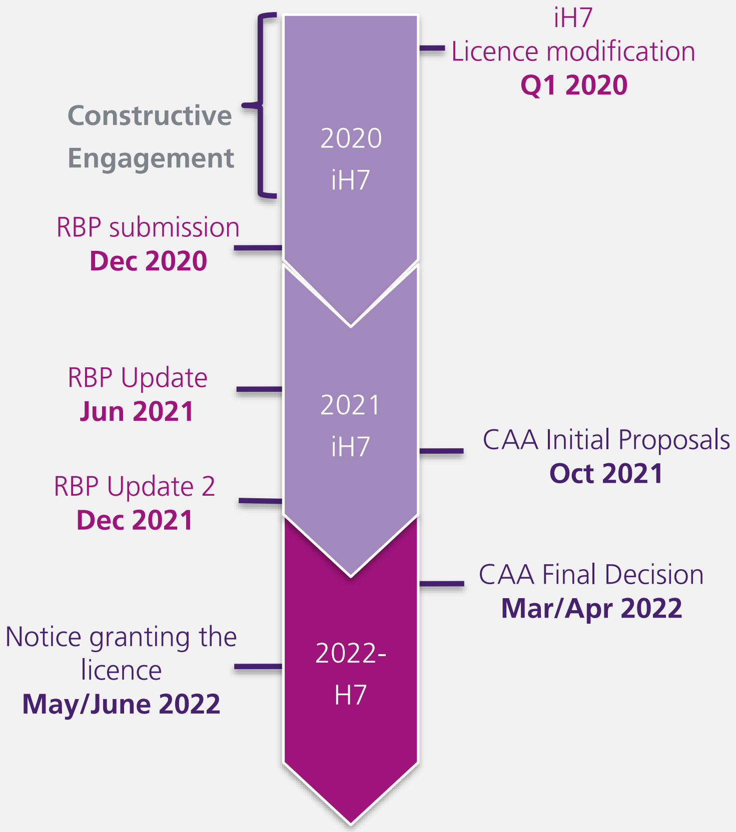
Alongside responding to the Initial Proposals, we will also be submitting the second update to our December 2020 RBP. This will include updated H7 passenger and financial forecasts to reflect the changes we have seen since our first RBP update in June 2021, as well as providing updates to the consumer insights that our plans are grounded in.

2022 Airport Charges Consultation - The price control condition in Heathrow's licence, which is used to calculate the annual yield per passenger, expires on 31 December 2021 - meaning it does not apply for 2022.

We were required to publish our 2022 charges consultation document by the 31st August 2021 under the Airport Charges Regulations 2011. With the CAA not having reached a decision on the applicable 2022 price cap by the launch of the consultation, we used the 2022 yield set out in our first RBP update in June 2021 to set and consult on our airport charges for 2022. The airport charge is the profiled 2022 charge set out in our first RBP update - £35.81 (2018p), which converts to £39.85 in outturn prices. We also made an adjustment through the K-factor to reflect the over yielding seen in 2020, taking our proposed 2022 yield to £37.64.

As part of their Initial Proposals, the CAA provided its first view on the charge for 2022 and proposed to set an interim charge of £29.50 (2020p) with a true up following the final H7 decision. This represents the mid-point between its proposed upper and lower quartile charges for the H7 period. We responded to the CAA's consultation on this, highlighting that the £29.50 (2020p) was not comparable with the charges set out in our ACR consultation and reflecting multiple material errors. We currently await a decision by the CAA and will publish our charges consultation decision document as soon as is practicable after receiving the outcome from the CAA's consultation.

H7 Timetable



4. HISTORICAL FINANCIAL PERFORMANCE

This section summarises the results for the Group for the nine months to 30 September 2021. A full description of performance is provided in the results published on 26 October 2020, available at the Investor Centre on heathrow.com.

TRAFFIC

In the first nine months of 2021, traffic declined by 46.4% to 10.2 million passengers (2020: 19.0 million) reflecting the impact of COVID-19.

ADJUSTED EBITDA

In the first nine months of 2021, Adjusted EBITDA decreased 54.8% to £117 million (2020: £259 million).

REVENUE

In the first nine months of 2021, revenue declined 26.9% to £695 million (2020: £951 million). This reflects a decrease of 38.7% in aeronautical income, a decrease of 38.1% in retail income and an increase of 10.7% in other income. Aeronautical income fell predominantly due to reduced passenger numbers and fewer aircraft movements. Retail income declined as a result of reduced passenger numbers and the mix of retail service available due to governmental restrictions on non essential shops in the first five months of the year. Other revenue increased by 10.7% due to increased revenue from the Airport Cost Recovery Charge introduced in February 2021 and there was relative resilience in property and other.

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

In the first nine months of 2021, adjusted operating costs fell by 16.5% to £578 million (2020: £692 million). The reduction in operating costs reflects the management initiatives implemented throughout 2020. This includes employment costs due to our organisational restructure, the Government's furlough scheme and AGOSS grant support received.

REGULATORY ASSET BASE (RAB) AND FINANCIAL RATIOS

At 30 September 2021, the RAB was £17,060 million (31 December 2020: £16,492 million). At 30 September 2021, the Regulatory Asset Ratios, measuring nominal net debt to RAB, were 65.0% for senior debt and 78.1% for junior debt (31 December 2020: 68.4% and 79.6% respectively) compared with respective trigger levels of 72.5% and 85.0%.

INTEREST PAYABLE AND PAID

In the first nine months of 2021, net finance costs before certain re-measurements were £577 million (2020: £506 million). Net external interest paid was £67 million (2020: £368 million).

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

At 30 September 2021, nominal net debt was £13,322 million (31 December 2020: £13,131 million), comprising £14,097 million in bond issues, £1,602 million in other term debt, £288 million in index-linked derivative accretion, £1,150 million in revolving credit and working capital facilities and £32 million of additional lease liabilities post transition to IFRS 16. This was offset by cash, cash equivalents and term deposits of £3,847 million. Nominal net debt consisted of £11,097 million in senior net debt and £2,225 million 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 and amounted to £32 million as at 30 September 2021. The aggregate lease liability of all leases classified as Existing Operating Leases as at 30 September 2021 was £393 million.

5. FORECAST FINANCIAL PERFORMANCE

TRAFFIC

In 2021, traffic is expected to decrease 9% to 20 million passengers vs. 2020. This is a reduction from the guidance published in June 2021 due to the delay in reopening borders, including the US and the impact of Omicron. In 2022, traffic is forecast to increase 128% versus 2021 to 45.5 million passengers. We expect the pent-up consumer demand in the Visiting Friends and Relatives and Leisure segments to drive the traffic increase compared to 2021 but ongoing caution on border rules. Further detail on traffic guidance can be found on page 11.

ADJUSTED EBITDA

Adjusted EBITDA in 2021 is forecast to increase 52.6% to £412 million (2020: £270 million). This is mainly driven by the increased forecast for passenger numbers, increasing revenue by 4.9% while costs are forecast to decrease by 9.4%. In 2022, we forecast Adjusted EBITDA to increase by 226.7% to £1,347 million mainly driven by passenger growth.

REVENUE

Revenue in 2021 is forecasted to increase by 4.9% to £1,232 million. Aeronautical income is forecast to decrease 13.3% to £561 million (2020: £647 million), mainly driven by traffic recovery and uplift in aero charges. Retail income is expected to decrease 7.7% to £216 million (2020: £234 million). Retail revenue per passenger is expected to decrease to £10.80 (2020: £10.58) which is largely distorted due to the reduced passenger numbers. Other revenue is expected to show relative resilience and increase by 54.8% to £455 million (2020: £294 million). In 2022 revenue is forecast to increase to £2,494 million as traffic starts recovering, driven by a 207.1% increase in aeronautical revenues, a 96.2% increase in retail revenues and a 23.6% decrease in non-retail revenues.

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

Adjusted operating costs in 2021 are forecast to decrease to £820 million (2020: £905 million) because of the temporary and permanent management initiatives implemented throughout 2020 and furlough. Operating costs on a per passenger basis are expected to be flat at £41.00. In 2022, operating costs are forecast to increase 40% to £1,147 million to support more than twice as many passengers, the full year effect of re-opened terminal facilities and higher utilities costs.

REGULATORY ASSET BASE

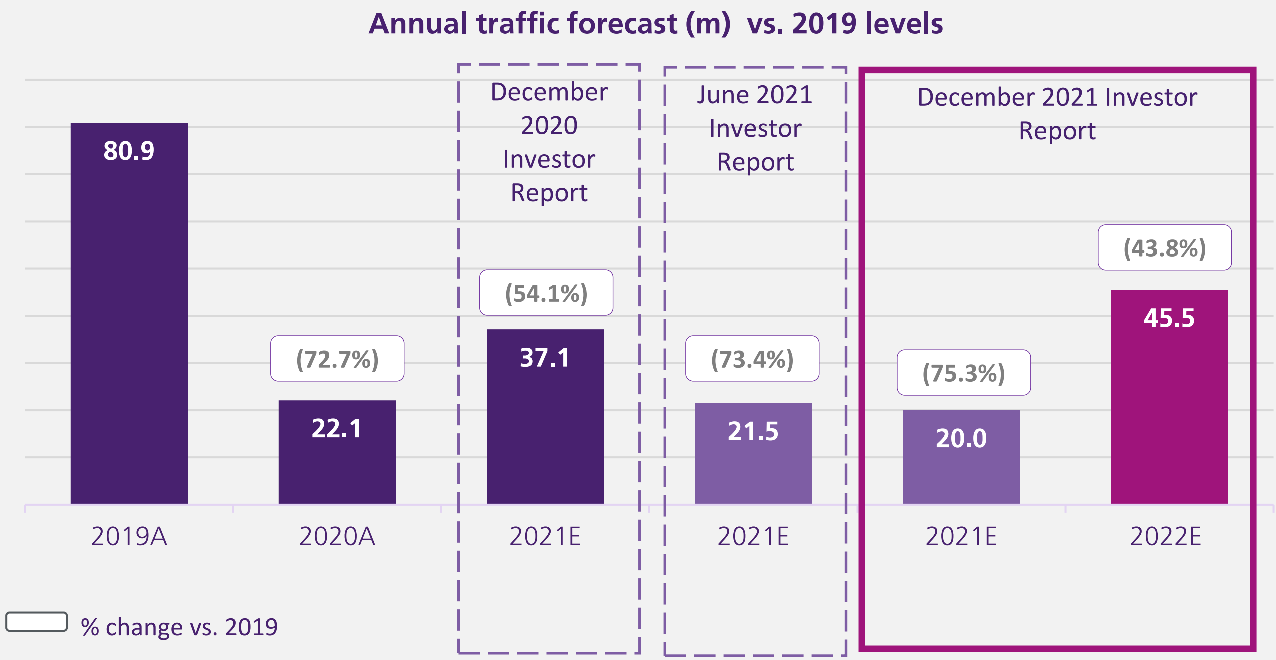
At the end of 2021 and 2022, the RAB is forecast to be £17,248 million and £21,337 respectively (2020: £16,492 million). The increase in RAB in 2021 is driven by increasing inflation and the CAA interim adjustment partly offset by lower capital expenditure and regulatory depreciation. In 2022, the RAB forecast assumes a full RAB adjustment of £2.5bn (2018p) as set out in our Revised Business Plan Update in June 2021. The forecasts for 2021 and 2022 assume capital expenditure of £279 million and £468 million and average RPI of 3.8% and 5.0% respectively.

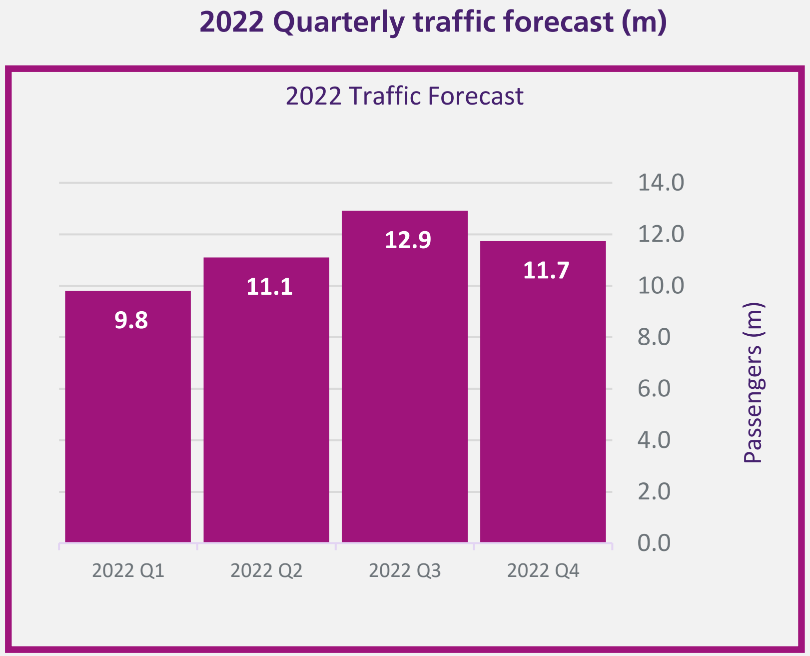
NET DEBT AND FINANCIAL RATIOS

At 31 December 2021, nominal net debt is forecast to be £13,452 million (2020: £13,131 million). Net external interest paid is forecast to be £74 million in 2021 (2020: £539 million), a decrease of £4 million compared to June's guidance. The Regulatory Asset Ratio (RAR) is forecast to be 66.2% for senior debt and 78.0% for junior debt (31 December 2020: 68.4% and 79.6%) driven by the expected reduced growth in the RAB and reduced cash balances. For the year ending 31 December 2021, the Interest Cover Ratio (ICR) is forecast to be 16.24x for senior debt and 3.05x for junior debt (2020: -0.50x and -0.43x).

All current and forecast ratios are calculated based on applicable generally accepted accounting principles. As at the date of this Investor Report, a Forecasting Event and Trigger Event have occurred in relation to the historic ICR for senior and junior debt for the year ending 31 December 2020. As a result, a distribution lock-up is in place within Heathrow SP and will have no adverse effect on Heathrow SP’s creditors

5. FORECAST FINANCIAL PERFORMANCE





APPROACH

Heathrow has developed a bottom-up forecast to reflect a staged recovery in passengers over the remainder of this year and in to 2022. Our modelling is based on a timeline for the progress of recovery for the various destinations Heathrow serve around the world. Differing testing and quarantine restrictions are modelled in each stage and infection and vaccination rates are taken into account. Travel restrictions at both ends of the route are considered and we forecast the level of demand at each stage of recovery using the latest data on actual passenger numbers to date. The modelling is performed at a granular level, splitting into geographical markets and purpose of travel. The approach reflects the potential impact of varying government rules and categorisations for restrictions, as well as gradual roll-out of vaccines across all markets. This is calibrated against information from airlines on planned schedules. Given the high uncertainty surrounding the pace of recovery and the potential for new variant outbreaks, we consider a number of different scenarios and take a probabilistic output based on Monte Carlo simulation.

ASSUMPTIONS - BASE CASE

Our base case assumptions are derived from the Government roadmap on reopening at the time of forecasting. Recovery back towards 'normality' continues although certain challenges with COVID-19 over the winter cause some consumer hesitancy it does not lead to any explicit increase to UK restrictions. The UK Government remove the need for any testing with international travel in time for the summer months of 2022. European countries currently allowing travel without testing continue to do so, and the remaining European countries follow suit in time for the summer months. Cheaper and easier testing will be permitted for travel to North America by the summer months of 2022 and then no testing from Q4 2022 onwards. East Asia gradually eases restrictions throughout 2022 to the point that travel with cheap and easy testing is permitted by Q4 2022. Some rebound of pent-up consumer demand in 'Visiting Friends & Relatives' and leisure but this is somewhat dampened because of an ongoing sense of caution and uncertainty on government border rules. This forecast aligns closely with the forecast of the airlines' international trade body, IATA, which predicts global passenger numbers in 2022 will be about 60% of 2019 levels.

6. FINANCING MATTERS

NEW FINANCING AND CHANGES TO FACILITIES

Since the previous Investor Report was distributed on 11 June 2021, we completed our £1.6 billion 2021 funding plan by raising £240 million equivalent in new debt financing.

In early October we completed a C$325 million tap of the 12-year Class A bond issued in April and a £50 million Class B private placement. The proceeds further strengthened our liquidity position. Operating leases have increased by £11.7 million over the period. Across September, October and November we also updated our private debt portfolio to reflect the cessation of LIBOR in line with the standardised market approach.

DEBT MATURITIES AND REPAYMENTS

Since the previous Investor Report was distributed on 11 June 2021, the C$450 million and $1 billion Class A public bonds were redeemed in June and July respectively. In November, the £1.15 billion Revolving Credit Facility was repaid. A further £2 million of EIB repayments have also been made.

HEDGING

Between the publication of the previous Investor Report on 11 June 2021, cross currency swaps were executed to hedge the C$325 million issuance back to GBP. No further derivatives have been executed and the portfolio of derivatives has no breaks.

At 9 December 2021, the total notional value of cross-currency swaps was £5,887m, the total notional value of index-linked swaps was £5,808m and the total notional value of interest rate swaps was £7,594m.

At 9 December 2021, 90.9% and 81.4% of interest rate risk exposure on the Obligors' and Heathrow Funding's existing debt is hedged for the regulatory periods ending on 31 December 2021 and 31 December 2026 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 our forecast needs well into 2025 under our base case traffic forecast, or until at least February 2023 under the extreme stress-test scenario of no revenue. The obligations include forecast operational costs and capital investment, debt service costs, debt maturities and repayments. The liquidity forecast takes into account £4 billion in committed but undrawn loan facilities and term debt as well as cash resources held at the Security Group and Heathrow Finance at 30 November 2021 and the expected operating cash flow over the period.

Heathrow Finance has £257 million of liquidity as at 30 November 2021, which supports debt service through to 2024.

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 repurchase of share capital; and payments of fees, interest or principal on any intercompany loans.

Since the previous Investor Report was distributed on 11 June 2021, there have been no restricted payments made as a result of the Trigger Event in relation to the historic ICR for senior and junior debt for the year ending 31 December 2020.

In the 90 days following the publication of this Investor Report, assuming the Trigger Event has ended, a restricted payment of £56 million is expected to be made from Heathrow (SP) to Heathrow Finance to service its debt interest payment. No dividend payment to ultimate shareholders is forecast in 2022.

The Group continues to operate a framework that aims to maintain a buffer between actual leverage levels and relevant leverage trigger and covenant levels. The size of restricted payments is considered with reference to the framework and the Group's ability to continue to access stable financial markets to provide its ongoing funding needs.

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 took the ratings off CreditWatch with negative implications earlier this year. However, initial assessments based on our business plan show that charges in the lower half of the CAA's range, if they were to crystallise in the final settlement, would put our credit rating at risk. Furthermore, although our plans are financeable and forecast no breach of covenants (both base case and sensitivity case), credit metrics would be comprised under the sensitivity case.

7. CORPORATE MATTERS

ACQUISITIONS, DISPOSALS AND JOINT VENTURES

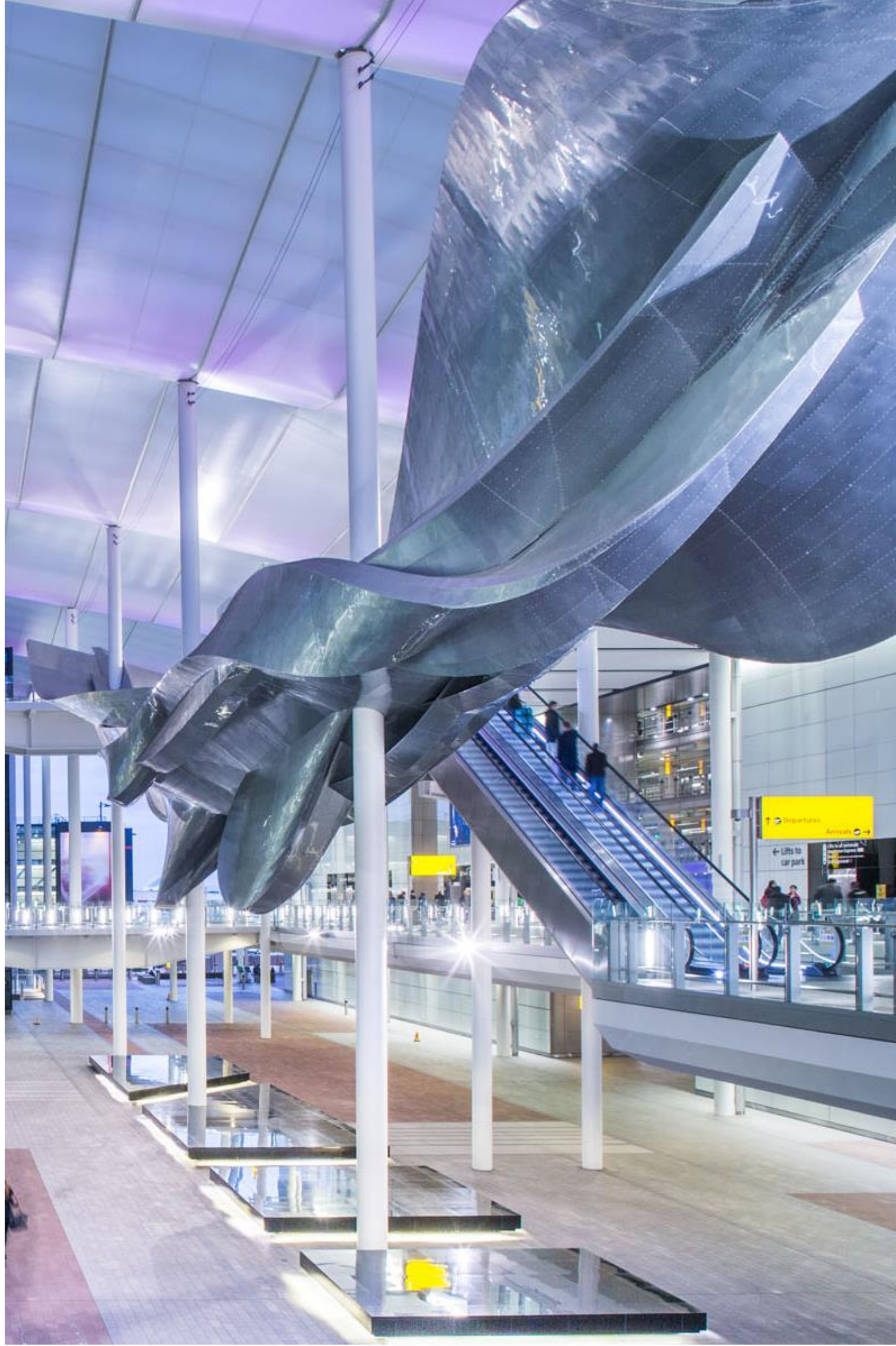
There have been no material acquisitions, disposals and joint ventures entered into related to any Obligor since the previous Investor Report was distributed on 11 June 2021.

OUTSOURCING

There have been no material outsourcing contracts entered into related to any Obligor since the previous Investor Report was distributed on 11 June 2021.

BOARD AND MANAGEMENT CHANGES

As Heathrow enters into the next phase of its recovery there have been a number of changes to its Executive Committee. Carol Hui, Andrew Macmillan and Chris Garton have decided that this is the right time for them to move on in their own careers and resigned with effect from 31 August 2021. Nigel Milton was appointed Chief of Staff and Carbon, Chris Annetts was appointed as Chief Strategy Officer and Helen Elsby was appointed as Chief Solutions Officer. The new Executive Committee appointments were effective from 1 September 2021. Joan MacNaughton was appointed as an Independent Non-Executive Director of Heathrow Airport Holdings Limited on 14 June 2021 and David Begg resigned as an Independent Non-Executive Director on 24 November 2021. Jorge Gil resigned as a Non-Executive Director of Heathrow Airport Holdings Limited on 23 June 2021 and was replaced by Luke Bugeja as of the same date. Finally, Mine Hifzi was appointed as a new permanent General Counsel to our Executive team, effective next July. This appointment completes our updated Executive team, following the changes to the structure and portfolios back in September.



8. CONFIRMATION

10 December 2021

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:

- the key historic financial ratios for 2020 comply with Default ratios. As at the date of this Investor Report, a Forecasting Event and a Trigger Event have occurred and are continuing in relation to the historic ICR for senior and junior debt for the year ended 31 December 2020;
- 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

APPENDICES

APPENDIX 1 - QUARTERLY PASSENGER TRAFFIC (2008 TO 2021)

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
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**
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)
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**	**0.7**	**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)	176.6
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(1)	**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**	**6.1**
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)	
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**	
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	(77.7)	
ATM (‘000)	**473**	**460**	**449**	**476**	**471**	**470**	**471**	**472**	**473**	**474**	**476**	**476**	**201**	
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	57.8	

(1) Oct-Dec 2021 excludes December.

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) Base Case	Year to 31 December 2022 (£m) [7] Sensitivity Case
Cashflow from Operations[2]		559	1,327	953
Add back: Cash payments in respect of prior year exceptional items		13	-	-
Adjusted Cashflow from Operations		572	1,327	953
Less: corporation tax relief / (paid)		-	(7)	-
Less: 2 per cent of Total RAB		(345)	(427)	(366)
Cash Flow (A)		**227**	**893**	**587**
Interest and equivalent recurring charges paid on Senior Debt[3][4]				
Interest paid – existing Class A bonds and swaps		(21)	40	40
Interest paid – existing Class A revolving facilities		-	-	-
Interest paid and received – other Class A debt		13	39	40
Lease interest		16	18	18
Commitment fees on liquidity and revolving facilities		6	4	4
Total interest on Senior Debt (B)		**14**	**102**	**102**
Interest and equivalent recurring charges paid on Junior Debt[3][4]				
Class B debt		60	71	71
Total interest on Junior Debt (C)		**60**	**71**	**71**
Total interest (D=B+C)		**74**	**173**	**173**
Senior ICR (A/B)[5][6]	**1.40x**	**16.24x**	**8.72x**	**5.73x**
Junior ICR (A/D)[5][6]	**1.20x**	**3.05x**	**5.16x**	**3.39x**

(1) 2021 and 2022 figures are forecasts; values calculated on unrounded figures
(2) Reconciliation of cash flow from operations with Adjusted EBITDA is set out on page 19
(3) Reconciliation of interest paid with interest payable is set out on page 19 for 2021
(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 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) Base Case	Year to 31 December 2022 (£m) Sensitivity Case [6]
Income			
Aeronautical income	561	1,723	1,464
Non-aeronautical income - retail	216	424	361
Non-aeronautical income – non-retail	455	347	295
Total income	**1,232**	**2,494**	**2,120**
Operating costs[2]	(820)	(1,147)	(1,147)
Adjusted EBITDA	**412**	**1,347**	**973**
Working capital and cash one-off non-recurring extraordinary or exceptional items			
Cash payments in respect of prior year exceptional items	(13)	-	
Trade working capital	139	8	8
Pension	21	(28)	(28)
Cashflow from operations	**559**	**1,327**	**953**

	Year to 31 December 2022	Year to 31 December 2021			
	Cash flow	Income statement incl. amortisation[3][4]	Less amortisation[3]	Less variation in accruals[3]	Cash flow
	£m	£m	£m	£m	£m
Interest paid – existing Class A bonds and swaps	40	135	(46)	(110)	(21)
Interest paid – Class A EIB facilities	-	-	-	-	-
Interest paid and received – other Class A debt	39	17	-	(4)	13
Lease interest	19	16	-	-	16
Commitment fees on liquidity & RCFs[5]	4	6	-	-	6
Interest paid – Class B debt	**71**	72	(2)	(10)	60
Total interest[1]	**173**	**246**	**(48)**	**(124)**	**74**

(1) 2021 and 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 aeronautical charges

Heathrow

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) Base Case	Year to 31 December 2022 (£m) [5] Sensitivity Case
Closing Heathrow RAB (A)		**17,248**	**21,337**	**18,303**
Senior Debt				
Class A existing bonds		11,763	11,095	11,095
Class A EIB facilities		4	-	-
Non - Existing Operating Lease debt		113	137	137
Other Class A debt		1,752	2,252	2,252
RPI swap accretion		366	687	687
Total Senior Debt (B)		**13,998**	**14,171**	**14,171**
Junior Debt				
Class B existing debt		2,036	2,065	2,065
Other Class B debt		-	-	-
Total Junior Debt (C)		**2,036**	**2,065**	**2,065**
Cash and cash equivalents (D)		(2,582)	(2,825)	(2,458)
Senior net debt (E=B+D)		**11,416**	**11,346**	**11,713**
Senior and junior net debt (F=B+C+D)		**13,452**	**13,411**	**13,778**
Senior RAR (E/A)[2][3][4]	**72.5%**	**66.2%**	**53.2%**	**64.0%**
Junior RAR (F/A)[2][4]	**85.0%**	**78.0%**	**62.9%**	**75.3%**

(1) 2021 and 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 aeronautical charges

Heathrow

APPENDIX 4 – NOMINAL CONSOLIDATED NET DEBT OF OBLIGORS, HEATHROW FUNDING LIMITED AND HEATHROW FINANCE PLC AS AT 30 SEPTEMBER 2021

Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	**(£m)**	**(£m)**	
£180m RPI +1.65%	229	229	2022
€600m 1.875%	490	490	2022
£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
£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
€500m 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%	91	91	2032
€50m Zero Coupon	42	42	2032
€500m 1.875%	443	443	2032
C$300m 3.7%	173	173	2033
€650 1.875%	559	559	2034
£50m 4.171%	50	50	2034
€50m Zero Coupon	40	40	2034
£50m RPI +1.382%	60	60	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	650	650	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	119	119	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%	91	91	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	172	172	2058
Total senior bonds	**12,198**	**12,198**	

Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	**(£m)**	**(£m)**	
Term debt	1,527	1,527	Various
Index-linked derivative accretion	288	288	Various
Revolving/working capital facilities	900	900	2023
Lease liability	32	32	
Total other senior debt	**2,747**	**2,747**	
Total senior debt	**14,945**	**14,945**	
Heathrow (SP) Limited cash	**(3,847)**		
Senior net debt	**11,098**		

Heathrow (SP) Limited	Amount	Available	Maturity
Junior debt	**(£m)**	**(£m)**	
£600m 7.125%	600	600	2024
£155m 4.221%	155	155	2026
£350m 2.625%	350	350	2028
£182m 0.101%	189	189	2032
£75m RPI + 0.347%	78	78	2035
£75m RPI + 0.337%	78	78	2036
£180m RPI +1.061%	213	213	2036
£51m RPI + 0.419%	53	53	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	78	78	2041
Total junior bonds	**1,899**	**1,899**	
Term debt	75	75	2035
Junior revolving credit facilities	250	250	2023
Total junior debt	**2,224**	**2,224**	
Heathrow (SP) Limited group net debt	**13,332**		

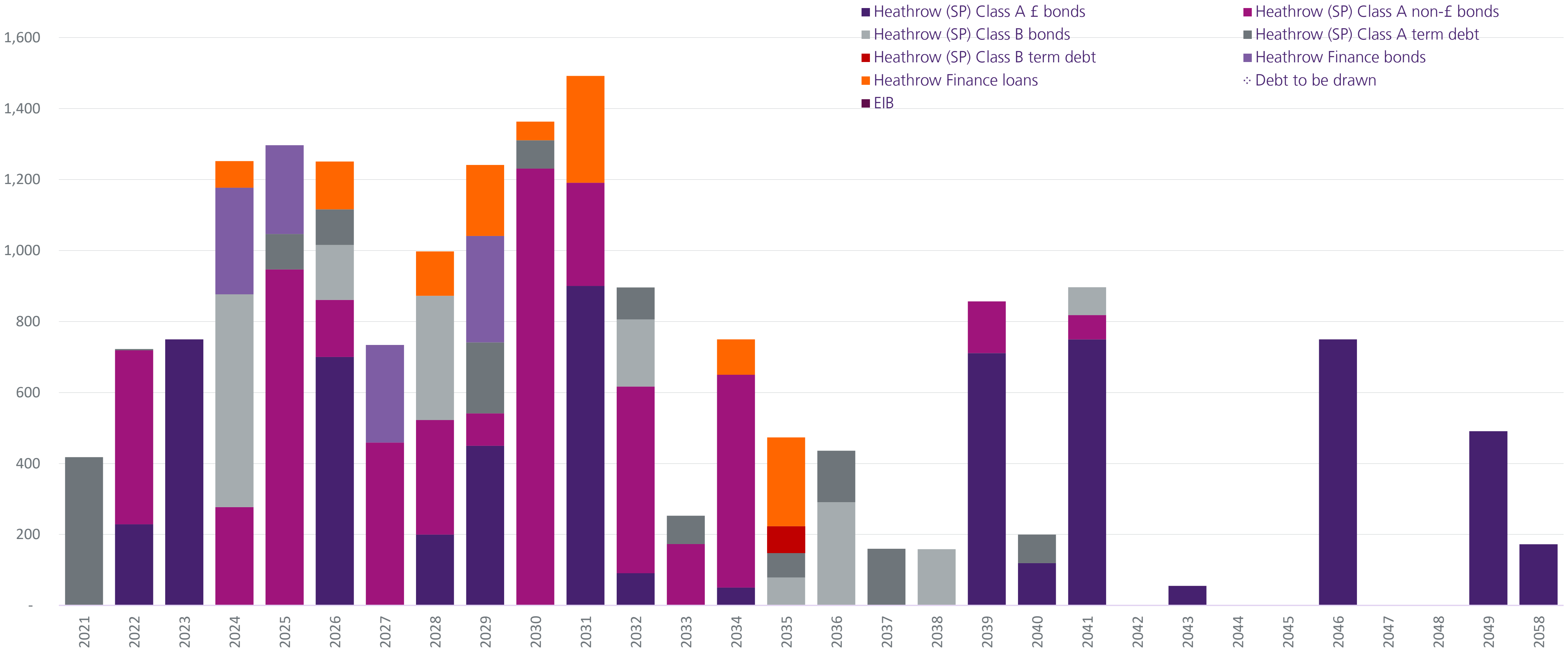
Net debt is calculated on a nominal basis excluding intra-group loans and including index-linked accretion and includes non-Sterling debt at exchange rate of hedges entered into at inception of relevant financing

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
£301m	301	301	2031
£100m	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	**(259)**		
Heathrow Finance plc net debt	**2,105**		

Heathrow Finance plc group	Amount	Available
	(£m)	**(£m)**
Heathrow (SP) Limited senior debt	**14,945**	**14,945**
Heathrow (SP) Limited junior debt	**2,224**	**2,224**
Heathrow Finance plc debt	**2,364**	**2,364**
Heathrow Finance plc group debt	**19,533**	**19,533**
Heathrow Finance plc group cash	**(4,106)**	
Heathrow Finance plc group net debt	**15,427**	

Heathrow

APPENDIX 5 – DEBT MATURITY PROFILE AS AT 30 SEPTEMBER 2021



APPENDIX 6 – ADDITIONAL INFORMATION FOR HEATHROW FINANCE PLC CREDITORS[1]

(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) Base Case**	**As at or for year to 31 December 2022 (£m)[5] Sensitivity Case**
Calculation of Group ICR[2]				
Cash Flow (A)		**227**	**893**	**587**
Interest				
Paid on Senior Debt (B)		14	102	102
Paid on Junior Debt (C)		60	71	71
Paid on Borrowings (D)		114	113	113
Group Interest Paid (E=B+C+D)		**188**	**286**	**286**
Group ICR (A/E) [2] [6]	**1.00x**	**1.21x**	**3.12x**	**2.05x**
Calculation of Group RAR[3]				
Total RAB (F)		17,248	21,337	18,303
Net debt				
Senior Net Debt (G)		11,416	11,346	11,713
Junior Debt (H)		2,036	2,065	2,065
Borrower Net Debt (I)		2,107	2,220	2,220
Group Net Debt (J=G+H+I)		**15,559**	**15,631**	**15,998**
Junior RAR ((G+H)/F)[3] [4]	**82.0%**	**78.0%**	**62.9%**	**75.3%**
Group RAR (J/F)[4] [7]	**93.5% / 92.5%**	**90.2%**	**73.3%**	**87.4%**

(1) 2021 and 2022 figures are forecasts
(2) ICR or Interest Cover Ratio is defined on page 18
(3) RAR or Regulatory Asset Ratio is defined on page 20
(4) Ratios calculated on unrounded data
(5) Sensitivity case assumes interim RAB adjustment of £300m only and 15% lower revenue to reflect downside risk on traffic and aeronautical charges
(6) Heathrow Finance's ICR covenant is waived for the financial year ended 31 December 2021
(7) Heathrow Finance's RAR covenant increased from 92.5% to 93.5% for the testing date occurring on 31 December 2021

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