



PENSION INSURANCE  
CORPORATION

## PENSION INSURANCE CORPORATION COMPLETES £100M INVESTMENT IN TIDEWAY

London, 16 June 2016 – Pension Insurance Corporation (“PIC”), a specialist insurer of defined benefit pension funds, has invested £100 million in debt secured on the Thames Tideway Tunnel, a 25 kilometre tunnel underneath the River Thames in London. The debt was issued by Bazalgette Tunnel Limited (“Tideway”), a special purpose company formed to construct and operate the Tunnel. The transaction was done on a bilateral basis, with RBC and Morgan Stanley as arrangers. The debt is listed on the London Stock Exchange.

The Tunnel is a major new sewer, urgently needed to protect the tidal River Thames from pollution. Tideway is building the tunnel to tackle the problem of overflows from the capital's Victorian sewers for at least the next 100 years, and enable the UK to meet European environmental standards.

Key aspects of the transaction:

- £100m size, split across four tranches, funding a vital infrastructure asset
- Long deferral period (4-5 years), providing certainty of funding cost for the borrower, but reducing cost of carry, with an unusual feature of no funding drawn on day one to help match the cash flow needs of the construction works
- Unique inflation linkage, whereby this is the first transaction with inflation linkage with such a long deferral period
- Maturity profile sculpted to match PIC’s long-dated liabilities, a feature which also benefits the borrower as they require long-dated funding

Pedro Madeira, Treasurer at Tideway, said: “We are very happy to have concluded this transaction with PIC and we believe it is a great result for both parties. PIC was flexible in

helping us conclude this transaction and there was a high degree of cooperation and goodwill in working around the clock to agree documentation. PIC is exactly the kind of investor that we want to invest in Tideway.”

Allen Twyning, Head of Debt Origination at Pension Insurance Corporation, said: “We are proud to have become a significant investor in one of London’s largest infrastructure projects and are delighted to have been able to work with Tideway. The Tunnel is a project which will be transformational for London and a key part of its long-term infrastructure. For us, the long lifetime of the project and the secure cash flows are a very good match for the pension payments we are committed to making decades into the future.”

- ends -

**Notes to Editors:**

For further information please contact:

**Pension Insurance Corporation**     Jeremy Apfel                             +44 (0)20 7105 2140  
[apfel@pensioncorporation.com](mailto:apfel@pensioncorporation.com)

**Teneo Strategy**                             Anthony Silverman                             +44 (0)20 7240 2486  
[Anthony.Silverman@teneostrategy.com](mailto:Anthony.Silverman@teneostrategy.com)

**About Pension Insurance Corporation**

Pension Insurance Corporation plc ("PIC") provides tailored pension insurance buyouts and buy-ins to the trustees and sponsors of UK defined benefit pension funds. PIC brings safety and security to scheme members' benefits through innovative, bespoke insurance solutions, which include deferred premiums and the use of company assets as part payment. At year-end 2015 PIC had £16.6bn in assets and had insured 132,100 pension fund members. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit [www.pensioncorporation.com](http://www.pensioncorporation.com)