

30 October 2021

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## **CURTAINS FOR THIRD RUNWAY AS HEATHROW'S BIGGEST SHAREHOLDER CUTS FUNDING**

The third runway at Heathrow has been dealt arguably its biggest blow yet, as its biggest shareholder has signalled it will cut further investment into the Airport for the planned project (1).

Ferrovial, the Spanish multinational, currently owns 25% of Heathrow. Its move is thought likely to be fatal blow to the plans.

Heathrow sources told the Telegraph that this acts as confirmation that the project is not going to happen (see quote in link to in note 1).

The Government have confirmed, repeatedly, that Heathrow expansion is a "private sector project and will receive no taxpayer funding" (2/3). The 2019 Conservative Party manifesto also repeated this position (4).

Heathrow's owners' paid-up capital is £13.1 million. The rest is all debt, now nearly £20bn, of which shareholders have pocketed over £8bn (5/6).

### **Paul McGuinness, Chair of the No 3rd Runway Coalition, said:**

*"Heathrow's owners' paid-up capital is a mere £13.1 million. The rest is all debt, now nearly £20bn, of which shareholders have pocketed over £8bn. Every asset is mortgaged to the hilt, and because the overdrawn current account is unsecured, Heathrow is technically bankrupt too."*

*"That Heathrow's biggest shareholder has no appetite to inject cash, nor will the Government put any taxpayer funds towards the project, it looks like the death knell for Heathrow and its expansion."*

ENDS.

### Notes:

1. <https://www.telegraph.co.uk/business/2021/10/30/death-knell-heathrows-third-runway-spanish-investor-cuts-funding/>
2. <https://hansard.parliament.uk/Lords/2020-12-17/debates/DD7A94BD-AFAE-4A72-9DB2->

[FA5C7C00D0A0/HeathrowAirportExpansion?highlight=heathrow%20expansion#contribution-D80B1F11-F88B-4107-87B0-D6E5ED461834](https://www.theyworkforyou.com/wrans/?id=2021-01-18.138894.h&p=11500)

3. <https://www.theyworkforyou.com/wrans/?id=2021-01-18.138894.h&p=11500>
4. [https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba\\_Conservative%202019%20Manifesto.pdf](https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf) p. 45
5. The owner of Heathrow is FGP Topco Limited (in which Ferrovial and others hold shares). When it bought BAA plc in 2006, it added the procurement cost (£10bn) to the debt of its acquisition. BAA plc's debt had been approximately £3 billion, so FGP Topco increased that debt to £13 billion. In other words, FGP Topco effectively bought BAA plc for free by adding the £10 billion purchase price to the debt it acquired.

Heathrow's total liabilities have now exceeded £20 billion - with Heathrow's fixed assets in property, plant and equipment all mortgaged. Approximately £11bn of this is mortgaged through Deutsche Trust. Covenants on loans have been renegotiated over the last year (effectively an admission that loan repayments could not be met). Considering that shareholders have taken £8bn plus in dividends, despite the paid-up capital being merely £13.1 million, it has always been something of a cash cow (with the business's operating costs and investments supported by RAB). Accountants tend to call comparable financially engineered arrangements "asset stripping". Some might think that a return of £8 bn for a down payment of £13.1 million was a great deal. It was, but with borrowing possibilities (to finance such dividends) running out, it may no longer be so in the future. Lloyds shareholders famously wanted out when, having only taken money out for years, they were asked to inject some cash to cover the market's losses for the first time. It seems that Heathrow's biggest shareholder is now preparing to do the same.

6. Broke Heathrow: [https://medium.com/@info\\_31597/broke-heathrow-should-not-receive-any-taxpayer-cash-efa35cbbd7d5](https://medium.com/@info_31597/broke-heathrow-should-not-receive-any-taxpayer-cash-efa35cbbd7d5)

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