BAA Limited
Heathrow Point West, 234 Bath Road,
Hayes, Middlesex UB3 5AP

T: +44 (0)20 8745 7224 F: +44 (0)20 8745 6061
E: mediacentre@baa.com
W: baa.com

News Release

5 May 2009

BAA (SP) Limited

Results for the three months ended 31 March 2009

BAA (SP) Limited owns BAA's three London airports of Heathrow, Gatwick and Stansted (the 'Designated Airports'). Throughout this document, BAA (SP) Limited and its subsidiaries are referred to as the Group.

- **Significant increase in revenue and Adjusted EBITDA despite challenging market conditions**
- **Higher tariffs, robust retail and cost control offset lower passenger numbers**
- **Improved operational performance; good progress on capital investment programme**
- **Outlook for 2009 Adjusted EBITDA remains consistent with previous guidance**
- **Rise in post-tax loss reflects primarily higher depreciation due to Terminal 5's opening and non-cash impact of market valuation of derivatives**

At or for three months ended 31 March	Unaudited 2009	Unaudited pro forma 2008[(1)]	Change (%)
(figures in £m unless otherwise stated)			
Revenues	522.0	452.0	15.5
Adjusted EBITDA[(2)]	185.8	145.3	27.9
Post-tax loss	(228.8)	(37.8)	n/a
Cash generated from operations	223.7	140.1	59.7
Net debt[(3)(4)]	9,552.5	9,384.3	1.8
Regulatory Asset Base[(4)]	12,549.7	12,461.3	0.7
Passengers (m)	24.8	27.6	(10.0)
Net retail income per passenger	£4.71	£4.33	8.8

(1) Pro forma profit and loss account figures assume consolidation of Heathrow Express Operating Company Limited although it was not acquired by the Group until 7 August 2008
(2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items
(3) Nominal value of net debt excluding intra-BAA group loans
(4) 2008 net debt and Regulatory Asset Base figures are as at 31 December 2008

Colin Matthews, Chief Executive of BAA, said:

"Today's results were delivered in the most difficult economic circumstances, but are in line with our expectations. Although overall traffic trends weakened due to the economic downturn, Heathrow continues to demonstrate resilience, benefiting from its position as a major global hub airport for long-haul services. The rest of the year will be difficult and will present more challenges but our focus remains on raising service standards and maximising efficiency."

For further information please contact

BAA		
Media enquiries	Malcolm Robertson or Damon Hunt	020 8745 7224
Investor enquiries	Andrew Efiong	020 8745 2742
Finsbury	Mike Smith or Andrew Mitchell	020 7251 3801

There will be a conference call today at 10.00am (UK time) for bondholders and analysts to discuss the results for the three months ended 31 March 2009. The call will be hosted by Colin Matthews and Jose Leo, BAA's Chief Executive Officer and Chief Financial Officer respectively. Dial-in details for the call are: Conference ID: 96246181; UK free phone: 0800 694 0257; UK local/standard international: +44 (0)1452 555 566. It will also be possible to view online the presentation as it is used during the call at:
https://www.livemeeting.com/cc/1100004335/join?id=Z9TWFC&role=attend
(to access this site you may need to use the meeting ID: Z9TWFC)

BAA (SP) Limited

Results for the three months ended 31 March 2009

Index

1. Key business developments

1.1 Passenger traffic

Passenger traffic for the three months ended 31 March 2009 analysed across the Group's three airports as well as by market served are compared against the same period in 2008 in the table below.

Three months ended 31 March *(figures in millions unless otherwise stated)*	**2009**	2008	Change (%)(1)
Passengers by airport			
Heathrow	**14.4**	15.4	(6.4)
Gatwick	**6.3**	7.4	(14.6)
Stansted	**4.1**	4.8	(14.6)
Total passengers(1)	**24.8**	27.6	(10.0)
Passengers by market served			
UK	**2.4**	2.8	(12.6)
Europe(2)	**13.0**	14.6	(10.9)
Long haul	**9.4**	10.3	(8.0)
Total passengers(1)	**24.8**	27.6	(10.0)

(1) These figures have been calculated using un-rounded numbers
(2) Includes North African charter traffic

The three months ended 31 March 2009 represented the second consecutive calendar quarter when passenger traffic has weakened significantly as a result of the difficult global economic environment seen particularly since September 2008.

The period saw a number of one-off factors and calendar movements that need to be taken into account in assessing performance relative to the prior year. In particular, in early February the south east of England was disrupted by its worst winter weather since 1991. In addition, the first quarter of 2009 had one fewer day due to the leap year in 2008 and Easter, a period of traditionally increased traffic, occurred in April 2009 compared to March 2008. Therefore whilst reported passenger traffic declined 10.0% in the quarter to 24.8 million (2008: 27.6 million), after adjusting for these factors the underlying passenger traffic decline is estimated to have been 7.2%. This is in line with the 7.1% year on year decline seen in the fourth quarter of 2008 suggesting that the levels of passenger traffic declines have stabilised, assuming no further significant deterioration in the external environment.

Heathrow continued to display the most resilience benefiting from its position as a major global hub airport for long haul services. Its reported passenger numbers declined 6.4% to 14.4 million (2008: 15.4 million). The underlying decline, after adjusting for the factors highlighted above, is estimated to have been 3.6%. The proportion of transfer passengers at Heathrow increased to 38% in the three months ended 31 March 2009 (2008: 33%) resulting in transfer passengers increasing from 5.1 million to 5.5 million, providing further evidence of the importance and attractiveness of Heathrow's hub airport status.

Both Gatwick and Stansted reported declines in passenger traffic of 14.6% to 6.3 million and 4.1 million respectively (2008: 7.4 million and 4.8 million respectively). The underlying decline, after adjusting for the factors highlighted above, was of the order of 11.5-12.0%.

In terms of markets, the long haul market continued to perform better than the overall market with reported long haul traffic down 8.0% to 9.4 million passengers (2008: 10.3 million). Within the overall long haul segment, traffic with many of the developing economies from where much of the long term growth in the aviation sector is expected to come, such as the Middle East, India and South America, continued to grow despite the tough economic conditions. In contrast North Atlantic traffic performance weakened as the quarter progressed.

Reported European passenger traffic declined 10.9% to 13.0 million (2008: 14.6 million) with weakness in both scheduled and charter markets. Domestic traffic continued the recent trend of being the weakest traffic segment, declining 12.6% to 2.4 million passengers (2008: 2.8 million).

1.2 Transforming the Group's airports

The Group has continued to implement its strategy to deliver sustained improvement in passengers' experience and airlines' operations through improved service standards and substantial investment in modern airport facilities. This will ensure customers enjoy superior facilities relative to competitors, encouraging greater utilisation of the Group's airports and supporting their long term growth ambitions.

1.2.1 Service standards

The Group continues to focus on consistently delivering high service standards across its airports, a key strategic priority. It also expects improving service standards to play a key part in driving cost efficiency.

Clear illustration of the Group's improving operational performance includes punctuality where at Heathrow the proportion of aircraft departing within 15 minutes of schedule averaged 78% in the three months ended 31 March 2009 (2008: 61%). Further, in this period, the proportion of passengers at Heathrow passing through security in less than 5 minutes was 98.7% (2008: 87.1%) compared to the 95.0% service standard.

The ongoing improvements in service standards at Heathrow and Gatwick are illustrated by performance under their service quality rebate schemes. In the three months ended 31 March 2009, approximately £1 million of rebates were paid, consistent with performance in the prior quarter and reflecting the significant improvement from the early months after introduction of the new schemes in April 2008. During the first year of the schemes a total of approximately £10 million in rebates was paid. A similar scheme was introduced at Stansted on 1 April 2009.

1.2.2 Developing modern airport facilities

In the three months ended 31 March 2009, the main focus of the Group's investment programme continued to be at Heathrow. The most significant projects relate to construction of Terminal 5C, the second satellite terminal for Terminal 5, and Terminal 2B, the satellite for the new Terminal 2A to be constructed over the next few years. In addition, Heathrow is in the process of developing what will be the largest integrated baggage handling system in the world.

Heathrow recently completed its annual review of the capital investment plan ('CIP') for the airport for the five year period to 31 March 2013. This review confirms an investment programme totalling £4.8 billion in

2008/09 prices over the five year period, consistent with the £4.5 billion in 2007/08 prices contained in the CAA settlement for this period. The main investment over this period will be the construction of Terminal 2A and its satellite Terminal 2B, which will replace the existing Terminal 2 and deliver facilities of equivalent standard to Terminal 5, and an integrated baggage handling system, both of which are referred to above. The current expected phasing of the capital expenditure plan over the five year period is set out below.

Year ended 31 March					
2009	2010	2011	2012	2013	Total
£778m	£1,124m	£975m	£909m	£986m	£4,772m

Relative to the investment profile included in the CAA settlement for Heathrow, this phasing defers investment from the year ended 31 March 2009 to the end of the five year regulatory period. The revised phasing has been agreed with the airline community at Heathrow as part of the constructive engagement process and is a consequence of the delay in completing British Airways' relocation to Terminal 5 in 2008.

1.3 Heathrow third runway

On 15 January 2009, the Secretary of State for Transport confirmed the UK government's support for the addition of a third runway at Heathrow with additional terminal facilities. It is expected that this will allow maximum air transport movements at Heathrow to increase from 480,000 currently to 605,000 by around 2020 subject to meeting noise and air quality standards. The next step in the process for the potential development of the third runway and additional terminal facilities is to prepare appropriate plans with a view to obtaining the necessary planning permissions and other consents.

1.4 Competition Commission inquiry into the supply of UK airport services by BAA

On 19 March 2009, the Competition Commission ('CC') concluded its investigation on the supply of airport services by BAA in the UK. Its final report called for structural and behavioural remedies as well as recommendations on regulatory and policy matters for consideration by other governmental bodies.

The structural remedies relevant to the Group include the disposal of Gatwick and Stansted to different owners with the deadline for disposal of Stansted being after that for Gatwick. At Heathrow, it has recommended a behavioural remedy of strengthening consultation processes with the airlines and provisions on quality of service which have already been largely implemented. The CC has also recommended that the Department for Transport ('DfT') consider adopting a licence based regime of economic regulation of UK airports.

BAA has two months from publication of the CC's final report to decide whether to lodge a legal appeal.

1.5 Gatwick disposal

A number of bids were recently received relating to the proposed disposal of Gatwick. These are currently being reviewed. An announcement about the outcome of this process is expected in the coming weeks.

1.6 Department for Transport ('DfT') review of UK airport economic regulation

The DfT is currently conducting a review of the economic regulation of UK airports with its current consultation process continuing until 1 June 2009. The DfT is expected to issue new regulatory proposals in autumn 2009. Implementation of the final proposals will require changes in law which are unlikely to occur before mid-2010 with the exact timing subject to parliamentary time being available to enact the necessary legislative changes. Implementation of the new law would follow some time thereafter as further consultation on the specifics of each initial licence is contemplated.

The key objectives of the review include improving the passenger experience (in particular a stronger focus on putting the passenger first across the whole journey). It is also seeking to encourage appropriate and timely investment in additional capacity to help deliver economic growth in line with wider Government policy and to address the wider environmental impacts of aviation and airport development.

The regulatory review is likely to lead to the introduction of a licensing regime similar to that operating in many regulated industries, which would reflect a spectrum of proportionate regulation with appropriate application to airports. It is also aiming to establish a regulatory environment that more explicitly supports the financial profile of efficient airport operators for which, among other features, **introduction of a new duty on the regulator to ensure licence holders can finance their activities** is proposed. The DfT is also consulting on the merits of introducing a special administration regime for a limited number of major airports.

Whilst there may be a change in law during the current price control periods for the Group's airports, the DfT has made clear that tariff arrangements for these periods will not be re-opened.

1.7 Aeronautical charges at Stansted for five years to 31 March 2014

In March 2009, the Civil Aviation Authority ('CAA') issued its price determination on aeronautical charges to apply at Stansted airport for the five years to 31 March 2014. Key features of the CAA's proposals include a permitted real pre-tax return on capital of 7.1% and maximum allowable aeronautical charges of £6.53 (in 2008/09 prices) per passenger for two years then increasing to £6.85 by 2013/14.

The CAA's proposals are based on a £90 million capital plan, in 2007/08 prices, primarily on Stansted's existing facilities, over the five years to 31 March 2014. The settlement includes the costs of the planning enquiry relating to Stansted Generation 2. However, the costs of constructing the runway and terminal following planning approval would require the re-opening of the price control at the appropriate time.

1.8 Deferral of commencement of Stansted Generation 2 public enquiry

The start of the public enquiry relating to the Stansted Generation 2 planning application has been deferred from its original date of 15 April 2009. A revised start date is currently expected to be announced by the government by the end of May 2009.

2 Financial review

2.1 Basis of preparation

BAA (SP) Limited is the holding company of a group of companies that owns Heathrow, Gatwick and Stansted airports (the 'Group'). This financial review comments on the performance of the Group during the three months ended 31 March 2009.

The Group's statutory accounts are prepared under UK GAAP including the adoption of merger accounting, enabling comparative financial information to be provided. Unaudited consolidated financial information relating to the Group for the three months ended 31 March 2009 is set out in Appendix 1. Appendix 2 provides detailed analysis of turnover and operating costs both by airport and activity.

In order to provide a better understanding of the underlying performance of the Group, pro forma financial information has been presented for the three months ended 31 March 2008 assuming the consolidation of Heathrow Express Operating Company Limited ('HEX Opco') although it was only acquired from BAA Airports Limited on 7 August 2008 as part of the wider BAA group's reorganisation and refinancing. In particular, the pro forma financial information allows clearer comparison to be made of individual operating costs between the three months ended 31 March 2009 and 2008. This analysis is also reflected in Appendix 2.

The discussion of operating costs in the financial review also excludes exceptional operating items of £52.0 million (2008: £43.8 million) relating to accelerated depreciation and pensions with these exceptional items discussed separately in more detail in section 2.2.4.

2.2 Profit and loss account

The profit and loss account presented below provides more detailed disclosure than the statutory format contained in Appendix 1 in order to provide a better understanding of the results from operations. The final column of the table below sets out the pro forma results of the Group for the three months ended 31 March 2008 assuming that HEX Opco was consolidated in the Group for all that period even though it was only acquired by the Group on 7 August 2008. **The discussion in section 2.2 is based on the pro forma information.**

Three months ended 31 March	**2009 (unaudited) £m**	2008 (unaudited) £m	2008 (unaudited, pro forma) £m
Group turnover	**522.0**	450.7	452.0
Adjusted Operating Costs[1]	**(336.2)**	(306.7)	(306.7)
Adjusted EBITDA[2]	**185.8**	144.0	145.3
Operating costs – exceptional – pension costs	**(27.9)**	-	-
Operating costs – exceptional – other	**-**	(21.8)	(21.8)
EBITDA	**157.9**	122.2	123.5
Depreciation – ordinary	**(122.8)**	(74.4)	(74.4)
Depreciation – exceptional	**(24.1)**	(22.0)	(22.0)
Operating profit	**11.0**	25.8	27.1
Interest receivable	**38.8**	10.4	11.1
Interest payable and similar charges – ordinary	**(366.0)**	(91.8)	(91.8)
Total net interest payable and similar charges	**(327.2)**	(81.4)	(80.7)
Loss on ordinary activities before taxation	**(316.2)**	(55.6)	(53.6)
Tax credit on loss on ordinary activities	**87.4**	16.4	15.8
Loss on ordinary activities after taxation	**(228.8)**	(39.2)	(37.8)

(1) Adjusted Operating Costs are stated before depreciation and exceptional items
(2) Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and exceptional items

2.2.1 Turnover

In the three months ended 31 March 2009, consolidated turnover increased 15.5% to £522.0 million (2008: £452.0 million). This reflects increases of 32.3% in aeronautical income, 0.3% in gross retail income and 1.9% in other income, despite a 10.0% passenger reduction. Excluding £42.9 million in revenue, primarily relating to recovery of the costs of aerodrome navigation services ('ANS') and services for passengers with reduced mobility ('PRM') as well as the phasing of tariff increases over the first year of the new five year regulatory period, like-for-like consolidated turnover increased 6.0% to £479.1 million.

Three months ended 31 March	**2009 (unaudited) £m**	2008 (unaudited, pro forma) £m	Change (%)
Aeronautical income	**275.9**	208.5	32.3
Retail income	**129.3**	128.9	0.3
Other income	**116.8**	114.6	1.9
Total turnover	**522.0**	452.0	15.5

Appendix 2 provides a more detailed analysis of turnover by both airport and activity.

2.2.1.1 Aeronautical income

Aeronautical income by airport

Three months ended 31 March	**2009 (unaudited) £m**	2008 (unaudited, pro forma) £m	Change (%)
Heathrow	**207.6**	145.4	42.8
Gatwick	**43.9**	35.2	24.7
Stansted	**24.4**	27.9	(12.5)
Total	**275.9**	208.5	32.3

In the three months ended 31 March 2009, aeronautical income increased 32.3% to £275.9 million (2008: £208.5 million). There were a number of reasons for the increase including the revised tariffs applying at Heathrow and Gatwick from 1 April 2008 (that included the recovery of ANS costs referred to above). It also reflects the phasing of the introduction of the new tariffs over the first year of the new regulatory period at Heathrow and Gatwick. Excluding £22.8 million in revenue relating to ANS services and an estimated £13.6 million relating to tariff phasing, aeronautical income increased 14.9% to £239.5 million.

2.2.1.2 Retail income

Net retail income ('NRI') per passenger grew robustly, increasing 8.8% to £4.71 (2008: £4.33) due to a very strong performance by Heathrow as well as airside and landside shops across all the Group's airports. This performance was based on gross retail income of £129.3 million (2008: £128.9 million) whilst net retail income ('NRI') was £117.0 million (2008: £119.5 million).

	Heathrow	**Gatwick**	**Stansted**	**Total(1)**
Three months ended 31 March 2008				
NRI per passenger(1)	**£4.57**	**£4.22**	**£3.73**	**£4.33**
Three months ended 31 March 2009				
NRI per passenger(1)	**£5.15**	**£4.44**	**£3.59**	**£4.71**
Change in NRI per passenger (%)(1)	**12.7**	**5.0**	**(3.8)**	**8.8**

(1) These figures have been calculated using un-rounded numbers

At Heathrow, NRI per passenger increased by 12.7% to £5.15 (2008: £4.57) or 8.3% to £4.95 after adjusting for non-recurring income. Heathrow's performance was particularly driven by airside and landside shops where NRI per passenger increased by 13.8%. It was supported by the improved value of the offer to US and Euro zone travellers resulting from the depreciation of sterling and the benefits of Terminal 5 now having its full complement of passengers. The contribution of car parking to NRI per passenger declined after adjusting for non-recurring income.

NRI per passenger also continued to grow robustly at Gatwick, up 5.0% to £4.44 (2008: £4.22) with strength in airside specialist shops and duty and tax free offsetting weakness in car parking. At Stansted, NRI per passenger declined 3.8% to £3.59 (2008: £3.73) due to performance in car parking and bureaux de change.

In terms of total net retail income, the main drivers of performance were airside specialist shops, duty and tax free, advertising and car rental with market conditions continuing to challenge car parking income as demand was affected by the increased proportion of transfer passengers at Heathrow, fewer UK resident passengers (especially at Stansted) and reduced car park usage in favour of 'drop and drive'.

2.2.1.3 Other income

Income from activities other than aeronautical and retail increased 1.9% to £116.8 million (2008: £114.6 million). This performance particularly reflects a 7.5% increase in property rental income to £31.6 million (2008: £29.4 million) due primarily to performance at Heathrow. In addition, rail income from Heathrow

Express increased 3.6% to £20.4 million (2008: £19.7 million) and other income was £26.9 million (2008: £27.0 million). Other income included £3.6 million from PRM services that were previously sourced by the airlines. Offsetting these trends was operational facilities income which declined due to charges for check-in desk and baggage services being re-classified into aeronautical income as a result of the new CAA regulatory settlement.

2.2.2 Adjusted Operating Costs

Adjusted Operating Costs discussed in this section exclude depreciation and exceptional costs. Appendix 2 provides a detailed analysis of Adjusted Operating Costs by both airport and activity. A reconciliation between the 2008 reported and pro forma Adjusted Operating Costs, relating to the consolidation of HEX Opco's results for the three months ended 31 March 2008, is also reflected in Appendix 2.

The Group's results for the three months ended 31 March 2009 reflect the substantial progress made in reducing costs through focus on improving efficiency and reducing overheads. This resulted in Underlying Adjusted Operating Costs declining by 6.0% to £288.2 million.

In order to determine the underlying performance it is necessary to adjust for £24.0 million included in general expenses relating to the provision of ANS and PRM services to airlines (that the Group recovers in its revenues). The airlines paid for these services directly up to 31 March 2008. It is also necessary to adjust for £21.1 million in incremental costs associated with operating Terminal 5 in the three months ended 31 March 2009 as the comparable period in 2008 pre-dated Terminal 5's opening and its operating costs in the period were treated as exceptional costs. A reconciliation between reported and Underlying Adjusted Operating Costs for the three months ended 31 March 2009 together with a comparison with reported Adjusted Operating Costs for the three months ended 31 March 2008 is set out below.

Figures in £m unless otherwise stated

2009 reported Adjusted Operating Costs	336.2
Incremental Terminal 5 costs	(21.1)
ANS and PRM costs	(24.0)
Other non-recurring costs	(2.9)
2009 Underlying Adjusted Operating Costs (a)	288.2
2008 reported Adjusted Operating Costs (b)	306.7
Change in Underlying Adjusted Operating Costs (a) / (b)	(6.0%)

The main drivers of lower Underlying Adjusted Operating Costs were a reduction in underlying employment costs of approximately 15% due particularly to fewer senior managers, lower recruitment costs and reduced bonus payments. In addition, underlying general expenses declined approximately 20% due particularly to lower professional fees and marketing costs. There was also a reduction in intra-group charges particularly related to 15% lower central overheads of the wider BAA group charged to the Group under shared service arrangements. However, the Group invested more in maintenance expenditure including in general airport maintenance and as a result of the adverse weather conditions in the South East of England in February 2009.

Reported Adjusted Operating Costs increased 9.6% to £336.2 million (2008: £306.7 million). As set out in Appendix 2, the main increases in reported Adjusted Operating Costs were in rent and rates, maintenance and general expenses that are related to the Terminal 5 and ANS and PRM costs eliminated above in determining underlying cost trends.

2.2.3 Adjusted EBITDA

Adjusted EBITDA, for the three months ended 31 March 2009 was £185.8 million (2008: £145.3 million). The key drivers of the positive development in Adjusted EBITDA were:

- Increased aeronautical tariffs driving higher aeronautical income
- Robust performance enabling retail income to be broadly maintained despite a 10.0% reduction in passengers
- Strong cost control resulting in reduction in Underlying Adjusted Operating Costs

2.2.4 Exceptional items

There were a total of £52.0 million in net pre-tax exceptional charges to the profit and loss account in the three months ended 31 March 2009 (2008: £43.8 million). There was a £24.1 million charge (2008: £22.0 million) related to accelerated depreciation due to the shortened asset lives of Terminals 1 and 2 at Heathrow given the Terminal 2A development. A further charge of £27.9 million related to the Group's share of the change in the deficit on the BAA Airports Limited defined benefit pension scheme charged to the Group, but with no cash impact, under the terms of the shared service agreement. In the three months ended 31 March 2008, exceptional items also included £21.8 million in Terminal 5 launch/operational readiness costs.

2.2.5 Operating profit

Operating profit for the three months ended 31 March 2009 was £11.0 million (2008: £27.1 million). Relative to Adjusted EBITDA discussed above, operating profit includes £122.8 million in depreciation (2008: £74.4 million) with the increase from 2008 reflecting primarily the additional depreciation following Terminal 5 being brought into use in March 2008. In addition, operating profit reflects £52.0 million in exceptional costs (2008: £43.8 million) referred to above in section 2.2.4.

A reconciliation between Adjusted EBITDA and statutory operating profit is provided below.

Three months ended 31 March	**2009 (unaudited) £m**	2008 (unaudited) £m	Change (%)
Adjusted EBITDA	**185.8**	145.3	27.9
Adjustment for HEX Opco Adjusted EBITDA	**-**	(1.3)	n/a
Depreciation	**(122.8)**	(74.4)	65.1
Accelerated depreciation	**(24.1)**	(22.0)	9.5
Other exceptional items	**(27.9)**	(21.8)	28.0
Operating profit	**11.0**	25.8	(57.4)

2.2.6 Interest payable

In the three months ended 31 March 2009, net interest payable, including fair value gains and losses on financial instruments, was £327.2 million (2008: £80.7 million), which included £168.2 million of interest payable on bond and bank debt. It also includes £26.2 million interest payable on the debenture created in 2008 relating to the £1,565.8 million debt facility now held at the Group's immediate parent company, BAA (SH) Limited, and £140.7 million fair value losses on financial instruments principally relating to index linked swaps. Key drivers of the £246.5 million increase in net interest payable from the comparable period in 2008 were the £140.7 million in fair value losses discussed above, a £63.0 million reduction in capitalised interest and £27.5 million of amortisation of financing fees and bond fair value adjustment.

2.2.7 Taxation

The tax credit for the three months ended 31 March 2009 has been based on the estimated effective rate for the full year of 27.6% (31 March 2008: 29.5%).

2.3 Balance sheet

2.3.1 Summary balance sheet

	At 31 March 2009 (unaudited) £m	At 31 December 2008 (audited) £m
Total fixed assets	**13,565.7**	13,740.0
Total current assets	**460.5**	730.1
Total assets	**14,026.2**	14,470.1
Current borrowings	**(1,036.8)**	(43.3)
Other current liabilities	**(1,015.5)**	(1,020.7)
Total current liabilities	**(2,052.3)**	(1,064.0)
Non-current borrowings	**(10,359.4)**	(11,364.3)
Other non-current liabilities	**(826.8)**	(903.7)
Total non-current liabilities	**(11,186.2)**	(12,268.0)
Net assets	**787.7**	1,138.1
Gross debt	**11,396.2**	11,407.6
Cash and liquid resources(1)	**(56.1)**	(182.1)
Net debt	**11,340.1**	11,225.5
Undrawn committed facilities	**2,447.0**	2,500.0

(1) At 31 March 2009 represented by current asset investments of £47.9 million and cash at bank and in hand of £8.2 million

2.3.2 Net debt and liquidity

The analysis of net debt below focuses on external debt and therefore excludes the £1,565.8 million debenture at BAA (SP) Limited payable to BAA (SH) Limited.

At 31 March 2009, the Group had £4,498.9 million of nominal debt outstanding under various bond issues with an average funding cost of 6.43% per annum, after hedges. In addition, there was £5,109.7 million outstanding under various senior and junior bank debt facilities with an average funding cost of 6.23% per annum, after hedges. With cash and cash equivalents of £56.1 million, the Group's nominal net debt was £9,552.5 million at 31 March 2009 (before £17 million of accretion on index linked derivatives) (31 December 2008: £9,384.2 million). The accounting value of net debt at 31 March 2009 as shown in the Group's consolidated balance sheet was £9,774.3 million.

The difference between nominal and accounting values of debt primarily reflects the fact that, whilst the Group's Euro denominated bonds are hedged for exchange rate risk, under UK GAAP the balance sheet value of this debt is impacted by foreign exchange movements since the bonds migrated to BAA Funding Limited in August 2008. The net impact of currency exchange rate movements on the balance sheet is however nil due to a corresponding and opposite movement in the value of the related foreign currency derivatives. The difference between nominal and accounting debt values also reflects the unamortized element of fees paid on refinancing.

At 31 March 2009, the Group had total available undrawn bank facilities of £2,447.0 million under capital expenditure and working capital facilities. Taken together with approximately £56.1 million of cash and cash equivalents, it had £2,503.1 million of financial resources at its disposal. This compares with £2,682.1 million at 31 December 2008. These resources combined with expected positive cash flow after interest payments provides significant resources for the Group to continue to fund its investment programmes for the foreseeable future.

On disposal of Gatwick, net disposal proceeds will be used in full to repay a portion of the Refinancing Facility, with the tranches maturing in March 2010 being paid in priority.

2.3.3 Regulatory Asset Base ('RAB')

Set out below are historic RAB figures for the Group's three airports at 31 March 2008 from their regulatory accounts together with historic figures at 31 December 2008 and 31 March 2009.

	Heathrow £m	**Gatwick £m**	**Stansted £m**	**Total £m**
31 March 2008	9,232.6	1,559.7	1,184.6	11,976.9
31 December 2008	9,661.5	1,577.6	1,222.2	12,461.3
31 March 2009	9,743.0	1,575.6	1,231.1	12,549.7

The relatively modest increase in RAB between 31 December 2008 and 31 March 2009 relative to the level of capital expenditure reflects the negative trends in the monthly RPI index in the period.

2.4 Cash flow

2.4.1 Summary cash flow

Three months ended 31 March	**2009 (unaudited) £m**	2008 (unaudited) £m
Net cash inflow from operating activities	**223.7**	140.1
Net interest paid	**(142.6)**	(0.9)
Taxation – Group relief	**4.3**	-
Net capital expenditure	**(253.7)**	(262.5)
Movement in liquid resources	**109.2**	-
Net cash inflow from financing activities	**42.3**	123.3
Increase in net cash	**(16.8)**	-

2.4.2 Cash from operating activities

Net cash inflow from operating activities in the three months ended 31 March 2009 was £223.7 million (2008: £140.1 million). The strong cash generation relative to EBITDA reflects working capital inflow as a result of favourable movements in debtors and the non-cash nature of the pensions exceptional cost discussed in section 2.2.4. This was partially offset by utilisation of previously established provisions to meet reorganisation costs.

2.4.3 Net interest paid

Net interest paid in the three months ended 31 March 2009 was £142.6 million (2008: £0.9 million). This consisted of £79.2 million paid in relation to external debt whilst £63.4 million related to a semi-annual payment under the debenture between BAA (SH) Limited and BAA (SP) Limited made in January 2009, which is expected to be paid quarterly in the future. There was negligible net interest paid in the prior year as most debt in the period was intra-group and interest was being accrued but not paid.

2.4.4 Capital expenditure

In the three months ended 31 March 2009, the Group spent £253.7 million on capital expenditure (2008: £262.5 million) with £208.0 million at Heathrow, £26.0 million at Gatwick and £19.7 million at Stansted.

The major projects at Heathrow included the commencement of the building of a tunnel between the main Terminal 5 building and its new satellite terminal ('T5C') for a connected baggage system. Work also continued on the construction of Terminal 5C, the second satellite for Terminal 5 and Terminal 2B the satellite for the new Terminal 2A to be built over the next few years. There were various other projects in the rest of the Heathrow campus, such as the Terminal 4 refurbishment and improvement of check-in capacity associated with airline relocations.

2.5 Performance against forecast

In the year to 31 March 2009, the Group generated Adjusted EBITDA of £968 million. This compares to the forecast included in the supplementary prospectus dated 1 October 2008 that Adjusted EBITDA for this period would be no more than 5% below £1,015 million (i.e. at least £964 million). This demonstrates the resilience of the Group and its ability to mitigate the effect of lower passenger numbers with outperformance elsewhere in the business. Passenger numbers in the twelve months to 31 March 2009 were 120.7 million compared to an assumption of 128.2 million used in preparing the forecast.

2.6 Outlook for 2009 Adjusted EBITDA

Whilst the Group continues to expect 2009 to be a challenging year, it confirms that the outlook for Adjusted EBITDA for the year remains consistent with previous guidance. This reflects an expectation of continued strong retail performance and cost improvement balanced by a slightly more cautious view on passenger numbers relative to the previous passenger traffic forecast for 2009 of 119.8 million (or 102.8 million assuming a sale of Gatwick effective on 1 July 2009).

Appendix 1 – Financial information

BAA (SP) Limited

Consolidated profit and loss account for the three months ended 31 March 2009

	Unaudited Three months ended 31 March 2009 £m	Unaudited Three months ended 31 March 2008 £m	Audited Year ended 31 December 2008 £m
Turnover	**522.0**	450.7	2,291.9
Operating costs – ordinary	**(459.0)**	(381.1)	(1,820.2)
Operating costs – exceptional	**(52.0)**	(43.8)	(107.7)
Total operating costs	**(511.0)**	(424.9)	(1,927.9)
Operating profit	**11.0**	25.8	364.0
Interest receivable	**38.8**	10.4	111.5
Interest payable and similar charges – ordinary	**(366.0)**	(91.8)	(657.1)
Interest payable and similar charges – exceptional	**-**	-	(142.6)
Total net interest payable and similar charges	**(327.2)**	(81.4)	(688.2)
Loss on ordinary activities before taxation	**(316.2)**	(55.6)	(324.2)
Tax credit on loss on ordinary activities	**87.4**	16.4	123.1
Loss on ordinary activities after taxation	**(228.8)**	(39.2)	(201.1)

BAA (SP) Limited

Consolidated balance sheet as at 31 March 2009

	Unaudited 31 March 2009 £m	Unaudited 31 March 2008 £m	Audited 31 December 2008 £m
Fixed assets			
Tangible fixed assets	**12,797.7**	12,705.1	12,910.0
Financial assets – derivative financial instruments	**768.0**	-	830.0
Total fixed assets	**13,565.7**	12,705.1	13,740.0
Current assets			
Stocks	**7.9**	8.4	7.9
Debtors: due within one year	**337.5**	779.8	402.1
due after more than one year	**-**	584.0	-
Financial assets – derivative financial instruments	**59.0**	-	138.0
Current assets investment	**47.9**	-	157.1
Cash at bank and in hand	**8.2**	-	25.0
Total current assets	**460.5**	1,372.2	730.1
Current liabilities			
Creditors: amounts falling due within one year	**(2,052.3)**	(9,091.9)	(1,064.0)
Net current liabilities	**(1,591.8)**	(7,719.7)	(333.9)
Total assets less current liabilities	**11,973.9**	4,985.4	13,406.1
Creditors: amounts falling due after more than one year	**(10,652.1)**	(1,823.5)	(11,713.8)
Provisions for liabilities and charges	**(534.1)**	(737.0)	(554.2)
Net assets	**787.7**	2,424.9	1,138.1
Capital and reserves			
Called up share capital	**10.0**	5,273.6	10.0
Revaluation reserve	**1,803.9**	2,134.7	2,035.0
Merger reserve	**(5,629.6)**	(5,629.6)	(5,629.6)
Fair value reserve	**(210.6)**	-	(320.1)
Profit and loss account	**4,814.0**	646.2	5,042.8
Total shareholder's funds	**787.7**	2,424.9	1,138.1

BAA (SP) Limited

Consolidated summary cash flow statement for the three months ended 31 March 2009

	Unaudited Three months ended 31 March 2009 £m	Unaudited Three months ended 31 March 2008 £m	Audited Year ended 31 December 2008 £m
Operating profit	**11.0**	25.8	364.0
Adjustments for:-			
Depreciation (including exceptional depreciation)	**146.9**	96.4	528.0
Non cash movement - pensions	**28.2**	-	-
Working capital changes:-			
Decrease/(increase) in stock and debtors	**55.7**	1.6	(101.1)
(Decrease)/increase in creditors	**(12.5)**	14.3	29.9
Loss on disposal of fixed assets	**-**	-	1.0
(Decrease)/increase in provision	**(5.6)**	2.0	9.0
Net cash inflow from operating activities	**223.7**	140.1	830.8[1]
Net interest paid	**(142.6)**	(0.9)	(100.8)
Taxation - Group relief	**4.3**	-	-
Net capital expenditure	**(253.7)**	(262.5)	(1,014.8)
Acquisition of Heathrow Express Operating Company Limited	**-**	-	(3.8)
Cash outflow before management of liquid resources and financing	**(168.3)**	(123.3)	(288.6)
Management of liquid resources	**109.2**	-	(157.0)
Financing	**42.3**	123.3	470.9
(Decrease)/increase in cash in the period	**(16.8)**	-	25.3

[1] Included in the Net cash inflow from operating activities of £830.8 million for the year ended 31 December 2008 is a net cash inflow of £21.0 million in relation to corporation tax group relief.

BAA (SP) Limited

Notes to the consolidated financial statements

For the three months ended 31 March 2009

1. General information and basis of preparation

The interim consolidated financial statements have not been audited.

The financial information set out herein does not constitute the company's statutory financial statements for the year ended 31 December 2008. A copy of the statutory accounts for that year has been filed with the Registrar of Companies. The annual financial information presented in this announcement for the three months ended 31 March 2009 is based on, and is consistent with, that in the Group's audited financial statements for the year ended 31 December 2008. During 2008 the Group was reorganised as part of re-financing the wider BAA group operations resulting in the formation of the Group. Merger accounting has been applied in relation to the group reorganisation and the comparatives have been restated as if the Group was in existence in its current form for the entire period. The auditors report on the 2008 financial statements is unqualified and does not contain any statement under section 237(2) of (3) of the Companies Act 1985.

Basis of preparation

This financial information has been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and financial instruments in accordance with the Companies Act 1985 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Except for the restatement of comparatives outlined below, the accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Comparative balances for 31 December 2008 have been presented using millions rounded to one decimal place. This treatment varies from 31 December 2008 where balances were rounded to the nearest million. This has resulted in some immaterial rounding differences.

Basis of consolidation

In order to present a true and fair view of the Group the creation of the Group has been accounted for in accordance with FRS 6 (Acquisitions and Mergers) and the principles of merger accounting. This represents a departure from the provision of the United Kingdom Companies Act 1985 which sets out the conditions for merger accounting based on the assumption that a merger is effected through the issue of equity shares.

In the opinion of the directors, the creation of the Group was a group reconstruction rather than an acquisition, since the shareholders of the Company are the same as the former shareholders and the rights of each shareholder, relative to the others, are unchanged and no minority interest in the net assets of the Group is altered. In addition the purpose of the transaction was not to move the value out of the Group and return to shareholders, but rather to reorganise the assets and liabilities with the existing group. Therefore, the directors consider that to record the transaction as an acquisition by the Company, attributing fair values to the assets and liabilities of the Group and reflecting only the post transaction results within these financial statements would fail to give a true and fair view of the Group's results and financial position.

Accordingly, having regard to the overriding requirement under section 227(6) of the Companies Act 1985 for the financial statements to give a true and fair view of the Group's results and financial position, the directors have adopted merger accounting principles in drawing up these financial statements. The main consequence of adopting merger rather than acquisition accounting is that the balance sheet of the merged group includes the assets and liabilities of each of the Group's subsidiaries at their carrying values prior to the merger, subject to any adjustments to achieve uniformity of accounting policies, rather than at their fair values at the date of the merger.

2. Segment information

The Group's primary reporting format is business segments. The operating businesses are primarily the individual airports, which are organised and managed separately.

	Turnover[1]			Operating profit			Net assets		
	Unaudited Three months ended 31 March 2009 £m	Unaudited Three months ended 31 March 2008 £m	Audited Year ended 31 December 2008[2] £m	**Unaudited Three months ended 31 March 2009 £m**	Unaudited Three months ended 31 March 2008 £m	Audited Year ended 31 December 2008[2] £m	**Unaudited 31 March 2009 £m**	Unaudited 31 March 2008 £m	Audited 31 December 2008[2] £m
Heathrow	**385.2**	312.6	1,567.7	**18.5**	19.2	174.9	**1,330.6**	1,889.5	1,459.0
Gatwick	**89.8**	85.9	465.4	**(6.0)**	(3.2)	104.0	**893.7**	1,008.8	904.1
Stansted	**47.0**	52.2	258.8	**(3.0)**	9.8	81.2	**1,010.7**	1,144.4	1,011.6
Other entities[3]	**-**	-	-	**1.5**	-	3.9	**(878.9)**	(17.8)	(756.5)
Other adjustments[4]	**-**	-	-	**-**	-	-	**(1,568.4)**	(1,600.0)	(1,480.1)
Total	**522.0**	450.7	2,291.9	**11.0**	25.8	364.0	**787.7**	2,424.9	1,138.1

[1] All turnover originated in the UK and relates to continuing operations.
[2] Balances have been restated to reflect one decimal place.
[3] The 'other entities' business segment includes Heathrow Express Operating Company Limited, BAA Funding Limited, BAA (AH) Limited and the parent entity BAA (SP) Limited.
[4] Other adjustments mostly relate to BAA (SP) Limited Debenture which has been treated as if it had been issued in the prior year as a result of the application of merger accounting. The remaining balance relates to elimination of inter-company transactions and consolidation adjustments.

Reconciliation of Adjusted EBITDA and operating profit

Unaudited	**Adjusted EBITDA[1]**	**Exceptional items[2]**	**Depreciation[3]**	**Operating profit**
Three months ended 31 March 2009				
	£m	**£m**	**£m**	**£m**
Heathrow	**156.5**	**(41.8)**	**(96.2)**	**18.5**
Gatwick	**17.3**	**(6.4)**	**(16.9)**	**(6.0)**
Stansted	**10.5**	**(3.8)**	**(9.7)**	**(3.0)**
Other entities and adjustments	**1.5**	**-**	**-**	**1.5**
	185.8	**(52.0)**	**(122.8)**	**11.0**

Unaudited	Adjusted EBITDA[1]	Exceptional items[2]	Depreciation[3]	Operating profit
Three months ended 31 March 2008				
	£m	£m	£m	£m
Heathrow	114.4	(43.8)	(51.4)	19.2
Gatwick	12.2	-	(15.4)	(3.2)
Stansted	17.4	-	(7.6)	9.8
	144.0	(43.8)	(74.4)	25.8

Audited	Adjusted EBITDA[1]	Exceptional items[2]	Depreciation[3]	Operating profit
Year ended 31 December 2008[4]				
	£m	£m	£m	£m
Heathrow	634.4	(113.2)	(346.3)	174.9
Gatwick	159.9	8.5	(64.4)	104.0
Stansted	117.4	(3.0)	(33.2)	81.2
Other entities and adjustments	4.4	-	(0.5)	3.9
	916.1	(107.7)	(444.4)	364.0

[1] Adjusted EBITDA has been used to provide clearer indication of the performance of the individual airports and to assist better comparison with the prior period. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.
[2] Includes exceptional depreciation and other exceptional items within operating profit.
[3] Depreciation excluding exceptional depreciation.
[4] Balances have been restated to reflect one decimal place.

3. Exceptional costs

	Unaudited Three months ended 31 March 2009 £m	Unaudited Three months ended 31 March 2008 £m	Audited Year ended 31 December 2008[1] £m
Operating items			
Pension cost (a)	**(27.9)**	-	(17.1)
Reorganisation income/(costs) (b)	**-**	-	14.7
Heathrow Terminals 1 and 2 accelerated depreciation (c)	**(24.1)**	(22.0)	(83.6)
Heathrow Terminal 5 launch / operational readiness costs (d)	**-**	(21.8)	(21.7)
	(52.0)	(43.8)	(107.7)
Interest payable and similar charges			
Refinancing fees written off **(e)**	**-**	-	(142.6)
Total exceptional items before income tax	**(52.0)**	(43.8)	(250.3)
Tax credit on exceptional items	**7.8**	6.2	47.6
Total exceptional items	**(44.2)**	(37.6)	(202.7)

[1] Balances have been restated to reflect one decimal place.

(a) Under the Shared Services Agreement ('SSA') the current period service cost for the BAA Airports Limited pension schemes are recharged to the Group's airports. Cash contributions are made directly to the pension trustee of the BAA Airports Limited defined benefit pension scheme on behalf of BAA Airports Limited. Each airport also has a legal obligation to fund its relevant share of any pension deficit related to BAA Airports Limited pension plans under the SSA, as described in the BAA (SP) Limited 2008 audited financial statements (Note 1 – Accounting policies) and on page 31 of the Prospectus dated 14 July 2008 (Risk Factors – Other Risks to the Designated Airports' Operations and Income of the Designated Airports – Pensions).. Costs have been allocated to the Group on the basis of EBITDA. Prior to the implementation of the SSA the provisions were retained in BAA Airports Limited.

For the three months ended 31 March 2009, exceptional costs of £27.9 million were incurred in relation to the push down of the Group's share of the deficit on the BAA defined benefit pension scheme. At 31 March 2009 the actuarial valuation of the BAA defined benefit pension scheme showed a deficit of £32.0 million and the Unfunded Pension Scheme and Post Retirement Medical Benefits ('UURBS') showed a deficit of £19.9 million (31 March 2008: BAA defined benefit pension scheme £305.7 million surplus, UURBS £22.3 million deficit ; 31 December 2008: BAA defined benefit pension scheme £95.4 million surplus, UURBS £19.9 million deficit).

For the year ended 31 December 2008 exceptional costs of £17.1 million were charged relating to accumulated past service pension costs not previously charged to the Group by BAA Airports Limited in relation to UURBS.

(b) No further costs have been incurred during the period associated with restructuring programmes (three months to 31 March 2008: £Nil). The release of £14.7 million in the year ended 31 December 2008 resulted from lower than expected cost for each reduction in headcount and certain headcount reductions not being made due to the decision to sell Gatwick.

(c) With the anticipated development of Terminal 2A, Terminals 1 and 2 at Heathrow airport will be demolished necessitating an additional depreciation charge of £24.1 million in the three months ended 31 March 2009 (2008: £22.0 million) to reflect the shortened useful lives of the assets.

(d) No costs have been incurred in the period to 31 March 2009 for Terminal 5 launch / operational readiness costs (3 months ended March 2008: £21.8 million).

(e) December 2008 fees of £142.6 million (31 March 2009: £nil) were incurred during the year, in relation to facility and arrangement fees that are expensed under UK GAAP. These costs are mainly upfront fees paid for the capital expenditure, working capital, liquidity, initial credit facility and costs attributed to further bond issuance.

BAA

4. Interest receivable and interest payable and similar charges

	Unaudited	Unaudited	Audited
	Three months ended	Three months ended	Year ended
	31 March	31 March	31 December
	2009	2008	2008[1]
	£m	£m	£m
Interest receivable on derivatives not in a hedging relationship	**38.6**	-	84.1
Interest receivable from other group undertakings	**-**	10.4	26.0
Interest on money market and bank deposits	**0.2**	-	1.4
Interest receivable	**38.8**	10.4	111.5
Interest on borrowings			
Bonds and related hedging instruments	**(84.6)**	-	(115.7)
Bank loans and overdrafts and related hedging instruments	**(83.6)**	-	(150.5)
Interest payable on derivatives not in a hedging relationship	**(29.5)**	-	(53.2)
Facility fees	**(6.0)**	-	(12.7)
Interest on BAA (SP) Limited debenture	**(26.2)**	(26.3)	(145.2)
Interest payable to other group undertakings	**-**	(134.0)	(338.5)
Provisions: Terminal 5 land purchase and Cross Border Lease	**(0.9)**	-	(15.0)
Interest payable and similar charges	**(230.8)**	(160.3)	(830.8)
Interest rate swaps: cash flow hedges	**4.2**	-	(24.1)
Interest rate swaps: not in hedge relationship	**(1.0)**	-	(26.0)
Index linked swaps: not in hedge relationship	**(141.0)**	-	81.5
Cross currency interest rate swaps: cash flow hedges	**(2.4)**	-	34.8
Fair value re-measurements of foreign currency balances	**(0.5)**	-	7.8
Fair value (loss)/gain on financial instruments	**(140.7)**	-	74.0
Interest capitalised	**5.5**	68.5	99.7
Interest payable and similar charges - ordinary	**(366.0)**	(91.8)	(657.1)
Net interest payable	**(327.2)**	(81.4)	(545.6)

[1]Balances have been restated to reflect one decimal place.

5. Tax on profit on ordinary activities

The tax credit for the three months ended 31 March 2009 has been based on the estimated effective rate for the full year of 27.6% (31 March 2008: 29.5%).

6. Creditors: amounts due within one year

	Unaudited 31 March 2009 £m	Unaudited 31 March 2008 £m	Audited 31 December 2008[1] £m
Deferred income	**54.0**	38.6	55.4
Interest accrual	**105.1**	30.0	170.6
Trade creditors	**137.5**	151.1	146.2
Corporation tax	**9.7**	41.7	9.5
Other tax and social security	**13.6**	11.8	9.1
Other creditors	**8.8**	8.6	14.4
Amount owed to group undertakings	**31.1**	8,471.2	39.1
Capital creditors	**258.7**	338.9	252.4
Borrowings (refer note 8)	**1,036.8**	-	43.3
Derivative financial instruments	**397.0**	-	324.0
	2,052.3	9,091.9	1,064.0

[1] Balances have been restated to reflect one decimal place.

7. Creditors: amounts due after more than one year

	Unaudited 31 March 2009 £m	Unaudited 31 March 2008 £m	Audited 31 December 2008[1] £m
Deferred income	**7.7**	15.0	7.4
Borrowings (refer note 8)	**10,359.4**	1,600.0	11,364.3
Derivative financial instruments	**285.0**	208.5	342.1
	10,652.1	1,823.5	11,713.8

[1] Balances have been restated to reflect one decimal place.

8. Borrowings

	Unaudited 31 March 2009	Unaudited 31 March 2008	Audited 31 December 2008[1]
	£m	£m	£m
Current			
Secured			
Senior Refinancing Facility	**794.6**	-	-
Junior Refinancing Facility	**198.6**	-	-
Bank loans	**43.6**	-	43.3
Total current	**1,036.8**	-	43.3
Non-current			
Secured			
Senior Refinancing Facility	**2,559.2**	-	3,341.6
Junior Refinancing Facility	**789.0**	-	981.4
Initial Credit Facility	**303.0**	-	250.0
Bank loans	**360.7**	-	371.6
BAA Funding Limited bonds:			
3.975% €1,000 million due 2012	**865.4**	-	893.2
5.850% £400 million due 2013	**364.4**	-	363.2
4.600% €750 million due 2014	**634.2**	-	656.3
12.450% £300 million due 2016	**384.5**	-	386.8
4.600% €750 million due 2018	**605.1**	-	627.7
9.200% £250 million due 2021	**286.4**	-	286.8
5.225% £750 million due 2023	**607.0**	-	605.5
7.075% £200 million due 2028	**197.3**	-	197.3
6.450% £900 million due 2031	**837.4**	-	837.1
Total BAA Funding Limited bonds	**4,781.7**	-	4,853.9
Unsecured			
SP Debenture payable to BAA (SH) Limited	**1,565.8**	1,600.0	1,565.8
Total non-current	**10,359.4**	1,600.0	11,364.3
Total current and non-current	**11,396.2**	1,600.0	11,407.6

[1]Balances have been restated to reflect one decimal place.

9. Tangible fixed assets

	Investment properties £m	Land held for development £m	Terminal complexes £m	Airfields £m	Rail assets £m	Group occupied assets £m	Plant, equipment and other assets £m	Assets in the course of construction £m	Total £m
Cost or valuation									
Balance 1 January 2009	2,693.3	113.7	8,466.4	1,298.5	1,356.9	93.9	586.9	1,588.6	16,198.2
Additions	-	-	0.3	-	-	-	0.9	258.8	260.0
Transfers to completed assets	26.8	-	497.4	5.6	3.6	0.7	9.2	(543.3)	-
Borrowing costs capitalised	-	-	-	-	-	-	-	5.5	5.5
Disposals	-	-	(0.5)	(3.1)	-	-	-	-	(3.6)
Inter company transfers	-	-	-	-	-	-	-	0.1	0.1
Revaluation	(221.6)	(9.5)	-	-	-	-	-	-	(231.1)
Balance 31 March 2009	**2,498.5**	**104.2**	**8,963.6**	**1,301.0**	**1,360.5**	**94.6**	**597.0**	**1,309.7**	**16,229.1**
Depreciation									
Balance 1 January 2009	-	-	(2,386.4)	(289.6)	(210.1)	(28.4)	(373.6)	-	(3,288.1)
Charge	-	-	(105.5)	(12.1)	(10.5)	(1.2)	(17.6)	-	(146.9)
Disposals	-	-	0.5	3.1	-	-	-	-	3.6
Balance 31 March 2009	**-**	**-**	**(2,491.4)**	**(298.6)**	**(220.6)**	**(29.6)**	**(391.2)**	**-**	**(3,431.4)**
Net book value 31 March 2009	**2,498.5**	**104.2**	**6,472.2**	**1,002.4**	**1,139.9**	**65.0**	**205.8**	**1,309.7**	**12,797.7**
Net book value 31 December 2008[1]	2,693.2	113.7	6,080.0	1,008.9	1,146.8	65.5	213.3	1,588.6	12,910.0

[1] Balances have been restated to reflect 1 decimal place.

9 Tangible fixed assets continued

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2008 by Drivers Jonas, Chartered Surveyors and by Strutt & Parker, Chartered Surveyors resulting in a total valuation of £2,807.0 million. These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors taking account, inter alia, of planning constraints and reflecting the demand for airport related uses. Drivers Jonas have conducted an interim review of the valuation at 31 March 2009 resulting in a valuation of £2,602.7 million. As a result of the review, a deficit of £231.1 million has been recognised in the revaluation reserve.

Remaining group occupied properties, terminal complexes, airfield infrastructure, plant and equipment, and other assets, have been shown at historical cost.

Assets in the course of construction

Assets in the course of construction include £177.8 million (31 March 2008: £141.0 million; 31 December 2008: £166.9 million) in respect of the development of a second runway and related infrastructure at Stansted Airport. The costs consist of £83.4 million (31 March 2008: £66.0 million; 31 December 2008: £77.0 million) incurred in respect of the planning application preparation and updating the evidence base in readiness for the public inquiry, agricultural land purchase £2.4 million (31 March 2008: £0.0 million; 31 December 2008: £2.4 million), and £92.0 million (31 March 2008: £75.0 million; 31 December 2008: £87.5 million) in respect of the purchase of domestic properties that fall within the expanded airport boundary. This includes a provision of £4.6 million (31 March 2008: £4.3 million; 31 December 2008: £4.6 million) for the additional 10% Home Loss payment under the Home Value Guarantee Scheme (HVGS) once planning permission has been obtained. Assets in the course of construction also includes the second satellite under construction for Terminal 5 (T5C), the future satellite for Terminal 2 as well as Terminal 4 Extension and Terminal 3 refurbishment, amongst others.

Appendix 2 – Analysis of revenues and operating costs for the three months ended 31 March 2009

	Heathrow Airport Ltd	HEX Opco	Total Heathrow	Gatwick	Stansted	Total
	£m	£m	£m	£m	£m	£m
Turnover						
Aeronautical income	207.6	-	**207.6**	43.9	24.4	**275.9**
Retail income	80.4	-	**80.4**	31.7	17.2	**129.3**
Car parking	18.1	-	**18.1**	9.1	7.5	**34.7**
Duty and tax-free	18.6	-	**18.6**	6.9	2.5	**28.0**
Airside specialist shops	12.6	-	**12.6**	3.8	1.1	**17.5**
Bureaux de change	7.0	-	**7.0**	2.9	1.3	**11.2**
Catering	5.9	-	**5.9**	3.0	1.9	**10.8**
Landside shops and bookshops	4.5	-	**4.5**	2.6	1.3	**8.4**
Advertising	7.4	-	**7.4**	1.2	0.6	**9.2**
Car rental	2.9	-	**2.9**	0.7	0.4	**4.0**
Other	3.4	-	**3.4**	1.5	0.6	**5.5**
Operational facilities and utilities income	31.0	-	**31.0**	4.2	2.7	**37.9**
Property rental income	23.5	-	**23.5**	6.3	1.8	**31.6**
Rail income	20.4	-	**20.4**	-	-	**20.4**
Other income	24.7	-	**24.7**	3.7	0.9	**29.3**
HEX inter-company elimination	(19.7)	17.3	**(2.4)**	-	-	**(2.4)**
Total income	367.9	17.3	**385.2**	89.8	47.0	**522.0**
Operating costs						
Employment costs	55.2	4.2	**59.4**	25.3	12.2	**96.9**
Maintenance expenditure	28.4	4.7	**33.1**	6.7	3.4	**43.2**
Utility costs	21.5	-	**21.5**	6.5	3.2	**31.2**
Rents and rates	28.1	0.5	**28.6**	5.9	2.9	**37.4**
General expenses	43.3	3.5	**46.8**	15.4	8.0	**70.2**
Retail expenditure	6.1	-	**6.1**	3.8	2.4	**12.3**
Other intra-group charges	46.1	2.9	**49.0**	8.9	4.4	**62.3**
Depreciation	96.2	-	**96.2**	16.9	9.7	**122.8**
HEX inter-company elimination	(17.3)	-	**(17.3)**	-	-	**(17.3)**
Total operating costs - ordinary	307.6	15.8	**323.4**	89.4	46.2	**459.0**
Total operating costs - exceptional	41.8	-	**41.8**	6.4	3.8	**52.0**
Total operating costs	349.4	15.8	**365.2**	95.8	50.0	**511.0**
Adjusted EBITDA	156.5	1.5	**158.0**	17.3	10.5	**185.8**

Analysis of revenues and operating costs for the three months ended 31 March 2008

	Heathrow Airport Ltd.	HEX Opco	Total Heathrow	Gatwick	Stansted	Total
Revenue						
Aeronautical income	145.4	-	**145.4**	35.2	27.9	**208.5**
Retail income	75.2	-	**75.2**	34.9	18.8	**128.9**
Car parking	16.6	-	**16.6**	11.5	8.4	**36.5**
Duty and tax-free	16.6	-	**16.6**	7.1	1.8	**25.5**
Airside specialist shops	12.5	-	**12.5**	3.4	1.0	**16.9**
Bureaux de change	6.4	-	**6.4**	3.4	2.1	**11.9**
Catering	6.0	-	**6.0**	3.5	2.0	**11.5**
Landside shops and bookshops	4.4	-	**4.4**	2.6	1.5	**8.5**
Advertising	6.9	-	**6.9**	1.3	0.7	**8.9**
Car rental	2.3	-	**2.3**	0.8	0.5	**3.6**
Other	3.5	-	**3.5**	1.3	0.8	**5.6**
Operational facilities and utilities income	29.0	-	**29.0**	6.4	3.1	**38.5**
Property rental income	20.9	-	**20.9**	6.7	1.8	**29.4**
Rail income	19.7	-	**19.7**	-	-	**19.7**
Other income	22.4	-	**22.4**	2.7	0.6	**25.7**
HEX inter-company elimination	(12.9)	14.2	**1.3**	-	-	**1.3**
Total income	299.7	14.2	**313.9**	85.9	52.2	**452.0**
Operating costs						
Employment costs	62.5	4.2	**66.7**	29.2	13.7	**109.6**
Maintenance expenditure	20.5	4.3	**24.8**	5.7	2.7	**33.2**
Utility costs	18.3	-	**18.3**	6.3	3.1	**27.7**
Rents and rates	15.9	0.3	**16.2**	5.6	2.9	**24.7**
General expenses	29.4	4.1	**33.5**	11.8	4.9	**50.2**
Retail expenditure	4.8	-	**4.8**	3.8	0.8	**9.4**
Other intra-group charges	48.1	-	**48.1**	11.3	6.7	**66.1**
Depreciation	51.4	-	**51.4**	15.4	7.6	**74.4**
HEX inter-company elimination	(14.2)	-	**(14.2)**	-	-	**(14.2)**
Total operating costs - ordinary	236.7	12.9	**249.6**	89.1	42.4	**381.1**
Total operating costs - exceptional	43.8	-	**43.8**	-	-	**43.8**
Total operating costs	280.5	12.9	**293.4**	89.1	42.4	**424.9**
Adjusted EBITDA	114.4	1.3	**115.7**	12.2	17.4	**145.3**