

airports

In 2012, Ferrovial reduced their stake in Heathrow Airport Holdings, from 49.99% to 33.65%, which allowed them to consolidate the valorisation of their investment and input approximately 900 million euros. Qatar Holding LCC and Stable Investment Corporation are the new shareholders of the group, holding 20% and 10% respectively.

The successful divestment operations of Edinburgh and Stansted airports, totalling 2.8 billion euros, put an end to sales imposed by the Competition Commission in the UK. As a result of these divestments BAA is replaced by the name Heathrow Airport Holdings and each airport runs to exploit their brand individually.

In 2012, the shareholders of Heathrow Airports Holdings received a dividend of 240 million pounds, the first dividend distributed since the acquisition of BAA by Ferrovial in 2006. Despite the difficult situation of the debt markets, bonds have been issued amounting to 3.3 billion pounds, including inaugural emissions in Swiss francs and Canadian dollars (in addition to those already existing in pounds, euros and U.S. dollars) and they have refinanced their credit lines.

2012 has been a year of great bidding activity for Ferrovial Airports, which has been active in Brazil, Puerto Rico and Portugal.

Performance over the year

In the year ended 31 December 2012, the group's passenger traffic increased 0.5% to 99.7 million (2011: 99.2 million). Adjusting for the fact that 2012 was a leap year, year on year growth was 0.2%. The performance was driven by Heathrow where passenger traffic was up 0.9% to 70 million (2011: 69.4 million), its second successive calendar year traffic record.

Traffic increased across all market segments with significant increases in European and long haul traffic, based on Heathrow's performance. In contrast there was only a modest decrease in domestic traffic. Domestic performance saw a significant divergence between the London airports (Heathrow: +0.5%; Stansted: -16.7%) and the non-London airports (+2.7%) with the London airport performance reflecting in part cessation of services between Stansted and Belfast and Newcastle.



passengers	destinations	airlines	terminals and infrastructure investment
99.7 million	612 cities	204	1.2 E billion

Ferrovial is one of the major private airport operators in the world and a shareholder in Heathrow Airport Holdings (HAH), which in 2012 operated in five airports in the United Kingdom. These airports (Heathrow, Stansted, Southampton, Glasgow, and Aberdeen) were used by 99.7 million passengers in 2012. They serve around 204 airlines, travelling to approximately 612 destinations worldwide.

In 2012, Heathrow's total traffic increased 0.9% to 70 million passengers (2011: 69.4 million). Heathrow's traffic in 2012 was characterised by record load factors (75.6% versus 75.2% in 2011) and more seats per passenger aircraft (197.4 versus 194.8 in 2011). These are the key drivers of the modest growth that can be expected in Heathrow's traffic for as long as it operates with its current capacity constraints where there is negligible opportunity to increase flight numbers which, whilst falling marginally to 471,341 compared to 476,197 in 2011, are very close to the cap of 480,000 flights per annum. The proportion of transfer traffic at Heathrow was 35% (2011: 35%).

Whilst underlying demand at Heathrow was firm through 2012, reported performance fluctuated through the year. There was year on year growth in the first quarter but a modest decline in the second quarter, partly reflecting issues such as the leap year and the different timing of Easter relative to 2011. In the third quarter, Heathrow's traffic was impacted in July and August by over 400,000 passengers compared to the same period of 2011 by the London 2012 Olympics, which resulted in UK based travellers staying in the country to enjoy the Games and non-UK travellers avoiding travel to the UK due to concerns over disruption caused by the Games. Since then traffic growth resumed with monthly records set in September, November and December.

Stansted's passenger traffic declined 3.2% to 17.5 million (2011: 18 million). Across the group's three other airports of Glasgow, Aberdeen and Southampton, passenger

traffic increased 4.1% to 12.2 million (2011: 11.7 million). Performance was particularly strong at the two Scottish airports, with Aberdeen's traffic up 8.3% to 3.4 million passengers (2011: 3.1 million) and Glasgow's traffic up 4.2% to 7.2 million passengers (2011: 6.9 million).

The group reported revenues from operations of 2.65 billion pounds up 4.8% year-on-year. EBITDA rose by 10.5% in comparable terms to 1.36 billion pounds (1.23 billion euro). This strong performance reflects improved underlying traffic, increased aeronautical and retail income per passenger and continued cost control.

The group has continued to implement its strategy to improve passengers' experience and airlines' operations through sustained substantial investment in modern airport facilities and improved service standards. 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.



Passengers at Heathrow Airport, London, United Kingdom

Improvements in service quality

The group's focus on delivering transformational change in passengers' experience of its airports continues to receive significant endorsement from the travelling public, demonstrating that passengers are noticing the improvements made by the airports.

In April 2012 Heathrow Terminal 5 was named the world's best airport terminal in the 2012 SKYTRAX World Airport Awards.



Heathrow Airport, London, United Kingdom

Punctuality

In relation to individual service standards, punctuality remained at historically high levels with the proportion of aircraft departing within 15 minutes of schedule during the year ended 31 December 2012 being 78% (2011: 79%) at Heathrow and 88% (2011: 88%) at Stansted.

Baggage

Heathrow's baggage misconnect rate was 15 per 1,000 passengers (2011: 15).

Security queues

On security queuing, during the year ended 31 December 2012 passengers passed through central security within periods prescribed under service quality rebate schemes 92.8% (2011: 96.9%) of the time at Heathrow and 98.0% (2011: 97.9%) of the time at Stansted.

Passenger surveys

Heathrow achieved an all-time record overall passenger satisfaction score of 3.96 in the Airport Service Quality ('ASQ') survey (produced by Airports Council International) for the third quarter of 2012. This reflected in particular the success of the airport and other organisations that planned and delivered a warm welcome and smooth journey through Heathrow for passengers during the Olympic and Paralympic games. Over 2012 as a whole Heathrow also achieved its highest ever average score of 3.94 (2011: 3.88) in the quarterly ASQ surveys.

Heathrow Terminal 5 was named the world's best airport terminal in the 2012.

Operational improvements

In July 2011, the South East Airports Taskforce, sponsored by the Department for Transport, recommended that consideration be given to Heathrow having greater operational freedom to prevent or mitigate disruption. For example, this might involve simultaneous use of both runways for arrivals and departures in such circumstances, within the existing overall cap on aircraft movements. 2 trials have been successfully concluded during 2012. If implemented permanently, such measures should improve areas such as punctuality and baggage misconnects as well as bringing environmental benefits such as reduced stacking.

Heathrow's ability to respond to adverse weather conditions and other disruptions has been significantly enhanced during 2012 as a result of progress on implementing the recommendations of the Begg Report produced following the disruption caused by winter weather in December 2010.

Other UK airports

The group sold Edinburgh airport in May 2012.

At the group's three other airports of Glasgow, Aberdeen and Southampton there were also some notable improvements in service standards as well as significant independent endorsement of their service and quality standards, reflecting their focus on continuously improving the service they provide to airlines and passengers.

Glasgow and Aberdeen achieved their highest departure punctuality whilst Glasgow and Southampton achieved its highest average ASQ survey score for overall passenger satisfaction in 2012.

Investment in new facilities

The group's key strategic objective is for Heathrow to become the UK's direct connection to the world and Europe's hub of choice by making every journey better. A key enabler in delivering these objectives is Heathrow's continued focus on transforming passengers' and airlines' experience of using the airport through both investment in modern terminal facilities and related infrastructure and improving service standards. This will ensure customers enjoy a superior airport experience relative to competitors, encouraging greater utilisation of Heathrow and supporting its long-term growth ambitions.

Heathrow's capital investment programme achieved a number of significant milestones in 2012 with the main projects including construction work on Terminal 2 as well as the development of baggage systems and a major refurbishment programme at Terminal 4. As expected, investment at Heathrow increased significantly in 2012 (over £1.2 billion) compared to 2011 (over £800 million). The level of investment is expected to continue at an elevated level in 2013 as progress is made towards opening Terminal 2.

The new Terminal 2 building was made weather-tight in early 2012. This enabled significant progress on the terminal fit-out to be completed during the year. By the year end, installation of the internal walls, glass wall linings and conglomerate floor was well underway. In addition, delivery of terminal systems, including outbound baggage systems, escalators and lifts, was making good progress with commissioning of certain elements of the systems underway by year end. March 2012 saw excavation completed for the extensive basement and tunnel structures to house the tracked transit train and baggage systems that will connect the satellite to the main building once the main terminal's second phase is constructed.

Good progress is being made in constructing the 'nodes' to connect the main terminal and satellite buildings to air bridges through which passengers board or leave aircraft. There has also been significant progress on Terminal 2's multi-storey car park.

Terminal 2's construction is expected to be completed in late 2013 with operations commencing in mid-2014.

In Heathrow's baggage investment programme, the new underground automated baggage transfer system between Terminals 3 and 5 became operational. Elsewhere, the superstructure, roof and cladding for the building to house Terminal 3's new integrated baggage system are virtually complete. Baggage and IT systems are now being installed with the overall system expected to become operational in 2015.

Refurbishment works in Terminal 4's departure lounge were completed in 2012. The project has renewed floor tiling, refurbished gate areas, provided new seating, decluttered signage and provided a feature ceiling with LED lighting for reducing energy consumption whilst enhancing the lounge area.

Outside Heathrow, the group's most significant investment was the renovation and rehabilitation of Glasgow's

main taxiway whilst at Aberdeen there was work on a new car rental building and runway re-wiring and at Southampton lighting and IT systems improvement.

Financial and Regulatory matters

Sale of Edinburgh airport in April 2012

On 23 April 2012, FGP Topco reached an agreement for the sale of Edinburgh Airport to Global Infrastructure Partnership (GIP) for 807.2 million pounds. The sale process ended on May 31, 2012. Proceeds from these disposals either have been or are expected to be used principally to repay debt within the group.

UK aviation policy developments

The main development in UK aviation policy in the last year related to the debate on hub airport capacity, the importance of which is underlined by the fact that in 2012 Heathrow, the UK's only hub airport, once again operated close to its maximum permitted annual flight numbers. The hub airport model used by Heathrow and its competitors uses transfer passengers to support flights to long haul destinations which would not be

viable using local demand alone. But unlike its rivals in France, Germany, the Netherlands and Dubai, Heathrow is full and its capacity constraints prevent any meaningful increase in the numbers of flights and routes it can add. The potential consequences of this for the UK are stark, undermining its ability to engage with emerging economies that are the engine of global growth with severe consequences for the country's long-term prosperity.

At the start of 2012, whilst the importance of hub airport capacity was beginning to be accepted by the UK government, a third runway at Heathrow was being excluded as a potential solution. However, during the year the government established the independent Airports Commission, chaired by Sir Howard Davies, which has been tasked with identifying and recommending the options for maintaining the UK's status as an international aviation hub. It is expected to do this by assessing the UK's international connectivity needs and recommending the optimum approach for meeting these.

The Commission is expected to produce an interim report by the end of 2013 which will set out its assessment of the evidence on the nature, scale and timing of the steps needed to maintain the UK's global hub status, and its recommendations for immediate actions to improve



Aircraft at Heathrow Airport, London, United Kingdom

the use of existing runway capacity in the next five years consistent with credible long term options.

A final report is then expected by summer 2015 which will set out the Commission's assessment of the options for meeting the UK's international connectivity needs, including their economic, social and environmental impact and its recommended solution.

The group will make submissions to the Airports Commission during 2013.

Defining Heathrow's development for the next 5 years

Work intensified through the year both within Heathrow and in consultation with its airline community and the CAA on defining how the airport will develop during the next five year regulatory period (Q6), which begins on 1 April 2014.

In particular, constructive engagement with Heathrow's airline community assessed key themes such as capital investment, traffic forecasts, operating costs and commercial revenue opportunities. The regulatory process also included publication in July 2012 of the airport's initial business plan for Q6, the content of which has been superseded since the year end by the publication of an updated full business plan.

Since publication of the initial business plan, Heathrow has reduced the expected cost of airlines operating at Heathrow during Q6 primarily by identifying further opportunities to enhance efficiencies and productivity. This is reflected in a proposed tariff profile, assuming no initial adjustment for the significantly lower than forecast passenger numbers at the end of the current regulatory period, of RPI+5.9% compared to RPI+6.8% in the initial business plan.

The next regulatory period is expected to see Heathrow delivering further significant enhancements to the passenger experience, whilst delivering improved value for money through greater efficiency and productivity and driving further real growth in its commercial offering. Heathrow's full business plan includes a traffic forecast consistent with that in the July 2012 initial business plan showing modestly increasing passenger traffic over the next regulatory period that, after an allowance for shocks, averages around the airport's current un-shocked traffic performance. Heathrow believes it is essential to

properly reflect the likely impact on passenger traffic over any medium or long-term horizon from potential shocks given that historically they have impacted its traffic by an average of close to 1.5%.

The full business plan also outlines Heathrow's proposed capital investment plan ('CIP') for 2014-2019. The CIP is aligned to Heathrow's masterplan that envisages the continuation of the process of building terminal and satellite capacity perpendicular to the airport's two runways that started with construction of Terminal 5 and is currently also being implemented in the new Terminal 2. The CIP foresees continued passenger experience improvements, ensuring there are sufficient facilities to handle expected growth in passenger numbers and aircraft size and enabling a competitive cost of operation at Heathrow based on a capital spend over the 5 years of approximately £3 billion (in 2011/12 prices).

The key elements of the CIP relate to the new Terminal 2, the Terminal 3 integrated baggage system, Heathrow's financial contribution to Crossrail (subject to regulatory approval), installation of new baggage screening technology required by 2018 and upgrades and resurfacing of runways and taxiways.

Terminal 2 is expected to open in the early months of Q6 and will involve a significant number of airline moves. In the first part of Q6, it is expected that the pier that currently connects Terminal 1 to the Terminal 2 satellite building will be demolished, opening up the taxiway between



Heathrow delivering further significant enhancements to the passenger experience, whilst delivering improved value for money through greater efficiency and productivity and driving further real growth in its commercial offering.

Terminal 2 and its satellite building. This will also enable two extra pier served stands to be added to the satellite building.

This phase is expected ultimately to involve the demolition of Terminal 1, extension of the main terminal building, construction of a new satellite Terminal 2C, installation of a terminal baggage system and completion of tracked transit train and baggage facilities linking the main terminal building with the satellites.

Following publication of the full business plan, the next steps in the regulatory review process are for the CAA to complete its own research and analysis, following which it is expected to publish its initial price cap proposals in April 2013 for consultation. Final price cap proposals are expected to be published in October 2013.

Modernisation of economic regulation of UK airports

The new Civil Aviation Act 2012 ('the Act') became law at the end of 2012 when it received Royal Assent and replaced the Airports Act 1986 as the key piece of legislation relating to the economic regulation of UK airports. The Act introduces a new single primary duty for the CAA to promote the interests of existing and future end consumers of passenger and freight services, wherever appropriate by promoting effective competition. This primary duty is supported by various

supplementary duties including to ensure an efficient airport operator is able to finance the activities that are subject to the relevant licence obligations.

The Act will also bring into effect an economic licensing regime for airports similar to the regulatory framework in place in certain other regulated sectors such as water and energy. As a regulated airport, Heathrow will require a licence and initial licences will be issued by the CAA.

The licensing regime is currently being developed, with Heathrow's initial draft licence due to be published by the CAA in [April] 2013 for consultation alongside its publication of initial price cap proposals for Q6. The licence is expected to include scope for financial penalties, for example, in the event of a breach of certain licence conditions. Heathrow is also expected to be obliged to consult stakeholders on future plans for investment and operation of the airport, to report on environmental performance, to comply with service standards and other conditions and measures designed to ensure the effective economic regulation of the airport.

The licensing regime is also expected to include conditions relating to licenced airports' financial resilience, for example a minimum credit rating requirement, consistent with the themes proposed by the Department for Transport in 2009.

Heathrow



1946 inaugural year
 2 runways
 4 terminals
 86 airlines
 193 destinations
 70 m passengers per year
 471,341 flights per year
 1,484,488 metric tonnes of cargo per year
 1,227 ha total surface area
 52,200 sq. m of retail space

- In 2012 Heathrow Airport, with the highest passenger traffic in the United Kingdom and Europe, recorded traffic of around 70 million passengers, an increase of 0.9%.
- Revenues reached 2.11 billion pounds and EBITDA increased, by 12.2%, to 1.10 billion pounds..



Terminal 5, Heathrow Airport, London, United Kingdom

Stansted



1991 inaugural year
 1 runway
 1 terminal
 14 airlines
 150 destinations
 17.5 m passengers per year
 131,409 flights per year
 209,000 metric tonnes of cargo per year
 957 ha total surface area
 10,608 sq. m of retail space

- In 2012 London Stansted Airport, the fourth largest in the United Kingdom, recorded traffic of around 17.5 million passengers, a decline of 3.2%.
- The year was notable for a return to growth after the summer following several years of consistent declines. This is reflected in a traffic decline of 4.6% in the nine months to 30 September 2012 turning into an increase of 1.8% in the fourth quarter. This was due to year on year capacity additions by Ryanair for the current winter season. Stansted's core European scheduled market saw traffic decline only 0.3% to 14.1 million passengers (2011: 14.1 million), with 5.3% growth in the fourth quarter. Traffic declines in other markets were driven mostly by cessation of a limited number of services. Stansted's 2012 average load factor was 81% (2011: 80.8%).
- Departure punctuality maintained at 88% (2011: 88%). Passengers passed through central security within the period prescribed under its service quality rebate scheme 98% (2011: 97.9%) of the time compared with the 95% service standard.



Stansted Airport, London, United Kingdom

Glasgow



- Glasgow airport recorded 7.2 million passengers in 2012, up 4.2% on 2011 driven by increased capacity provided by both easyJet and Jet2 on European routes.
- Glasgow achieved its highest levels of departure punctuality, as measured by the proportion of aircraft departing within 15 minutes of schedule, in over a decade of 85.2% (2011: 83.8%).
- Glasgow maintained its high average overall passenger satisfaction score in 2012 in the quarterly Airport Service Quality survey (produced by Airports Council International) scoring 3.92 (2011: 3.98).

1966 inaugural year
 1 runway
 1 terminal
 30 airlines
 90 destinations
 7.2 m passengers per year
 72,543 flights per year
 9,706 metric tonnes of cargo per year
 341 ha total surface area
 6,978 sq. m of retail space

Glasgow Airport, United Kingdom

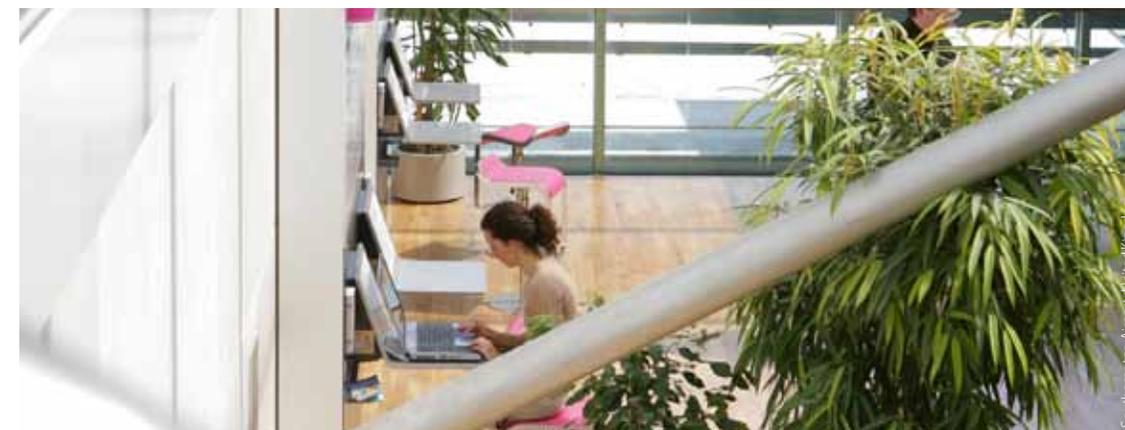
Southampton



- Southampton Airport recorded 1.7 million passengers in 2012, 3.9% less than in 2011 with performance constrained principally by Flybe ceasing to operate on certain routes.

1910 inaugural year
 1 runway
 1 terminal
 12 airlines
 44 destinations
 1.7 m passengers per year
 38,649 flights per year
 250 metric tonnes of cargo per year
 144 ha total surface area
 950 sq. m of retail space

Southampton Airport, United Kingdom



Aberdeen



- Aberdeen Airport recorded a passenger total of 3.4 million for 2012, an increase of 8.3% on 2011. The growth can be attributed to the strength of the local energy based economy and the completion of its runway extension in October 2011.
- 2012 saw Aberdeen achieve its highest level of departure punctuality, as measured by the proportion of aircraft departing within 15 minutes of schedule, in over a decade of 82.5%.

1934 inaugural year
4 runways
5 terminals
22 airlines
45 destinations
3.4 m passengers per year
102,165 flights per year
6,890 metric tonnes of cargo per year
215 ha total surface area
1,825 sq. m of retail space

