



PENSION INSURANCE
CORPORATION

PIC INVESTS £150 MILLION IN HEATHROW DEBT

London, 26 July 2018 – Pension Insurance Corporation plc (“PIC”), a specialist insurer of defined benefit pension funds, has invested £150 million in debt issued by Heathrow Funding Limited (“Heathrow”). Under the terms of the deal, Heathrow will draw down the debt finance in 2020, using the proceeds to refinance a tranche of its Class B debt, which matures in March of that year. Locking in current low rates mitigates refinancing risk for the issuer.

Heathrow is a significant issuer in debt markets, as it raises funds for both the refinancing of existing debt and for continued investment in the facilities at the airport.

Key aspects of the transaction:

- Price regulation by the Civil Aviation Authority provides significant income predictability and cash flow visibility, as well as protection against longer-term cost and revenue risks
- RPI linked debt
- Drawdown deferred for almost two years, providing certainty of funding cost for the borrower
- Range of maturity dates between 15 – 25 years
- Maturity profile tailored to match PIC’s liabilities in years where it offered a better match than is available from public bond markets

Sally Ding, Director of Treasury and Corporate Finance at Heathrow Airport, said: “We are very happy to have been able to complete this transaction with PIC, a lender with a growing reputation for structuring innovative deals that meet specific requirements.”

Marno Jooste, Debt Origination Manager at Pension Insurance Corporation, said: “We are pleased to have engaged with Heathrow, which is very active in the debt capital markets, and

to work with them to execute a transaction which meets the needs of both parties. We are currently working with a number of other borrowers to meet the increasing demand for innovative, long-dated funding with bespoke characteristics.”

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Notes to Editors:

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About Pension Insurance Corporation

The purpose of Pension Insurance Corporation plc (“PIC”) is to pay the pensions of its policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management. At year-end 2017, PIC had insured 151,600 pension scheme members and had £25.7 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit www.pensioncorporation.com