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BOUYGUES CONSTRUCTION WINS TYNE TUNNELS CONCESSION CONTRACT WORTH MORE THAN 500 MILLION EUROS

Concessionaire TT2, comprising Bouygues Travaux Publics (a subsidiary of Bouygues Construction), HSBC Infrastructure Fund II ⁽¹⁾ and Bank of Scotland Corporate, has been chosen for:

- **design** and **construction** of a new vehicle tunnel beneath the River Tyne in Newcastle, UK, known as the New Tyne Crossing;
- **renovation** of the existing vehicle tunnel;
- **financing** and **operation** of both tunnels for 30 years.

The concession contract for a total amount in excess of 500 million euros was signed by the concessionaire and Tyne & Wear Passenger Transport Authority ⁽²⁾ on 23 November 2007.

This project will relieve congestion on the A19 connecting the north and south of the Newcastle region (Tyneside). The existing dual two-lane road narrows to dual single-lane through the existing tunnel, causing substantial hold-ups.

The works will take four years and will be carried out in two stages: construction of the new tunnel, then refurbishment of the existing one.

The construction work, worth 355 million euros, will be entirely carried out by Bouygues Travaux Publics. The 1,600-metre-long tunnel will duplicate the existing tunnel. Its 360-metre-long section of immersed-tube tunnel beneath the river will be made up of 90-metre-long precast concrete elements. When finished, all traffic will be diverted through it while the existing tunnel is renovated and upgraded to current safety standards. River traffic will not be hindered at any point during the works which, starting in May 2008, will enable traffic to use both tunnels by December 2011. Close to 700 people will work on the project at peak periods.

Project financing has been finalised. Tyne & Wear Passenger Transport Authority is to provide a subsidy of 160 million euros, HSBC Infrastructure Fund II, Bank of Scotland Corporate, and Bouygues Travaux Publics will provide 54 million euros in capital, and TT2 has contracted a 290-million-euro senior debt loan from banks HSBC Bank plc, Bank of Scotland Corporate and Natixis.

Bouygues Construction Chairman and CEO Yves Gabriel commented: "This project is our first major civil engineering contract in the UK, and illustrates our ambition to develop all our lines of business in the country". For 10 years, the group's activity in the UK has been chiefly in construction (Bouygues UK) and electrical contracting and maintenance (ETDE), above all through public-private partnership contracts for hospitals, schools, institutional buildings, etc. Bouygues Construction also provides facilities management services for a number of public buildings and operates the public lighting systems of several London boroughs.

Through the development of its business and its active external growth policy, Bouygues Construction expects to generate sales of close to 440 million euros in the United Kingdom in 2007, up 36% on last year.

⁽¹⁾ *HSBC Infrastructure Fund Management Limited, acting in its capacity as general partner for and on behalf of each of the limited partnership constituting HSBC Infrastructure Fund II.*

⁽²⁾ *Tyne & Wear Passenger Transport Authority (TWPTA) represents Newcastle City Council.*

NOTES TO EDITORS

About Bouygues Construction

Bouygues Construction is a global leader with top-ranking positions in the building, civil works and electrical contracting/maintenance markets. It combines the power of a large group with the responsiveness of a network of local companies which deliver innovative solutions for the financing, design, construction, operation and maintenance of buildings and infrastructure. Bouygues Construction employs 46,000 people in 60 countries and expects to generate sales of more than 8 billion euros in 2007.

About HSBC Infrastructure Fund Management Limited

HSBC Infrastructure Fund Management Limited (HIFML) is authorised and regulated by the Financial Services Authority. HIFML is acting in its capacity as general partner for and on behalf of each of the limited partnerships constituting HSBC Infrastructure Fund II. HIFML's parent company, HSBC Specialist Investments Limited (HSIL) is a wholly owned subsidiary of HSBC Holdings plc and is the dedicated property and infrastructure investment arm of HSBC. HSIL and its subsidiaries design and manage specialist investment funds which invest capital provided by a wide range of investors, including pension funds, insurance companies, fund of funds, asset managers and high net worth individuals in the UK and globally. It focuses on market segments with attractive risk/reward profiles and currently manages in excess of £7 billion of specialist assets in infrastructure, commercial and residential property via eight institutional funds. HSBC Holdings plc serves over 125 million customers worldwide through around 10,000 offices in 83 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

About Bank of Scotland Corporate

Bank of Scotland Corporate, part of the HBOS group, has a reputation for excellence in the provision of corporate finance, delivering innovative funding solutions across a range of markets. Boasting the most experienced team in the PFI/PPP market, Bank of Scotland Corporate is one of Europe's leading providers of infrastructure finance. It has arranged over £8bn of senior debt in over 100 PFI/PPP projects and invested in over 50 PFI/PPPs with over £200m committed risk capital. In the UK, it is currently one of the largest capital providers in the education sector, having completed 30 projects, providing around 20,000 school places. In the health sector it has funded and invested in around 30 projects, which have provided over 10,000 hospital beds. In the housing market it has provided over £5bn to social registered landlords (former housing associations) and is active in the affordable housing, higher education and urban regeneration sectors. The HBOS Group employs over 76,000 people worldwide. Bank of Scotland Corporate employs over 8,300 people. Total corporate lending at June 2007 stood at £95.8 billion.

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