

IMPORTANT NOTICE

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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 22 January 2016 (the *Prospectus*) and constitutes a supplementary prospectus for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the *Prospectus Directive*) and relevant implementing measures in the United Kingdom and is prepared in connection with the £50,000,000,000 multicurrency programme for the issuance of Bonds (the *Programme*) established by 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 Prospectus Directive and relevant implementing measures in the United Kingdom by the United Kingdom Listing Authority of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 as amended (*FSMA*) (the *UK Listing Authority*), which is the United Kingdom's competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom.

The purpose of this Supplement is to:

- a) incorporate by reference certain financial information of the Group;
- b) provide clarification in relation to the "Presentation of Financial Information" section of the Prospectus;
- c) provide an update regarding a change to the Borrower Account Bank;
- d) provide an update regarding changes to the Board of Directors of Heathrow Airport Holdings Limited; and
- e) update a risk factor identified by the Group about which prospective Bondholders should be aware.

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 27 April 2016

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.

SIGNIFICANT NEW FACTORS

ANNUAL FINANCIAL STATEMENTS OF HEATHROW (SP) LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

On 23 February 2016, Heathrow (SP) Limited announced the publication of its audited annual consolidated financial statements for the financial year ended 31 December 2015 (the *Group Consolidated Financial Statements*). A copy of the Group Consolidated Financial Statements has been filed with the Financial Conduct Authority and, by virtue of this Supplement, pages 26 – 81 inclusive of the Group Consolidated Financial Statements are incorporated in, and form part of, the Prospectus. (For the avoidance of doubt, the pages of the Group Consolidated Financial Statements which are not incorporated into the Prospectus are not relevant for investors, and any further information or documents incorporated by reference in pages 26 – 81 of the Group Consolidated Financial Statements do not form part of the Prospectus.)

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 http://www.heathrow.com/company/investor-centre/offering_related-documents/other-documents/heathrow-funding-limited-information (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 UK Listing Authority.

PRESENTATION OF FINANCIAL INFORMATION

The first paragraph of the "Presentation of Financial Information" section on page 161 of the Prospectus shall be replaced with the following paragraph:

As a result of the Financial Reporting Council's ongoing project to harmonise accounting standards in the United Kingdom, from 1 January 2015, the previous UK accounting standards used for the preparation of the audited annual consolidated financial statements of the Group and the audited annual non-consolidated financial statements of each of the Issuer, Heathrow Airport, and Heathrow Express were replaced by Financial Reporting Standard 100 (Application of Financial Reporting Requirements) ("**FRS 100**"). This had to be reflected in the Group's reporting no later than the year ending 31 December 2015. There is a choice under FRS 100 to follow either full International Financial Reporting Standards ("**IFRS**"), reduced disclosure IFRS (known as "**FRS 101**") or The Financial Reporting Standard applicable in the UK and the Republic of Ireland 102 ("**FRS 102**") in place of previous UK Generally Accepted Accounting Practice ("**UK GAAP**").

CHANGE TO THE BORROWER ACCOUNT BANK

The first paragraph of the “Accounts” section on page 66 of the Prospectus shall be replaced with the following paragraph:

In accordance with the Common Terms Agreement, Heathrow and Heathrow Express are required to maintain an operating account (each, an “**Operating Account**”), a joint disposal proceeds account (the “**Disposal Proceeds Account**”) and a liquidity reserve account (the “**Borrower Liquidity Reserve Account**”) with the Borrower Account Bank, as well as a joint debt collateralisation account (the “**Debt Collateralisation Account**”). Heathrow is also required to maintain an insurance proceeds account (the “**Insurance Proceeds Account**”) on behalf of the Borrower. Each of the above accounts are collectively referred to as “**Obligor Accounts**”. Lloyds Bank plc, acting through its office at 25 Gresham Street, London EC2V 7HN, has replaced The Royal Bank of Scotland plc as the Borrower Account Bank, and currently serves as Borrower Account Bank pursuant to a new Borrower Account Bank Agreement.

CHANGES TO THE BOARD OF HEATHROW AIRPORT HOLDINGS LIMITED

On 8 March 2016, it was announced that Lord Paul Deighton will succeed Sir Nigel Rudd as Chairman of the board of Heathrow Airport Holdings Limited when he steps down from his role later in 2016.

On 12 April 2016, it was announced that Michael Uzielli will step down as Chief Financial Officer later in 2016. Michael will remain as Chief Financial Officer throughout the summer of 2016, and his successor will be announced in due course.

RISK FACTORS

The following sets out a change to a risk factor identified by the Group in relation to certain aspects of the Programme documentation and the activities of the Group about which prospective Bondholders should be aware. The occurrence of the additional event described below could have a material adverse effect on the business, financial condition or results of operations of the Issuer or the Obligors and could lead to, among other things, Trigger Events, Bond Events of Default, Loan Events of Default and/or non-payment of amounts under the Bonds.

The Risk Factors section of the Prospectus and this updated risk factor describe all material risks that are known to the Group as at the date of this Supplement. These risks are not intended to be exhaustive and prospective Bondholders should read the detailed information set out elsewhere in the Prospectus and this Supplement, including the documents incorporated by reference, prior to making any investment decision. Further, prospective Bondholders should seek their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in the Bonds.

In addition, while the various structural elements described in the Prospectus and this Supplement are intended to lessen some of the risks discussed below for Bondholders, there can be no assurance that these measures will ensure that the holders of the Bonds of any Sub-Class or Tranche receive payment of interest or repayment of principal from the Issuer in respect of such Bonds on a timely basis or at all.

OTHER LEGAL RISKS

The risk factor entitled “General risk of change of law” on page 21 of the Prospectus shall be replaced with the following:

General risk of change of law, including the impact of a UK exit from the European Union

It is possible that changes in law, rules or regulations (including changes in tax regimes) applicable to the Group, or their interpretation or application, either generally or following any exit by the UK from the European Union after the UK referendum to be held on 23 June 2016, could result in the Group’s debt financing arrangements as originally structured no longer having the anticipated effect and/or could adversely affect the rights, priorities of payments and/or treatment of holdings in Bonds for Bondholders and could have a material adverse effect on the Group’s business, financial condition and results of operations.