

YOUR LONDON AIRPORT

Gatwick

GATWICK AIRPORT LIMITED INVESTOR REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

28 November 2011

Restated: 10 January 2012

This investor report is prepared in accordance with the requirements of the Common Terms Agreement dated 15 February 2011 between, among others, the Issuer, the Obligors and Deutsche Trustee Company Limited (the Borrower Security Trustee) (the Common Terms Agreement). It summarises certain information contained in the Borrower's Report and Financial Statements for the six months ended 30 September 2011, and the Compliance Certificate for the period then ended.

Restatement on 10 January 2012: The Investor Report dated 28 November 2011 has been updated, as at that date, to include "Accretion on inflation-linked Treasury Transactions" as an element of Senior Debt. The alteration results in a change in the Senior RAR, however, it does not affect compliance with the Ratios referred to below.

Overview of the period ended 30 September 2011

During the six months ended 30 September 2011, a total of 19.702 million (six months ended 30 September 2010: 18.165 million) passengers travelled through Gatwick Airport ("Gatwick") ("the Airport"), an increase of 1.537 million or 8.5%. Adjusting for prior period events as a result of which approximately 900,000 passengers did not travel (discussed below), underlying traffic growth is estimated as 3.3%.

There were a number of factors that affected passenger numbers in the prior period, most notably the disruption caused by the eruption of Eyjafjallajökull in Iceland. An estimated 600,000 passengers did not travel in April 2010, and passenger numbers in May and June 2010 were impacted by sporadic closures to airspace above Gatwick and elsewhere in the UK and Europe. The impact of the eruption of Grimsvötn in Iceland in May 2011 was less significant, with disruption limited to airports in Northern parts of the UK. The prior period was also affected by industrial action at British Airways, operational issues across easyJet's network, and continental European air traffic control strikes. No such significant factors affecting traveller sentiments were noted in the six months ending 30 September 2011.

Passenger numbers in April 2011 were increased as travellers took advantage of the closeness of the Easter holiday weekend, the additional holiday to mark the royal wedding and the early May bank holiday. Low cost carriers in Gatwick's largest market, European scheduled, have made the most significant contribution towards the period-on-period increase.

Total air transport movements ("ATMs") were higher than the prior period, with the factors noted above having the most significant impact. Passengers per ATM increased with higher load factors being seen over the summer period. Gatwick's highest ever load factors were experienced in August 2011 when on average 88.4% (August 2010: 87.0%) of seats were filled. Gatwick has also seen an increase in average seat capacity in the six months ending 30 September 2011 with, on average, 173.6 seats per ATM (six months ended 30 September 2010: 172.5). This increase has resulted from a growing trend towards larger aircraft being used by airlines operating at Gatwick.

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Gatwick Airport Limited ("the Company") indicated in June 2011 that it expected a total of 33.6 million passengers to travel through Gatwick in the year ending 31 March 2012. While passenger numbers are ahead of expectations for the six months ended 30 September 2011, the expectation for the full year outturn remains unchanged.

Regulatory and business update

During the period, the airport continued to discuss its capital proposals for 2013/14, the extension year of the 5th regulatory quinquennium known as "Q5", with the airlines operating at Gatwick. Discussion also continues on the triggers that will be associated with those capital projects. All the capital expenditure triggers falling due were met during the period.

During the year, the Airport's improvement in the quality of service offered was reflected in the across the board achievement of all the regulatory service quality metrics, the first time this has happened during Q5.

In December 2009 the Department for Transport ("DfT") published its Decision on Reforming the Framework for the Economic Regulation of Airports. The review concluded: that the Civil Aviation Authority ("CAA") should be given a new primary duty to promote the interests of passengers; a new licensing regime should be introduced similar to many other regulated sectors allowing a more effective and flexible approach to regulating airports; and that the Government would be introducing a financial resilience package that consists of a supplementary financing duty for the CAA, a minimum credit worthiness requirement for airports and ring-fencing provisions – similar to those in the energy, water and rail sectors – for airports with substantial market power.

The UK Government issued the draft bill for pre-legislative scrutiny in November 2011. In the meantime, the DfT has made it clear that there will be no change to the current price control which covers the now six year period from 1 April 2008 to 31 March 2014. Gatwick Airport Limited ("the Company") welcomes the Government's proposals to reform economic regulation. Protecting passengers by promoting competition is what the bill will allow the CAA to do.

The CAA continued its project to assess competition between airports during the year and published its final competition guidelines that are intended to guide its analysis of the competitive position of Gatwick (and other airports in the South East of England) during the year ending 31 March 2012. This work will be particularly important in the development of any future regulatory framework at Gatwick. In November 2011, the CAA issued some emerging thinking about the competitive situation of the three regulated London airports. Its emerging view is that Gatwick has a degree of appreciable market power. This would indicate the likelihood of the CAA issuing a licence to the airport in 2014, coinciding with the start of the sixth regulatory quinquennium known as "Q6". The Company has submitted evidence to the CAA, and will continue discussions with the CAA on this important issue. At this stage, the Company believe that the case for imposing detailed regulation is not proven.

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Finally, the CAA continued its work on identifying alternative forms of regulation for airports culminating in a “stock take and way forward” document published in March 2011. The CAA is now considering how best to undertake its initial groundwork for Q6. Formal engagement with the airlines operating at Gatwick is likely to start during April 2012. This will continue during the calendar year 2012 with the CAA consulting during 2013 on the appropriate Q6 regulatory framework.

Significant Board changes

There have been no significant changes to the Board of Directors in the six months ended 30 September 2011.

Capital expenditure

During the six months ended 30 September 2011 the Company spent £134.1 million (six months ended 30 September 2010: £91.9 million) on its capital expenditure programme, completing three significant projects. The South Terminal security project opened in a phased process from May 2011. The project consolidates all security lanes into a single area on one level in the South Terminal, as well as re-developing the landside restaurants and retail areas. In the North Terminal, a new multi-storey car park opened in April 2011 and the first phase of the extension to the North Terminal completed and opened in September 2011.

The Regulatory Asset Base (“RAB”) of Gatwick is provided to the CAA and published as at 31 March each year in the Company’s regulatory accounts. The RAB is rolled forward between each date according to a formula set out by the CAA. The RAB was £1,985.5 million as at 31 March 2011, and has increased by a further £134.0 million to £2,119.5 million as at 30 September 2011 (30 September 2010: £1,830.1 million). This increase has been driven by the capital expenditure programme for Q5 (the 5th regulatory “quinquennium”), with total spend of £651.7 million in the first three and a half years of the six year programme.

Gatwick has recently published for consultation with its airline customers a revised Capital Investment Programme, which includes expenditure of £1,172.0 million for the now extended Q5 up to 31 March 2014.

Financing

There have been no new financing developments in the six months ended 30 September 2011.

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Acquisitions and Disposals

There have been no acquisitions subsidiaries or subsidiary undertakings or of any company or business, and no disposals in the six months ended 30 September 2011 or since the previously delivered Investor Report.

Restricted Payments

There have been no restricted payments in the six months ending 30 September 2011 or since the previously delivered Compliance Certificate dated 24 June 2011.

Ratios

We confirm that in respect of this investor report dated 28 November 2011, by reference to the most recent financial statements that we are obliged to deliver to you in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 2 (Covenants) of the Common Terms Agreement:

- (a) the Senior ICR for the immediately preceding March Calculation Date has been recalculated and the recalculated Senior ICR is not lower than the Senior ICR which was determined as at the immediately preceding March Calculation Date;
 - (b) the historical Senior ICR for the Relevant Period ending 30 September 2011 was 5.59;
 - (c) the forecast Senior ICR for the Relevant Period ending 31 March 2012 is 3.56;
 - (d) the Senior RAR for the immediately preceding March Calculation Date has been recalculated and the recalculated Senior RAR is not higher than the Senior ICR which was determined as at the immediately preceding March Calculation Date;
 - (e) the historical Senior RAR for the Relevant Period ending 30 September 2011 was 0.58;
 - (f) the forecast Senior RAR for the Relevant Period ending 31 March 2012 is 0.60;
- (together the **Ratios**).

Current Hedging Position

As at 30 September 2011, after taking hedging with derivatives into account, fixed and inflation linked debt represented 76.4% of the Borrower's Relevant Debt.

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Confirmations

We confirm that each of the above Ratios has been calculated in respect of the Relevant Period or as at the Relevant Dates for which it is required to be calculated under the Common Terms Agreement.

We confirm that:

- (a) no Default or Trigger Event has occurred and is continuing;
- (b) the Borrower is in compliance with the Hedging Policy; and
- (c) the statements set out in this Investor Report are accurate in all material respects.

Yours faithfully,



Stewart Wingate
Chief Executive Officer



Nicholas Dunn
Chief Financial Officer

Signing without personal liability, for and on behalf of
Gatwick Airport Limited as Borrower