

# Manchester Airports Group

FY21 Investor Report

July 2021



## Important Notice

This investor report is prepared in accordance with the requirements of the Common Terms Agreement dated 14 February 2014 between, among others, the Issuer, the Obligors and Citicorp Trustee Company Limited (“the Common Terms Agreement”). It summarises certain information contained in the Manchester Airport Group Investments Limited and Manchester Airports Holdings Limited reports and financial statements for the year ended 31 March 2021 and the Annual Presentation and Compliance Certificate for the period then ended.

Defined terms used in this document have the same meanings as set out in the Master Definitions Agreement unless otherwise stated.

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# 1. Business Update

Further information is available at [www.magairports.com/investor-relations/](http://www.magairports.com/investor-relations/) and in the Manchester Airport Group Investments Limited and Manchester Airports Holdings Limited reports and financial statements for the year ended 31 March 2021, as well as the Annual Presentation and Compliance Certificate for the year then ended.

MAG has delivered the commercial and operational strategy first described to investors in February 2014 and then during the annual and semi-annual Investor Presentations for every financial year ending thereafter until the onset of COVID-19 in early 2020.

This report is published at an unprecedented time for the aviation industry. Global restrictions on travel continue in response to the spread of COVID-19 have had a severe impact upon the Group and the wider aviation and travel industry since March 2020.

MAGIL's performance for the 12 months to 31 March 2021 was severely impacted by COVID-19. However, decisive steps taken by MAG's management to reduce costs, together with strong airport fundamentals, place the business in the strongest possible position to return to growth as international travel resumes in earnest.

## Passenger numbers

### Group

PAX	FY21	FY20	Variance (m)	Variance (%)
MAN	2.8	28.2	(25.4)	(90.1%)
STN	3.1	26.9	(23.8)	(88.5%)
EMA	0.4	4.5	(4.1)	(91.1%)
<b>TOTAL</b>	<b>6.3</b>	<b>59.6</b>	<b>(53.3)</b>	<b>(89.4%)</b>

Source: MAHL Annual Report & Accounts FY21

The COVID-19 pandemic is the single biggest challenge the aviation industry has faced with passenger volumes reducing to near zero as countries and borders have restricted the movement of people. Despite this, MAG's airports are critical UK infrastructure and have remained open throughout the pandemic to support those making essential journeys, along with the movement of vital cargo such as Personal Protective Equipment and medical supplies.

While international travel was all but suspended as the pandemic took hold in the spring of 2020, the Government's 'travel corridor' scheme, which was introduced in June 2020, resulted in a brief but noticeable increase in passengers over the summer period.

However, short notice changes to the list of travel corridors had a serious impact on consumer confidence and traffic between July 2020 and September 2020 was still 80% down on the previous year. Since January 2021, the Government has sought to limit the spread of new variants by restricting travel to a limited number of essential journeys.

As a result, overall passenger numbers for the year were 89.4% down on the prior year. Across the Group, our airports served 6.3m passengers in the year to 31 March 2021, compared to 59.6m the previous period. This decrease being similar to that experienced across the industry and evenly spread across the Group's three airports.

### Manchester Airport ("MAN")

MAN delivered 2.8m passengers travelling through the airport in the year to 31 March 2021, a decrease of 90.1% over the prior year.

During the year, capital expenditure was slowed down significantly and predominantly deferred, with investment prioritising the completion of the first phase of Manchester Airport Transformation Programme ("MAN-TP"), alongside critical and regulatory spend across the wider estate, with all other expenditure reduced or deferred where possible. The first phase of

MAN-TP, being the Terminal 2 Extension, is now complete and is expected to open this year, dependent on the recovery of passenger demand, with future phases of MAN-TP being deferred until the economic environment normalises.

### Stansted Airport (“STN”)

STN delivered 3.1m passengers in the year to 31 March 2021, a decrease of 88.5% over the prior year. The impact of reduced passenger numbers on revenue was partially offset by an increase in air cargo operations with the volume of goods handled up by 31% at STN.

The pace of construction on the Stansted Transformation Programme (“STN-TP”) project has been slowed and efforts focus on completing works underway, primarily the enabling works for the arrivals terminal extension and completion of an upgrade of the baggage handling network to a more energy efficient and fully automated system. The remaining STN-TP phases have been deferred until passenger forecasts are more certain and demand levels recover.

### East Midlands Airport (“EMA”)

EMA has a very important dual role as the biggest airport for dedicated cargo traffic in the UK, and as a passenger airport.

Whilst passenger levels have decreased by 91.1% to 0.4m, cargo performance over the period has supported revenue. Cargo showed a 49% increase in activity from the prior year, reflecting the airport’s position as a key cargo hub for the UK.

As part of the Government’s Budget in March 2021, the Chancellor announced that eight new freeports will be established in England – including an East Midlands Freeport, which has EMA at its heart. Areas given Freeport status will benefit from a wide package of tax reliefs, simplified customs procedures, streamlined planning processes to boost redevelopment, and Government support to promote regeneration and innovation. Once established, the East Midlands Freeport will boost trade, create 60,000 jobs and attract investment across the region.

## Financial Results for FY21

£m	Group FY21	Group FY20	Variance (£)	Variance (%)
Aeronautical	74.3	361.2	(286.9)	(79.4%)
Retail	16.2	200.0	(183.8)	(91.9%)
Car Parking	39.5	234.8	(195.3)	(83.2%)
Property	20.5	18.7	+1.8	+9.6%
Other	28.1	78.7	(50.6)	(64.3%)
<b>Revenue</b>	<b>178.6</b>	<b>893.4</b>	<b>(714.8)</b>	<b>(80.0%)</b>
Employee costs	(145.0)	(265.4)	+120.4	+45.4%
Non-employee costs	(182.9)	(245.9)	+63.0	+25.6%
<b>Operating Costs</b>	<b>(327.9)</b>	<b>(511.3)</b>	<b>+183.4</b>	<b>+35.9%</b>
Disposal of fixed assets	(0.1)	-	(0.1)	N/A
<b>EBITDA - Continuing</b>	<b>(149.4)</b>	<b>382.1</b>	<b>(531.5)</b>	<b>(139.1%)</b>
EBITDA - Discontinuing	7.9	25.4	(17.5)	(68.9%)

Source: MAHL Annual Report & Accounts FY21

The severe reduction in passenger numbers due to public health restrictions is reflected in MAG's financial performance, with revenue down by £714.8m (80.0%) at £178.6m for the year to 31 March 2021 compared to prior year (FY20: £893.4m).

The reductions in the airport divisions largely mirror the percentage reductions in passengers through the airports with reductions in the region of 80%-85%. The exception to this being the much smaller reduction of 48.9% at East Midlands owing to the increased cargo income.

However, the last year saw swift, decisive steps taken by MAG's management to reduce costs acting quickly to secure its strategic finance response to the pandemic. MAG's shareholders supported the Group through this period with £300m of additional funding which – along with proceeds from the sale of the Group's property book of c.£400m – has given MAG a strong cash position throughout the crisis. MAG also successfully negotiated new conditions on borrowing with its banks and bondholders, with two sets of financial covenant waivers meaning that the Group's financial covenants will not be tested again until September 2022.

This support was provided partly in recognition of the strong management action we had already taken to control costs. This included a comprehensive review of all expenditure, pausing non-essential capital projects, freezing recruitment, temporarily reducing pay for all staff and reducing working hours and restructuring of the organization to reflect current demand.

### Aeronautical Revenue

Group aeronautical revenue decreased by £286.9m to £74.3m (-79.4%) in comparison to the prior year, with passenger mix at Manchester and general aviation at Stansted and East Midlands partially offsetting the lower volume of passengers.

### Retail Revenue

Retail revenue decreased by £183.8m (-91.9%) to £16.2m with some closures of retail units and yield reductions. MAG looks to work with its retail partners to ensure that both are in a position to take advantage of the increase in activity levels when we emerge from the pandemic.

Prior to the impacts of the pandemic, retail was continuing to benefit from the significant investment in the terminal transformation at STN, particularly through Food & Beverage. The emphasis has been on creating new, accessible commercial spaces and encouraging dwell time to increase retail yields.

### Car Parking Revenue

Car parking revenues decreased by £195.3m (-83.2%) to £39.5m in line with the fall in aviation revenues.

### Property Development

Revenue (continuing) from MAG's Property division increased by £1.8m (9.6%) to £20.5m.

On 7 August 2020 the Group successfully concluded the sale of its non-core property portfolio to Columbia Threadneedle Investments for net upfront proceeds of c.£340m. The Group also sold the residual elements of the portfolio for a further £59m in October 2020.

The disposal generated a £40.2m profit.

### Other Revenue

Other Revenue includes utility cost recharges, fees for airline services and aviation fuel sales. Other Revenue has fallen by £50.6m (-64.3%) to £28.1m with passenger related activities such



as retail services and passenger mobility charges falling to a greater extent than utility recoveries.

## Operating Costs

Operating costs (excluding depreciation) decreased by £183.4m (-35.9%) to £327.9m.

Employee cost reduction activities of £120.4m included utilisation of the UK Government's Job Retention Scheme (£58.9m), and other employee cost reduction activities (10% pay reduction, initiatives to reduce overtime, temporary resources, recruitment, incentives and restructuring of the organisation to reflect current demand levels).

The Group has also achieved other operating cost savings of £63.0m in areas including: Airport and Ground Operations Support Scheme ("AGOSS") grant of £19.5m and savings in discretionary spend; rent rates & utilities; airfield costs, maintenance; and policing.

## Capital Expenditure

MAG continues to benefit from a well-invested asset base and discretionary capital expenditure is subject to need and a robust investment appraisal process. As a result of the COVID-19 pandemic, MAG has refocused its capital expenditure programmes to complete the phases of the transformation programmes which were in progress. Consequently, the Group's investment of £154.0m in infrastructure during the year was a significant reduction in comparison to the prior period (FY20: £540.7m), with MAN-TP representing 53.9% of the Group's total capital expenditure. At 31 March 2021, £873.9m had been successfully invested. The extension of Terminal 2 is complete and is expected to open this year when passenger demand returns.

## Management Development

As part of our Executive management development programme we look to create opportunities for our people to enhance their skills and provide succession planning for key roles within the group.

Neil Thompson and Andrew Cowan resigned as Directors in October 2020, and Jan Bramall was appointed as Chief Financial Officer in December 2020. Jan joined MAG in 2018 as Group Finance Director.

There were some changes to the composition of roles making up the Executive Committee. The positions of Chief Information Officer and Chief People Officer were added to the Committee

while positions relating to Chief Executive of Airport Services, Chief Operating Officer (MAN), Chief Customer Officer (MAN) stepped down from the Committee.

There have been no other changes to the Board of Directors and Executive Committee for Manchester Airports Holdings Limited during the year or to the date of this report. The full lists of the Board of Directors and Executive Committee that were in position during the year ended 31 March 2021 is shown below.

Name	Role	Board of Directors	Executive Committee
Charlie Cornish	Group Chief Executive	✓	✓
Neil Thompson	Chief Financial Officer	Resigned Oct-20	Resigned Oct-20
Jan Bramall	Chief Financial Officer	Appointed Dec-20	Appointed Dec-20
Ken O'Toole	Chief Development Officer	✓	✓
Andrew Cowan	Chief Executive, Manchester Airport	Resigned Oct-20	Resigned Oct-20
Tom Keevil	General Counsel & Company Secretary (Interim)	Resigned Apr-20	Resigned Apr-20
Jenny Cochrane	General Counsel & Company Secretary	Appointed Apr-20	Appointed Apr-20
Sir Adrian Montague	Chairman	✓	
Sir Richard Leese	Voting shareholder-appointed Non-Executive Director	✓	
CLlr John Blundell	Voting shareholder-appointed Non-Executive Director	✓	
Manoj Mehta	Voting shareholder-appointed Non-Executive Director	✓	
Christian Seymour	Voting shareholder-appointed Non-Executive Director	✓	
Vanda Murray OBE	Independent Non-Executive Director	✓	
Robert Napier	Independent Non-Executive Director	✓	
Catherine Schefer	Independent Non-Executive Director	✓	
Jonathan Wragg	Independent Non-Executive Director	✓	
Andrew Harrison	Chief Executive of Airport Services		Resigned Oct-20
Tim Hawkins	Chief of Staff		✓
Nicholas Woods	Chief Information Officer		Appointed Jul-20
Cath Bailey	Chief People Officer		Appointed Sep-20
Martin Jones	Chief Executive Officer, MAG USA		Appointed Jul-20
Clare James	Managing Director, East Midlands Airport		Appointed Oct-20

There have been no changes to the Board of Directors for Manchester Airport Group Investments Limited other than the replacement of Neil Thompson by Jan Bramall.

## International Activities

As part of the overall Group strategy, opportunities were identified to utilise MAG's existing expertise, drawn from its running of the three UK airports, to provide a unique offering to the North American market, exploiting potential long-term opportunities across passenger lounges, car parking services the development and operation of terminal and/or retail concessions.

On 22 June 2020 MAG acquired 100% of the share capital of AirportParkingReservations.com LLC (“APR”), ParkSleepFly.com LLC (“PSF”) and its subsidiary ShuttleFinder.net LLC (“SF”) creating synergies with existing offerings.

Despite the impact of COVID-19, the resilience in the US market has been comparatively robust given the composition of travel being heavily domestic compared to many other countries, and this is demonstrated by the lower levels of reduction in turnover in FY21.

MAG US has remained outside of the Security Group up until this financial year. As indicated in the FY20 Investor Report MAG has now completed a corporate restructure to bring MAG US into the Security Group as part of this process. Further details are outlined in Section 4 below.

### UK departure from the European Union

The UK completed its exit from the European Union at the end of the transition period on 31 December 2020. Thanks to hard work and preparation across the Group, the switchover to new arrangements has had a minimal impact on operations, both at the border for our passengers but also for our cargo customers.

## 2. Regulatory Update

### Economic Regulation

The three airports in the MAG portfolio are not licenced by the CAA for the purposes of economic regulation.

MAN and STN were deregulated by the CAA in April 2009 and April 2014 respectively.

In January 2020 MAG was notified by the CAA that it would be carrying out a Market Power Determination at MAN later in the calendar year. Following the impact of COVID-19 the CAA has postponed this process until at least August 2021.

### Consent Solicitation Process

As part of its continued strategic response to COVID-19, on 29 April 2021 the Group announced a second consent solicitation process seeking the consent of the Obligor Security Trustee to the detailed requested consents as set out in detail in the STID Proposal.

The Group requested that the Obligor Security Trustee agree to a 12 month extension of the amendments agreed as part of the 2020 consent solicitation, namely that (i) the Default Ratios will not be tested in respect of any Relevant Historic Period ending during the Waiver Period; (ii) the Default Ratios will be tested on 30 September 2022 by reference to the EBITDA for the 6 months ended 30 September, annualised on a seasonal basis; and (iii) the Security Group Agent is not required to confirm in the Compliance Certificate, for the duration of the Waiver Period, whether the Distribution Ratios in respect of the Relevant Forward Looking Period are or are not satisfied.

On 3 June 2021 the Group announced the successful passing of the STID Proposal. Qualifying Obligor Secured Creditors holding 98.9% of Qualifying Obligor Senior Debt cast a vote in the process, of which, 99.9% voted in favour of the proposal. Accordingly the requested consents have been approved and these changes to the STID are now in effect.

## 3. Financing

### Revolving Credit and Liquidity Facilities

As at 31 March 2021 MAG had a £500 million revolving credit facility and a £90 million liquidity facility, maturing June 2023<sup>1</sup>. These facilities, together with the long-term capital markets issuances, strong historical trading performance, and strong liquidity as part of MAG's financial response to COVID-19 and an appropriate financing policy underpin stable underlying financial leverage which will enable MAG to continue to invest in the asset base and fund future growth as passenger levels return to historical levels.

MAG remains committed to sustaining strong investment grade credit ratings with dividend levels guided by the appropriate financial risk profile.

### Capital Markets Transactions

Since the Initial Issue Date on 14 February 2014, Manchester Airport Group Funding Plc has issued four capital markets instrument. The most recent transaction, a £350 million 2.875% 25 year bond, took place on 9 May 2019. MAG's listed bonds comprise:

- MAGAIR £450 million 4.750% 2034 – issued February 2014, London Stock Exchange
- MAGAIR £360 million 4.125% 2024 – issued April 2014, London Stock Exchange
- MAGAIR £300 million 2.875% 2039 – issued November 2017, London Stock Exchange
- MAGAIR £350 million 2.875% 2044 – issued May 2019, London Stock Exchange

### Credit Rating Agencies

All MAGAIR bonds are rated BBB+ (negative) and Baa1 (negative) by Fitch and Moody's respectively.

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<sup>1</sup> The original facilities have a maturity of June 2021. Following exercise of the First Extension Option in June 2017 and the Second Extension Option in May 2018 these facilities now have a maturity of June 2023.

In response to the impacts of the global pandemic, in April 2020 Fitch Ratings revised its outlook on the Group from Stable to Negative, while affirming its rating of BBB+. This was reaffirmed in October 2020.

In June 2020, Moody's also changed its outlook on the Group from Under Review to Negative, while affirming its rating of Baa1. This was reaffirmed in December 2020

## Liquidity

There is sufficient liquidity to fund MAG's operations over the short and medium-term. In March 2020 MAG drew down its £500m RCF in full in order to provide liquidity protection, as the impacts of COVID-19 were seen. The £484m balance at March 2021 reflected this drawdown, less amounts which have been carved-out in respect of £10m of overdrafts and £6m of performance bonds.

The Group had £530m of cash on deposit at March 2021, following £300m of new capital injected by Shareholders in July 2020 and the £400m disposal of its non-core property in August and October 2020.

The £90 million Liquidity Facility provides further liquidity to pay more than 12 months of debt service obligations as they fall due.

## 4. Changes to the Security Group Structure

### Previous financial year

In the previous financial year, and included in the FY20 Investor Report, MAG incorporated three new entities into the Security Group in preparation for a proposed acquisition and reorganisation in respect of its airport parking businesses and its US lounge and parking businesses.

- On 26 February 2020 a new company MAG US (Apollo) Limited, company number 12485692, was incorporated within the Security Group. MAG US (Apollo) Limited became an Obligor on 22 May 2020.
- On 27 February 2020 a new company MAG US (Apollo) Inc, a US company registered in the state of Delaware, file number 7873475, was incorporated within the Security Group.
- On 9 March 2020 a new company MAGO Holdings Limited (“MAGOHL”), company number 12504680, was incorporated within the Security Group.

### During the financial year

On 11 May 2020 MAG notified the Security Trustee of its intention to bring Airport Services International Limited (“ASIL”) into the Security Group, as a subsidiary of MAGO Holdings Limited. ASIL has five subsidiaries and holds the trade of MAG’s existing airport parking distribution businesses, Looking4Parking and SkyParkSecure which were both acquired during the financial year ending 31 March 2019 with details included in the accompanying Investor Report for the same year.

The two trading entities, Looking4Parking Limited (“L4P”) and Skyparksecure Limited (“SPS”), that sit underneath ASIL acceded as Obligors following completion of the reorganization on 15 January 2021.

In parallel a second reorganisation was undertaken during the financial year, to bring MAG Investments US Ltd (“MAGIUS”), and its subsidiary Manchester Airport Group US Holdings Inc (“MAGUSHI”), into the Security Group, as a subsidiary of MAG US (Apollo) Limited. MAGUSHI has three subsidiaries and holds the trade of MAG’s existing operations within the US; namely, its passenger lounges, car parking commercial services and distribution operations.

Two trading entities, MAG US Parking Management LLC and MAG US Terminal Management LLC, that sit underneath MAGIUS acceded as Obligors following completion of the reorganization, also on 15 January 2021.

The third subsidiary of MAGUSHI, MAG US Lounge Management LLC, holds 75% Joint Venture interests in two new companies incorporated into the Security Group: Escape Lounge FLL LLC (incorporated on 4 December 2020) and Escape Lounge MCO LLC (13 May 2021).

Accordingly the table below summarises the companies that acceded as Obligors during the year to 31 March 2021.

Name	Registered Address	Registration No. (or equivalent)	Date of Accession
MAG US (Apollo) Limited	6th Floor Olympic House, Manchester Airport, Manchester, Greater Manchester, United Kingdom, M90 1QX	12485692	22-May-20
LOOKING4PARKING LTD	6th Floor Olympic House, Manchester Airport, Manchester, United Kingdom, M90 1QX	7107772	15-Jan-21
SKYPARKSECURE LTD.	6th Floor Olympic House, Manchester Airport, Manchester, England, M90 1QX	5602720	15-Jan-21
MAG INVESTMENTS US LTD	6th Floor Olympic House, Manchester Airport, Manchester, England, M90 1QX	9436342	15-Jan-21
MAGO HOLDINGS LIMITED	6th Floor Olympic House, Manchester Airport, Manchester, England, M90 1QX	12504680	15-Jan-21
MAG US (Apollo) Inc	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808	7873475	15-Jan-21
MANCHESTER AIRPORT GROUP US HOLDINGS INC	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808	5694969	15-Jan-21
MAG US TERMINAL MANAGEMENT LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808	5694978	15-Jan-21
MAG US PARKING MANAGEMENT LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808	5694956	15-Jan-21

In June 2020, MAG US (Apollo) Inc acquired 100% of the members' interests of airportparkingreservations.com LLC ("APR") and parksleepfly.com LLC ("PSF"), Limited Liability Companies registered in Delaware. PSF is the 100% parent of shuttlefinder.net LLC ("SF"), registered in Florida. The three entities trade as airport parking, hotel booking and airport transfer aggregators and distributors.

As discussed in Section 1 above, on 7 August 2020, the Group disposed of its interest in the entire shareholding of MAG Investment Assets Limited, holding the majority of the Group's non-core property assets to Columbia Threadneedle Investments.

There have been no other acquisitions or disposals of Subsidiaries or interests in any Permitted Joint Venture by any member of the Security Group or joint ventures related to any member of the Security Group during the financial year and to the date of this report.



## 5. Current Hedging Position

### Interest Rate Risk

The Company and the Issuer will (taken together) hedge the interest rate risk in relation to the total outstanding Relevant Debt to ensure that at any time a minimum of 60% of the total outstanding Relevant Debt:

- Is fixed rate;
- Is index-linked; or
- Effectively bears a fixed rate (or a maximum fixed rate) or an index-linked rate (or a maximum index-linked rate) pursuant to one or more Hedging Agreements.

As at 31 March 2021 fixed rate debt represented 81% of the Company's outstanding Relevant Debt.

During the financial year and to the date of this report, MAG held no derivative financial instruments in connection with interest rates.

### Currency Risk

As at 31 March 2021 there was no currency risk in respect of the interest payable to expected maturity and the repayment of principal under any foreign currency denominated debt instruments.

In relation to the acquisition of APR and PSF the Group entered into a forward purchase contract for both the upfront payment (\$31.3m) and the deferred consideration (\$25m). The upfront element was settled during the financial year with the remaining deferred element settled after the MAGIL year end on 2 April 2021.

## 6. Ratios

### Financial Ratios

We confirm that pursuant to clause 4.1 of the Amendment and Waiver Deed dated 26 June 2020 between the Obligors and the Obligor Security Trustee (the "Amendment and Waiver Deed"), the Interest Coverage Ratio and the Leverage Ratio (which shall not be tested during the Waiver Period (as defined in the Amendment and Waiver Deed)), has not been calculated for the Compliance Certificate in respect of the period ended 31 March 2021 in respect of the Relevant Historic Period and on the Calculation Date

Pursuant to clause 2.2 of the Amendment and Waiver Deed dated 26 June 2020 no member of the Security Group, including the Parent, may make a distribution during the Waiver Period, unless it is a Permitted Share or a Distribution made to an Obligor. We confirm that the Parent did not make any distribution in respect of any interim or final dividend following provision of this Compliance Certificate and not make a payment in March 2020, September 2020 and March 2021 in respect of Interest on the Shareholders' Loan.

## 7. Distributions

### Distribution Ratios

In line with the Common Terms Agreement dated 14 February 2014 between, among others, Manchester Airport Group Investments Limited as Security Group Agent and Citicorp Trustee Company Limited as the Obligor Security Trustee as amended on 26 June 2020 (the CTA) the Distribution Ratios in respect of the Relevant Forward Looking Period are not relevant to this report as a result of the waivers in place.

### Distributions

We confirm that no Distributions have been made since the Investor Report dated July 2020.

In response to the ongoing financial impacts of the COVID-19 pandemic, £122.0 million of Interest due on Shareholders' Loans in March 2020, September 2020 and March 2021, including accrued deferred interest, by Manchester Airport Finance Holdings Limited was rolled-up and not paid. Further, the Directors have recommended that there is no payment of a Dividend for Financial Year 2021.

### Shareholder loans

MAG's Shareholders injected £300m in the form of additional shareholder loan notes. The loan notes were issued in a single tranche in July 2020. Consistent with the pre-existing shareholder loan notes, the new loan notes were received outside of the Security Group and are mentioned in this report for information only. The £300m has been onwardly injected into the Security Group in the form of ordinary equity.

### New equity

On 21 May 2020 MAHL issued C-shares for £56.1m in cash consideration, to the existing council owners of MAHL, in relation to the funding of a multi-storey car park. This cash was injected into the Security Group in the form of an equity subscription into MAGIL.

Together with the £300m relating to new shareholder loans and £34.4m in respect of the reorganisations described in Section 4 above, MAGIL received £390.5m in total cash consideration for the issue of new share capital during the year.

Proposed distributions

There are no distributions proposed subsequent to the date of this report.

## 8. Other

### Confirmation

We confirm that:

- no Obligor Default has occurred and is continuing;
- the Security Group is in compliance with the Hedging Policy; and
- the statements set out in this Investor Report are accurate in all material respects.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Jan Bramall', followed by a period.

Jan Bramall, Chief Financial Officer

Signing without personal liability, for and on behalf of Manchester Airport Group Investments Limited as Security Group Agent.

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