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BAA FUNDING LIMITED

(incorporated with limited liability in Jersey with registered number 99529)

Multicurrency programme for the issuance of Bonds

This prospectus supplement (the *Supplement*) is supplemental to and must be read in conjunction with the base prospectus dated 16 June 2011 (the *Prospectus*), and constitutes a supplementary prospectus for the purposes of Directive 2003/71/EC (the *Prospectus Directive*) and relevant implementing measures in the United Kingdom and is prepared in connection with the £50,000,000,000 multicurrency programme for the issuance of Bonds (the *Programme*) established by BAA Funding Limited (the *Issuer*) as described in the Prospectus. Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the United Kingdom Financial Services Authority (the *FSA*), which is the United Kingdom competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom, as a prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

The purpose of this Supplement is to provide updates on recent regulatory and other developments in respect of the Borrowers, in particular, to disclose the final decision of the Competition Commission (“*CC*”) investigation into BAA ownership of UK airports and the directorship changes at BAA Airports Limited, Heathrow Airport Limited and Heathrow Express Operating Company Limited.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus, and any other supplements to the Prospectus issued by the Issuer.

For so long as the Programme remains in effect or any Bonds shall be outstanding, copies of this Supplement may (when published) be inspected during normal business hours (in the case of Bearer Bonds) at the specified office of the Principal Paying Agent, (in the case of Registered Bonds) at the specified office of the Registrar and the Transfer Agents and (in all cases) at the registered office of the Bond Trustee.

To the extent that there is any inconsistency between any statement in, or incorporated by reference in, this Supplement and any other statement in, or incorporated by reference in, the Prospectus, the statements in, or incorporated by reference in, this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

Supplement dated 7 September 2011

RESPONSIBILITY STATEMENT

Each of the Issuer and the Obligors accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the Obligors (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

No other person has been authorised to give any information or to make representations contained in this Supplement and no other person accepts any responsibility or liability in respect of information contained or incorporated by reference in this Supplement.

DEVELOPMENTS SINCE THE PROSPECTUS

The Competition Commission investigation into BAA's ownership of UK Airports

The Competition Commission ("CC") has been considering whether there have been any material changes in circumstances that might lead it to amending the scope of the remedies requiring that BAA divest Stansted Airport (as well as either Edinburgh or Glasgow airport) contained in its final decision in March 2009.

On 19 July 2011, the CC published its final decision and concluded there had been no material change in circumstances that would lead it to amend its March 2009 decision to require BAA to sell first Stansted and then one of the Scottish airports.

BAA is currently considering a judicial review of the decision. An appeal, if launched, will need to be filed with the Competition Appeal Tribunal before 19 September 2011.

Change of directors

Normand Boivin (previously Operations Director for Aéroports de Montréal) has been appointed as the new Chief Operating Officer for Heathrow following Nick Cullen's resignation in June 2011 and the appointment of Terry Morgan as the interim director. Terry Morgan has returned to his role as Technical Standards and Assurance Director.

Normand Boivin has been appointed as a director of Heathrow Express Operating Company Limited and Heathrow Airport Limited. Because Heathrow has entered into the Shared Services Agreement with BAA Airports Limited, there may be a potential conflict of interests for Normand Boivin, who is a director of BAA Airports and Heathrow.

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