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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 16 December 2014 (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 prospectus supplement 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* or *UKLA*), 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 Heathrow Airport Limited, Heathrow (SP) Limited, Heathrow (AH) Limited and Heathrow Express Operating Company Limited (together, the *Obligors*) and the Issuer;
- b) provide an update regarding changes to the Board of Directors of Heathrow Airport Holdings Limited and Heathrow (SP) Limited;
- c) disclose the conclusion of the triennial valuation of the Heathrow Airport Holdings Limited group defined benefit pension scheme; and
- d) describe two additional risk factors 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.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus, and any other supplements to the Prospectus 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 13 March 2015

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 2014

On 26 February 2015, Heathrow (SP) Limited announced the publication of its audited annual consolidated financial statements for the financial year ended 31 December 2014 (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 27 – 99 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 27 – 99 of the Group Consolidated Financial Statements do not form part of the Prospectus.)

The accounting basis used to prepare the Group Consolidated Financial Statements has been changed from United Kingdom Generally Accepted Accounting Practice (“**UK GAAP**”) to International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (‘**IASB**’) and as adopted by the European Union. The Group (as defined in the Prospectus) has early-adopted IFRS with a transition date of 1 January 2012. Accordingly, the Group Consolidated Financial statements are the Group’s first audited annual consolidated financial statements prepared in accordance with IFRS.

IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’ grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to IFRS. In preparing its opening IFRS statement of financial position as at 1 January 2012 the Group has adjusted amounts previously reported in its statutory annual report and financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to IFRS has affected the Group’s previously reported financial position, financial performance and cash flows is disclosed in Note 32 on pages 83 to 92 (inclusive) of the Group Consolidated Financial Statements.

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.heathrowairport.com/about-us/global/financial-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.

CHIEF FINANCIAL OFFICER

On 12 February 2015, Heathrow Airport Holdings Limited (*Heathrow Airport Holdings*) announced that Michael Uzielli, currently Finance Director for British Gas, will succeed José Leo as Chief Financial Officer.

As Finance Director for British Gas, Michael Uzielli has helped drive revenue growth, championed a cost focus to increase efficiency, restructured the company’s pension schemes and led a highly engaged finance team. His work has also involved building strong relationships with the Government and energy industry regulators.

Michael Uzielli also has experience of the aviation industry having previously worked for British Airways and has also worked at Schroders.

CHIEF INFORMATION OFFICER

On 24 February 2015, Heathrow Airport Holdings announced that Stuart Birrell, currently Chief Information Officer for Formula 1's McLaren Group, will succeed Neil Clark as Chief Information Officer.

As Chief Information Officer of the McLaren Group, Stuart Birrell has built an integrated IT team of in-house experts and specialist suppliers to support the rapid growth of the business including new revenue streams. Stuart Birrell also spent three successful years as CIO at Gatwick in the run up to, and after, the sale of the airport by Heathrow Airport Holdings group in 2009.

CHANGES TO THE BOARD OF HEATHROW (SP) LIMITED

Emma Gilthorpe, Strategy, Planning and Regulation Director and a member of the Executive Committee of the board of Heathrow Airport Holdings Limited, was appointed a director of Heathrow (SP) Limited with effect from 1 March 2015.

TRIENNIAL VALUATION OF DEFINED BENEFIT PENSION SCHEME

The trustee of the Heathrow Airport Holdings Limited group defined benefit pension scheme concluded the triennial valuation of the scheme in January 2015. The valuation was carried out as at 30 September 2013 and indicated a scheme deficit of £300 million calculated using the trustees' actuarial assumptions. LHR Airports Limited agreed an increase to its annual deficit recovery payment from £24 million to £27 million until 2023. In respect of future accrual of benefits, LHR Airports Limited will contribute approximately 33% of basic salary and shift pay, which is estimated to be £46 million in 2015.

RISK FACTORS

The following sets out two additional risk factors 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 any of the events 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 these additional identified risks 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.

ADDITIONAL COMMERCIAL RISK

The Group could face operational disruption, inconvenience to passengers and long-term reputational damage as a result of compromises to the safety and security of those affected by the activities of the Group

The Group has a statutory and moral responsibility to ensure aviation security and safeguard the welfare and safety of staff, business partners and the public who may be affected by the activities of the Group.

The Group's safety management system includes risk assessment processes for all activities entailing significant risk and proportionate control measures employed to safeguard everyone impacted by the Group's business. The

Group also operates robust asset management processes to ensure property and equipment remains safe. Governance, led by the airport's senior management teams, and assurance processes are used to ensure the aforementioned remain effective and to encourage continuous improvement.

Security risks are mitigated by adopting and enforcing rigorous policies and procedures supported by professional training and by investment in leading edge security technology. The Group works closely with airlines and government agencies including the police building a framework to establish joint accountabilities for airport security and shared ownership of risk, thus ensuring security measures remain both flexible and proportionate to the prevailing threat environment.

While the Group is taking steps to discharge its responsibilities effectively and to avoid compromises to the safety and security of those affected by the activities of the Group, there can be no guarantee that steps taken by the Group will be effective. A failure to exercise this responsibility effectively could result in operational disruption, inconvenience to passengers and long-term damage to the Group's reputation, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

ADDITIONAL REGULATORY RISK

The Group could face fines for non-compliance with competition laws and regulations

Competition authorities exercise considerable discretion in setting levels of fines for non-compliance with competition laws and regulations. Given the position of Heathrow Airport in certain markets, any failure to comply with applicable competition laws and regulations may result in the Group incurring substantial fines or settlement costs, as well as suffering significant reputational damage, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.