

HEATHROW 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 4 October 2021 (the *Base Prospectus*) as supplemented by a supplemental prospectus dated 11 May 2022 (the *May Supplement*, and together with the Base Prospectus, the *Prospectus*) and constitutes a supplementary prospectus for the purposes of Regulation (EU) 2017/1129, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the *EUWA*) (the *UK Prospectus Regulation*) and is prepared in connection with the £50,000,000,000 multicurrency programme for the issuance of Bonds (the *Programme*) established by Heathrow 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 as a supplementary prospectus issued in compliance with the UK Prospectus Regulation by the Financial Conduct Authority in its capacity as competent authority under the UK Prospectus Regulation.

The purpose of this Supplement is to:

- a) incorporate by reference the consolidated results of Heathrow (SP) Limited for the six months ended 30 June 2022;
- b) update the "Financial Summary" section of the Prospectus to include an update on the credit ratings by Standard & Poor's on the Class A Bonds and the Class B Bonds;
- c) update the "Airport Regulation" section of the Prospectus to include new disclosure relating to recent regulatory developments involving Heathrow; and
- d) update the "Directors and Senior Management of Heathrow Airport Holdings Limited" section of the Prospectus to include an update regarding changes to the Board of Directors of Heathrow Airport Holdings Limited and the Executive Committee.

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

For so long as the Programme remains in effect or any Bonds remain 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 26 July 2022

RESPONSIBILITY STATEMENT

Each of the Obligors and the Issuer accept 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.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HEATHROW (SP) LIMITED FOR THE SIX MONTHS ENDED 30 JUNE 2022

On 26 July 2022, Heathrow (SP) Limited (*Heathrow (SP)*) announced the publication of its unaudited consolidated results for the six months ended 30 June 2022 (the *Group Consolidated Financial Statements*). The Group Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK.

By virtue of this Supplement, the Group Consolidated Financial Statements are incorporated by reference in, and form part of, the Prospectus. Accordingly, by way of update to the section headed "Cross Reference List" in the "Documents Incorporated by Reference" section beginning on page 210 of the Prospectus, the following bullet point shall be inserted and replace the bullet point "Unaudited semi-annual consolidated financial statements of Heathrow (SP) for the financial half-year ended 30 June 2021 (pages 12 – 39 inclusive)":

- "Unaudited semi-annual consolidated financial statements of Heathrow (SP) for the financial half-year ended 30 June 2022 (pages 12 – 39 inclusive)".

In addition, the first paragraph under the section headed "Presentation of Financial Information" on page 212 of the Prospectus shall be updated with the following final sentence: "The unaudited semi-annual consolidated financial statements of the Group for the financial half-year ended 30 June 2022 have been prepared in accordance with UK adopted International Accounting Standards."

Finally, bullets (c) and (d) under the section headed "Documents Available" within the section headed "General Information" on page 199 of the Prospectus shall be updated to the following:

- (d) "the audited consolidated financial statements of the Group for the year ended 31 December 2017, the year ended 31 December 2018, the year ended 31 December 2019, the year ended 31 December 2020 and the year ended 31 December 2021;
- (e) the unaudited financial statements of the Group for the financial half-year ended 30 June 2022;"

For the avoidance of doubt, any further information or documents incorporated by reference in the Group Consolidated Financial Statements do not form part of the Prospectus. Information contained in the documents incorporated by reference into this Supplement, which is not itself incorporated by reference herein, is not relevant for investors.

Copies of the documents deemed to be incorporated by reference in the Prospectus and this Supplement may be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. For convenience, copies of the documents deemed to be incorporated by reference in the Prospectus and this Supplement are also available at <https://www.heathrow.com/company/investor-centre/reports> (the *Special Purpose Website*). The information contained on the Special Purpose Website must be considered together with all the information contained elsewhere in the Prospectus and this Supplement. The Special Purpose Website does not form part of

Heathrow's website, and Heathrow's website does not form any part of the Prospectus and/or this Supplement. The Special Purpose Website is provided for convenience only, and its content does not form any part of the Prospectus and/or this Supplement for the purpose of the listing rules of the Financial Conduct Authority.

There has been no material adverse change in the prospects of Heathrow (SP) since 31 December 2021.

There has been no significant change in the financial position or the financial performance of the Group since 30 June 2022.

UPDATES TO THE FINANCIAL SUMMARY SECTION IN THE PROSPECTUS

By way of update to the section headed "Financial Summary" on page 14 of the Prospectus within the "Overview" section beginning on page 4 of the Prospectus, the section headed "Credit rating developments in respect of the Class A Bonds and the Class B Bonds" shall be replaced by:

"CREDIT RATING DEVELOPMENTS IN RESPECT OF THE CLASS A BONDS AND THE CLASS B BONDS

On 7 July 2022, Standard & Poor's maintained its placing of its 'BBB+' issue rating of the Class A Bonds and 'BBB-' issue rating of the Class B Bonds on CreditWatch with negative implications. This decision was taken by S&P principally because they view the proposed tariff decline for Heathrow, as published by the CAA in its final proposals for the Heathrow's H7 price control period, may weigh further on Heathrow's credit metrics if it is not properly compensated by mitigating actions or traffic recovery. However, S&P recognised that the regulatory assumptions for H7 are still subject to discussion, so a final decision on the charge cap is still subject to change and S&P have stated its aim to resolve the CreditWatch status once the CAA publishes its final decision."

UPDATES TO THE DESCRIPTION OF RECENT REGULATORY DEVELOPMENTS

Overview and Airport Regulation Sections

By way of update to the section headed "H7 Developments" on page 11 of the Prospectus within the "Overview" section beginning on page 4 of the Prospectus, and to the section headed "Q6 Extension, iH7 and H7" on page 64 of the Prospectus within the section headed "Airport Regulation" beginning on page 61 of the Prospectus, in each case the paragraph starting with "On 19 October 2021, Heathrow received Initial Proposals..." inserted by the May Supplement shall be deleted and the following paragraphs shall be inserted:

"In June 2022, the CAA published its Final Proposals for the next five-year regulatory period to start in 2022, known as H7 (CAP2365). The paper details the implementation of a decreasing price cap over the H7 period from £29.50 to £21.75 in 2026, in 2020 prices, averaging at £24.50 over the H7 period. Furthermore, the CAA concluded in this paper that there is no compelling evidence to implement a further Regulatory Asset Base (**RAB**) adjustment beyond the £300m adjustment set out in its April 2021 decision (CAP2140). The CAA states that this is consistent with the basis on which the previous price control "Q6" was set, which provided for HAL to manage the risks associated with changes in passenger volumes. To help deal with the passenger forecast uncertainty over H7, the CAA developed further the Traffic Risk Sharing mechanism set out in the Initial Proposals (CAP2265). This mechanism will mean that, if passenger numbers are lower than expected, HAL will have some protection against lower revenues with under recovery spread over a ten-year time horizon and recovery beginning two years after the under recovery occurred. The same mechanism will also apply to performance above forecast.

The price control condition in Heathrow's licence granted by the CAA, which is used to calculate the annual yield per passenger, expired on 31 December 2021. Therefore, without the conclusion of the H7 review, interim measures were required by the CAA for pricing during 2022. On 22 December 2021, following consultation alongside its Initial Proposals, the CAA gave notice of its decision to make modifications to Heathrow's licence in order to set an interim price cap for 2022 of £29.50 in 2020 prices or £30.19 in 2022 prices (CAP2305). 2022

charges are linked to CPI while Heathrow's RAB will continue being indexed to RPI (as confirmed in CAP2275). The CAA has confirmed in the Final Proposals that this interim price cap will remain in place for 2022. It has also confirmed that, for H7, charges will continue to be indexed by CPI and Heathrow's RAB will continue to be indexed by RPI.

Following a six-week formal consultation period from the publication of the Final Proposals, Heathrow expects the CAA to publish its Final Decision on the H7 settlement in early Q4 of 2022 (subject to CAA timelines) before implementing the H7 licence towards the end of 2022."

CHANGES TO THE BOARD OF HEATHROW AIRPORT HOLDINGS LIMITED AND BOARDS OF THE GROUP COMPANIES

By way of update to the section headed "Board of Directors of Heathrow Airport Holdings Limited" within the section headed "Directors and senior management of Heathrow Airport Holdings Limited" beginning on page 68 of the Prospectus:

- (a) the section headed "Non-Executive Directors" on page 68 shall be updated to delete "David Begg – independent non-executive director"; and
- (b) the section headed "Company Secretary" on page 69 shall be updated as follows:

"Company Secretary

Heathrow Airport Holdings' company secretary is Mine Hifzi."

In addition, the section headed "Executive Committee" within the section headed "Directors and senior management of Heathrow Airport Holdings Limited" beginning on page 68 of the Prospectus shall be updated by replacing the paragraph headed "Mark Oliver, Interim General Counsel" on page 70 with:

"Mine Hifzi, General Counsel

Mine was appointed General Counsel in July 2022. Before joining Heathrow in July 2022, Mine was General Counsel at Virgin Media for 7 years, leading the legal team and subsequently the regulatory, government affairs and sustainability teams. Prior to her tenure at Virgin Media, Mine was at Scripps Networks Interactive as Senior Vice President of Commercial and Legal Affairs, where she held a combined international legal and commercial role. Mine also spent 14 years at Discovery Communications in a number of senior roles, culminating in her appointment as Senior Vice President and Chief International Counsel leading the international legal team across EMEA, and subsequently regulatory and government affairs. Before this, she held senior international legal positions at Turner Broadcasting and the joint venture United International Pictures. In her early career, Mine worked in private practice at Clifford Chance LLP."