

YOUR LONDON AIRPORT
Gatwick

Gatwick Airport Bond Investor Presentation

February 2011

Agenda

- Asset Overview
- Ownership Structure
- Gatwick Credit Highlights
- Transaction Structure
- Questions

Asset Overview: Background

- 2nd busiest airport in the UK
 - 32.4 million passengers in year to March 2010
 - 25% of Greater London's traffic
 - 6th largest in Europe
 - Busiest single runway airport in the world
- Estimated physical capacity of 290,000 air traffic movements / 45m passengers per annum
- Predominantly an origin and destination airport focused on international scheduled flights
 - 85% of passengers from the Leisure and Visiting Friends and Relatives (“VFR”) segments
- Located 29 miles south of central London
 - Fast direct rail links to central London and easily accessible by motorway
- Regulated by the Civil Aviation Authority
 - CAA sets the aeronautical revenues that can be charged for 5-year periods subject to potential extensions, (currently in Q5)

Asset Overview: Diverse Customers & Route Network

Top Destinations and Airlines at Gatwick

| Top Destinations for 2009/10 | | |
|------------------------------|-------------------------------|----------------|
| Destination | No. of operators flying there | % of Total PAX |
| Malaga | 5 | 3.4% |
| Dublin | 2 | 3.1% |
| Faro | 7 | 2.5% |
| Alicante | 5 | 2.3% |
| Orlando | 2 | 2.2% |
| Geneva | 7 | 2.0% |
| Edinburgh | 2 | 2.0% |
| Sharm el-Sheikh | 6 | 1.9% |
| Madrid | 4 | 1.9% |
| Dubai | 2 | 1.9% |
| Dalaman | 9 | 1.8% |
| Palma de Mallorca | 4 | 1.8% |
| Jersey | 2 | 1.7% |
| Amsterdam | 2 | 1.7% |
| Tenerife Sur Reina | 6 | 1.6% |
| Glasgow | 2 | 1.6% |
| Venice Marco Polo | 4 | 1.4% |
| Barcelona | 2 | 1.3% |
| Copenhagen | 3 | 1.3% |
| Paphos | 5 | 1.3% |
| Other destinations | (over 60) | 61.3% |

Source: Gatwick Management

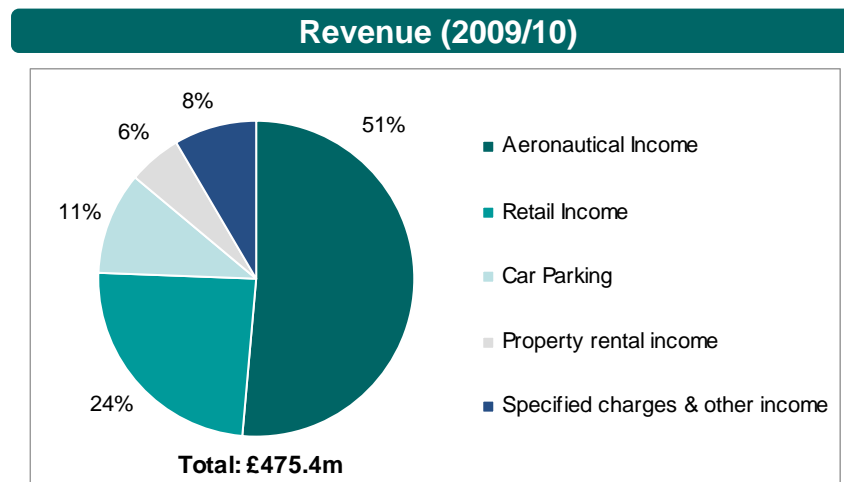
| Top Airlines for 2009/10 | | |
|--------------------------|-------------|-------------|
| Airline | PAX (m) | % of Total |
| easyJet | 10.3 | 31.9% |
| British Airways | 5.2 | 16.0 % |
| TUI | 2.8 | 8.5 % |
| Monarch | 2.1 | 6.5 % |
| Thomas Cook | 2.0 | 6.1 % |
| Virgin Atlantic | 1.5 | 4.7 % |
| Ryanair | 1.3 | 4.1 % |
| Flybe | 1.3 | 4.1 % |
| Other | 5.9 | 18.1 % |
| Total | 32.4 | 100% |

Source: Gatwick Management

70 airlines regularly serve 234 destinations from Gatwick

Asset Overview: Diverse Non-Aeronautical Revenue Mix

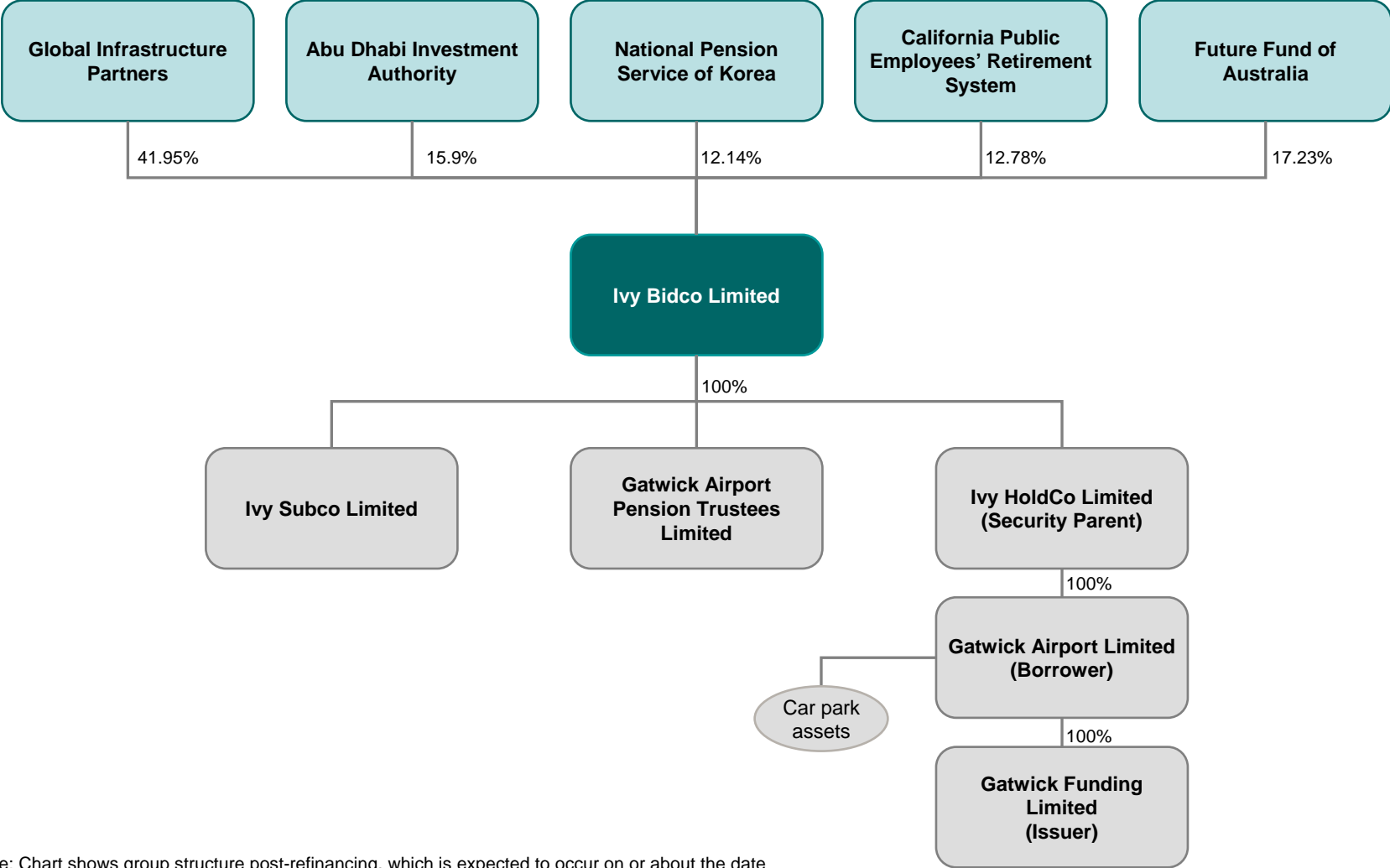
- 49% of revenues from non-aeronautical income
- Approximately 60 retail clients operate 150 retail outlets, with spend rates holding up well over last two years
 - Concession revenues generally consist of a turnover percentage subject to minimum guarantees
 - Competitively tendered at inception and renewal
- Extensive car park offering
 - Short-stay, 5,250 spaces adjacent to terminals
 - Long-stay, 27,500 spaces around the perimeter
- Property portfolio on airport
 - Offices, hangars, hotels



Source: Gatwick Management

In the 6 months to 30 September 2010, net retail income per passenger (incl. car parks) was £4.77, up 5% on comparable period in 2009

Ownership Structure: World Class Investors



Note: Chart shows group structure post-refinancing, which is expected to occur on or about the date of initial bond issuance

Gatwick Credit Highlights

1 Capacity - Constrained Premium Market

2 Strategically Advantaged London Airport

3 Resilient Financial Performance

4 Predictable Cost Base, Deliverable Capex Programme

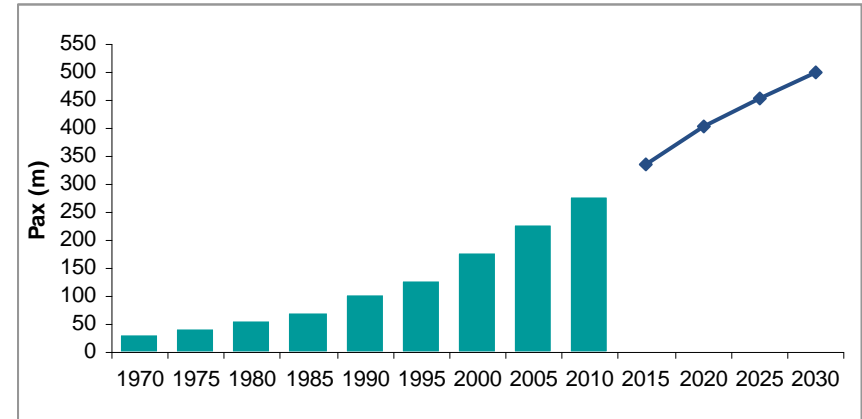
5 Stable Regulatory Regime

6 Energetic New Management Team

1 Capacity Constrained Premium Market

- Gatwick is well positioned within the densely populated and affluent South East
 - At the heart of the UK service economy
 - 26% of UK population
 - 34% of Gross Value Added
- Air travel in the SE has grown significantly
 - 13m passenger journeys in 1966 to 130m in 2009
 - DfT projecting 3.8% growth p.a. in UK air traffic over next ten years
- The region has limitations in runway capacity, which are expected to continue
 - UK Government does not support the development of new runways at Heathrow, Gatwick or Stansted

UK Airport passenger volumes: historic & forecast



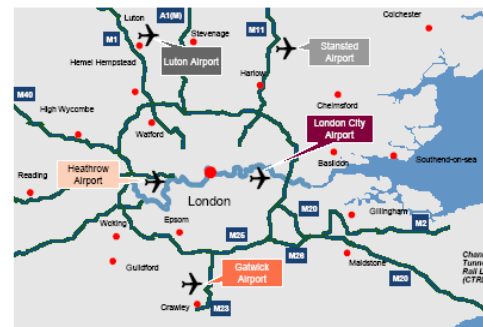
Source: CAA historical data; DfT long-term forecast

Gatwick operates in a growing but capacity constrained market

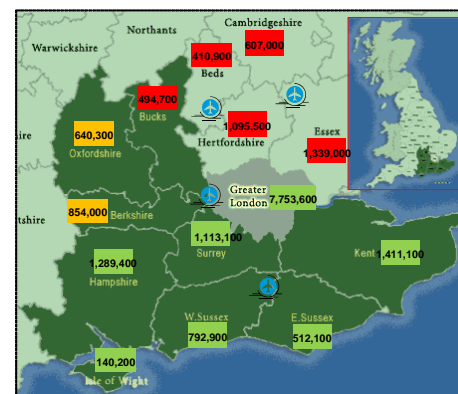
2 Strategically Advantaged London Airport

- Conveniently situated for transport to London and the South East
 - Gatwick Express provides non-stop rail services direct to London Victoria
 - Short distance from junction 9 of the M23, 9 miles from London's orbital M25
 - Well-served by national rail links
- Strong underlying demand
 - c. 90% origin & destination traffic
 - Serves a range of markets including: Leisure travel (57%), VFR - visiting friends and relatives (28%), Business (15%)
- Competitive proposition for airlines
 - Attractive yields
 - Low aeronautical charges
 - Ease of operations & quick turnaround times

Location



Gatwick's Catchment Area

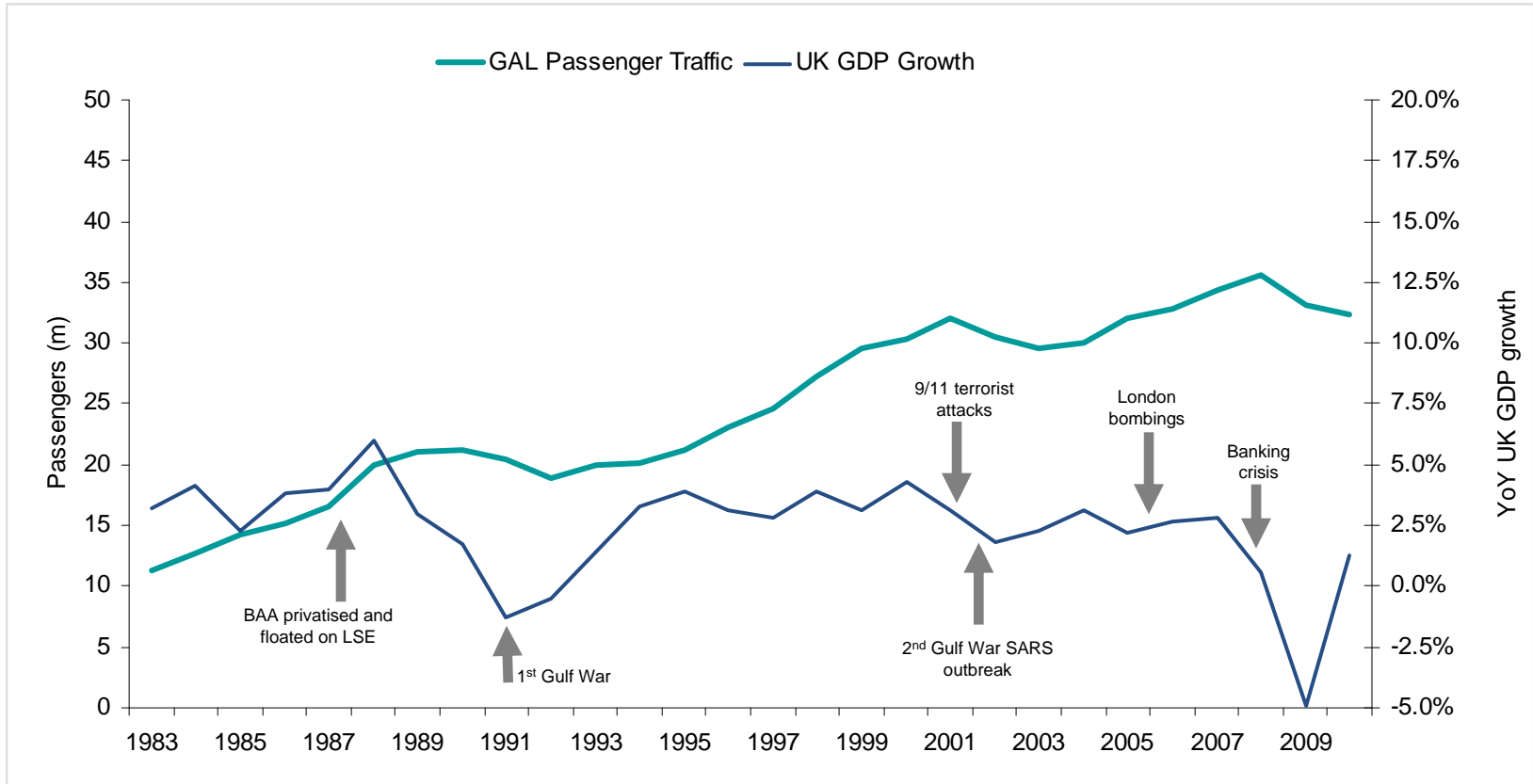


Source: UK Office of National Statistics: Mid Year Population Estimates 2009: 24/06/10

Gatwick is an essential part of the South East's transport infrastructure

3 Relative Resilience To Shocks And Downturns

Gatwick Historical Resilience to Downturns

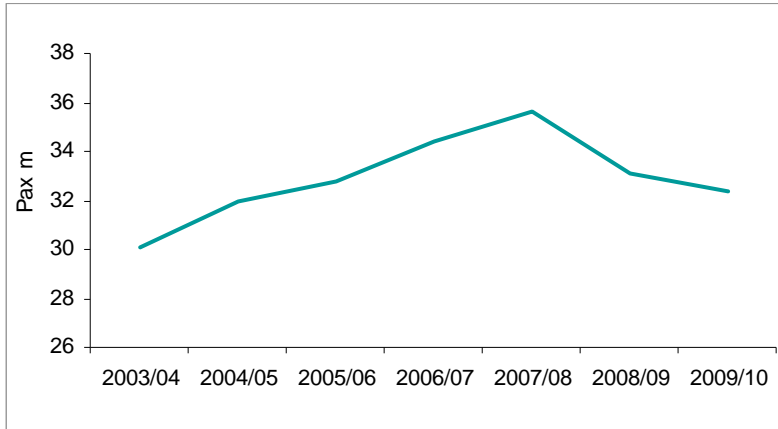


Source: GAL passenger traffic: Annual Reports; UK GDP growth 1982-2010: UK GDP growth 1982-2010: Office for National Statistics
 Note: Passenger traffic data is as at 31 March of the year given; GDP data as at 31 December

Reduction in traffic peak to trough has been at most 10.8% and recovery to prior levels has generally taken 2 to 3 years

3 Resilient Financial Performance

PAX (2004-2010)

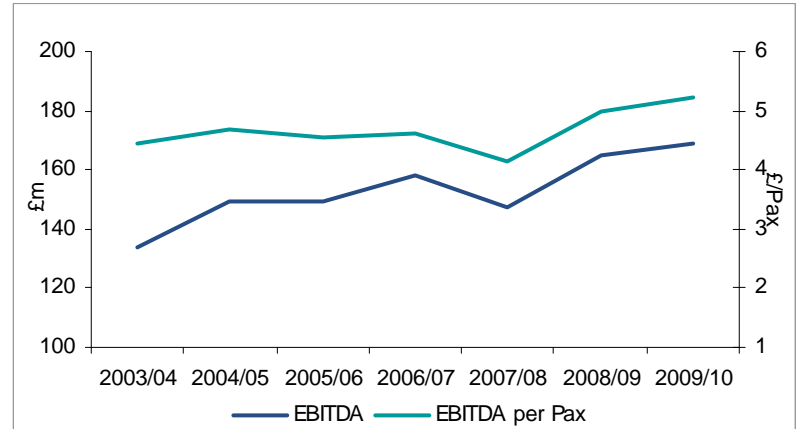


Passengers (m)

| 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|-------|-------|-------|-------|-------|-------|-------|
| 30.1 | 32.0 | 32.8 | 34.4 | 35.6 | 33.1 | 32.4 |

Note: Year-end at 31 March
Source: Gatwick Management

EBITDA & EBITDA per PAX (2004-2010)



EBITDA (£m)

| 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|-------|-------|-------|-------|-------|-------|-------|
| 134.1 | 149.4 | 149.3 | 158.4 | 147.1 | 165.0 | 168.9 |

Note: Year-end at 31 March
Source: Gatwick Management

- Passenger traffic has been resilient through recession and external events
- Spend per pax has held up well during recessionary periods as those passengers choosing to travel continue to use catering, car park and retail facilities

Passenger numbers fell in the last 2 years, but Gatwick's EBITDA & EBITDA per PAX continue to grow

3 Continuing Financial Strength, Notwithstanding Extraordinary Volcanic Events

| Figures in £m | 6 months ended 30 Sep 2009 | 6 months ended 30 Sep 2010 | Change |
|---|-------------------------------|-------------------------------|--------|
| PAX (in millions) | 19.1 | 18.1 | -5.2% |
| Revenue | 276.0 | 273.9 | -0.8% |
| Operating Costs (excl D&A) <i>(pre exceptionals)</i> | 153.5 | 151.7 | -1.2% |
| EBITDA <i>(pre exceptionals)</i> | 122.5 | 122.2 | -0.2% |
| RAB | 1,650.6 | 1,830.1 | 10.9% |

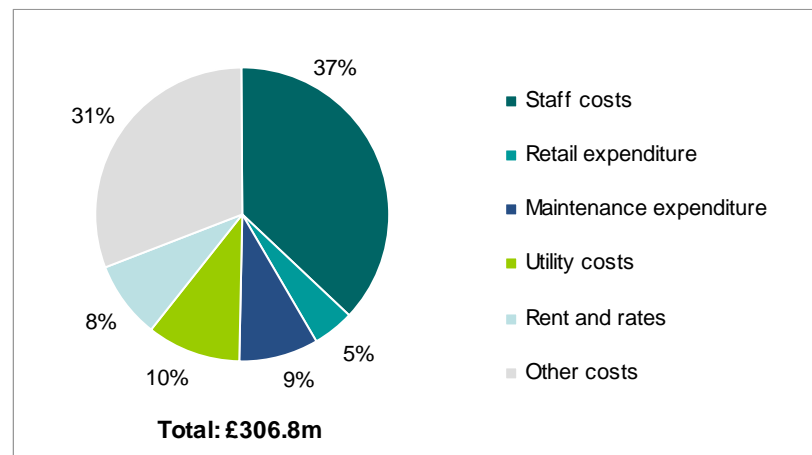
Robust EBITDA and strong cost control despite extraordinary events reducing PAX by c.900,000

4 Predictable Operating Cost Base

Gatwick Has a Predictable Regulated Cost Base

- Most costs broadly aligned to RPI and/or are contracted on a multi-year basis providing certainty and visibility
- Regulatory framework limits exposure to unexpectedly high cost increases
 - Five yearly regulatory settlement
 - 'S' factor in Q5 settlement, relating to significant changes in security costs
- Staff costs make up the majority of the cost base
 - Short term increases due to the transition to being a stand-alone company offset by end of intra-group charges from BAA
 - Stable industrial relations
- Management applying industrial process improvement practices to increase efficiency / reduce costs

Operating costs (2009/10)

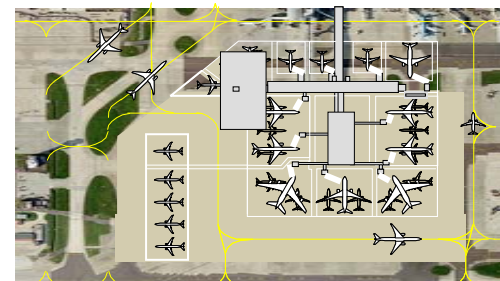


Source: Gatwick Management

Well-understood stable operating cost base, broadly aligned to RPI & well matched to regulatory revenue formula

4 Deliverable Capex Programme

- Gatwick project management organisation restructured under leadership of an experienced airport projects director
 - Bechtel engaged to provide key technical support and secondees
 - New framework agreement for contractors / consultants with focus on appropriate risk transfer
- Considerable focus on consultation with the airlines: revised set of project triggers agreed
- Inherited £985m capex programme thoroughly reassessed & revised to around £925m to be delivered in Q5
 - First major capex project since acquisition completed 10 weeks ahead of schedule (Shuttle)
 - South Terminal Security Project introduced to overhaul security efficiency & enhance airside retail
 - Pier 7 project shelved in favour of phased extension to Pier 6 in Q5 & Q6
 - Pier 1 / South Terminal Baggage, new simplified concept developed
 - South Terminal Forecourt project refined to deliver equivalent functionality at much reduced cost



5 Stable Regulatory Regime

Transparent, Well Established Regulatory Regime

- Subject to economic price regulation by the CAA under Airports Act 1986
- Current regulatory period Q5 (to 31 March 2013) providing degree of revenue certainty
 - Gatwick allowed to increase tariff by up to RPI+2%
- CAA currently consulting on extension of Q5 by one year to 31 March 2014
 - If Q5 extended the CAA proposes to apply RPI+2% for further period
 - CAA considering “true up” such that no party is “systemically worse off” as a result of the extension

Gatwick Supports the Government’s Proposals to Reform Regulation

- Coalition Government has supported long-standing proposals to introduce a new regulatory regime for airports
 - Bill to be brought forward to introduce legislation
- Proposals incorporate licence regime similar to other utilities
 - Primary duty on CAA to promote passenger interest
 - Supplementary duty to ensure licence holders are able to finance their activities (incorporating minimum creditworthiness, financial ring-fencing with appropriate derogations, no special administration)
- New regime expected to give more flexibility to CAA over manner in which it regulates airports
 - Lighter touch regulation a possibility for more competitive South East airports

6 Energetic new management team

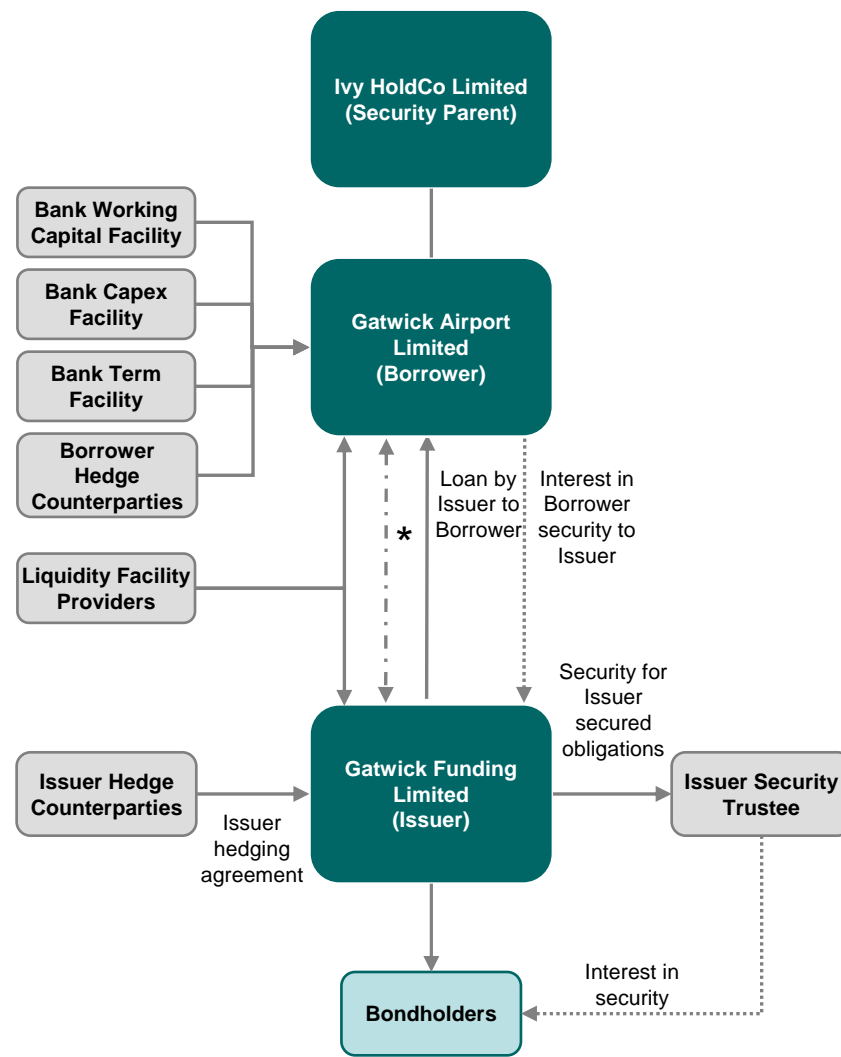
| Name | Background |
|---|--|
|  Sir David Rowlands (Chairman) | Former Permanent Secretary, Department for Transport |
|  Stewart Wingate (CEO) | Gatwick CEO; former MD of Stansted Airport |
|  Nick Dunn (CFO) | Gatwick CFO; former General Manager Corporate Finance Anglo American and divisional finance director Centrica plc. |
|  Scott Stanley (COO) | Gatwick COO; former COO of London City Airport |
|  Ray Melee (Projects Director) | Former Project Manager with Bechtel; three decades of airport development experience |
|  Guy Stephenson (Commercial Director) | Commercial Director of the Coach Division at National Express Ltd; Commercial Director of Thomsonfly |

Early wins.....

- **Delivering the best passenger experience**
 - Security queue time of < 5 minutes throughout 2010; for the first time in three years no service quality penalties in Summer
 - Complaints down 38%
 - Agreement reached with Network Rail to improve Gatwick rail station
 - Innovative check in process developed with Norwegian Airlines
- **Helping our airlines grow**
 - New routes / frequencies from easyJet, British Airways, Norwegian Airlines to destinations in Europe, US & Caribbean, Africa and Middle East
 - airberlin started operations in February 2011, transferring service from Stansted
- **Increasing value and efficiency**
 - Headcount in all major areas reviewed and reduced where appropriate
 - Capex programme refined

Transaction Structure: Capital Structure & Financing Plan

- Secured covenanted funding platform
 - *Pari passu* bank and capital markets debt on a common terms basis
- Management and Shareholder commitment to target solid investment grade rating for the long term
 - Prudent approach towards capital structure
 - Long term strategy is c. 65% Net Debt / RAB
 - Expectation post inaugural issuance of gearing at c. 55%-60% Net Debt / RAB
- Capex funded from a mix of cashflow and drawdowns on a new four year capex facility:
 - £300m committed capex facility
 - £50m committed revolving working capital facility
- No time pressure to return to the capital markets in 2011
 - Capex funding in place
 - No external debt in ownership structure



* "Back to back" swaps between issuer and borrower (mirroring issuer swaps)

Transaction Structure: Key Credit Protections and Information Provisions

- Strong security and covenant package
 - Financial covenants, 1 year historic and 3 year forward looking
 - Comprehensive operating covenants
 - Trigger events, which if breached result in dividend lock-up
- Six monthly investor reports to be published on website providing comprehensive business information
- Bonds to have a two year tail between expected and legal final maturity
- £100m super senior liquidity facility, sized to cover 12 months of interest on senior debt

| Key Protections | |
|-------------------------------|---|
| Trigger Events | |
| Liquidity | Drawing on liquidity facility |
| Interest Cover | <1.5x |
| RAR | >70% |
| Rating Downgrade | Two notches below initial rating |
| Events of Default | |
| Interest Cover | <1.1x |
| RAR | >85% |
| Other Covenants | |
| Additional indebtedness | <72.5% |
| Maturity concentration limits | 30% every 2 years/50% in regulatory period |
| Hedging Policy | 75% debt hedged current regulatory period, 50% thereafter |

www.gatwickairport.com/investor

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