Introduction

Charlie Cornish – Group Chief Executive
Appointed Group Chief Executive in October 2010. Prior to joining MAG, Charlie was Managing Director of Utility Solutions, the commercial business of United Utilities (UU) with operations in the UK, Middle East, Australia, Bulgaria, Poland, Estonia and Philippines and was a Director of UU plc. Previously he worked for a number of manufacturing and service companies including Plessey Telecommunications, British Aerospace and ABF.

Ken O’Toole FCA – Chief Commercial Officer
Ken was appointed as Chief Commercial Officer in January 2012. Prior to that he spent six years with Ryanair Holdings plc, joining initially as Head of Revenue Management and latterly as Director of New Route Development. A qualified Chartered Accountant, his previous experience includes Musgrave Group, a leading Irish and UK based retailer, and Credit Suisse First Boston.

Neil Thompson ACA, CTA – Chief Financial Officer
Joined MAG in 2005, being Commercial FD and then Corporate FD, prior to taking on the role of Chief Financial Officer in March 2011. Neil previously held senior finance roles at The MAN Group and ALSTOM, with responsibility across businesses in the UK, Europe, North America, Canada, India, Singapore and Australia. Prior to the power generation sector, Neil spent seven years in financial practice, specialising in Corporate Finance and M&A transactions, latterly with PricewaterhouseCoopers.
CREDIT HIGHLIGHTS
## Credit Highlights

### A Truly National Airport Group
- c.50m people live within 2 hours’ drive of a MAG airport – almost 70% of the UK population
- Closest counties have high average income per capita. Catchment areas served well by road and rail
- National footprint provides more commercial opportunities for airline and retail customers. Group’s scale affords significant operational efficiencies

### Long-term, Supportive Shareholders
- MCC and District Councils are permanent, long-term shareholders; IFM has 25+ years investment horizon
- Conservative opening leverage and ongoing commitment to prudent financial policy to support strong investment grade ratings

### Diversified Mix Of Revenues
- Equal proportion of aeronautical and non-aeronautical revenues
- Strong growth in retail yields in recent years at MAN following terminal investment, whilst commercialisation of car parking has also generated strong car park yield growth

### Diversified Mix Of Routes
- 275 routes served – more than any other UK airport group
- 20 new routes added April to September 2013 – including Moscow, Cairo, Gdansk, Krakow, Antigua, St Lucia

### Diversified Mix Of Airlines
- Over 80 airline customers across low-cost, full service and charter
- Long term contracts signed with 90% of customers de-risks growth

### Well-invested With Predictable Costs
- MAN and STN well invested with spare capacity
- Modest investment programme with potential to defer pending operational performance and economic outlook
- Capex at STN focused on retail re-development and new airside layout

### Experienced Management Team
- New management team has grown Legacy MAG revenue by 7.0% and EBITDA by 9.3% CAGR since 2011
- Intent to replicate MAN success at STN through terminal redevelopment, growing retail and car parking yields
Truly National: The UK’s Second Largest Airports Group

MAG is the UK’s second largest airport group serving 42 million passengers per annum

**Manchester Airport - MAN**
- UK’s 3rd largest airport
- 70+ airlines & 200+ destinations
- 2 runways with potential 64% spare capacity
- 21m people within a 2 hour drive

**London Stansted Airport - STN**
- UK’s 4th largest airport
- 150+ destinations
- 1 runway with 50% spare capacity
- 25m people within two hours’ drive
- Acquired February 2013

**East Midlands Airport - EMA**
- UK’s largest freight airport after Heathrow – 296,000 tonnes p.a.
- Located next to key road interchanges – four hours from virtually all UK commerce

**Bournemouth Airport - BOH**
- Significant investment in new terminal increasing passenger capacity to 3.0m p.a.
- Wealthy catchment area
- Large land holding – on-site business park

**Key Proforma Metrics**

<table>
<thead>
<tr>
<th></th>
<th>MAN</th>
<th>STN</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers (m)</td>
<td>20</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Revenues (£m)</td>
<td>307</td>
<td>244</td>
<td>87</td>
</tr>
</tbody>
</table>

- **Revenues** (£m): £638m

**MAG Property**
- MAG has a property portfolio of > £550m
- c.500 properties and 1,000 tenants

Source: MAG Annual report, MAG Pro Forma Consolidated Financial Statements, Prospectus
Long-Term, Supportive Shareholders

IFM selected by MAG shareholders as equity partner for alignment of interests and experience in sector

### Stable, long-term shareholders
- Greater Manchester Borough Councils
- The Council of the City of Manchester ("MCC")
- IFM

### Ownership structure
- Fully aligned interests reflected in equal voting rights for IFM and MCC
- Long term commitment matches IFM pension fund ownership
  - 25+ years investment horizon
  - Open-ended fund structure with no exit requirement
- Shareholders support management strategy
  - Dividend policy contemplates and monitors leverage, credit rating and growth investments

### IFM
- Leading investment manager with £28bn equity funds under management
- Interest in MAG is held in an open ended fund
- 33% of IFM’s investment portfolio in infrastructure sector
- Extensive experience in the airport sector through shareholdings in:
  - Melbourne Airport, acquired in 1997, 28.2m passengers
  - Brisbane Airport, acquired in 1997, 21.0m passengers
  - Perth Airport, acquired in 1997, 12.6m passengers
  - Adelaide Airport, acquired in 2002, 7.7m passengers

### Notes/Sources:
1. Company Website. Passenger numbers for FY 2012
Overview of Manchester Airport

MAN serves the North of England – a region with a diverse passenger base

Introduction to MAN

- Third largest airport in the UK with 19.8m passengers p.a.
- Diversified customer offer with 70 airlines serving over 200 destinations
- Three terminals with combined capacity of 28 million passengers, which can be increased to 42 million passengers with relatively modest investment
- Potential to grow its annual terminal capacity to 55 million passengers without any further runway-related capex

2011 Strategy delivering strong EBITDA growth

![Graph showing Passenger Growth and EBITDA Growth from 2010/11 to 2012/13](image)

Passengers (m)
- 2010/11: 17.7
- 2011/12: 19.1
- 2012/13: 19.8
  - CAGR: 5.8%

EBITDA (£m)
- 2010/11: 111.8
- 2011/12: 126.9
- 2012/13: 134.6
  - CAGR: 9.7%

Diversified airline offer

- Emirates
- Swiss
- Ryanair
- British Airways
- Monarch
- Jet2.com
- Thomas Cook
- Qatar Airways
- Virgin Atlantic
- Etihad Airways
- easyJet
- Thomson Airways
- Air France/KLM
- Lufthansa
- Flybe

1 of only 2 Airports in UK with 2 runways

![Manchester Airport Runways](image)
The Acquisition of STN has Diversified the MAG Group

Strategic acquisition to complement MAG’s existing portfolio

Overview of STN

- UK’s fourth largest airport with 17.8m passengers in 2013
- Strengthens MAG’s business profile – creates 2nd largest airport group in UK
- Extensive network with over 150 destinations
- STN complements MAG’s existing catchment area
- Only London airport with significant capacity
- Opportunity for MAG to leverage existing relationships with airlines and retail customers

Well invested site – minimal maintenance capex

Aviation charges doubled reducing passenger numbers...

... while the London market\(^1\) has remained resilient

Source: CAA; Notes: (1) LHR + LTN + LCY + LGW + STN + SEN
## Strategy for Growth

### Building on award winning success

<table>
<thead>
<tr>
<th>Award</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOA</td>
<td>Best UK Airport - October 2012</td>
</tr>
<tr>
<td>Manchester Airport</td>
<td>Voted for by airlines</td>
</tr>
<tr>
<td>GLOBE Award</td>
<td>Best UK Airport - January 2012</td>
</tr>
<tr>
<td>Manchester Airport</td>
<td>Voted for by a panel of travel industry leaders</td>
</tr>
<tr>
<td>Award of Excellence - 2011 &amp; 2013</td>
<td>London Stansted</td>
</tr>
<tr>
<td>Voted for by travel industry professionals</td>
<td></td>
</tr>
<tr>
<td>World’s Best Airport for Low Cost Airlines</td>
<td>World’s Best Airport for Low Cost Airlines for three years in succession</td>
</tr>
<tr>
<td>London Stansted</td>
<td>- 2011, 2012 &amp; 2013</td>
</tr>
<tr>
<td>UK Airport of the Year Best Regional UK</td>
<td>East Midlands</td>
</tr>
<tr>
<td>Airport - 2011</td>
<td></td>
</tr>
<tr>
<td>MAG</td>
<td></td>
</tr>
</tbody>
</table>

- Deepen relationships with carriers
- Pricing strategy to encourage growth
- Build on understanding of airline market
- Target major alliances
- Alter market perception
- Passenger focussed marketing
- Increasing cargo business
ASSET OVERVIEW
Our Two Main Airports Serve 89% of MAG’s passengers

An extensive catchment area covering 70% of UK population

Largest continental gateway for Northern and Central Britain
At the heart of UK’s North West – the largest economic region outside London and the South East
Opportunity to use spare capacity to capture new passengers:
- 3.9m leakage to London’s Heathrow and Gatwick
- MAN’s on-site bus and train stations serve over 100 destinations
- £1.4bn extension of the Metrolink tram network (due 2016) will improve connectivity further

Situated in the wealthy Greater London catchment area and closest major airport to:
- The City, Canary Wharf, North London and revived East London
- Cambridge – a top ten UK tourist destination – and the East of England
This resilient underlying origin market is supported by a large inbound presence – 43% of all passengers
At 45% STN has a strong Visiting Friends and Relatives (“VFR”) customer base – the fastest growing purpose of travel segment

Diversified Mix of Revenues

Well balanced revenue base with diversified and resilient commercial activities

- Equal proportion of aeronautical and non-aeronautical revenues
- c.80% of passengers covered by long-term committed contracts
- Non-aeronautical revenues comprise retail, car-parking and other
  - MAG aims to increase STN yields to MAN levels
- STN retail offering to be rejuvenated by terminal redevelopment
- Successful MAN car park products being introduced at STN

Revenues by type – MAG and STN combined

Source: Pro forma consolidated financial statements for year ending 31st March 2013
Notes: (1) Property related income includes MAG Property and property related income;

Significant opportunity to improve non-aero yields¹

- Reconfiguration of physical space to create walk-through duty free area and improve passenger flow under way
- Increased airside yield capacity and offering
- Removal of the one bag rule
- Consolidated supplier terms across MAG and improve these based on new scale
- MAN car parking strategy being implemented through introduction of new products and expansion of distribution channels

Notes/Sources: (1) Legacy MAG / STN annual accounts. Legacy MAG shown as year to March, STN as year to December so e.g. 2012 shows Legacy MAG year to March 2013 and STN year to Dec 2012
STN Terminal Redevelopment Plan

STN terminal redevelopment will transform the passenger experience

<table>
<thead>
<tr>
<th>Existing terminal configuration</th>
<th>Proposed terminal configuration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenges of current configuration:</td>
<td>The principal benefits of the development are that it will:</td>
</tr>
<tr>
<td>- cold retail spots</td>
<td>- double retail airside space from 63,500sq. ft. to approximately 114,000 sq. ft. by 2016</td>
</tr>
<tr>
<td>- less than 100% footfall</td>
<td>- improve passenger flows to ensure that 100% of passengers pass all stores</td>
</tr>
<tr>
<td>- sub-optimal dwell times post security</td>
<td>- introduce a walk-through duty free store of 25,000 sq. ft. and increase catering space by 26%</td>
</tr>
<tr>
<td>- poor passenger flows and average customer experience</td>
<td>- seven new International Departure Lounge stores</td>
</tr>
<tr>
<td>Terminal reconfiguration ahead of schedule, completion date for late 2015 (c.6 months ahead of acquisition business plan)</td>
<td>£40m investment with up to further £40m to be committed by retailers</td>
</tr>
</tbody>
</table>
Diversified Mix of Routes

MAG serves 275 routes worldwide – more than any other UK airport group

- MAG’s revenues are resilient to airline network and route changes
- Limited exposure to any single route or destination
- Almost 20 new routes added in April – September 2013
  - Include: Moscow, Cairo, Stavanger, Gdansk, Krakow, Antigua, St Lucia, Charlotte, Athens and Agadir
  - Close to 30 additional services on existing routes

### Top 10 destinations¹

<table>
<thead>
<tr>
<th>Rank</th>
<th>Destination</th>
<th>Passengers (millions)</th>
<th>% of total passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dublin</td>
<td>1.51</td>
<td>3.5%</td>
</tr>
<tr>
<td>2</td>
<td>Palma de Mallorca</td>
<td>1.38</td>
<td>3.2%</td>
</tr>
<tr>
<td>3</td>
<td>Alicante</td>
<td>1.27</td>
<td>2.9%</td>
</tr>
<tr>
<td>4</td>
<td>Malaga</td>
<td>1.17</td>
<td>2.7%</td>
</tr>
<tr>
<td>5</td>
<td>Tenerife</td>
<td>1.13</td>
<td>2.6%</td>
</tr>
<tr>
<td>6</td>
<td>Amsterdam</td>
<td>1.00</td>
<td>2.3%</td>
</tr>
<tr>
<td>7</td>
<td>Faro</td>
<td>0.86</td>
<td>2.0%</td>
</tr>
<tr>
<td>8</td>
<td>Heathrow</td>
<td>0.78</td>
<td>1.8%</td>
</tr>
<tr>
<td>9</td>
<td>Dubai</td>
<td>0.76</td>
<td>1.8%</td>
</tr>
<tr>
<td>10</td>
<td>Dalaman</td>
<td>0.65</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Notes: (1) 31st December 2012; Source: CAA, MAG
Diversified Mix of Airlines

- **80+ airlines with relative importance of largest carrier in line with peers**
  - Strategy focused on securing growth from the robust and fast-growing low cost carrier market
  - Pursuing further opportunities in unserved markets by:
    - Developing new relationships with airline customers
    - Exploring growth proposals with existing carriers
  - Long-term commercial agreements have been signed with Ryanair and easyJet to grow STN passenger numbers over next 10 years
    - Ryanair (73% STN passengers): 13m in 2013 to 21m by 2023
    - easyJet (18% STN passengers): 2.8m in 2013 to 6m by 2018
  - Existing long term contracts with customers such as Thomas Cook, Thomson, Monarch and Jet2

**Improve purpose of travel mix²**

**Importance of largest carrier is in line with peers**

**Share of passengers by largest carrier²**

**Sources:** (1) Pro forma Legacy MAG/STN, based on 42m passengers (2) CAA
FINANCIAL HIGHLIGHTS
Financial Highlights – Legacy MAG

2011 Strategy has driven strong Legacy MAG performance

- Historic fall in passengers during recession increased by other one-off factors: Historical exposure to Charter; lack of engagement with Low Cost Carriers; and completion of West Coast Mainline modernisation (December 2008)
- Implementation of 2011 strategic plan has reversed previous trend
- Revenue growth at a CAGR of 7.0% in the two years to FY13 at Legacy MAG due to:
  - Growth in aero yield from £7.0 to £7.6
  - Growth in car parking yield from £2.1 to £2.3 through commercialisation
- Operating cost control at Legacy MAG has ensured revenue growth has outpaced increases in costs. Reported statutory operating costs include carrier rebates and related marketing costs
- Legacy MAG EBITDA 9.3% CAGR two years to FY13

Note: Legacy MAG figures shown as year to March (1) excludes depreciation and exceptional items
Source: Annual Report, CAA
Historic performance at STN reflects previous strategies, transformation under MAG now well underway

- Historical underperformance of STN due to doubling of aviation charges and strategy of previous owners
- Revenues and EBITDA falling until recently. Costs slowly growing despite significant fall in passengers
- 2013 STN passenger numbers grew 2% year-on-year, reversing five years of decline

STN transformation under MAG ownership now well underway

- Long term contracts signed with key customers
- Terminal transformation started and new security lanes already opened
- Car parking product delivered
- IT integration almost complete, five months ahead of plan
Experienced Management Team

Management team has a proven track record of implementing earnings-enhancing strategies across MAG

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Chief Executive</td>
<td>Charlie Cornish</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>Andrew Cowan</td>
</tr>
<tr>
<td>Chief Commercial Officer</td>
<td>Ken O’Toole</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Neil Thompson</td>
</tr>
<tr>
<td>HR Director</td>
<td>Collette Roche</td>
</tr>
<tr>
<td>MD, STN</td>
<td>Andrew Harrison</td>
</tr>
</tbody>
</table>

Delivering on 2011 Strategy

- Focus on low cost carrier market in addition to full service scheduled carriers
- Long-term commercial agreements with airlines
- Incentivised commercial agreements with retail partners
- Expansion of car parking operations
- Acquisition of a major UK airport

26 million passengers for six months to September 2013, including STN, representing 4.3% y-o-y improvement

Note: FY to March in each case. Figures shown relate to Legacy MAG only
### Well-Invested to Support Growth Strategy

Well invested asset base with flexibility to pursue value enhancing projects at MAG’s discretion

<table>
<thead>
<tr>
<th>Well invested capex</th>
<th>Completed capital projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spare capacity:</strong> 50% at STN, 64% at MAN</td>
<td>Runway resurfacing</td>
</tr>
<tr>
<td><strong>Yield enhancement:</strong> Future capex projects will be focused on opportunities to generate additional value. Most significant capex project is terminal redevelopment at STN, costing £40m and due to complete 2015</td>
<td>Completed 2011</td>
</tr>
<tr>
<td><strong>Flexibility:</strong> MAG has no CAA regulatory capex requirements so has the discretion to review and re-scope projects and manage cash flows in the event of an economic downturn</td>
<td><strong>Hold baggage screening</strong></td>
</tr>
<tr>
<td><strong>Modest capex requirements:</strong> Key operational assets well invested</td>
<td>Completed 2012</td>
</tr>
<tr>
<td><strong>Discretionary spend based on need</strong></td>
<td><strong>New air traffic control tower</strong></td>
</tr>
<tr>
<td><strong>Extensive facilities welcome all types of aircraft including A380</strong></td>
<td>Completed 2013</td>
</tr>
<tr>
<td><strong>Rigorous internal appraisal ensure only investment projects which meet hurdle are pursued</strong></td>
<td><strong>£21m</strong></td>
</tr>
<tr>
<td><strong>Balanced investment programme based on need. Growth capex can be cut in a downturn</strong></td>
<td><strong>£12m</strong></td>
</tr>
</tbody>
</table>

Notes: (1) Runway capacity, terminal capacity is currently 28m;

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Regulation

MAG airports do not have economic licences and regulation is not a constraint on commercial activities

- MAN was deregulated by the Civil Aviation Authority (CAA) in April 2009, neither EMA nor BOH are regulated
- The 2012 Civil Aviation Act requires the CAA to license airport operators who are deemed to have Substantial Market Power (SMP)
  - On 10th January 2014, the CAA published its final decision on economic regulation for STN
  - CAA determined STN does not have SMP in its passenger market
  - Decision grounded in wide range of evidence including long term contracts signed with Ryanair and easyJet, representing 90% of passenger traffic at STN
  - CAA determined no economic regulation, in relation to passengers, will be imposed on STN from 1st April 2014
  - STN will therefore not have an economic licence
- Affected parties have until 11th March 2014 to challenge the CAA decision
- The CAA is still reviewing STN’s market power in Cargo with a decision to be published before the end of March
  - Cargo represents 1.3% of MAG’s FY13 pro-forma revenue
- The Airports Commission chaired by Sir Howard Davies did not shortlist STN as a potential option for a new runway in London and the South East in the interim report published on 17th December 2013 as STN has significant spare capacity
  - MAG does not envisage this causing any impact as a second runway at Stansted was not factored into the business plan
  - Davies commission focus on best use of existing capacity
TRANSACTION STRUCTURE
Financial Strategy

MAG has a conservative capital structure and prudent financial policy

- Transaction represents the first step in establishing a long term financing programme focused on the capital markets
- Key features of financial policy:
  - Commitment to maintain strong investment grade rating
  - The Group maintains a conservative level of leverage commensurate with rating
  - Sufficient resources are available to fund planned growth and capital requirements over the short, medium and long term
- MAG’s public sector owners and IFM are long-term shareholders focussed on the stability of the business and therefore strongly support the management’s conservative financial policy

### Ratio build-up (£m, March YE)

<table>
<thead>
<tr>
<th></th>
<th>Legacy MAG</th>
<th>Legacy MAG</th>
<th>Pro-forma</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Debt¹</strong></td>
<td>£373m</td>
<td>£399m</td>
<td>£843m</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>£116m</td>
<td>£131m</td>
<td>£234m</td>
</tr>
<tr>
<td><strong>Net Debt / EBITDA</strong></td>
<td>3.2x</td>
<td>3.0x</td>
<td>3.6x</td>
</tr>
</tbody>
</table>

### Historically low leverage

- Source: MAG Annual reports (Legacy MAG figures), Prospectus (2013 Pro forma figures); Notes: (1) In 2011 and 2012 Net Debt included shareholder loans given the unsecured financing structure
Common financing package for all creditors

- All senior creditors treated equally and benefit from common terms platform
- No single asset risk with all 4 airports included in security group
- Automatic bank refinancing (bank documents signed up and held in escrow) and no condition precedent bond issuance size to draw down
- All proceeds from bond will be used to repay £900m term loan
- No special dividend from bond issuance
- Airport City JV outside Security Group
## Transaction Structure – Overview of Terms

**Conservative financing package with comprehensive creditor protections**

- Multi-asset corporate secured platform with all creditors sharing common terms
  - MAN and STN must remain in security group¹
  - Permitted business allows future development of group
  - £30m corporate guarantee of Airport City project
- Security and covenant package
  - Full fixed and floating security commensurate with peers
  - Ability to appoint an Administrative Receiver
  - Financial and operating covenants
  - All dividends subject to satisfaction of the Distribution Condition
- Liquidity provided to the group through
  - £60m Super Senior Liquidity Facility sized to cover 12 months of interest on senior debt
  - £300m facility for capex and general corporate purposes
  - Incremental financial indebtedness above £75m (indexed) requires satisfaction of lock-up conditions and bonds affirmed as investment grade

### Lock-up Conditions

<table>
<thead>
<tr>
<th>Condition</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity</td>
<td>Drawing on Liquidity Facility</td>
</tr>
<tr>
<td>Interest Cover</td>
<td>&lt;2.00x</td>
</tr>
<tr>
<td>Leverage</td>
<td>&gt;6.00x</td>
</tr>
<tr>
<td>Rating Downgrade</td>
<td>No investment grade credit rating</td>
</tr>
</tbody>
</table>

### Events of Default

<table>
<thead>
<tr>
<th>Condition</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Cover</td>
<td>&lt;1.40x</td>
</tr>
<tr>
<td>Leverage</td>
<td>&gt;7.50x</td>
</tr>
</tbody>
</table>

### Hedging

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min / Max Hedging</td>
<td>60% - 105% of the total outstanding amount under the Term Facility must bear fixed or index-linked rate</td>
</tr>
<tr>
<td>Super Senior Inflation Hedging</td>
<td>MAG has no intention to enter into any super senior inflation hedging However, document architecture contemplates this and caps any inflation-linked hedging at 10% accretion of total debt</td>
</tr>
</tbody>
</table>

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¹ Note: (1) subject to Extraordinary Resolution
Rating Agency Feedback

Strong investment grade ratings from Moody’s and Fitch

**Moody’s**

**Baa1 (Stable)**

- Catchment areas of MAG’s key airports are strong in terms of size, complementary fit and relative affluence of the population
- Traffic profile and performance across MAG, particularly at MAN, has been resilient in recent years but remains below previous peaks
- MAG has the ability to pursue a growth strategy to further regain lost market share but this will likely increase airline concentration
- MAG’s physical infrastructure is well-invested and so the risk profile of its capital expenditure program is modest
- MAG’s financial risk profile is fairly strong reflecting a fairly conservative financial policy and the long-term objectives of its owners
- Proposed financing structure provides for minimal structural uplift but does provide for the formal subordination of shareholder loans

**Fitch Ratings**

**BBB+ (Stable)**

- STN’s performance is supported by long term “take-or-pay” contracts with Ryanair and easyJet (airline revenue agreements) that de-risk growth and support future revenues
- MAG will [as a result of deregulation] have full pricing flexibility at its two main airports, enabling it to optimise profitability and encourage additional throughput
- All MAG airports have received substantial capital investment in recent years... and all the airports have excess capacity, minimising required future capex
- The financial structure largely consists of a secured and covenanted platform (offering a comprehensive set of covenants, policies and security) used in other infrastructure transactions
- Viewed purely on metrics, the transaction could achieve a ‘A-’ rating. However, MAG’s operating profile is weaker than that of most rated European airport operating peers
Information Commitments

Six-monthly comprehensive investor report, covering:
- Regulatory and business update
- Financing position
- Group structure update
- Hedging position
- ICR and Leverage ratios
- Distribution amount

Annual investor update meeting and semi-annual call
Annual and Semi-Annual financial statements
Transaction material uploaded to website
Investor Relations team headed by Corporate Finance Director Iain Ashworth
- Iain.Ashworth@magairports.com
- +44 (0) 161 489 5820

Strong commitment to investor reporting via www.magworld.co.uk/investors
## Indicative Terms

<table>
<thead>
<tr>
<th>Public Bond Issuance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>Manchester Airport Group Funding plc</td>
</tr>
</tbody>
</table>
| **Borrower** | Manchester Airport Group Finance Limited | **Security** | Full fixed and floating security over assets in the security group  
Hard-wired appointment of admin receiver |
| **Series** | Guaranteed Secured EMTN Programme | **Issuance Size** | Minimum benchmark |
| **Currency** | GBP | **Listing** | London Stock Exchange |
| **Maturity Profile** | Bullet | **Coupon Type** | Fixed rate |
| **Tenor** | [•] years | **Use of Proceeds** | To refinance the Existing Indebtedness on the Initial Issue Date |
| **Expected Issue Rating** | Baa1 / BBB+ (Moody’s / Fitch) | **Incremental Debt** | None expected – Existing bank facility requires proceeds to pay down term debt |
Airport City JV Partnership

New opportunity to complement the offering at MAN

- JV Partnership announced on 13 October 2013 comprising MAG, BCEG, Carillion & GMPF, with Argent as Development Manager
- 160 acre / 15 year development opportunity adjacent to Manchester Airport
- 5m sq. ft. of offices, hotels, logistics, advanced manufacturing and retail
- Expected development value of £800m with development costs of £650m
- First phase total infrastructure £27m – releases 1.8m sq. ft. of development
- Phased development with opportunity to respond to market uptake
- Government’s leading Enterprise Zone with associated financial / planning benefits

Delivery model & investment highlights

- Delivery with development partner(s)
- Early release of plots linked to infrastructure development and market need
- Pre-let transaction minimising risk based on market need
- Self-funding after initial investment period with cash recycled on a develop-and-trade basis to fund subsequent phases
- Low equity requirement c£30m depending on timing
- Outside security ring-fence with protections capping use of security groups funds
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