Heathrow Funding Limited

Interim report and condensed financial statements for the six months ended 30 June 2026

Unaudited

Company registration number: 99529 (Jersey)

Heathrow Funding Limited

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Heathrow Funding Limited

Interim management report

Principal activities
Heathrow Funding Limited (the 'Company') is a direct subsidiary of Heathrow (SP) Limited and forms part of the Heathrow Airport Holdings Limited Group (the 'HAHL Group'). The Company is incorporated in Jersey but is resident in the United Kingdom for taxation purposes.

The Company's primary purpose is to raise funding through the issuance of bonds and to provide funding to Heathrow (SP) Limited and its subsidiaries (together the 'SP Group'). Foreign exchange and interest rate risks are managed by the use of external derivatives. The proceeds raised are distributed to Heathrow Airport Limited, a fellow subsidiary of Heathrow (SP) Limited, under the terms of Borrower Loan Agreements ('BLAs'). The advances under BLAs are secured and are issued on substantially the same terms as the bonds issued by the Company, taking into consideration any related hedging instruments.

Cross-currency swaps, interest rate swaps and index-linked swaps are entered into by the Company to hedge the SP Group's and the wider HAHL Group's exposures. Interest rate and index-linked derivatives are mainly passed through to Heathrow as back-to-back derivatives, or otherwise incorporated into related BLAs. The Company's cross-currency swaps are packaged with their associated non-Sterling debt and passed through to Heathrow under the BLAs.

Results and dividends
The financial statements for the six months ended 30 June 2026 show a profit of £32 million (six months ended 30 June 2025: loss of £33 million; year ended 31 December 2025: loss of £98 million). The movement was driven by the non-cash fair value gain on financial instruments of £32 million (six months ended 30 June 2025: loss of £33 million; year ended 31 December 2025: loss of £98 million). Fair value movements on financial instruments are measured with reference to market expectations of inflation and interest rates.

The net finance income before fair value gain or loss on financial instruments was £nil (six months ended 30 June 2025: £nil; year ended 31 December 2025: £nil) and included interest receivable from group undertakings of £420 million (six months ended 30 June 2025: £450 million; year ended 31 December 2025: £974 million), interest payable on external borrowings of £305 million (six months ended 30 June 2025: £299 million; year ended 31 December 2025: £610 million) and net interest payable on external derivatives of £115 million (six months ended 30 June 2025: £151 million; year ended 31 December 2025: £364 million).

The Company's net liabilities as at 30 June 2026 were £22 million (31 December 2025: net liabilities of £54 million).

Heathrow Funding Limited continues to focus on maintaining a strong liquidity position and optimising its long-term cost of debt as well as ensuring duration, diversification and resilience in its debt financing. In the first six months of 2026, the Company successfully raised £1.35 billion from international and domestic debt markets through four public bond issuances: a £400 million 8-year Class B bond in February, a C$600 million 9-year bond in April, a CHF205 million 8-year bond in May, and a €500 million 11-year bond in June. In addition, £300 million of new interest rate swaps and £423 million of extensions on existing swaps were executed to comply with our fixed rate hedging policy requirements.

In the six months ended 30 June 2026, no dividends were paid by the Company to its parent company, Heathrow (SP) Limited (six months ended 30 June 2025: £nil; year ended 31 December 2025: £nil).

Directors
The directors who served during the period and to the date of this report were as follows:

Yuanyuan (Sally) Ding
Martin Bailey
Christelle Lubin

Interim management report *continued*

Risk management

As a company within the HAHL Group, the principal risks and uncertainties of the Company are integrated with the principal risks of the HAHL Group and are not managed separately. The principal risks and uncertainties of the HAHL Group, along with their key controls and mitigations and details of the risk management approach of the Group, are discussed on pages 30 to 37 of the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025.

The principal risks and uncertainties that could have a material impact on the Company's performance over the remaining six months of the financial year have not changed from those reported in the annual report and financial statements for the year ended 31 December 2025.

On behalf of the Board

Yuanyuan (Sally) Ding
Director

22 July 2026

Company registration number: 99529 (Jersey)

Directors' responsibilities statement

The Directors are responsible for preparing the interim management report and condensed financial statements in accordance with applicable law and regulations.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Heathrow website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge:

- The condensed set of financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' ('FRS 104'); and
- The Interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months ended 30 June 2026 and a description of the principal risks and uncertainties for the remaining six months of the year).

On behalf of the Board

Yuanyuan (Sally) Ding
Director

22 July 2026

Heathrow Funding Limited

Statement of comprehensive income for the six months ended 30 June 2026

	Note	**Unaudited Six months ended 30 June 2026 £m**	Unaudited Six months ended 30 June 2025 £m	Audited Year ended 31 December 2025 £m
Financing				
Finance income	*1*	**420**	450	974
Finance costs	*1*	**(420)**	(450)	(974)
Fair value gain/(loss) on financial instruments	*1*	**32**	(33)	(98)
Profit/(loss) before tax		**32**	(33)	(98)
Taxation	*2*	**-**	-	-
Profit/(loss) for the period		**32**	(33)	(98)
Total comprehensive income/(expense) for the period		**32**	(33)	(98)

Heathrow Funding Limited

Statement of financial position as at 30 June 2026

	Note	Unaudited 30 June 2026 £m	Audited 31 December 2025 £m
Assets			
Non-current assets			
Trade and other receivables	*3*	**14,367**	13,120
Derivative financial instruments	*5*	**1,741**	1,689
		16,108	14,809
Current assets			
Trade and other receivables	*3*	**1,374**	1,201
Derivative financial instruments	*5*	**158**	183
		1,532	1,384
Total assets		**17,640**	16,193
Liabilities			
Non-current liabilities			
Borrowings	*4*	**(14,335)**	(13,181)
Derivative financial instruments	*5*	**(1,807)**	(1,694)
		(16,142)	(14,875)
Current liabilities			
Borrowings	*4*	**(1,417)**	(1,223)
Derivative financial instruments	*5*	**(103)**	(149)
		(1,520)	(1,372)
Total liabilities		**(17,662)**	(16,247)
Net liabilities		**(22)**	(54)
Equity			
Capital and reserves			
Share capital		**-**	-
Accumulated losses		**(22)**	(54)
Total equity		**(22)**	(54)

The condensed financial statements of Heathrow Funding Limited (Company registration number: 99529 (Jersey)) were approved by the Board of Directors and authorised for issue on 22 July 2026. They were signed on its behalf by:

Yuanyuan (Sally) Ding
Director

Martin Bailey

Martin Bailey
Director

Heathrow Funding Limited

Statement of changes in equity for the six months ended 30 June 2026

	Attributable to owners of the Company		
	Share capital	**Retained earnings/ (Accumulated losses)**	**Total equity**
	£m	**£m**	**£m**
Balance as at 1 January 2025 (audited)	-	44	44
Comprehensive expense			
Loss for the year	-	(98)	(98)
Total comprehensive expense	-	(98)	(98)
Balance as at 31 December 2025 (audited)	**-**	**(54)**	**(54)**
Comprehensive income			
Profit for the period	**-**	**32**	**32**
Total comprehensive income	**-**	**32**	**32**
Balance as at 30 June 2026 (unaudited)	**-**	**(22)**	**(22)**

Heathrow Funding Limited

Statement of cash flows for the six months ended 30 June 2026

	Unaudited Six months ended 30 June 2026 £m	Unaudited Six months ended 30 June 2025 £m	Audited Year ended 31 December 2025 £m
Cash flow from operating activities			
Profit/(loss) before tax	**32**	(33)	(98)
Adjustments for:			
Fair value (gain)/loss on financial instruments	**(32)**	33	98
Working capital changes:			
(Increase)/decrease in cash advances to group undertakings	**(1,315)**	(61)	75
Net cash (used in)/generated from operating activities	**(1,315)**	(61)	75
Cash flows from financing activities			
Proceeds from issuance of bonds	**1,347**	497	1,121
Repayment of bonds	**-**	(266)	(948)
Fees and other financing items	**(8)**	(1)	(5)
Settlement of accretion on index-linked swaps	**(24)**	(12)	(86)
Early settlement of accretion on index-linked swaps[1]	**-**	(157)	(157)
Net cash generated from/(used in) financing activities	**1,315**	61	(75)
Net change in cash and cash equivalents	**-**	-	-
Cash and cash equivalents at beginning of period	**-**	-	-
Cash and cash equivalents at end of period	**-**	-	-

(1) During the six months ended 30 June 2025 and the year ended 31 December 2025 the Company elected to early pay £157 million of accrued accretion, which was due to be settled within the following 12 months in line with the liquidity profile assessment of the Company.

Accounting policies for the six months ended 30 June 2026

Basis of accounting

The condensed financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments in accordance with Companies (Jersey) Law 1991 and Financial Reporting Standard 104 – 'Interim Financial Reporting' ('FRS 104').

The Company adopted the revised Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and related consequential amendments to FRS 104 from 1 January 2026. The adoption of these revised standards did not have a material impact on the Company's financial position, financial performance or disclosures for the period.

The accounting policies adopted in the preparation of these condensed financial statements for the six months ended 30 June 2026 have been consistently applied to the comparative information for the six months ended 30 June 2025 and the year ended 31 December 2025.

The Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ('IAS') 39 'Financial Instruments: Recognition and Measurement', in compliance with FRS 102. As a result, the accounting requirements of IAS 39 have been applied to all financial instruments instead of those in FRS 102 (s.11 and s.12).

Basis of preparation

The condensed financial statements should be read in conjunction with the audited 2025 annual report and financial statements.

Going concern

The Directors have prepared the financial information presented within these interim condensed financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In assessing the going concern position of the Company, the Directors have considered the principal risks and uncertainties likely to impact financial performance, cash flow, liquidity and covenant compliance for the period to October 2027.

Background

Heathrow is economically regulated by the CAA which controls Heathrow's maximum airport charges. We are currently operating under the H7 price control period, which runs between 1 January 2022 and 31 December 2026. The H8 price control period will run between 1 January 2027 and 31 December 2031. Initial Proposals were published by the CAA in March 2026 and Final Proposals are expected in November 2026. Separately, consultation with the CAA regarding the regulation of early costs of capacity expansion are ongoing. As such, the Directors do not yet have certainty over tariffs from 2027, which fall within the going concern assessment period.

The Directors have considered both the individual circumstances of the Company and the wider Heathrow Group given the corporate structure, which involves cash generation across the Group and within the main operating company, Heathrow Airport Limited ('HAL'), including covenants as described below in assessing liquidity. Heathrow Funding Limited acts as the key funding vehicle for HAL and passes cash through to the Heathrow (SP) Limited securitised group via borrower loan agreements ('BLAs') and back-to-back derivatives. When the Company's debt and derivatives are due for repayment, the corresponding BLAs are recalled from HAL.

The Company and HAL are both Obligors under the security agreement of the Heathrow (SP) Limited securitised group. Each Obligor guarantees the obligations of each other Obligor and the Directors have assessed the Obligors' financial ability to provide these guarantees.

The wider Heathrow Group can raise finance at both Heathrow (SP) Limited ('Heathrow SP') and Heathrow Finance plc ('Heathrow Finance') and is bound by two types of debt covenant, tested on 31 December each year: the Regulatory Asset Ratio ('RAR'), a measure of the ratio of consolidated nominal net debt to the Regulatory Asset Base ('RAB'); and Interest Cover Ratio ('ICR'), a measure of operating cashflows to debt interest charge. These covenants exist at different levels within the Group's Class A and Class B debt.

Accounting policies for the six months ended 30 June 2026 *continued*

Going concern *continued*

Base case scenario

Passenger forecasts are fundamental to the going concern analysis as a measure of forecast revenue and operating cash flows. There is inherent subjectivity in modelling future passenger numbers, particularly in times of economic uncertainty and geopolitical instability. Total passenger numbers to 30 June 2026 were 40.0 million (2025: 39.9 million). Following the recent conflict in the Middle East, overall traffic demand softened in the second quarter, and continued geopolitical volatility is expected to dampen global traffic until there is a resolution, following which passenger numbers are expected to recover towards previously forecast levels. The base case assumes forecast passenger numbers of 83.6 million for the year ended 31 December 2026, a 1% reduction from 2025.

The base case uses tariffs for the year ended 31 December 2026 set out in the CAA's H7 Final Decision and capital expenditure forecast in Heathrow's latest business plan. From 1 January 2027, tariff and capital expenditure assumptions reflect the CAA's Initial Proposals published in March 2026. The Initial Proposals provided a range of potential tariffs and capital expenditure outcomes: the mid-point has been incorporated into the base case.

Continued support for the Group's credit enabled Heathrow to successfully raise over £1.3 billion of debt in the first six months of 2026, including a £400 million 8-year Class B bond, a CAD 600 million 9-year Class A bond, a CHF 205 million 8-year Class A bond and a EUR 500 million 11-year Class A bond. A further £350 million 4-year Class A bond was issued in July 2026. In January 2026, our revolving credit facility of £1.4 billion was extended for two 2 years to September 2029. As at 30 June 2026, the wider group has total liquidity available of £3.8 billion, comprising of £2.3 billion of cash held and £1.5 billion in undrawn and revolving credit facilities. Total debt maturity for the period to 31 October 2027 is £1.7 billion at Heathrow SP and £0.3 billion at Heathrow Finance. The base case also includes forecast debt issuances based on Heathrow's latest business plan. The successful execution of the Group's 2026 funding plan and continued access to debt markets support this assumption.

The Group has sufficient liquidity to meet its base case cash flow needs until at least 31 October 2027, with no breaches of its covenants in that period.

Severe but plausible downside scenario

The Directors have also considered a severe but plausible downside scenario that considers inherent uncertainty in passenger numbers, but also regulatory uncertainty over tariffs from 1 January 2027 until finalised by the CAA.

Passenger numbers at the low end of Heathrow's Board approved passenger forecast is considered to be a severe but plausible outcome. This considers the Group's views of plausible impacts caused by conflict in the Middle East, reduced passenger confidence and other economic factors. The low range of passengers represents a 4.2% reduction against the forecast base case for 2026.

The tariff and capital expenditure assumptions remain the same as in the base case for 2026. Until the CAA's H8 Final Decision is published there is inherent uncertainty over the allowed tariffs and the size of the capital programmes from 2027. The severe but plausible scenario reflects the tariff at the low-end of the range presented in the CAA's Initial Proposals and maintains the same level of capital expenditure as the base case for prudence.

While deemed unlikely, the Directors have also assumed that the Group would be unable to access debt markets for any new funding and that dividends would not be declared under such circumstances. Only committed facilities are included in the severe but plausible downside scenario.

Under the severe but plausible downside scenario, the Group has sufficient liquidity to meet all forecast cash flow needs until at least 31 October 2027, with no breach of its covenants in that period.

Reverse stress test

The Directors have performed reverse stress tests to assess the level of downside risk required to breach financial covenants within the going concern assessment period. The analysis considered extreme reductions in passenger numbers and, separately, the potential impact of a materially lower tariff outcome from 2027, pending the CAA's H8 Final Decision.

The Directors concluded that only highly remote reductions in passenger numbers or a substantially reduced tariff would result in a covenant breach. These outcomes are significantly more severe than the assumptions reflected within the severe but plausible downside scenario are considered highly unlikely by the Directors. Should circumstances arise that require corrective action, many previously utilised tactical actions remain available, such as cost reduction, deferral of investment or temporary reprofiling of interest payments.

Accounting policies for the six months ended 30 June 2026 *continued*

Going concern *continued*

Conclusion

Having had regard to both liquidity and debt covenants and considering a severe but plausible downside scenario and reverse stress testing, the Directors have concluded that there is sufficient liquidity available to meet the Group and Company's funding requirements for at least 12 months from the date of approval of these interim condensed financial statements and that it is accordingly appropriate to adopt a going concern basis for their preparation.

Significant accounting judgements and estimates for the six months ended 30 June 2026

In applying the Company's accounting policies, management have made judgements and estimates in a number of key areas. Actual results may, however, differ from the estimates calculated. The significant accounting judgements and estimates applied in the preparation of the condensed financial statements are consistent with those applied by the Company in its audited annual report and financial statements for the year ended 31 December 2025.

Notes to the condensed financial statements for the six months ended 30 June 2026

1 Financing

	Unaudited Six months ended 30 June 2026 £m	Unaudited Six months ended 30 June 2025 £m	Audited Year ended 31 December 2025 £m
Finance income			
Net interest receivable from group undertakings	**420**	450	974
Total finance income	**420**	450	974
Finance costs			
Interest payable on external borrowings	**(305)**	(299)	(610)
Net interest payable on external derivatives	**(115)**	(151)	(364)
Total finance costs	**(420)**	(450)	(974)
Net finance income before certain re-measurements	**-**	-	-
Fair value gain/(loss) on financial instruments			
Index-linked swaps with external counterparties	**(128)**	87	277
Index-linked swaps as internal derivatives with Heathrow Airport Limited	**126**	(80)	(274)
Cross-currency swaps with external counterparties and retranslation of foreign currency debt[(1)]	**34**	(40)	(101)
Interest rate swaps with external counterparties	**129**	52	116
Interest rate swaps as internal derivatives with Heathrow Airport Limited	**(129)**	(52)	(116)
Fair value gain/(loss) on financial instruments	**32**	(33)	(98)
Net finance income/(expense)	**32**	(33)	(98)

(1) Includes foreign exchange retranslation gain on the currency bonds which has moved systematically in the opposite direction to that of the cross-currency swaps which economically hedge the related currency.

2 Taxation

	Unaudited Six months ended 30 June 2026 £m	Unaudited Six months ended 30 June 2025 £m	Audited Year ended 31 December 2025 £m
UK corporation tax			
Current tax charge	**-**	-	-

Whilst the Company is incorporated outside the UK, it is treated as a UK resident company for tax purposes. As the Company qualifies as a 'securitisation company' within the scope of the Taxation of Securitisation Companies Regulations 2006, it is subject to UK corporation tax on a small margin rather than the profit shown in the statement of comprehensive income.

Notes to the condensed financial statements for the six months ended 30 June 2026 *continued*

3 Trade and other receivables

	Unaudited 30 June 2026 £m	Audited 31 December 2025 £m
Current		
Interest receivable from group undertakings[1]	**223**	**186**
Amounts owed by group undertakings – interest bearing[2]	**1,151**	**1,015**
	1,374	**1,201**
Non-current		
Amount owed by group undertakings – interest bearing[2]	**14,367**	**13,120**
	14,367	**13,120**

(1) Interest receivable from group undertakings relates to interest accrued on the BLAs receivable from Heathrow Airport Limited.

(2) Amounts owed by group undertakings – interest bearing largely represent the BLAs receivable from Heathrow Airport Limited. The advances under the BLAs are secured and are issued on substantially the same terms as the bonds issued by the Company, taking into consideration the related hedging instruments. Heathrow (SP) Limited, Heathrow (AH) Limited, Heathrow Airport Limited and Heathrow Express Operating Company Limited are joint guarantors in respect of principal, indexation, interest, fees and hedging arrangements in relation to the borrowings of Heathrow Airport Limited under the BLAs.

4 Borrowings

	Unaudited 30 June 2026 £m	Audited 31 December 2025 £m
Current		
Secured		
Bonds		
4.221% £155 million due 2026	**155**	155
0.450% CHF210 million due 2026	**196**	197
6.750% £700 million due 2026	**699**	699
1.800% CHF165 million due 2027	**154**	-
	1,204	1,051
Interest payable - external	**213**	172
Total current	**1,417**	1,223
Non-current		
Secured		
Bonds		
1.800% CHF165 million due 2027	**-**	154
2.650% NOK1,000 million due 2027	**76**	74
2.694% C$650 million due 2027	**345**	352
3.400% C$400 million due 2028	**212**	216
7.075% £200 million due 2028	**199**	199
4.150% A$175 million due 2028	**91**	87
2.625% £350 million due 2028	**349**	349
2.500% NOK1,000 million due 2029	**76**	73
2.750% £450 million due 2029	**448**	447
3.782% C$400 million due 2030	**212**	216
1.500% €750 million due 2030	**643**	652
1.125% €500 million due 2030	**428**	433
6.450% £900 million due 2031	**875**	873
3.661% C$500 million due 2031	**265**	270
0.101%+RPI £182 million due 2032	**256**	252
Zero-coupon €50 million due January 2032	**78**	78
6.000% £350 million due 2032[1]	**347**	347
1.366%+RPI £75 million due 2032	**123**	121
Zero-coupon €50 million due April 2032	**77**	76
1.875% €500 million due 2032	**430**	435

4 Borrowings *continued*

	30 June 2026 **£m**	31 December 2025 £m
Non-current *continued*		
Secured *continued*		
1.5225% CHF220 million due 2032	**204**	205
3.726% C$625 million due 2033	**335**	342
4.500% €650 million due 2033[1]	**556**	563
5.625% £400 million due 2034	**395**	-
4.171% £50 million due 2034	**50**	50
Zero-coupon €50 million due 2034	**61**	61
1.875% €650 million due 2034	**554**	561
1.6497% CHF205 million due 2034	**190**	-
0.347%+RPI £75 million due 2035	**106**	105
4.645% C$600 million due 2035	**316**	-
0.337%+RPI £75 million due 2036	**106**	105
1.061%+RPI £180 million due 2036	**287**	283
0.419%+RPI £51 million due 2038	**72**	71
3.875% €600 million due 2036[1]	**511**	517
4.375% €500 million due 2037	**429**	-
4.900% C$600 million due 2037	**317**	323
3.460% £105 million due 2038	**105**	105
1.382%+RPI £50 million due 2039	**82**	81
3.334%+RPI £460 million due 2039	**894**	881
0.800% JPY10,000 million due 2039	**46**	47
Zero coupon €86 million due 2039	**86**	87
1.238%+RPI £100 million due 2040	**161**	159
0.362%+RPI £75 million due 2041	**106**	105
5.875% £750 million due 2041	**741**	740
3.500% A$125 million due 2041	**65**	62
6.250% £300 million due 2042	**294**	295
2.926% £55 million due 2043	**54**	54
4.625% £750 million due 2046	**743**	743
4.702% £60 million due 2047	**60**	60
1.372%+RPI £75 million due 2049	**123**	121
2.750% £400 million due 2049	**393**	393
6.070% £70 million due 2056	**70**	70
6.070% £70 million due 2057	**70**	70
0.147%+RPI £160 million due 2058	**223**	218
Total non-current	**14,335**	13,181
Total borrowings	**15,752**	14,404
Total borrowings (excluding interest payable)	**15,539**	14,232

(1) The Company has issued a number of sustainability bonds. Further details on the Sustainability Performance Targets can be found in our Sustainability-Linked Bond Framework at the Heathrow Investor Centre website.

The maturity dates of the Heathrow Funding Limited bonds listed above reflect their scheduled redemption dates that correspond to the maturity dates of the loans between Heathrow Airport Limited and the Company. The bonds are not callable in nature and are expected to be repaid on their scheduled redemption dates. However, to meet rating agency requirements the bonds have a legal maturity that is two years later, except for the 4.221% £155 million due 2026, 2.625% £350 million due 2028, 6.000% £350 million due 2032, 0.101%+RPI £182 million due 2032, 5.625% £400 million due 2034, 0.347%+RPI £75 million due 2035, 0.337%+RPI £75 million due 2036, 1.061%+RPI £180 million due 2036, 3.460% £105 million due 2038, 0.419%+RPI £51 million due 2038 and 0.362%+RPI £75 million due 2041 bonds, wherein the redemption dates coincide with their legal maturity dates.

5 Derivative financial instruments

	Notional £m	**Assets £m**	**Liabilities £m**	**Total £m**
30 June 2026				
Current				
Cross-currency swaps	**297**	**55**	**-**	**55**
Interest rate swaps				
with counter parties external to the SP Group	**1,683**	**1**	**(49)**	**(48)**
with fellow subsidiary Heathrow Airport Limited	**1,683**	**49**	**(1)**	**48**
Index-linked swaps:				
with counter parties external to the SP Group	**250**	**-**	**(53)**	**(53)**
with fellow subsidiary Heathrow Airport Limited	**250**	**53**	**-**	**53**
	4,163	**158**	**(103)**	**55**
Non-current				
Cross-currency swaps	**6,545**	**128**	**(230)**	**(102)**
Interest rate swaps:				
with counter parties external to the SP Group	**5,745**	**550**	**(283)**	**267**
with fellow subsidiary Heathrow Airport Limited	**5,745**	**283**	**(550)**	**(267)**
Index-linked swaps:				
with counter parties external to the SP Group	**4,727**	**222**	**(603)**	**(381)**
with fellow subsidiary Heathrow Airport Limited	**4,581**	**558**	**(141)**	**417**
	27,343	**1,741**	**(1,807)**	**(66)**
Total	**31,506**	**1,899**	**(1,910)**	**(11)**

	Notional £m	Assets £m	Liabilities £m	Total £m
31 December 2025				
Current				
Cross-currency swaps	161	34	-	34
Interest rate swaps:				
with counterparties external to the SP Group	2,205	-	(104)	(104)
with fellow subsidiary Heathrow Airport Limited	2,205	104	-	104
Index-linked swaps:				
with counterparties external to the SP Group	200	-	(45)	(45)
with fellow subsidiary Heathrow Airport Limited	200	45	-	45
	4,971	183	(149)	34
Non-current				
Cross currency swaps	5,731	164	(208)	(44)
Interest rate swaps:				
with counterparties external to the SP Group	5,673	520	(311)	209
with fellow subsidiary Heathrow Airport Limited	5,673	311	(520)	(209)
Index-linked swaps:				
with counterparties external to the SP Group	4,777	283	(462)	(179)
with fellow subsidiary Heathrow Airport Limited	4,631	411	(193)	218
	26,485	1,689	(1,694)	(5)
Total	31,456	1,872	(1,843)	29

The Company does not apply hedge accounting to any of its derivative financial instruments.

Interest rate swaps
Interest rate swaps have been entered into by the Company to hedge against variability in interest cash flows on current and future debt issuances.

Cross-currency swaps
Cross-currency swaps have been entered into by the Company to hedge currency risk on interest and principal payments on its foreign currency-denominated bond issues.

Notes to the condensed financial statements for the six months ended 30 June 2026 *continued*

5 Derivative financial instruments *continued*

Index-linked swaps

Index-linked swaps have been entered into by the Company to economically hedge RPI linked revenue and regulatory asset base of Heathrow Airport Limited.

6 Reconciliation in net debt

Net debt comprises the Company's borrowings excluding interest accruals.

	1 January 2026 £m	**Cash flow £m**	**Transfers from non-current to current £m**	**Other non-cash changes(1) £m**	**30 June 2026 £m**
Current debt	**(1,051)**	**-**	**(154)**	**1**	**(1,204)**
Non-current debt	**(13,181)**	**(1,339)**	**154**	**31**	**(14,335)**
Net debt	**(14,232)**	**(1,339)**	**-**	**32**	**(15,539)**

(1) Relates to the amortisation of bond issue costs, premiums and discounts, foreign exchange translations of foreign currency debt, index-linked accretion accruals and zero-coupon accretion accruals.

	1 January 2025 £m	Cash flow £m	Transfers from non-current to current £m	Other non-cash changes(1) £m	31 December 2025 £m
Current debt	(897)	948	(1,040)	(62)	(1,051)
Non-current debt	(12,826)	(1,116)	1,040	(279)	(13,181)
Net debt	(13,723)	(168)	-	(341)	(14,232)

(1) Relates to the amortisation of bond issue costs, premiums and discounts, foreign exchange translations of foreign currency debt, index-linked accretion accruals and zero-coupon accretion accruals.

7 Subsequent events

There are no subsequent events to disclose.

Registered office

IFC5, St Helier, Jersey, JE1 1ST Channel Islands
Company registration number: 99529 (Jersey)