Associated British Ports

ABPAH Group (the “Group”)

2012 Business Risk Update, Announcements and Publications

Highlights

- Strong trading in the first half of 2012, recording a 9.5% increase in Underlying Revenue, and a 7.9% increase in Underlying Profits. Continued positive performance in second half of 2012
- Fitch Ratings Ltd and Moody’s Investors Service, Inc affirmed ABP Finance Plc’s BBB+/Baa2 Stable ratings

⇒ *“The stable outlook reflects Moody’s expectation that ABP will be able to maintain a financial profile that is consistent with its rating category. This view is based on ABP’s robust cash flows arising from its stable business, underpinned by a high level of contracted revenues” (Moody’s Investors Service Credit Opinion, 10 December 2012)*

⇒ *“The geographical diversification of ABP’s ports, as well as granularity of its income stream in terms of customer and cargo-type exposures provides a significant part of the explanation of the company’s resilience.” (Fitch Ratings Ltd, Credit Opinion, 11 December 2012)*

- 37% (£315m) of short-term debt refinanced or prepaid ahead of December 2014 maturity
- Over one third of debt now matures in or after 2022
- Extended breaks on 38% (£227m) of swaps with shortest breaks
- Finance documents amended in October 2012, following creditor approval
- Peter Jones (Chief Executive and Director of Associated British Ports Holdings Limited and Associated British Ports) will step down in March 2013 and be succeeded by James Cooper (currently non executive director of Associated British Ports Holdings Limited)
- Sale of 32.7% share of Tilbury Container Services Limited in January 2012 for £46.6m

The purpose of this document is to provide a summary of announcements as well as an update on developments since the date of ABPA Holdings Limited’s (“ABPAH”) wholly owned subsidiary, ABP Finance Plc’s (“ABPF”) base prospectus dated 25 November 2011 relating to its £5,000,000,000 multicurrency programme for the issuance of Notes (the ***Prospectus***). To the extent that there is any inconsistency between any statement in this document and any other statement in the Prospectus, the statements in this document will prevail.

This document does not constitute a supplementary prospectus for the purposes of Directive 2003/71/EC (the ***Prospectus Directive***) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended by the Prospectus (Directive 2003/71/EC) (Amendment) Regulation 2012) (the ***Prospectus Regulations***) and has not been approved by the Central Bank of Ireland, as competent authority for the purposes of the Prospectus Directive. An updated prospectus will be published after the release of the 2012 results.

1.0 Business Performance

In its 2012 Half Year Summary, ABPAH reported strong trading in the first half of the year, recording a 9.5% increase in Underlying Revenue, and a 7.9% increase in Underlying Profit. The positive operating environment continued into the second half of the year.

Financial results for the full year will be published on the Investor Relations website on 30 April 2013.

2.0 Business Risk Update

Board/Management Changes

Peter Jones will step down as Chief Executive and Director of Associated British Ports Holdings Limited ("ABPH") and Associated British Ports ("ABP") at the end of March 2013 after six years in the role. He will be succeeded by James Cooper, who has served as a Non-Executive Director on the Board of ABPH since March 2007.

Mr Cooper is currently a Director of Infracapital, part of M&G Investments Limited, one of the four investors in the Admiral Consortium that acquired the ABPH Group in 2006. He will join the ABPH Group on 1 March 2013 and will assume responsibility as Chief Executive from the beginning of April 2013.

On 2 January 2013, ahead of Mr Cooper's forthcoming appointment as Chief Executive of the ABPH Group, Mr Cooper stepped down as a Director of ABPA Holdings Limited, ABP Finance Plc, ABP Acquisitions UK Limited and ABPH (the "Companies") and will be replaced by Edward Clarke, Director of Infracapital. Mr Clarke previously served as a Director of ABPH and its holding companies from May 2007 to November 2009. Kenton Bradbury, previously Alternate Director to Mr Cooper, is appointed as Alternate Director to Mr Clarke for the Companies with effect from 2 January 2013.

In January 2012, John McManus was appointed as Alternate Director to Michael Rolland for each of the Companies and to Philippe Busslinger for ABPH. On 2 January 2013, Mr Rolland resigned as a Director of the Companies and was succeeded by Mr McManus as a Director. Messrs Rolland and Busslinger were appointed as Alternate Directors to Mr McManus for the Companies.

Potential liabilities and costs from litigation

In a series of judgments in the litigation between Humber Oil Terminals Trustee Limited (***HOTT***) and ABP relating to an application by HOTT to renew certain leases and ABP's action to seek to terminate those leases, the High Court decided that ABP was entitled to take back its property thereby bringing the leases to an end. All avenues of appeal by HOTT from that decision have now been exhausted and the original High Court decision has been upheld. Accordingly, new arrangements for the use of the Immingham Oil Terminal between ABP and HOTT are currently under negotiation and ABP is confident that suitable arrangements for HOTT to continue using the Terminal will be in place by the time the existing leases terminate on 14 February 2013.

In related proceedings, the High Court was asked to determine what the interim rent payable by HOTT under the leases from 1 January 2010 should be and the High Court decided the interim rent payable under certain of those leases was £15.6m. This figure is in line with that used in original management projections for the rating agency analysis. HOTT has been granted permission to appeal the decision, with a hearing fixed for mid February 2013.

Judgment on a judicial review of the Marine Management Organisation's decision to refuse to allow HOTT's application for a Harbour Revision Order to proceed (originally heard in October 2011) was handed down in November 2012. The judgment found in favour of the Marine Management Organisation (and ABP) and against HOTT. HOTT has been granted permission to appeal to the Court of Appeal and a hearing has been fixed for May 2013.

In summary, in all three elements above, the courts have found in favour of ABP and costs have been awarded to ABP. However, as noted above, appeal processes are ongoing in respect of two of these issues.

Sale of share in Joint Venture - Tilbury Container Services Limited (TCS)

In January 2012, ABP disposed of its 32.7% share of (***TCS***), which operates a deep-sea container terminal located at the Port of Tilbury, for total consideration of £46.6m. The disposal, to Forth Ports, which owns the freehold at the Port of Tilbury, enables the Group to focus on the 21 ports which are 100% owned. Total consideration for the shares was £46.6m, of which £9.8m is deferred consideration due in January 2013.

Pilots' National Pension Fund (PNPF)

The accounts for ABPH for the year ended 31 December 2011 indicated that its share of the liability for the Pilots' National Pension Fund (the "PNPF") could be up to £59.5m on an IAS19 accounting basis and disclosed that ABP made contributions of £80,000 to the PNPF in relation to the remaining active members during 2011.

A consultation is in progress with the participating employers/Competent Harbour Authorities on investment strategy and a recovery plan to meet a total deficit of £186.6m as at 31 December 2010 on an actuarial funding basis. In October 2012 the PNPF Trustee advised ABP that its share of the deficit is 34.57% or £64.5m as at 31 December 2010.

2.0 Liquidity Management

Significant progress has been made in the Group's transition from bank funding to longer-dated sources of finance, with proactive extension of maturities in both debt and hedging positions. Furthermore, in December 2012, following meetings with management, both Fitch Ratings Ltd and Moody's Investors Service, Inc affirmed ABPF's BBB+/Baa2 Stable ratings.

Funding Activity

38% (£325m) of bank debt maturing in 2014 was repaid during 2012 from £265m of new long term facilities and £50m cash.

- **£200m US Private Placement Issue**

In April 2012, ABP Acquisitions UK Limited ("ABPA"), a subsidiary of ABPAH, issued £200m in a private placement of floating rate senior secured guaranteed notes due 2033. The notes have an average maturity of 20 years.

- **£50m Prepayment from Cash**

In June 2012, ABPA prepaid an additional £50m of bank facilities maturing in 2014 using surplus cash balances, largely generated from the sale of its share in TCS.

- **£65m Floating Rate Note Issuance**

In December 2012, ABPF issued £65m of unlisted senior secured guaranteed notes with a maturity of ten years. The notes rank pari passu with ABPF's existing 6.25% Fixed Rate Senior Secured Notes due 2026 and during 2013 will be listed under the £5,000,000,000 Multicurrency Note Issuance Programme.

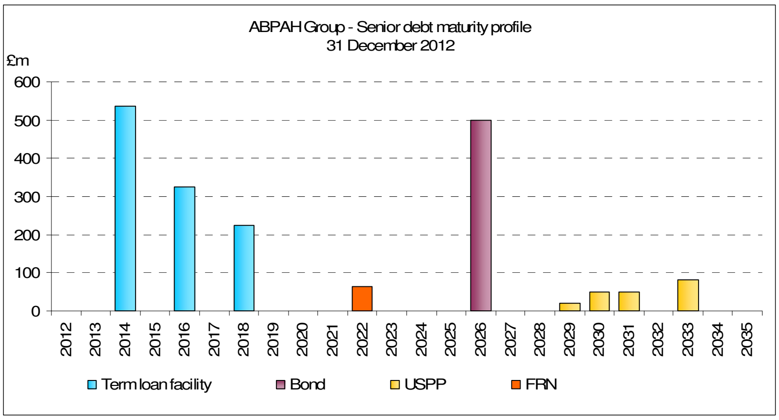
- **Financing Discussions**

ABPA is in discussions with the European Investment Bank for the provision of two longer-term corporate loans totalling up to £144m in relation to future capital expenditure projects. The first will support the upgrade of container berths and marine access channel at the Port of Southampton to accommodate large container vessels and the second the proposed redevelopment of Alexandra Dock at the Port of Hull to provide a site for an offshore wind turbine manufacturing facility with riverside berth and storage areas for turbine components. The Group would expect to retire an equivalent amount of its shortest maturity bank debt at the time of drawing such EIB facilities.

Maturity Profile

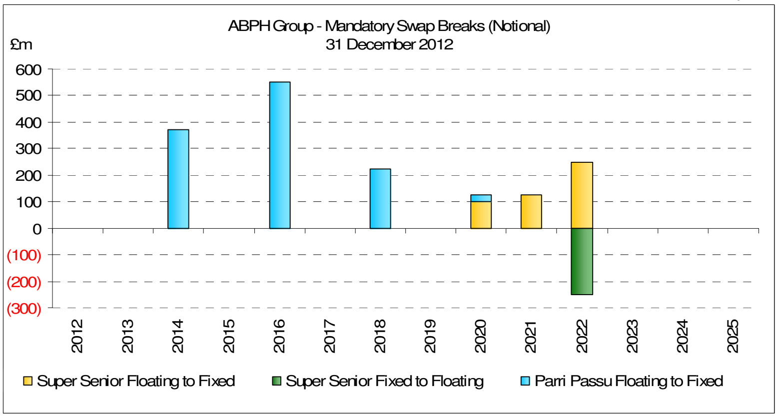
35% of debt facilities now mature in or after 2022.

Type	Facility £m	Drawn £m	Maturity
Bank Term Facility	535.0	535.0	Dec 2014
Bank Term Facility	325.0	325.0	Dec 2016
Bank Term Facility	225.0	225.0	Dec 2018
Capital Facility (Revolver)	250.0	0.0	Dec 2016
Working Capital Facility (Revolver)	75.0	0.0	Dec 2016
Floating Rate Note (Unlisted)	65.0	65.0	Dec 2022
Fixed Rate Bond (Listed)	500.0	500.0	Dec 2026
US Private Placement	20.0	20.0	Dec 2029
US Private Placement	50.0	50.0	Dec 2030
US Private Placement	50.0	50.0	Dec 2031
US Private Placement	80.0	80.0	Apr 2033
Total	**2,175.0**	**1,850.0**	
Liquidity Facility	135.0	0.0	Dec 2014



Rate Risk Management

During the year, ABPA extended the breaks on 38% of its nearest maturity swaps.



At 31 December 2012, ABPA had £1.4bn in interest rate swaps, in compliance with the policy of hedging between 75%and 110% of its debt for a period of at least seven years. Breaks on these swaps range from December 2014 to December 2022.

The total mark-to-market ("MtM") of the swap portfolio was £657m (£460m for pari passu swaps, all with mandatory breaks prior to 2021; and £198m for super senior swaps, all with breaks in or after 2020). The MtM of the super senior swaps is in compliance with the Super Senior Hedging Agreements covenant, of no more than 15% of Consolidated Borrowings.

Subordinated loan interest payments (Permitted Distributions)

On 30 May 2012, a payment of £30m was made as envisaged in the Common Terms Agreement in respect of accrued interest under subordinated and unsecured loans from ABPAH's immediate parent.

ABPAH submitted its half year compliance certificate and forward looking ratio certificate on 28 September 2012 and as such, on 30 November 2012, was permitted to pay an additional £21.2m of subordinated intercompany loan interest.

Investor Relations Website

ABP introduced a dedicated Investor Relations website (www.abpinvestor-relations.co.uk) providing access to financial information about the Group, offering related documents and Group performance reporting. A financial calendar is also provided showing scheduled dates for investor communications and publications in 2013.

Investor Reports were published on 30 April 2012 and 28 September 2012 and an inaugural conference call was held with a large number of bond investors on 24 October 2012.

3.0 Amendments to the Finance Documents

Amendments to the Security Trust and Intercreditor Deed (STID), the Common Terms Agreement (CTA) and the Master Definitions Agreement (MDA)

In connection with entering into the US private placement described above, two additional Applicable Ratio Periods and Applicable Ratios have been added to the table on page 129, paragraph (b) of the Loan Events of Default section of the Prospectus as follows:

Applicable Ratio Period	Applicable Ratio
In respect of each Accounting Date falling after December 2018 up to and including the Accounting Date falling in December 2022:	8.75x
In respect of each Accounting Date falling after December 2022:	8.50x

In addition, the wording "up to and including the Accounting Date falling in December 2018" has been added to the third Applicable Ratio Period specified on page 129 of the Prospectus so that it now states:

"In respect of each Accounting date falling after December 2014 up to and including the Accounting Date falling in December 2018:"

On 7 September 2012, ABPH submitted a proposal to creditors to make certain amendments to the STID, the CTA and the MDA. Following a creditor vote, each of the following proposed amendments were duly passed and became effective from 9 October 2012:

(a) The definition of Material Subsidiary in the MDA (and page 3 of the Prospectus) was amended by adding the following words to the end of sub-paragraph (b):

"but disregarding, for the purposes of determining the net assets of a New Holdco Subsidiary or the New Holdco Group, any outstanding Subordinated Debt); and;"

(b) Paragraph (a) of the definition of Acceptable Bank in the MDA (and page 220 of the Prospectus) was amended to read as follows:

"a bank or financial institution which has a rating for its long-term unsecured and non-credit enhanced debt obligations of A- or higher by S&P or Fitch or A3 or higher by Moody's or a comparable rating from a Rating Agency; or"

(c) Certain amendments were made in connection with the accession mechanics set out in the CTA and the STID.

The amendments now made to the CTA and STID rectify minor and technical drafting inconsistencies, and provide clarity in relation to the operation of certain of the clauses. None of the amendments change the substance of the terms relating to the accession of new Authorised Credit Providers.

(d) Paragraph (b) of the definition of Permitted Joint Ventures in the CTA (and page 249 of the Prospectus) was amended to read as follows:

"any investment in any new Joint Venture that carries out a Permitted Business or a further investment in an Existing Joint Venture where in each case the investment made by Covenantors in all such Joint Ventures from cash that is not otherwise available to be distributed by the New Holdco Group by way of a Restricted Payment out of Excess Cash, when aggregated with the investments made by Covenantors in all Joint Ventures from cash that is not otherwise available to be distributed by the New Holdco Group, does not exceed £100,000,000 (Indexed) (or its equivalent) in any rolling 5 year period prior to the Final Maturity Date."

(e) In relation to ABP enforceability, certain amendments were made to extend the provisions in the underlying documents described on page 135 of the Prospectus to subsidiaries of ABP as well as to ABP.

Disclaimer

This document is being distributed by Associated British Ports Holdings Limited (as "New Holdco Group Agent") on behalf of each Covenantor pursuant to a Common Terms Agreement dated 14 December 2011 between, inter alios, Associated British Ports Holdings Limited ("ABPH"), ABPA Holdings Limited ("ABPAH"), ABP Acquisitions UK Limited ("ABPA"), Associated British Ports ("ABP") and Deutsche Trustee Company Limited (as ABPA Security Trustee) (the "Common Terms Agreement").

This report contains forward looking statements that reflect the current judgment of the management of the Covenantors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management's assumptions rely on its operational analysis and expectations for the operating performance of each of the Covenantors' assets based on their historical operating performance and management expectations as described herein. Factors beyond the control of management control could cause events to differ from such assumptions and actual results to vary materially from the expectations discussed herein. Investors are cautioned that the assumptions and forecast information included herein are not fact and should not be relied upon as being necessarily indicative of future results and are cautioned not to place undue reliance on such assumptions and forecast information.

It should also be noted that the information in this document has not been reviewed by the Covenantors' auditors and is not intended as an offer for sale or subscription, or solicitation of any offer to buy or subscribe, for any security of ABP Finance Plc or any other member of the New Holdco Group nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.