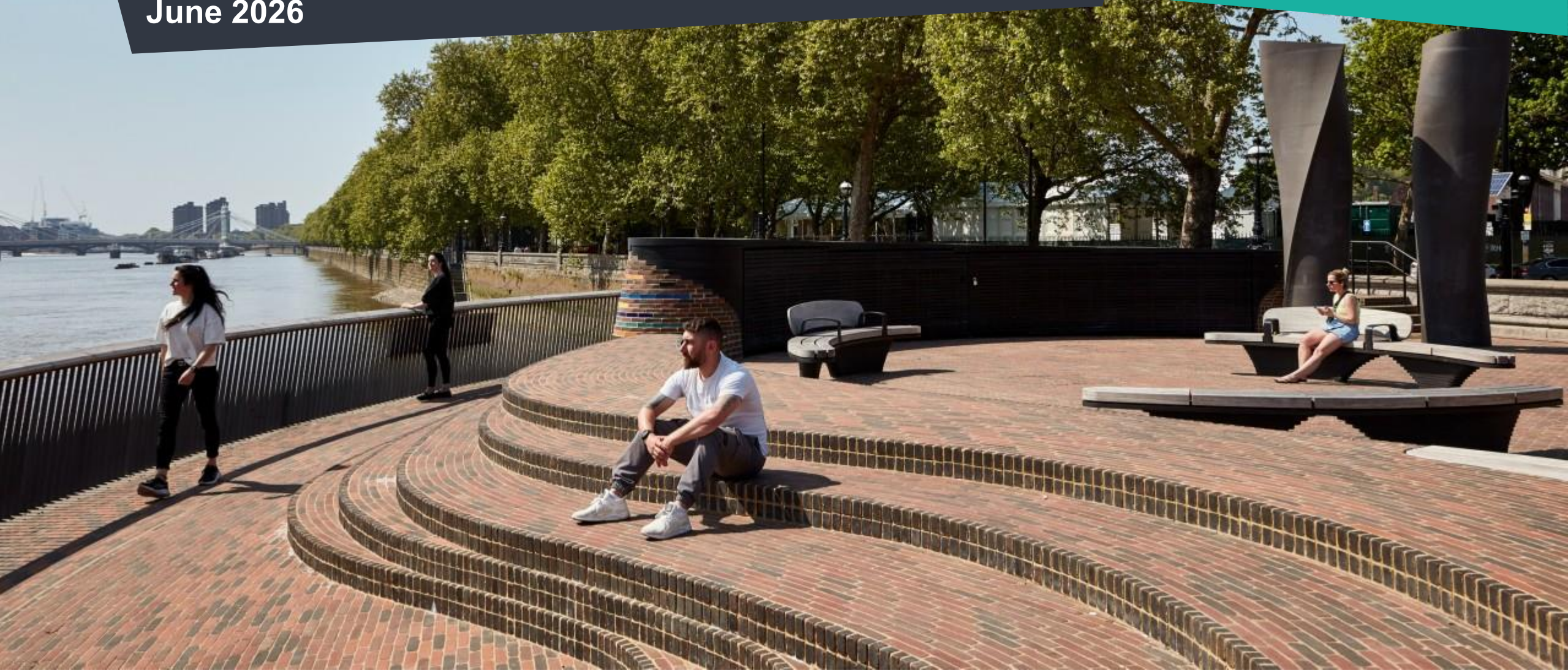


# TIDEWAY – HOLDCO GROUP INVESTOR REPORT H2 2025/26

June 2026



# 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 30 September 2025.

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

This Investor Report provides an update of the Holdco Group’s activities for the period to 31 March 2026 with some information as of 2 June 2026 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 12 months ended 31 March 2026.

# Contents

- Overview
- Business Update
  - Safe Sustainable Asset Management
  - Connected People and Partners
  - Regulatory Update
- Financing Activity and Sustainable Finance
- Financial ratios
- Other Reportable Matters
- Appendixes
  - Debt portfolio
  - Swap Portfolio
  - CTA Confirmation



## Overview – Highlights

**All Storm Tests are complete**

*Storm Test 3 achieved in January 2026 with further testing completed in early June 2026. Storm Test 4 completed in April 2026.*

**Over 20m tonnes sewage intercepted**

*From first activation in August 2024 to June 2026*

**Handover by Q2 26/27**

*Start of the Operational phase and commencement of System Acceptance*

**EAC at £4.7bn**

*TWUL customers annual bill within the range set out in 2015*

**Fitch: BBB+  
Moody's: Baa1**

*Both with stable outlook*

- Storm Tests 1 and 2 were achieved in July 2025. Storm Test 3 was completed in January 2026 under dry weather contingency measures and in early June additional criteria dependent on high tunnel levels were satisfied. Storm Test 4 was successfully completed in April 2026.
- The cost estimate at completion (EAC) is £4.7bn, up 2% from last year driven principally by project prolongation due to the weather and consents.
- As we transition from a construction-led organisation to an asset owner, we continue to ensure strong governance, culture and values, supported by a newly appointed senior leadership team.
- Our liquidity horizon is 19 months. Net Debt to RCV at 67.9% and interest coverage ratio (FFO ICR) at 4.19x.



## Business Update

### Safe, Sustainable Asset Management

- We remain committed to zero fatalities or serious injuries on or off site. None were recorded in the period. Accident Frequency Rates (AFR) which measure lost-time injuries over a rolling 12-month period increased slightly in H1 2025/26 resulting in year-end AFR-3 and AFR-7 increasing to 0.18 despite zero lost-time incidents during H2 2025/26. We continue to review Health, Safety and Wellbeing (HSW) performance, focusing on safe completion of construction and the safe start of longer-term operations and maintenance.
- Storm Test 1 & 2 were completed during a significant rainfall event in July 2025, capturing CSO Overflows and validating system functionality of hydraulic, ventilation and control systems under real storm flow conditions. The system responded as designed with the penstocks closing across all sites at different tunnel setting levels.
- Storm Test 3 was achieved in January 2026 under dry weather contingency measures. This meant that certain criteria dependent on high tunnel levels could not be fully validated at that time. Heavy rainfall in early June 2026 provided the opportunity to further test the tunnel and enable additional criteria to be satisfied. Testing and optimisation remains ongoing.
- Some of the commissioning test criteria that rely on a high fill tunnel level have yet to be tested due to lower-than expected inflows into the tunnel. Discussions are ongoing with Thames Water and other stakeholders to agree an appropriate approach to addressing weather-related impacts.
- Storm Test 4, a hands-off 30-day test of the tunnel's automated control system was successfully completed in April 2026.
- During the year (1 April 2025 – 31 March 2026) the London Tideway Tunnels (LTT) have intercepted ~13.3m tonnes of sewerage across over 800 individual CSO interceptions, and ~19.6m tonnes across over 1,000 individual CSO interceptions since first activation in August 2024.
- Following completion of Storm Test 3, an inspection of the infrastructure is required. A targeted, risk-based methodology has been developed to minimise confined space entries (health & safety risk) and environmental impact through reduced tunnel outages, using remote drone technologies for all near-surface assets and some critical deep tunnel locations. Inspection of the assets using drones was completed in April 2026, delivering a very high-quality data set which did not identify any changes or areas of concern.

## Business Update – Safe, Sustainable Asset Management

- Physical construction activity is now limited to minor works associated with architectural and landscaping finishes, control systems adjustments and the demobilisation of temporary marine works. Works are substantially complete at 17 out of the 21 sites, with the remaining 4 sites processing through final snagging and demobilisation. Of the 13 public spaces created or refurbished by the project, 12 are now open to the public under the stewardship of Tideway. The remaining site at King Edward Memorial Park is scheduled to open in summer 2026.
- Remaining river works at 3 sites include reinstatement activities, temporary works removal and returning vessels to their moorings, alongside commissioning a permanent CSO warning system. Obtaining consents from the PLA has been challenging and has had an impact on the programme but mitigations are in place to avoid any material impact on the completion of the works.
- The Main Works Contractors (MWCs) in all three delivery areas and the System Integration Contractor are now focused on finalising certification, as-built drawings and models and Operational and Maintenance documentation.
- In light of the below-average tunnel inflows and fill levels observed during commissioning and extrapolating into the System Acceptance period, an alternative approach to System Acceptance is being explored.
- Given the system's successful operation to date, Tideway is in active discussions with Ofwat, the Environment Agency, Defra and Thames Water to agree the appropriate course of action to address weather-related testing uncertainty, optimise performance, and ensure the project's achievements are recognised.
- Ofwat has confirmed that, under the current regulatory arrangements Tideway should not be subject to penalties under the Licence, or a potential Licence breach, as result of weather-related delays. The conclusion of these discussions may lead to changes in our regulatory framework to support the company's objectives of protecting the river. We are also planning discussions with the regulator during 2026/27 on how Tideway's post-2030 arrangements can best reflect its activities and risks in the operational phase.



## Business Update – Connected People and Partners

- An independent survey of Tideway’s key stakeholders (from relevant Environmental, Political, Business and Community groups) undertaken in August 2025, recorded 100% positive feedback on Tideway’s approach to delivering the project, highlighting our responsiveness, clarity, and professionalism during commissioning.

Across digital, social and traditional media, we continued to tell our story, achieving our highest-ever media reach in 2025/26. Our 25th and final episode of Tunnel Vision was published, with the full series earning almost 140,000 views, alongside the release of the



- independently produced documentary Beneath Your Feet on Amazon Prime Video, highlighting the project’s scale and legacy.
- Wellbeing remains a central part of our ‘RightWay’ approach to HSW, with support continuing to be available to colleagues both remaining with the Company and those moving on to new roles.
- A 50/50 gender balance was established in the new leadership team for the first time, with the overall Tideway Senior Leadership Team comprising 53% female and 47% male.
- As construction concludes, we have closed the Community Forum and its Reporting Group which have been invaluable in ensuring that residents and local businesses affected by consent through to construction were listened to, considered, and kept informed throughout the process.
- Helpdesk contacts fell by 47% and complaints by 73%, reflecting reduced construction impacts.
- Tideway received further industry recognition this year, including the 2025 RICS UK Infrastructure Award.
- We take a coordinated approach to managing ESG risks and opportunities, with teams working collaboratively to align with best-practice frameworks. This approach has strengthened policies, disclosures and governance, with oversight by the Board’s Audit and Finance Committee and the Risk, HSS&E Committee.

## Regulatory Update

- The Government's White Paper 'A New Vision for Water' was published in January 2026. Reform is framed around restoring public confidence, strengthening accountability, and ensuring the sector can attract long term investment through creating stability and taking a long-term approach. It confirmed that a new integrated water regulator would be created, combining functions of Ofwat, the Environment Agency, the Drinking Water Inspectorate and Natural England. There was positive reference to beneficial reforms to the Specified Infrastructure Projects Regulations (SIPR) regime for major project delivery, though the paper did not address detailed implementation questions.
- We continue to engage proactively with policymakers and regulators, advocating for decisions on SIPR reform to incorporate lessons learned from the Tideway project, and for any sector-wide reforms to be applied appropriately to Tideway. We will continue this engagement throughout the legislative process for the Clean Water Bill announced in the King's Speech and the transition to the new regulatory regime, with a focus on maintaining positive relationships and open communication with key stakeholders.
- Tideway continues to monitor the impact of Thames Water's corporate position. As noted in previous reports, we have

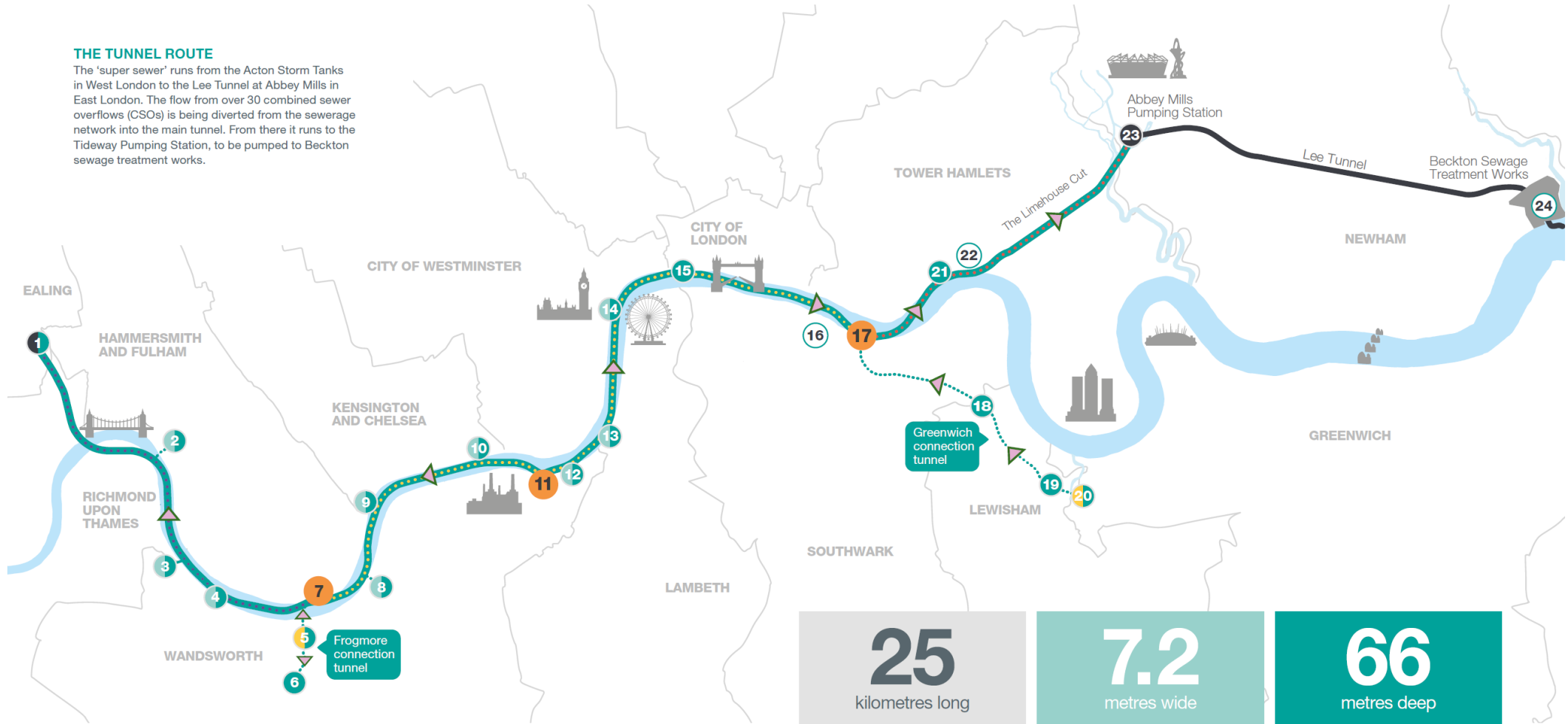
received confirmation from Ofwat that the existing statutory and regulatory protections would continue to apply should Thames Water's status change. There has been no impact on our revenue to date. Discussions continue between Thames, Ofwat and the company's senior creditors regarding a proposed recapitalisation.



# The Tunnel Route

## THE TUNNEL ROUTE

The 'super sewer' runs from the Acton Storm Tanks in West London to the Lee Tunnel at Abbey Mills in East London. The flow from over 30 combined sewer overflows (CSOs) is being diverted from the sewerage network into the main tunnel. From there it runs to the Tideway Pumping Station, to be pumped to Beckton sewage treatment works.



### 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
- Connection tunnels
- Lee Tunnel
- ▲ 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 Kirling 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 Bokesbourne Street
- 23 Abbey Mills Pumping Station
- 24 Beckton Sewage Treatment Works

**25**  
kilometres long

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Travelling from west to east London,  
the main tunnel is 25km long.

**7.2**  
metres wide

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The main tunnel has an internal diameter of 6.5 metres between Acton Storm Tanks and Carnwath Road Riverside. It has a 7.2 metre internal diameter at Abbey Mills Pumping Station.

**66**  
metres deep

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The tunnel falls one metre every 790 metres so it is self-cleaning. Starting from 30 metres deep at Acton Storm Tanks, it finishes 66 metres deep at Abbey Mills Pumping Station.

# Financing Activity and Sustainable Finance

- Total project costs incurred for the six-month period were £134.3m taking the total capitalised costs incurred on 31 March 2026 to £6,105.7m (2025: £5,775.9m).
- The cost estimate at completion (EAC) is £4.7bn, up 2% from last year (2025: £4.6 billion), driven by programme prolongation linked to river work consents, variable rainfall, and low sewage inflows during commissioning. The impact on customer bills remains well within the pre-Licence award estimate of £20–£25 (in 2014/15 prices).
- Historical Financial Performance can be found in our [Annual Report](#).
- As of 31 March 2026, we had total liquidity of £490.8m, comprising £370.8m of unrestricted cash and the £120m undrawn RCF.
- Our £160m Revolving Credit Facility (RCF) has been replaced with a new £120m RCF structured as a three-year loan with two one-year extension options. It remains undrawn.

£3.5bn long term debt raised (£4.2bn including total accretion)

£120m RCF  
£95m Liquidity Facilities

19 months liquidity

Refinancing from 2025 (EIB) and 2027 (bond)

March 2026

Index Linked debt as % of RCV

50%

Gearing remains below the covenant trigger / default levels (70%/80%)

Net debt/RCV  
67.9%

Index Linked debt as % of total debt

68%

Interest coverage ratio remains well above the covenant trigger / default levels (1.30x / 1.10x)

ICR  
4.2x

- £32.0m of distributions were paid during H2 and the remaining £7.1m of accrued interest was capitalized taking the shareholder loan balance to £985.8m.
- We are rated BBB+ by Fitch and at Baa1 by Moody's, both with a stable outlook.
- Tideway's total green debt issuance stands at £2,407m; it includes 18 green bonds and 1 blue bond totalling £2,082m, and £325m of green USPPs. The £120m RCF is structured as a blue loan.
- S&P Global Ratings provides a [Second Party Opinion](#) on our [Sustainable Finance Framework](#) confirming its Dark Green status.
- ESG performance details are available in the [ESG Databook](#).

# Financial Ratios

We confirm that in respect of this Investor Report as of 31 March 2026, 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<sup>(1)</sup> in respect of the relevant Test Period is equal to 67.9%
- b) The FFO ICR<sup>(2)</sup> in respect of the relevant Test Period is equal to 4.19x
- c) The average FFO ICR in respect of the relevant Test Period is equal to 3.09x

(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.

## **Description of ratios**

(1) Senior RAR measures at a test date, the ratio of Senior Net Indebtedness to RCV

(2) FFO ICR measures in respect of a test period, the ratio of Net Cash Flow to Senior Debt Interest

# Other Reportable Matters

## Significant management and board changes H2 2025/26

- Post-H2, in April, we announced the resignation of Alistair Ray as a Non-Executive Shareholder Director for Dalmore Capital from the Board with effect from 1 April 2026. He has been succeeded by Daniel Pires, who has joined the Board in the same capacity.
- Post-H2, in May, we announced the resignation of Andy Mitchell CBE as Chief Executive Officer with effect from 1 May 2026, with Matt Parr, formerly Deputy Chief Executive Officer, appointed to the role.
- Post-H2, in June, we announced that Roger Bailey stepped down from his role as Executive Director and Chief Technical Officer with effect from 1 June 2026. This was part of a planned leadership transition supporting Tideway's evolution into long-term asset ownership.

## Acquisitions and disposals H2 2025/26

- None

## Current Hedging Position

- The current swap portfolio can be found on page 15.

## Transition to Operational Phase

- As the Company and TTT transition from construction to operation, there will be a point when the Company ceases to capitalise costs into an asset under construction ("AUC") and the AUC will subsequently be converted into other non-current assets in the Company's statement of financial position.

# 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.



Mathew Duncan,  
Chief Financial Officer

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

# Debt Portfolio – March 2026

Drawn facilities

Undrawn facilities

## BTL Debt Portfolio

Facility	Amount (£m)	Type	Drawdown date	Maturity (CY)
£80m Tranche 1	86	EIB loan	Jul-18	2051
£80m Tranche 2	110	EIB loan	Jan-19	2051
£80m Tranche 3	108	EIB loan	Jul-19	2051
£80m Tranche 4	109	EIB loan	Jan-20	2051
£80m Tranche 5	108	EIB loan	Jul-20	2051
£80m Tranche 6	107	EIB loan	Jan-21	2051
£80m Tranche 7	107	EIB loan	Mar-21	2051
£60m Tranche 8	79	EIB loan	Jul-21	2051
£40m Tranche 9	50	EIB loan	Jan-22	2051
£40m Tranche 10	47	EIB loan	Jul-22	2051
<b>Subtotal EIB Loan</b>	<b>911</b>			
£300m 2.86%	320	USPP Loan Note	Sep-17	2032
£75m 2.418%	75	Green USPP Loan Note	Sep-21	2041
£250m 6.02%, 6.05%, 6.11%	250	Green USPP Loan Note	Oct-23	2033, 2035, 2038
<b>Subtotal Nominal</b>	<b>645</b>			
£100m RPI + 0.01%	140	Loan	Sep-19	2049
<b>Subtotal RPI Loan</b>	<b>140</b>			
<b>TOTAL</b>	<b>1697</b>			
RCF	120	Blue Revolving Facility	N/A	2029

## BFP Debt Portfolio

Facility	Amount (£m)	Type	Drawdown date	Maturity (CY)
£75m CPI + 0.828%	102	Green Bond	Aug-17	2047
£200m CPI+ 0.74%	241	Green Bond	Nov-17	2042
£75m CPI + 0.949%	90	Green Bond	May-22	2052
<b>Subtotal CPI</b>	<b>433</b>			
£100m RPI + 0.688%	147	Green Bond	Jun-18	2050
£100m RPI + 0.249%	143	Green Bond	Dec-18	2040
£100m RPI + 0.755%	143	Green Bond	Jun-19	2051
£125m RPI + 0.192%	189	Green Bond	Jul-19	2049
£25m RPI + 1.035%	35	Green Bond	Jun-20	2048
£50m RPI + 0.787%	70	Green Bond	Jun-20	2052
£25m RPI + 0.951%	35	Green Bond	Jun-20	2054
£25m RPI + 1.042%	34	Green Bond	Jul-21	2048
£25m RPI + 0.954%	34	Green Bond	Jul-21	2054
£75m RPI + 0.01%**	101	Green Bond	Aug-21	2036
£150m RPI + 0.01%*	191	Green Bond	Apr-22	2032
£50m RPI + 0.074%	73	Green Bond	May-22	2049
£50m RPI + 0.174%	73	Green Bond	May-23	2049
<b>Subtotal RPI</b>	<b>1270</b>			
£250m 2.375%	250	Green Bond	Nov-17	2027
£300m 2.75%	300	Green Bond	Mar-22	2034
£250m 5.5%	250	Blue Bond	Jul-25	2033
<b>Subtotal Nominal</b>	<b>800</b>			
<b>Total</b>	<b>2502</b>			

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

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

## BTL & BFP

Facility	Amount (£m)	Drawdown date	Maturity
Liquidity Facility	95	N/A	Annual renewal for a 4 year period

Debt £m	Pre-hedging			Post-hedging		
	Principal	Accretion	Total Debt	Principal	Accretion (incl. swap accretion)	Total Debt
RPI	1,109	399	1,507	1,775	636	2,411
CPI	350	83	433	350	83	433
Floating	596		596			
Nominal	1,425		1,425	1,355		1,355
<b>Total</b>	<b>3,480</b>	<b>482</b>	<b>3,961</b>	<b>3,480</b>	<b>719</b>	<b>4,199</b>

## Swap Portfolio — March 2026

- During FY16/17 Tideway swapped tranches 1-8 of the EIB loan with various banks to index linked (RPI) format. These swaps mirror the amortisation schedule of the loan. Tranches 9-10 were drawn in index linked format directly from the EIB.
- In September 2017 Tideway swapped £70m notional of the 2017 USPP.
- The swaps mature in 2030-2032, in the early years of the next regulatory period when the regulatory framework is expected to change from RPI to CPIH.
- There were no new hedging transaction in the period.

Swap	Facility	Notional (£m)	Swap maturity	Interest rate
Swap 1	EIB	80	Mar-30	RPI - 0.125%
Swap 2	EIB	80	Mar-30	RPI - 0.122%
Swap 3	EIB	80	Mar-30	RPI - 0.018%
Swap 4	EIB	80	Jan-31	RPI - 0.750%
Swap 5	EIB	80	Jan-31	RPI - 0.484%
Swap 6	EIB	80	Jan-31	RPI - 0.573%
Swap 7	EIB	80	Jan-32	RPI - 0.468%
Swap 8	EIB	60	Jan-32	RPI - 0.550%
Swap 9	USPP	70	Mar-30	RPI - 0.455%

## Reference to the CTA

The table below summarises the requirements of the Investor Report as per Schedule 7 of the CTA and references in this document.

Requirement	Reference
General overview	Page 4, Overview
Regulatory and Business update	Pages 6-8, Business Update Page 9, Regulatory Update
Capital Expenditure	Pages 6-7, Business Update Page 10 Financing Activity
Financing	Page 10, Financing Activity Page 14, Debt Portfolio
Acquisitions or Disposals	Page 12, Other Reportable Matters
Current Hedging Position	Page 15, Swap Portfolio
Ratios	Page 11, Ratios



**Tideway**

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