TIDEWAY – HOLDCO GROUP INVESTOR REPORT H2 2021/22

July 2022

Notice

IMPORTANT NOTICE

This Investor Report is being distributed by Bazalgette Tunnel Limited (“BTL” “Tideway” or “the Borrower”) (as ‘Holdco Group Agent’) on behalf of each Obligor pursuant to the Common Terms Agreement (CTA). BTL trades as “Tideway”.

This Investor Report contains forward looking statements that reflect the current judgment of the management of the Obligors 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 Obligor’s assets based on their historical operating performance and management expectations as described herein. Factors beyond management’s 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 Investor Report has not been reviewed by the Obligors' auditors.

BASIS OF PREPARATION

Investor Reports relate to the performance of the Holdco Group which includes Bazalgette Holdings Limited (“BHL” or “Holdco”), Bazalgette Finance plc (“Finco”) and BTL. This Investor Report comments on the historical financial performance of the Holdco Group for the period to 31 March 2022.

Defined terms used in this document have the same meanings as set out in the Master Definitions Agreement unless otherwise stated.

Contents

Overview

This Investor Report provides an update of the Holdco Group's activities for the period to 31 March 2022 with some delivery information as of 31 May 2022 or as indicated. It covers business, regulatory and financing developments. This Investor Report should be read in conjunction with the Annual Report and Accounts for the year ended 31 March 2022.

H2 2021/22 Highlights:

- Construction is progressing with the project now 79% complete as of May 2022 in line with the Business Plan.
    - We completed 30.7km of cumulative primary tunnelling as of May 2022 (100% of total) and 17.2km of secondary lining (56% of total)
    - All shafts are fully excavated with shaft secondary lining works progressed to 78% complete as of May 2022 and complete at 17 of 21 sites
    - Systems integration works are 65% complete
- Focus is now also on connecting the new system up with the existing infrastructure and we have now as much work happening above ground as below.
- System commissioning is expected to start in late 2023 and the Handover date remains March 2025.
- Total project costs for the six-month period to March 2022 were £422.3m, taking the total capitalised costs relating to the tunnel, the Regulatory Capital Value, at 31 March 2022 to £3,699.8m.
- The Estimate at Completion (EAC) is £4,288m (versus £3.5bn regulatory baseline), a £107m increase against the 2021 Baseline.
- The annual bill impact for Thames Water customers remains at £20-25.
- There has been significant progress with Ofwat on the treatment of the impact of Covid-19 and the Financing Cost Adjustment (FCA) with the conclusion of the consultation process and related licence modifications coming into effect in March 2022.

Overview (continued)

- We are exceeding our 85% target for live Legacy commitments – including jobs, skills and environment – with 90% on track.
- There were no major injuries during the year and no significant incidents as a result of our marine activities.
- The Borrower has secured total committed debt funding of £3,143m and reached a point of strong financial resilience, where sufficient liquidity has been secured to cover anticipated construction costs until Handover in March 2025.
- Gearing remains low at 63% in line with our equity-first approach. The interest coverage ratio stood at 4.45x, well above the covenant level.

- Distributions resumed in the third quarter of FY22 following a 18 month deferral as the result of the Borrower recognising the uncertainties caused by the Covid-19 disruption and delays and uncertainty as to the regulatory response.
- Credit ratings were affirmed at Baa1 by Moody's and BBB+ by Fitch with both agencies having a stable outlook following Moody's change of outlook from negative to stable in February 2022.
- We published our Sustainability Report, combining the previously published Sustainable Finance Report and the Climate Related Financial Disclosures Report aligned with the TCFD recommendations.
- Post year-end, on 1 June 2022, DIF Capital Partners announced its intention to divest its 10.66% stake in the project, on a broadly pro rata basis, to the other existing shareholders, their affiliates or related entities. The change which was driven by one of their underlying investment funds coming to the end of its fund life is subject to third party approvals.

Business Update – Health, Safety, and Wellbeing

- Tideway remains committed to completing the programme with zero fatalities or serious injuries on or off site. There were no major injuries during the year and no significant incidents as a result of our marine activities. The second half of the year saw the three-day Accident Frequency Rate (AFR-3*) decreasing from 0.2 to 0.16. This was testament to the efforts made at every level to eliminate and reduce accident and injury occurrences that had increased during the pandemic. It included regular joint venture board level reviews of Health, Safety and Wellbeing (HSW) improvement plans and strategies and increased focus on site leadership. Both AFR-3 and AFR-7 showed improvements from the levels in the previous year.
- Despite the continued additional challenges, particularly early in the year, the programme's three-day Accident Frequency Rate has remained below the highs experienced during other large infrastructure projects.
- We continue to support our workforce with the Mates in Mind programme including more than 160 Mental Health First Aiders, Mental Health First Aider Networks, Mental Health focused RightWay Live sessions and initiatives and the use of local services such as the mental health charity, MIND.
- The overarching Heath, Safety and Wellbeing Strategy continues to be appraised and is evolving as the project progresses. Mechanical, Electrical, Instrumentation, Control and Automation (MEICA) and worksite testing and commissioning became a focus for the second half of the year. A specific MEICA sub-group of the Transformational Health & Safety Group (THSG) has begun working to identify opportunities for implementation of industry best practices, with respect to safety during the design, manufacture, testing, installation and commissioning of the MEICA elements of the Tideway Programme.

* AFR-3 12-month rolling average, per 100,000 hours worked, of injuries which occurred as a result of work activities and resulted in more than three days lost time for the individual involved

Business Update – Vision, Legacy, and Reputation

- Tideway proactively communicates with stakeholders and the public about the benefits and progress of the tunnel to maintain a supportive environment and be publicly accountable. This year has been characterised by increased awareness of environmental issues, including the issue of the sewage pollution in UK waterways and this has raised the profile of Tideway's purpose and activities.
- We continued to highlight the project's construction milestones, sustainability objectives - including contributing to events at the COP26 summit – legacy activities and financing model, through our communication and engagement channels.
- Our legacy programme is organised under five themes – environment; health, safety and wellbeing; economy; people; and place. We have 54 measurable commitments and this year, on average, 90 per cent of our live commitments were on track, against a target of 85 per cent with 15 commitments closed to date. Progress on our sustainable legacy is discussed in our Sustainability Report.

Regulatory Update

- In March 2022, following public consultation, Ofwat modified Tideway's licence to address the impact of increased spending connected with Covid-19 and to reform the Financing Cost Adjustment. We anticipate that the changes will support the delivery capability and resilience of Tideway and its supply chain, securing benefits for customers while maintaining investor confidence in the project and sector. Ofwat has published a document setting out further details on the modifications and its reasons for making them: https://www.ofwat.gov.uk/wp-content/uploads/2022/03/Reasons-for-amending-Tideways-project-licence.pdf.
- A further licence change to address the impact of Covid-19 on Tideway's risk of schedule penalties is expected to come into effect in the second half of 2022.

Interface with Thames Water

- Thames Water continues to facilitate access to the Sewer Network to enable Tideway to construct the connections to the Thames Tideway Tunnel (TTT). Thames Water and Tideway are continuing the joint planning for sewer accesses required in the project’s system activation phase.
- Tideway and Thames Water continue to implement robust asset protection arrangements for the Sewer Network during the carrying out of Tideway's Works.
- Thames Water and Tideway engineering teams are working to de-risk the technical challenges associated with the bulkhead (between Tideway and Lee Tunnels) at Abbey Mills Pump Station.
- The Tideway and Thames Water property teams are jointly identifying the land and rights requirements for the long-term lease which enables Thames Water to finalise land acquisition.
- As we move closer to starting commissioning in late 2023, Tideway and Thames Water continue to collaborate and implement the ‘Joint Approach’ to deliver the earliest possible commencement of System commissioning activities, System activation, Handover and Acceptance.
- Dedicated teams from Tideway and Thames Water are working together on the detailed planning for System Commissioning including refining assumptions and mitigating risks.
- Joint priorities for the coming period include:
  - Progressing worksite close out strategies and planning land hand back land to Thames Water and third parties; and
  - Finalising the System Commissioning Plan at T-12 (the 12 months prior to start of Commissioning) ensuring alignment with partners and stakeholders.

Investment Programme – Overview

- Tideway continues to be in peak construction and by end of 2021/22 we had completed 77 per cent of our programme (79% in May 2022).
- Shortly after year end, in April 2022, a major milestone was achieved with the completion of all primary tunnelling, when the last two tunnel boring machines finished their drives. This is a one month improvement when measured against the 2021 Baseline. With Tideway reaching the end of tunnelling approximately half of the high impact low probability (HILP) risks have now been retired.
- Business plan project dates:
  - October 2023 – start of commissioning
  - March 2025 – Handover
  - February 2027 – Systems Acceptance
- We completed 30.7km of cumulative primary tunnelling as of May 2022 (100% of total) and 17.2km of secondary lining (56% of total)

- All shafts are fully excavated with shaft secondary lining works progressed to 78% complete (May 2022) and complete at 17 of 21 sites .
- Construction quality - the level of non-conformance and re-work on the project has remained at a satisfactory level, with no critical defects being reported.
- Systems integration works are 65% complete.
- The completion of tunnelling saw the end to large volumes of materials transported by river. The primary materials to be transported by river over the coming year will be secondary lining aggregates for Main Tunnel A and Greenwich connection tunnel and materials relating to the demobilisation of cofferdams.
- Focus is now also on connecting the new system up with the existing infrastructure and we have now as much work happening above ground as below.

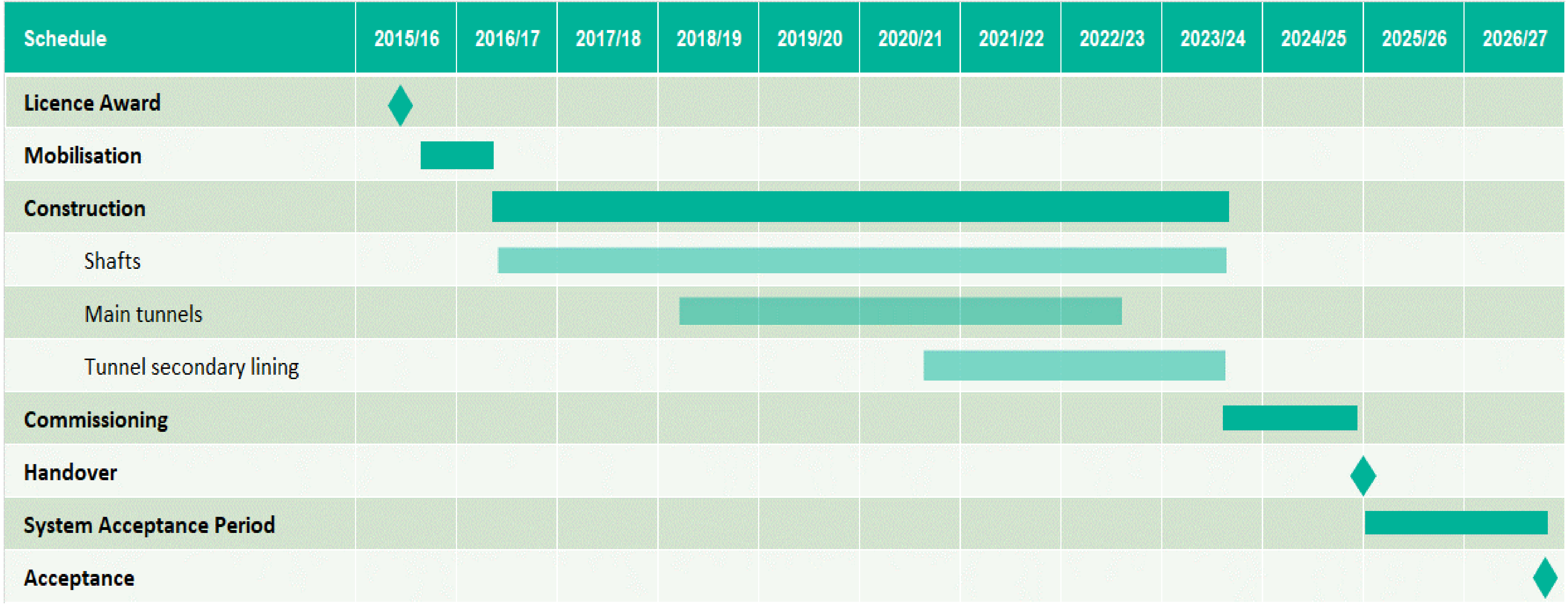
Investment Programme – Cost

- Total project costs for the six-month period to March 2022 were £365.4m, taking the total capitalised costs relating to the tunnel at 31 March 2022 to £4,016.3m.
- The EAC as of March 2022 is £4,288m (versus £3.5bn regulatory baseline), a £107m increase against the 2021 Baseline. This increase reflects the latest adjustments with contractors discussed below and the impact of recent and forecast higher inflation, which is a Tideway responsibility in the Main Works Contracts (MWCs) and subject to an adjustment mechanism.
- Each of the Main Works Contractors' target prices have been adjusted to reflect Compensation Events (risks retained by Tideway). The primary areas of change to the MWCs relates to finalisation of the programme to commercial completion and the introduction of Tideway's Phased Commissioning Plan to the MWCs' scope of work. This includes the introduction of incentives for ongoing programme alignment between the MWCs and efficient delivery meeting Tideway's objectives.
- As a result of these activities, all three MWCs are collaboratively working with Tideway to finalise the detailed construction schedules to align with key milestone dates for the overall programme. Subject to final commercial discussions, all parties are incentivised and substantially aligned in their commercial approach for delivering the remaining works on the programme.
- Priorities for the coming period include:
  - Ongoing discussions with stakeholders regarding the interface with the existing Lee tunnel, including a safe system of work for the removal of the tunnel boring machine that arrived from Chambers Wharf in April and the subsequent removal of the bulkhead at Abbey Mills.
  - Maintain high performing tunnelling and marine operations whilst securing good secondary lining performance ensuring that lessons are shared across the programme.

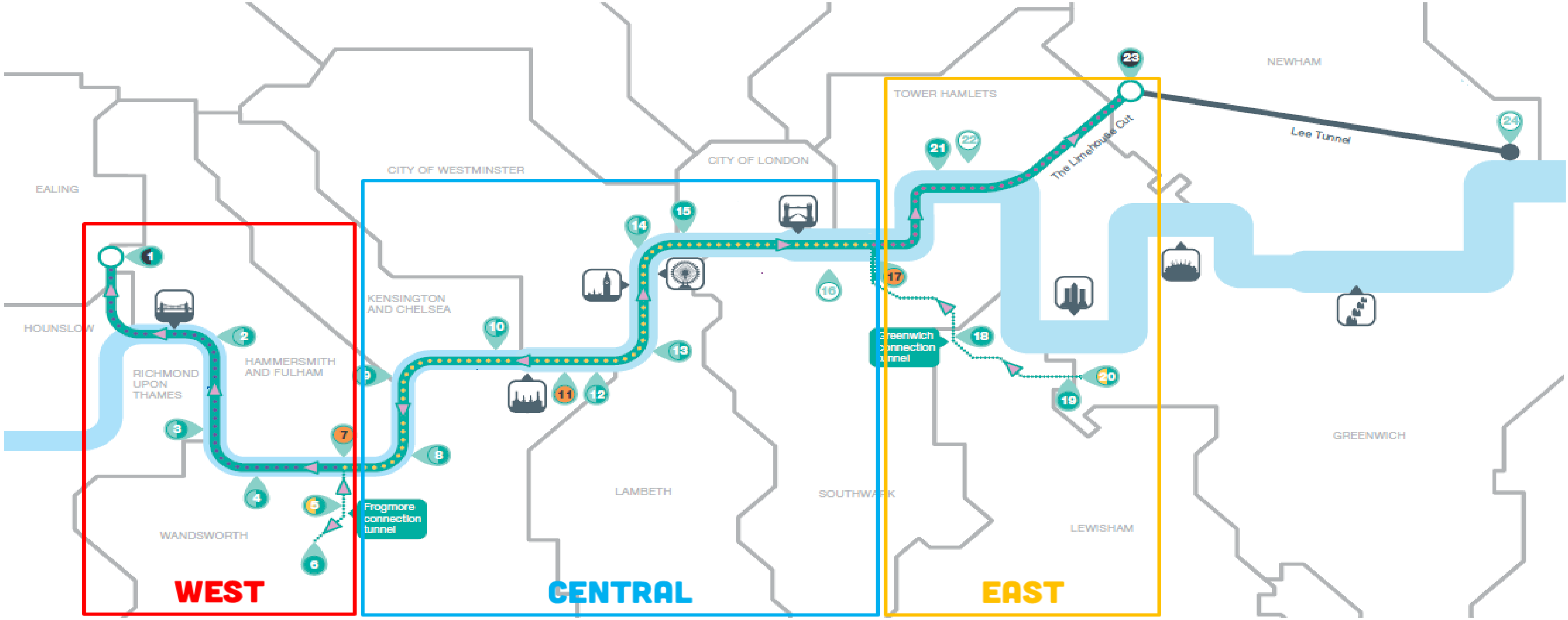
Investment Programme – Project Schedule Update

The outline schedule sets out our current view on the schedule. It reflects out latest view following significant engagement with our delivery partners and the 2021 Baseline.

As we continue to deliver the project we will make further changes to specific site schedules.



Investment Programme – Route and Sites

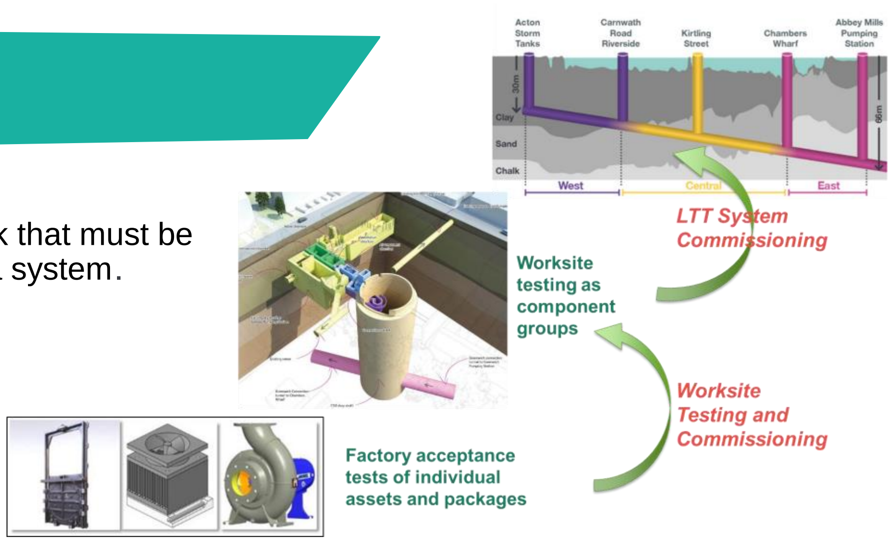


Map key

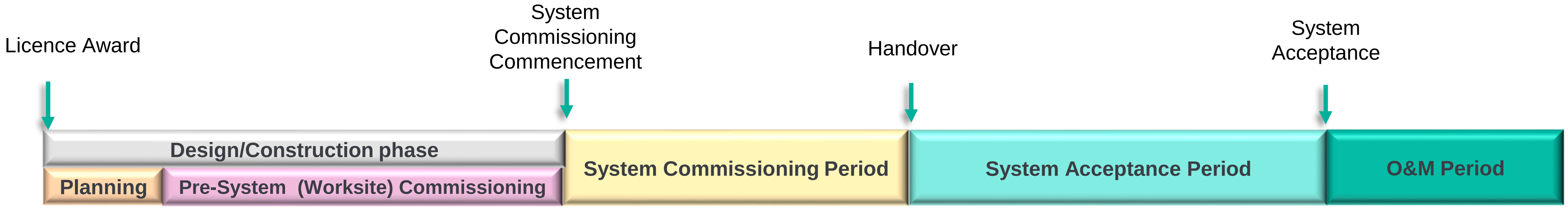
- Main tunnel drive site
- Main tunnel reception site
- CSO site
- Short connection tunnel drive site
- Long connection tunnel drive site
- System modifications
- Main tunnel
- Long connection tunnel
- Lee Tunnel (under construction)
- Proposed drive direction
- West works site
- Central works sites
- East works site

1. Acton Storm Tanks
2. Hammersmith Pumping Station
3. Barn Elms
4. Putney Embankment Foreshore
5. Dormay Street
6. King George's Park
7. Carnwath Road Riverside
8. Falconbrook Pumping Station
9. Cremorne Wharf Depot
10. Chelsea Embankment Foreshore
11. Kirtling Street
12. Heathwall Pumping Station
13. Albert Embankment Foreshore
14. Victoria Embankment Foreshore
15. Blackfriars Bridge Foreshore
16. Shad Thames Pumping Station
17. Chambers Wharf
18. Earl Pumping Station
19. Deptford Church Street
20. Greenwich Pumping Station
21. King Edward Memorial Park Foreshore
22. Bekesbourne Street
23. Abbey Mills Pumping Station
24. Beckton Sewage Treatment Works

System Integration and System Commissioning



- In addition to the major civil construction works, there are several mechanical and controls elements of work that must be undertaken to enable the tunnel to be integrated with the existing sewer network and therefore operate as a system.
- The MWCs are responsible for providing the assets and packages that make up an individual worksite and the associated testing. They are making good progress in conducting factory acceptance testing for the penstocks, flap valves, isolation gates, access covers and air treatment units. These tests have been witnessed by the Project Manager and the System Commissioning Manager. Site Acceptance Testing have also begun for the mechanical assets installed on site, and this will increasing be the focus as the MWCs begin Worksite Testing.
- The System Integrator (Amey) covers system-wide control integration including telemetry, IT systems, control room interfaces and software. Their work is 65% complete overall as of May 2022 and system software development is nearing completion. Formal factory acceptance testing of the core software and site equipment has commenced and enabling installation works are progressing well at Beckton Sewage Treatment Works in preparation for the hardware installation.
- Plans for system commissioning have continued to be developed and refined including identifying the detailed activities and assets that will be constraints in governing the commissioning process according to agreed criteria for achieving key milestones. The Phased Commissioning approach and re-baseline activities have improved the maturity of the commissioning programme, and will provide resilience to mitigate potential programme risks that might delay the testing and commissioning process.
- Following completion of required worksite testing, the physical separation between the TTT and the Lee Tunnel will be removed to create the London Tideway Tunnel (LTT). Flows will be progressively allowed into the LTT, and Tideway will, with Thames Water's assistance, conduct a number of system commissioning tests to demonstrate the LTT is fit for purpose and can be operated by Thames Water in accordance with the environmental consents and operating techniques. When the tests have been completed and the Handover criteria met, Thames Water will issue a Handover certificate.
- Following Handover, system acceptance tests will be conducted by Thames Water with the support of Tideway to optimise operation and maintenance activities and to demonstrate system capacity in relation to intense storm events. When the system has been monitored over a range of climatic and operational scenarios and certain system acceptance criteria have been met, Thames Water will issue a system acceptance certificate



Financing Activity

Debt facilities

Debt £M	RCF	EIB	RPI loan	RPI bonds	CPI bonds	Nominal	Total
Drawn		680	100	658	275	925	**2618**
Undrawn	160	40		250	75	0	**525**
Total	**160**	**700**	**100**	**908**	**350**	**925**	**3143**

- Since Licence Award, Tideway has made significant progress in the implementation of its financing strategy, raising £3bn of long-term debt of which £2.6bn has been drawn and is outstanding.
- This represents 100% of long-term funding needs to cover anticipated construction costs to Handover (March 2025) before taking into account the undrawn £160 million Revolving Credit Facility.
- During the period we received £40m from EIB T9 and the proceeds from the latest bond issuance Series 18 of £300m.
- At 31 March 2022, we had total liquidity of £1bn, comprising £476m of cash, the £160m undrawn RCF, the £40m undrawn part of the EIB loan and £325m of undrawn bonds. This, combined with expected revenue collections, provides liquidity significantly in excess of our 12-month target, including all liquidity required to the project handover.
- There were no new derivative transactions in the period – our derivative portfolio continues to include the swaps hedging the first eight tranches of our £700m EIB loan and £70m of our £300m USPP 2017 notes.
- As at 31 March 2021, we had received £1,274m from our shareholders in the form of £509.7m in equity and £764.5m as shareholder loans, which was the full commitment at Licence Award. The total distributions paid in the year were £29.3m and £79.2m were capitalized and added to the shareholder loans taking the overall balance to £799.5m.
- Given the discontinuation of Libor from January 2022, we agreed the transition of our LIBOR-linked transactions in the second half of the year and all necessary amendments have been finalized with the relevant external counterparties.
- Fitch affirmed the credit rating at BBB+ with stable outlook. Moody's maintained the Baa1 rating and changed Tideway's outlook from negative to stable following the conclusion of Ofwat's consultation on certain licence changes addressing the impact of Covid-19 and the FCA.

Financing Activity

£3bn long term debt	£160m RCF	100% needs to Handover	Refinancing from 2025 (EIB) and 2027 (bond)	£1.3bn of debt portfolio matures or resets around 2030 (2027-2032)

Index Linked debt as % of RCV

Mar 2022
52.46%

Mar 2022
Net debt/ RCV
62.74%

Index Linked debt as % of total debt

Mar 2022
69.37%

The interest coverage ratio remains well above the covenant level.

Mar 2022
ICR
4.45x

Financing Activity – Sustainable Finance

- Tideway has 18 green bonds totalling £1.8bn listed in the London Stock Exchange Sustainable Bond Market, a £75m green USPP and a £160m Sustainability-Linked Revolving Credit Facility.
- Our bond programme and the bond series issued under it are covered by a Green Transaction Evaluation from S&P Global ratings which was updated in February 2022 giving us an Environmental benefit score of 95/100 and a governance and reporting opinion rated as advanced.
- The agreed KPI in the Sustainability-Linked RCF is the meeting of at least 85% of the live Legacy Commitments and as at 31 March 2022 we exceeded the target by meeting 90% of the live commitments.
- The sustainable financing strategy is supported by the Sustainable Finance Framework which was updated in February 2022. It is aligned with the International Capital Markets Association (ICMA) Green Bond Principles and the Loan Market Association (LMA) Green Loan Principles, as well as with the Loan Market Association Sustainability Linked Loan Principles.

- S&P Global Ratings completed an updated Environmental, Social and Governance Evaluation of Tideway in January 2022. Tideway achieved a score of 76/100, a two-point uplift from the previous assessment done in 2020.
- Our Sustainability Report combines our previous Sustainable Finance and Climate-related Financial Disclosure reports. This report shows the progress against our legacy commitments and is aligned with the United Nations Sustainable Development Goals at target level. It also includes information for investors on the allocation of proceeds and impact of the project in line with ICMA's Green Bond Principles and LMA's Sustainability-linked Loan Principles. It includes a compliance statement, which highlights how our disclosures align with Taskforce on Climate-related Financial Disclosures (TCFD) but also the limited areas in which we do not align due to the nature and advanced stage of the project.

Historical Financial Performance

	Year ended 31 March 2022			Year ended 31 March 2021		
Analysis of Project Costs and the equivalent Net Cash Outflows (£m)	Costs	Timing Differences	Cash Outflow	Costs	Timing Differences	Cash Outflow
Direct Costs	524.0	(48.6)	475.4	478.5	(3.2)	475.3
Indirect Costs	61.5	(6.1)	55.4	65.1	1.8	66.9
Total Allowable	585.5	(54.7)	530.8	543.6	(1.4)	542.2
Excluded Costs	200.2	(136.4)	63.8	93.5	(62.0)	31.5
Total	785.7	(191.1)	594.6	637.1	(63.4)	573.7

The information in this and the next two pages is in respect of BTL, the operating company. Please see our website for BHL group accounts.

Tideway recorded a £10.9m loss during the year (2020/21: £6.0m profit). This is a result of fair value movements on Tideway's derivative financial instruments. The tunnel asset under construction totalled £4,016.3m at 31 March 2022 (2020/21: £3,230.6m).

Allowable Costs

Our Allowable Costs of £585.5m (2020/21: £543.6m) includes £524.0m of Direct costs and £61.5m of Indirect costs.

Direct Costs

Direct costs are primarily the Main Works Contractor costs and the System Integrator contract so reflect costs directly related to the tunnelling programme such as primary tunnelling and secondary lining works and also other related construction activities such as shaft construction and marine works.

Indirect Costs

The largest indirect costs are resource costs of £45.9m. This represents the cost to employ an average of 286 Full Time Equivalents (FTEs) over the year. These FTEs are either employed directly by Tideway or contracted by Tideway via our programme manager Jacobs. Other indirect costs include non-resource costs such as information systems, office, insurance, Government Support Package and other running costs. Indirect costs have reduced compared with 2020/2021 due to budget controls and cost cutting measures as construction comes closer to completion.

Excluded Costs

Excluded costs for the year ended 31 March 2022 were £200.2m (2020/21: £93.5m). These comprise £197.3m of net interest expense (including shareholder loan interest) and £3.4m of costs which mainly related to financing activities, partly offset by £0.5m interest income. . Excluded costs are higher than 2020/21 mainly from the impact of higher inflation on existing index linked debt and the additional cost of new debt.

Analysis of Capitalised Costs (£m)	Year ended 31 March 2022	Year ended 31 March 2021
Direct Costs	524.0	478.5
Indirect Costs	61.5	65.1
Total Allowable	585.5	543.6
Excluded costs	200.2	93.5
Total Capitalised Costs	785.7	637.1

Historical Financial Performance (continued)

Cash Flow and Cash

Net cash flows from operating activities of £70.5m (2020/21: £127.3m) represent movements in working capital and are chiefly driven by timing of payments to our Main Works Contractors and the receipt of regulated revenue payments from Thames Water which are deferred on the Statement of Financial Position during the construction phase of the project.

Net cash flows used in investing activities of £673.7m (2020/21: £514.9) show the gross cash outflows used in constructing the TTT as well as movements to and from short-term deposits which represent money market funds where cash is held on deposit for a period longer than three months.

The net cash inflows from financing activities of £605.7m (2020/21: £338.0m) are largely the result of new borrowings drawn in the period which included £432.8m of fixed and index linked bonds, £75.0m fixed rate loan and £100.0m of floating rate loans.

External Debt

Net debt at 31 March 2022 was £2,467.0m, which was £723.6m higher than the £1,743.4m net debt at 31 March 2021.

At 31 March 2021, BTL's total borrowings were £3,596.8m being £799.5m of shareholder loans and £2,797.3m of other borrowings which include third party borrowings and intra group debt.

The borrowings include the March 2022 issuance of a £300m 12-year green bond in the public sterling market and with these additional funds, Tideway has reached a point of financial resilience, where sufficient liquidity has been secured to cover the costs to the project handover. The Revolving Credit facility of £160.0m remained undrawn during the period.

A list of Tideway's external debt facilities can be found on page 21.

Cash Flow (£m)	Year ended 31 March 2022	Year ended 31 March 2021
Cash generated from operations before changes in working capital	-	-
Decrease/(Increase) in trade and other receivables	(10.5)	3.5
Increase in trade and other payables	8.1	54.9
Increase in advance payment liability	72.9	68.9
Net cash from operating activities	**70.5**	**127.3**
Construction of infrastructure asset	(583.7)	(617.4)
Transfers (to)/from short-term deposits	(90.0)	102.5
Net cash used in investing activities	**(673.7)**	**(514.9)**
Proceeds from new borrowings	607.8	340.0
Interest received	-	-
Repayment of lease liabilities	(2.1)	(2.0)
Net cash from financing activities	**605.7**	**338.0**
Net (decrease)/increase in cash and cash equivalents during the period	**2.5**	**(49.6)**
Cash and cash equivalents at the start of the period	331.2	380.8
Cash and cash equivalents at the end of the period	**333.7**	**331.2**

Historical Financial Performance (continued)

Fair value measurements and valuation

Tideway has entered into long-term swaps with commercial banks to hedge the interest rate for tranches one to eight of the £700m EIB loan secured in May 2016 and £70m of the £300m US Private Placement notes secured in September 2017.

These are long-term swaps which we entered into with commercial banks to economically hedge the interest costs of the Group's debt. The swaps fix finance costs for the Group's regulatory period in a cost-effective manner and ensure that we benefit from low-cost financing. The movement in fair value of these financial instruments is recognised in the Income Statement because, under IAS 23 these do not represent current borrowing costs incurred for financing the project and so, unlike our other expenditure, cannot be capitalised.

During the year, there was a negative movement of £10.9m in the fair market value of the index-linked swaps. This was primarily driven by an increase in RPI which impacted the pay leg of the swaps.

Tax

We have made a 'disregard election' to HMRC effective 1 April 2016, which means that any gains or losses arising from the movement in the fair value will be disregarded for current tax purposes.

We did not recognise any taxable profits in the period (2020/21: £nil) and the resulting corporation tax charge for the period was £nil (2020/21: £nil).

Further information on the financial performance of the Group can be found on our website.

Debt Portfolio – March 2022

Drawn Debt Portfolio - March 2022

Facility	Amount (£m)	Type	Drawdown date	Maturity (CY)
£75m CPI + 0.828%	75	Green Bond	Aug-17	2047
£300m 2.86%	300	USPP Loan Note	Sep-17	2032
£250m 2.375%	250	Green Bond	Nov-17	2027
£200m CPI+ 0.74%	200	Green Bond	Nov-17	2042
£100m RPI + 0.688%	100	Green Bond	Jun-18	2050
£80m Tranche 1	80	EIB	Jul-18	2051
£100m RPI + 0.249%	100	Green Bond	Dec-18	2040
£80m Tranche 2	80	EIB	Jan-19	2051
£100m RPI + 0.755%	100	Green Bond	Jun-19	2051
£80m Tranche 3	80	EIB	Jul-19	2051
£125m RPI + 0.192%	133	Green Bond	Jul-19	2049
£100m RPI + 0.01%	100	Loan	Sep-19	2049
£80m Tranche 4	80	EIB	Jan-20	2051
£25m RPI + 1.035%	25	Green Bond	Jun-20	2048
£50m RPI + 0.787%	50	Green Bond	Jun-20	2052
£25m RPI + 0.951%	25	Green Bond	Jun-20	2054
£80m Tranche 5	80	EIB	Jul-20	2051
£80m Tranche 6	80	EIB	Jan-21	2051
£80m Tranche 7	80	EIB	Mar-21	2051
£25m RPI + 1.042%	25	Green Bond	Jul-21	2048
£25m RPI + 0.954%	25	Green Bond	Jul-21	2054
£60m Tranche 8	60	EIB	Jul-21	2051
£75m RPI + 0.01%**	75	Green Bond	Aug-21	2036
£75m 2.418%	75	Green USPP Loan Note	Sep-21	2041
£40m Tranche 9	40	EIB	Jan-22	2051
£300m 2.75%	300	Green Bond	Mar-22	2034
Subtotal	**2,618**			

(**) re-offer price of 112.157% reflecting negative yield of -0.754%

Undrawn Debt Portfolio - March 2022

Facility	Amount (£m)	Type	Drawdown date	Maturity (CY)
RCF	160	Sustainability-linked Revolver	N/A	2027
EIB Tranche 10	40	Loan	2022	2051
£150m RPI + 0.01%*	150	Green Bond	Apr-22	2032
£75m CPI + 0.949%	75	Green Bond	May-22	2052
£50m RPI + 0.074%	50	Green Bond	May-22	2049
£50m RPI + 0.174%	50	Green Bond	May-23	2049
Subtotal	**525**			

(*) re-offer price of 100.24% reflecting negative yield of -0.014%

Financial Ratios

We confirm that in respect of this Investor Report as of 31 March 2022, by reference to the most recent Financial Statements that we are obliged to deliver in accordance with paragraph 1 (Financial Statements) of Part A (Information Covenants) of Schedule 3 (Holdco Group Covenants) of the CTA:

a) the Senior RAR(1) in respect of the relevant Test Period is equal to 62.74%

b) The FFO ICR(2) in respect of the relevant Test Period is equal to 4.45

c) The average FFO ICR in respect of the relevant Test Period is equal to 4.14

(together ***the Ratios***)

We confirm that the above Ratios have been calculated in respect of the Test Period(s) or as at the Test Dates for which it is required to be calculated under the CTA.

Other Reportable Matters

Significant management and board changes H2 2021/22

- There have been no significant management or board changes in the period.

Acquisitions and disposals H1 2021/22

There have not been any acquisitions and disposals in the period.

Current Hedging Position

The current swap portfolio can be found on slide 26 in the appendix.

Confirmation

We confirm that:

a) no Default or Trigger Event has occurred and is continuing;

b) the Borrower is in compliance with the Hedging Policy;

c) the statements set out in this Investor Report are accurate in all material respects; and

d) the insurances are being maintained in accordance with paragraph 28 (Insurance) of Part C (General Covenants) of Schedule 3 (Holdco Group Covenants) to the CTA.

M. Duncan

Mathew Duncan,

Chief Financial Officer

For and on behalf of Bazalgette Tunnel Limited as Holdco Group Agent

APPENDICES

Swap Portfolio – March 2022

- During FY16/17 Tideway swapped tranches 1-8 of the EIB loan with various banks to index linked (RPI) format and agreed to draw tranches 9-10 in index linked format directly from the EIB.
- In September 2017, Tideway swapped £70m notional of the USPP.
- The swaps mature in 2030-2032 which is the beginning of Tideway's next regulatory period where the regulatory framework is expected to change to CPIH from RPI.
- There were no new hedges in the period.

Swap	Facility	Notional (£m)	Effective date	Swap maturity	Interest rate
Swap 1	EIB	80	Jul 2018	Mar 2030	RPI - 0.125%
Swap 2	EIB	80	Jan 2019	Mar 2030	RPI - 0.122%
Swap 3	EIB	80	Jul 2019	Mar 2030	RPI - 0.018%
Swap 4	EIB	80	Jan 2020	Jan 2031	RPI - 0.750%
Swap 5	EIB	80	Jul 2020	Jan 2031	RPI - 0.484%
Swap 6	EIB	80	Jan 2021	Jan 2031	RPI - 0.573%
Swap 7	EIB	80	Mar 2021	Jan 2032	RPI - 0.468%
Swap 8	EIB	60	Jul 2021	Jan 2032	RPI - 0.550%
Swap 9	USPP	70	Sep 2017	Mar 2030	RPI - 0.455%

Reference to the CTA

The table below summarises the requirements of the Investor Report as per Schedule 6 of the CTA and references in this document.

Requirement	Reference
General overview	Page 4-5, Overview
Regulatory and Business update	Page 6-9, Regulatory and Business Update Page 10-14, Investment Programme
Capital Expenditure	Pages 18-21, Historical Financial Performance
Financing	Page 15-17, Financing Activity Appendix
Acquisitions or Disposals	Page 23, Other Reportable Matters
Current Hedging Position	Page 26, Other Reportable Matters Appendix
Ratios	Page 22, Ratios

Tideway

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