



Fraser Brown Heathrow Retail & Property Director

Our investment over time

Improving the passenger experience

Between 2003 and 2014, **£11billion** was spent on transforming Heathrow, building new and upgrading current facilities

Terminal 5: Home of British Airways

- Opened in 2008 at a cost of **£4.3bn**, T5 was the start of the transformation of Heathrow
- In 2010 £330m was spent on a second satellite pier (T5C)
- Rated by passengers as one of the best Terminals in Europe

Terminal 3: Home of Oneworld

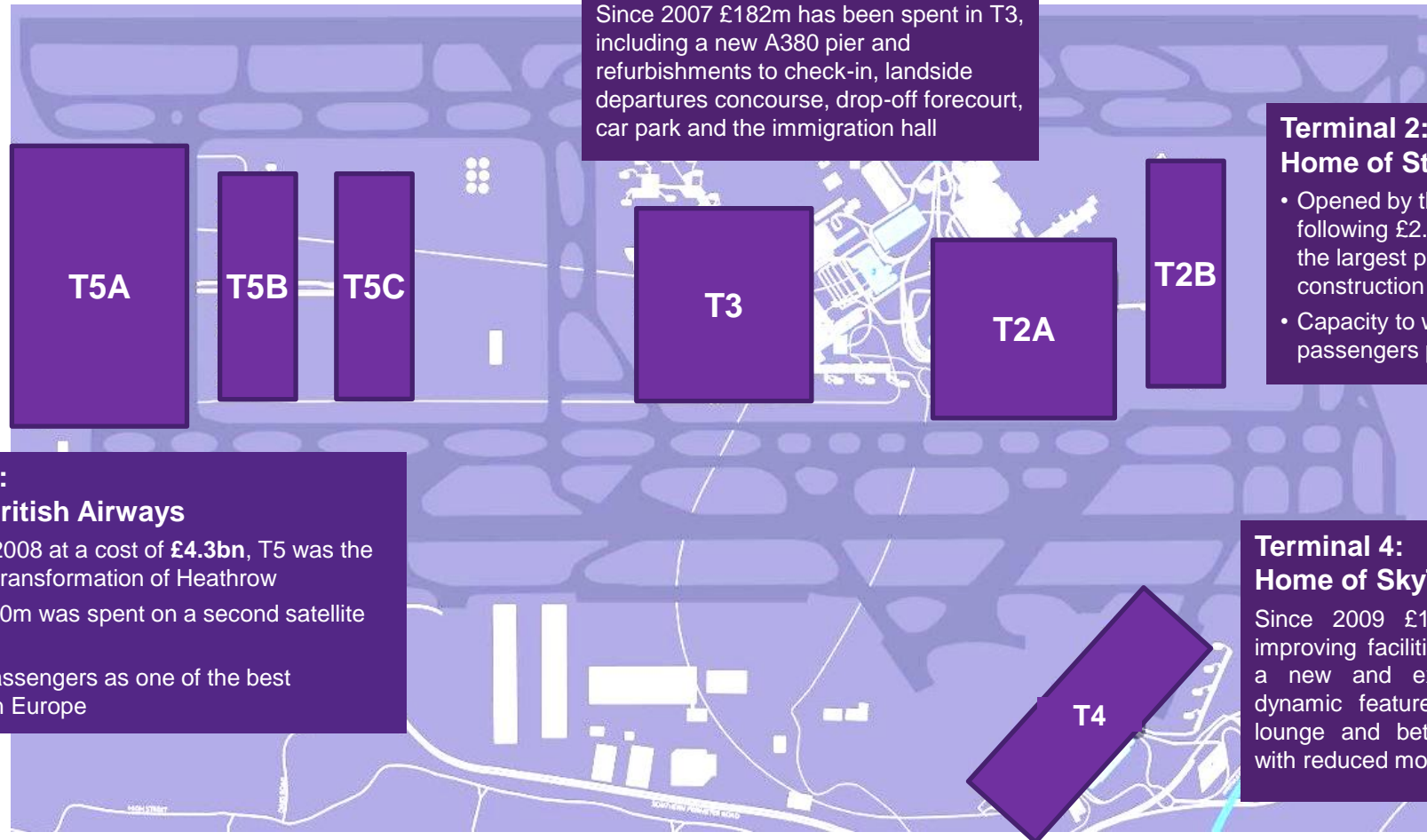
Since 2007 £182m has been spent in T3, including a new A380 pier and refurbishments to check-in, landside departures concourse, drop-off forecourt, car park and the immigration hall

Terminal 2: Home of Star Alliance

- Opened by the Queen in June 2014 following £2.5bn investment – one of the largest privately funded construction projects in the UK
- Capacity to welcome over 20m passengers per year

Terminal 4: Home of SkyTeam

Since 2009 £185m has been spent on improving facilities for passengers including a new and extended check-in area, a dynamic feature ceiling for the departure lounge and better access for passengers with reduced mobility



Heathrow's extensive retail estate has typically been one of its key competitive advantages



Passenger Traffic

2017: 77,988,752 (+3.1%)
2018: 80,102,017 (+2.7%)
2019: 80,884,310 (+0.9%)



Passenger Mix

Leisure: 37%
Business: 32%
Visiting Friends & Relatives: 26%
Other non-business 4%
Staying at own property 1%

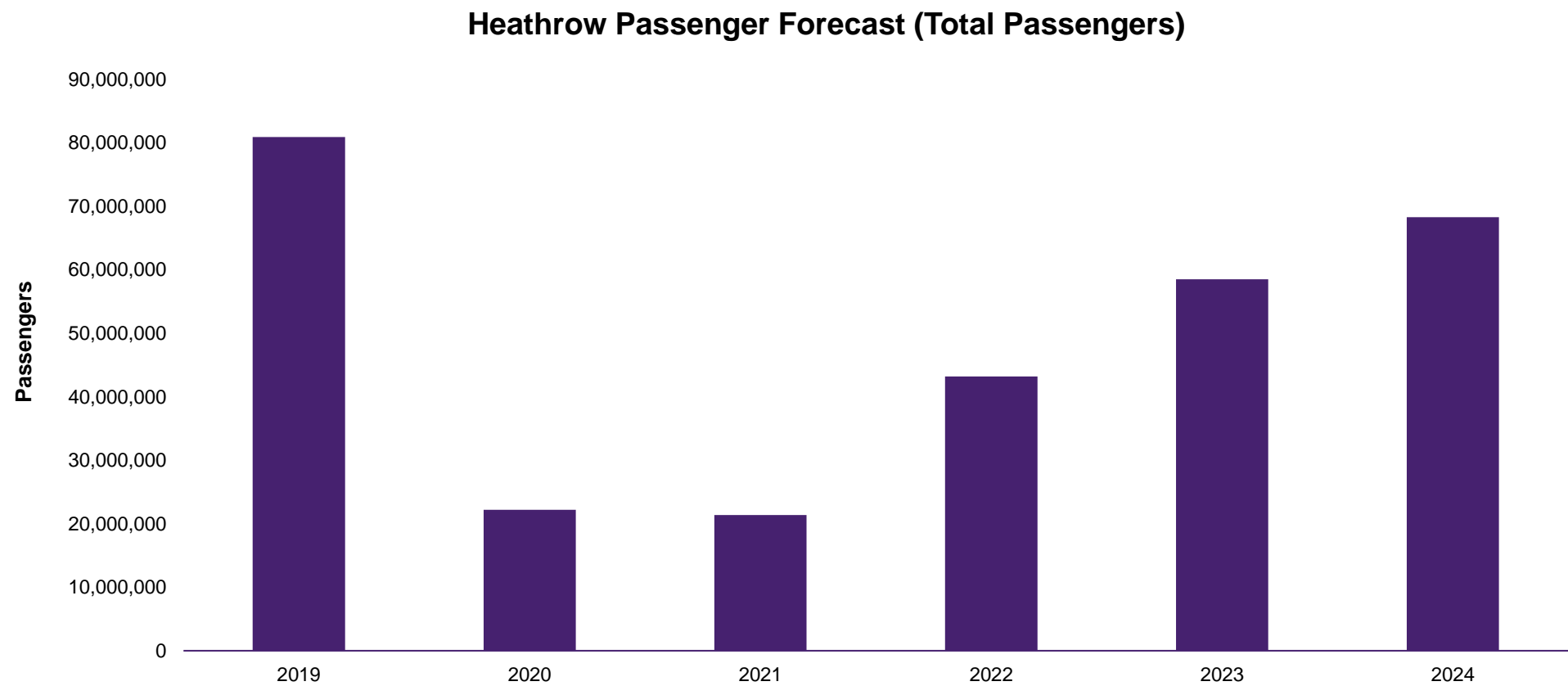
Key drivers are our strong passenger mix, market leading offer and world-class facilities

KEY DRIVERS

- High Sales densities, driven by increasing passenger numbers and constrained commercial space. Market leader in Luxury.
- Strong passenger mix, with some particularly high yield routes in China and the Middle East.
- A desirable location for business partners who actively pursue space at Heathrow.
- Upward trend in our QSM scores, with terminal gaps narrowing in 2019. Skytrax recognition as 'Best Airport for Shopping' for 12 years.
- World Class Terminal fit-out standards & specification.



Heathrow Passenger Forecasts



Luxury Fashion at Heathrow Today



Heathrow

Luxury Fashion at Heathrow Today

Heathrow Retail (Total)

272

Retail Units (including Luxury Boutiques)

40,000

m² of Retail in-terminal space

Heathrow Luxury (Total)

53

Luxury Boutiques in 4 terminals

7,500

m² of Luxury Boutique in-terminal space



The VAT Challenge

- From January 2021, HM Treasury removed the VAT Retail Export Scheme and withdrew the tax-free pricing benefit on airside goods.
- This has impacted all retailers and as a result of the decision, some partners have exited travel retail.
- Heathrow challenged this decision with Dufry and GlobalBlue on behalf of the industry via a Judicial Review.
- We continue to lobby Government to introduce an airside tax-free shopping regime e.g. Arrivals Duty Free.

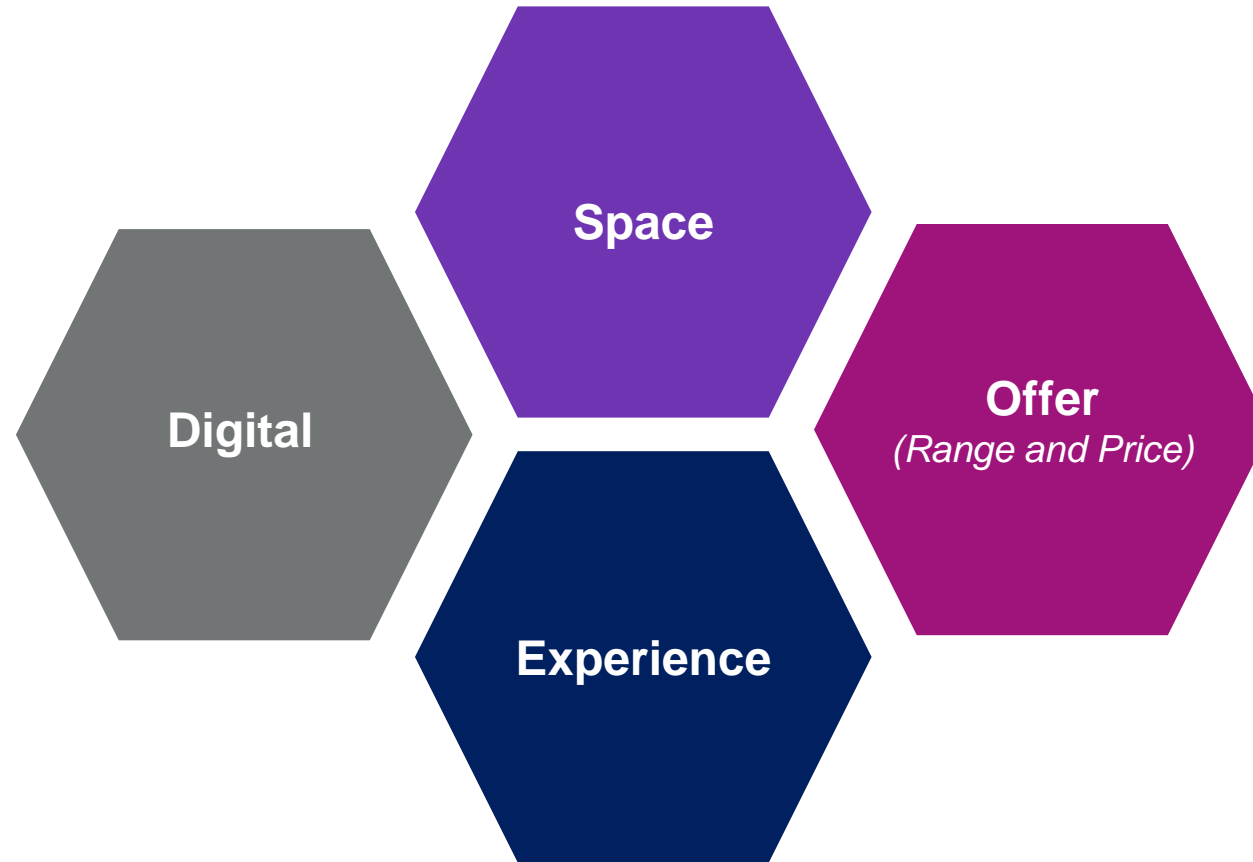




Future of the Luxury Fashion Proposition at Heathrow

- What is the value proposition?
- What is the passenger need?
- Why is it important for Heathrow?

Our Retail Strategy



In Summary



Heathrow

What is the 15-year plan for Heathrow taking into consideration the 3rd runway?



Heathrow
Making every journey better