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Newsletter

We are delighted to present our latest Newsletter with general news and projects of interest. May we also take this opportunity to wish a Happy 2008 to all our readers.

All change at London Heathrow

Over the next few years almost the entire London Heathrow Airport will be rebuilt, refurbished or redesigned. 2008 sees the much heralded opening of Terminal 5 with British Airways moving the majority of its flights to the Terminal. A major grouping together of other airlines by alliance will also take place with an estimated 60 airline moves predicted. The oneworld alliance will operate from Terminal 3, SkyTeam from Terminal 4 and the Star Alliance from Terminal 1. Terminal 1 itself will see a complete refurbishment during 2008.



London Heathrow Airport will be rebuilt, refurbished or redesigned over the next 5 years

A significant apron expansion will take place eastwards, over the area previously occupied by the now defunct crosswind runway. The major new facility named

“Heathrow East” (HET) should become operational from 2012 in time for the London Olympics. By then most passengers will be travelling through terminals that aren't even open today.

Weaker Growth in 2007

Airport	Passengers	Growth 07	Growth 06
LONDON CITY	2,912,232	23.50%	18.12%
NM EAST MIDLANDS*	5,443,104	15.30%	12.89%
BOURNEMOUTH*	1,100,085	14.50%	15.88%
DONCASTER SHEFFIELD	1,074,375	13.40%	12.94%
LIVERPOOL	5,463,234	10.10%	12.55%
ABERDEEN	3,411,390	7.90%	10.90%
CARDIFF WALES	2,098,731	5.30%	12.94%
LUTON	9,899,690	5.10%	3.07%
EDINBURGH	9,037,451	5.00%	1.87%
EXETER	1,012,603	4.30%	15.32%
INVERNESS*	699,072	4.20%	13.95%
NEWCASTLE	5,623,800	4.00%	4.24%
LEEDS BRADFORD*	2,879,195	3.30%	6.84%
GATWICK	35,166,357	3.20%	4.24%
SOUTHAMPTON	1,965,552	2.80%	4.23%
NEWQUAY	352,555	2.70%	1.83%
BRISTOL*	5,852,978	2.50%	9.83%
PRESTWICK	2,420,648	1.10%	-0.40%
BLACKPOOL	557,641	0.90%	46.66%
BIRMINGHAM	9,134,655	0.90%	10.90%
HEATHROW	67,853,139	0.80%	-0.51%
STANSTED	23,759,908	0.30%	7.68%
MANCHESTER	21,893,211	-1.00%	0.18%
GLASGOW	8,727,044	-1.10%	0.51%
NORWICH*	704,952	-5.40%	36.67%
HUMBERSIDE*	462,752	-10.30%	12.34%

Source: UKCAA Provisional Data; *Estimate base on 11 months data

Provisional statistics just released by the UKCAA show that passenger traffic growth at UK airports in 2007 was weaker than 2006. Of the selected airports shown opposite overall total average growth was down marginally from 3.2% in 2006 to 2.3% for the year.

The fastest growing airport was London City but Nottingham East Midlands, Bournemouth, Doncaster Sheffield and Liverpool all saw double digit growth. London Luton also saw faster growth in 2007 up from 3.07 to 5.1%.

A slower increase was reported at London Stansted with figures remaining almost stationary for the year (0.30%) - a discounted pricing regime at the airport applied to Ryanair came to an end in 2007.

Perhaps the general slowing can be explained by the increases in UK air passenger duty (APD) which doubled during the year and much environmental debate which has filled the press in the last few months.

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Manchester International to Set Its Own Charges

The UK Transport Secretary, Ruth Kelly, has announced that Manchester International Airport will be no longer required to have its charges regulated by the independent regulator, the Civil Aviation Authority (CAA).

In making her decision the Minister appears to have taken into consideration the fact that other local airports, particularly Liverpool John Lennon Airport, offer a choice for passengers. In reality the choice of destinations at Liverpool is significantly less than at Manchester without having interline services into any of the traditional hub airports such as Amsterdam or Frankfurt. Indeed with British Midland reducing its service at nearby Leeds/Bradford to London Heathrow, the dominant position of Manchester seems set to increase, especially for hub connecting services.

The announcement also highlights there is spare capacity at Manchester and should enable the airport to grow without the costs of excessive regulation. Indeed passenger



Manchester International has seen relatively slow traffic growth compared with its neighbour Liverpool John Lennon

traffic at Manchester has been relatively slow since 2000 averaging only around 2.3% annually compared to Liverpool which averaged over 15% in the same period.

Canal Widening Heralds Growth for Panama

The much awaited announcement that the Panama Canal is at last to be widened was made last year and is set to increase the already surging economy of Panama. The proposed \$5.2bn expansion project officially started on September 3, 2007. This will allow “Post-Panamax” containerhips each capable of carrying as many as 12,000 Twenty Foot Equivalent Units (TEUs) [compared with the current maximum of 4500 TEUs] to use the canal.

The City of Panama is also seeing a property boom as investors grab beachfront land to erect new apartment blocks. Foreign Direct Investment is twice as big in Panama as any other nation in Central America.

The main airport for Panama at Tocumen has seen traffic grow at over 16% in the last year taking it to over 3.7million passengers. A former US airbase at Howard, approximately five miles from the City, has recently seen the UK company London & Regional Properties announce a deal worth \$750 million to convert part of the base into a business park. The facility already has a long runway and is the declared alternate



Real Estate Development - Panama style

airport for Tocumen. Its hangars are occupied by Singapore Aircraft Technologies who last year won a contract to maintain the rapidly expanding fleet of COPA Airlines Boeing 737 aircraft based in Panama.

Moscow Terminal 3 Development Takes Shape



Terminal 3 at Sheremetyevo on stream for opening late 2008

An exciting year lies ahead for Aeroflot at Moscow Sheremetyevo Airport as they prepare for the completion and opening of the new Terminal 3 development. The facility which is near completion will give the carrier major productivity advantage as it at last brings its whole operation under one roof. This will enable passengers for the first time to travel between destinations within Russia and Internationally through the new transfer facility without having the time-consuming transit bus journey across the airport to Terminal 1.

At the turn of the year Aeroflot also said goodbye to its final TU134 aircraft— a trusty servant which it had operated by the carrier for over 40 years. The airline is rapidly renewing its entire fleet and 2008 will see the new regional aircraft the Sukhoi Super jet 100 in service for the first time.

Brussels Announces New Hub for Indian Carrier Jet Airways

India's largest private airline Jet Airways has started direct flights to Brussels and by linking up with Brussels Airlines it has created a European hub with connections to other parts of Europe, North America and Africa.

Daily direct flights link Brussels with Mumbai, Delhi and Chennai. However the carrier is using Brussels to provide intermediate stop en-route to New York area's Newark and JFK airports using a Boeing 777 and to Toronto using an Airbus A330.

Jet Airways and Brussels Airlines have signed a Memorandum of Understanding implementing code-share, frequent flyer partnership and through check facilities. Brussels Airlines will implement code-share on Jet Airways operated flights between Brussels-Mumbai, Brussels-Delhi and Brussels-Toronto. To begin with, Jet Airways plans to code-share on Brussels Airlines flights from Brussels to Stockholm, Oslo, Birmingham, Geneva and Madrid and will later on expand the code-share to a total of 25 routes ex Brussels, subject to government approval.

This is a much needed boost for Brussels airport which after a few years of slow growth has seen its traffic reach nearly 18 million passengers for 2007, up around 7% on the year earlier.



Jet Airways Airbus 330-200 en-route to Toronto via Brussels.

The recent announcement by British Airways to operate its new premium service "Openskies" in 2008 from Brussels to New York will also come as good news for the airport.

Air France/KLM snaps up VLM



VLM, CityJet and Scot Airways come together at London City Airport

At a time when all attention was focussed on Alitalia, Air France/KLM have acquired the regional carrier VLM in what must be regarded as the European airline deal of the year. The Antwerp based airline which had a route network centred on London City Airport (LCY) as a hub for most of its flights, operated a fleet of 18 Fokker 50 aircraft and one BAE 146. It will link up with Air France subsidiary CityJet which also has extensive activity at London City. Indeed the acquisition will give CityJet, which also recently took over active LCY carrier Scot Airways, over 50% of the flights at the airport.

The acquisition seems right for Air France which has a large fleet of Airbus A318 aircraft (18) - a type that has passed flight proving trials for the steep approach to LCY. This will give the opportunity to replace the ageing F50 aircraft with the larger, longer range type opening up route opportunities to destinations such as Warsaw, Athens and even as far away as Moscow.

UK CAA Report on Regional Airports

The UK Civil Aviation Authority has recently published: CAP 775 "Air Services at UK Regional Airports: An Update on Developments." which can be downloaded from their website www.caa.co.uk. The document is a refreshing analysis of the state of the regional airport market in the United Kingdom.

It also includes a fairly sharp assessment of the performance of the Route Development Fund which was established in 2003 to provide a limited "kick-start" to new air services. There was some success in Scotland and to a lesser extent Northern Ireland. Schemes in Wales and North-East England commenced but only falteringly; the Welsh scheme is not currently operating and the North-East scheme will not accept applications after 2007. A North-West England fund was announced in 2004 but did not fund any routes and was eventually discontinued.

It appears that future initiatives are likely to focus on joint marketing initiatives with airports rather than direct financial support.



Emirates has started its North East of England service from Newcastle to Dubai

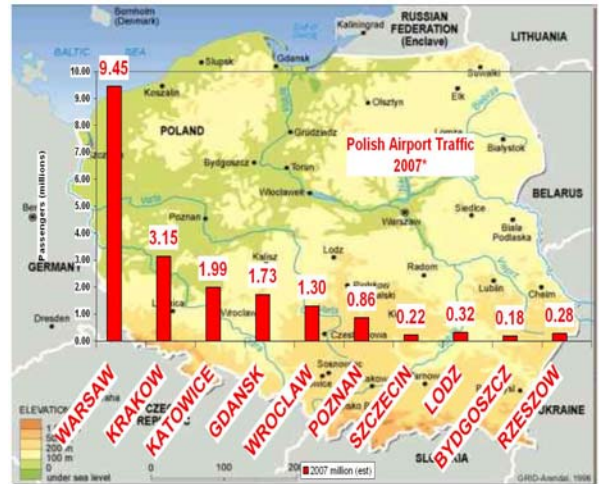
Polish Airports – High Growth All Round.

Polish Airports are enjoying one of the fastest growth rates in the world. In the first nine months of 2007 traffic grew on average at around 26% which it is estimated will bring the total traffic for 2007 to approximately 19.5 million passengers.

The capital city airport at Warsaw is the country's largest airport handling an estimated 9.45million passengers with growth for the first nine months of 2007 at 16.5%. Krakow reported handling 3.0 millionth passenger in December 2007 with growth for the year 32%. Its close rival Katowice handled just under 2.0 million in the year but experienced a higher growth of 39%.

Gdansk saw traffic grow at 38% handling 1.73 passengers in the year. Results from Wroclaw show impressive growth of 49% bringing its total to 1.3 million for the year.

Clearly this growth is creating its own set of challenges for the nations airport planners as they grapple to increase capacity to accommodate so many more passengers. Helped by financial support from the European Union it is estimated that investment in airport projects worth more than PLN7bn (€1.8bn) will take place by 2013.



Major growth in Polish Airports in 2007

Routes Wins Prestigious Award



THE 14TH WORLD ROUTE DEVELOPMENT FORUM



standing business performance, commercial success and sustained contribution to aviation route development. Since its launch in 1995, the Routes forum events have grown, with delegate attendance increasing 20 fold to 2,300 decision-making delegates from airlines and airports worldwide.

Routes has won the Queens Award for Enterprise

It is with great delight to be able to report that Routes Limited has been awarded the Queen's Award for Enterprise: International Trade, in recognition of its out-

Its not often possible to witness a true Small to Medium Enterprise (SME) develop so effectively as Routes and its fellow companies ASM, RDG and RSA. Here's offering Mike Howarth, John Woolf, Dave Stroud and all the team, our heartiest congratulations on this momentous award. Well Done!!

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