Information Memorandum

1 September 2026

A$ Secured Medium Term Note Programme

Anglian Water Services Financing Plc (a company incorporated with limited liability in England and Wales with registered number 4330322) as Issuer

Guaranteed by Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited

Arrangers and Dealers

HSBC

MUFG

Important Notice

Introduction

This Information Memorandum relates to the medium term note programme (the ***Programme***) established by Anglian Water Services Financing Plc, a company incorporated with limited liability in England and Wales with registered number 4330322 (the ***Issuer***). Medium term notes (***Notes***) that may be issued from time to time under the Programme will have the benefit of the Security (as described in the section entitled "Overview of the Financing Agreements" below). The Notes will also be guaranteed and secured by Anglian Water Services Limited (***Anglian Water*** or ***AWS***), Anglian Water Services Holdings Limited (***Anglian Water Services Holdings Limited*** or ***AWS Holdings***) and Anglian Water Services UK Parent Co Limited (***Anglian Water Services UK Parent Co Limited*** or ***AWS UK Parent Co*** each a ***Guarantor*** and, together with the Issuer, the ***Obligors*** pursuant to a guarantee and security agreement (the ***Security Agreement***). The benefit of the Security Agreement will be held by the Security Trustee (as defined below) on trust for the Secured Creditors (as defined below) under the terms of the Security Agreement and subject to the terms of the STID (as defined below).

Terms used in this Information Memorandum but not otherwise defined have the meaning given to them in the Conditions (as defined below).

Responsibility for Information

The Issuer has authorised the issue of this Information Memorandum and accepts responsibility for it (other than information relating to the names, addresses and other details of Relevant Parties (as defined below) in the Directory). The Obligors declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Other than confirming that their respective names, addresses and other details in the section entitled "Directory" are correct as at the Preparation Date (as defined below), none of the Arrangers, any Dealer appointed to the Programme or in respect of a particular issue of Notes, the AUD Note Trustee, the Security Trustee and the Agents (each as defined in the section entitled "Summary of the Programme" below) (nor any of their respective shareholders, subsidiaries, related bodies corporate, affiliates, directors, officers, employees, representatives, agents or advisers, together the ***Relevant Parties***) has been involved in the preparation of this Information Memorandum or makes any representation or warranty, express or implied, about and assumes no responsibility for the correctness or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation with respect to or in connection with the Issuer, the Guarantors, the Programme or any Notes.

Each Relevant Party accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Information Memorandum, such information incorporated by reference or any such statement. Relevant Parties and advisers named in this Information Memorandum have acted pursuant to the terms of their respective engagements, have not authorised or caused the issue of, and take no responsibility for, this Information Memorandum and do not make, and should not be taken to have verified, any statement or information in this Information Memorandum (other than in respect of their name, address and other details in the Directory in this Information Memorandum).

International Securities Market

Application has been made for Notes issued under the Programme to be admitted to trading on the International Securities Market (the ***ISM***) of the London Stock Exchange. The International Securities Market (**ISM**) is a market designated for qualified investors (as prescribed in Regulation 16 of the Public

Offers and Admissions to Trading Regulations 2024 (***POATRs***)). The London Stock Exchange, as a Recognised Investment Exchange does not make assessments of investor eligibility. Given that under Regulation 16 of POATRs, only qualified investors are permitted to trade on ISM and no qualified investor is permitted to trade on behalf of persons who are not themselves qualified investors, financial intermediaries acting for investors are responsible for ensuring that only investors who are qualified investors as prescribed by Regulation 16 of the POATRs are permitted to trade on ISM.

Securities admitted to trading on the International Securities Market are not admitted to the Official List of the UK Financial Conduct Authority (***FCA***). The London Stock Exchange has not approved or verified the contents of the admission particulars.

No Offer and Confidentiality

This Information Memorandum does not, and is not intended to, constitute and may not be used as an offer or invitation by or on behalf of the Issuer or any other Obligor (or any of their respective affiliates) or any Relevant Party to any person to subscribe for, purchase or otherwise deal in any Notes.

This Information Memorandum has been prepared by the Issuer and the Guarantors solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. Neither the Issuer nor any Guarantor has authorised its use for any other purpose. This Information Memorandum may not be copied or reproduced in whole or in part. It may be disclosed only to actual and prospective investors and their agents, professional advisers and, if applicable, their affiliated entities.

Potential investors in debt instruments which may be issued by the Issuer or the Guarantors under any other debt programme established by the Issuer or the Guarantors should refer to any disclosure or offering document relevant to the issue of those debt instruments.

Conditions of Issue

Notes will be issued in series (***Series***). Each Series may comprise of one or more tranches (each a ***Tranche***) having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest).

Each issue of Notes will be made pursuant to such documentation as the Issuer may determine.

The terms and conditions (***Conditions***) applicable to the Notes are included in this Information Memorandum. In the case of an issue of a Tranche or Series of Notes, a pricing supplement (***Pricing Supplement***) will be issued, which shall supplement, amend, modify or replace the Conditions applicable to the Notes of the relevant Tranche or Series. A pro forma Pricing Supplement is set out in this Information Memorandum.

The Issuer may also publish a supplement to this Information Memorandum (or additional Information Memoranda) which describes the issue of Notes (or particular classes of Notes) not otherwise described in this Information Memorandum. A Pricing Supplement or a supplement to this Information Memorandum may also supplement, amend, modify or replace any information set out in, or incorporated by reference into, a Pricing Supplement or this Information Memorandum.

Investors to obtain Independent Advice

This Information Memorandum contains only summary information with respect to the Notes, the Issuer and the Guarantors. Neither the information contained in this Information Memorandum nor any other information supplied in connection with the Programme or any Notes is intended to provide the basis of any credit or other evaluation and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by the Issuer, the Guarantors or any Relevant Party that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or any Notes should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes. Furthermore, this Information Memorandum contains only general information and does not take into account the objectives financial situation or needs of any potential investor.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

(a) make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of the Issuer and the Guarantors, and its own appraisal of the creditworthiness of the Issuer, the Guarantors and the Notes;

(b) determine for themselves the sufficiency and relevance of the information contained in this Information Memorandum and any other information supplied in connection with the Programme or the issue of any Notes, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and

(c) consult their own tax advisers concerning the application of any tax laws applicable to their particular situation, make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer, the Guarantors and the Notes, and of the risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

None of the Relevant Parties undertakes to review the financial condition or affairs of the Issuer or the Guarantors or any of their affiliates at any time or to inform any holder of Notes (each a ***Noteholder***) or potential investor in Notes of information about the Issuer, the Guarantors or any of their affiliates coming to its attention and make no representation about the ability of the Issuer or the Guarantors to comply with its obligations under the Notes.

No Relevant Party makes any representation as to the performance of the Issuer or the Guarantors, the maintenance of capital or any particular rate of return, nor does any Relevant Party guarantee the payment of capital or any particular rate of capital or income return, in each case, on any Notes. No reliance may be placed on the Relevant Parties for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

Risks

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes describes all of the risks of an investment in any Notes.

Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

To the extent that any forward-looking statements are made in this Information Memorandum, those statements reflect the views of the Issuer and the Guarantors as at the Preparation Date. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Issuer and the Guarantors to differ materially from the results, performance or achievements expressed, implied or projected in this Information Memorandum.

Neither the Issuer nor the Guarantors nor any of their respective officers or any other party associated with the preparation of this Information Memorandum make any representation or warranty (either express or implied) as to the accuracy or likelihood of any forward-looking statement or any events or results expressed or implied in any forward-looking statement. Neither the Issuer nor the Guarantors nor any of their respective officers or any other party associated with the preparation of this Information Memorandum guarantee that any specific objective of the Issuer or the Guarantors will be achieved.

Documents Incorporated by Reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to "Information Memorandum" are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents are incorporated by reference in and form part of this Information Memorandum (the Incorporated Documents):

(a) all amendments and supplements to this Information Memorandum prepared and circulated by the Issuer from time to time;

(b) the audited financial statements and the half-year financial statements of each of AWS, AWS Holdings, AWS UK Parent Co and the Issuer for the years ended 31 March 2025 and 31 March 2026, in each case, including the notes to the financial statements and the notes to the half-year financial statements together with the audit report or review report thereon (as applicable);

(c) any subsequent half-year financial statements and most recently published audited financial statements of each of AWS, AWS Holdings, AWS UK Parent Co and the Issuer from time to time, in each case, including the notes to the financial statements and together with the audit report or review report thereon (as applicable);

(d) the following risk factors in the section entitled '(*Risk Factors*)' (or such other sections which replace these from time to time) of the most recently published base prospectus issued by the Issuer in respect of its €20,000,000,000 Global Secured Medium Term Note Programme as further amended and supplemented from time to time (the ***GMTN Prospectus***):

    (i) “Risks relating to the Issuer – Regulatory, Legislative and Political Risks”;

    (ii) “Risks relating to the Issuer - Failure to meet costs allowed under price controls”;

    (iii) “Risks Relating to the Issuer - Penalties and Rewards”;

    (iv) “Risks relating to the Issuer - Legal Considerations”;

    (v) “Risks relating to the Issuer - Environmental and Insurance Considerations”;

    (vi) “Risks relating to the Issuer – Financing Considerations”;

    (vii) “Risks relating to the Issuer - Cyber Security”;

    (viii) "Bondholders' rights are subject to the STID";

    (ix) "Risks Relating to the Guarantors and the Guarantees";

    and in each part that is incorporated, each reference to a ***Bond***, the ***Bond Trustee*** or a ***Bondholder*** shall be construed as a reference to a Note, the AUD Note Trustee or Noteholder (as applicable and as the context permits);

(e) the section entitled '*Anglian Water Business Description*' of the GMTN Prospectus;

(f) the section entitled '*Financing Structure*' of the GMTN Prospectus;

(g) the section entitled '*Regulation of the Water and Water Recycling Industry in England and Wales*' of the GMTN Prospectus;

(h) the section entitled '*Index of Defined Terms*' of the GMTN Prospectus;

(i) each Pricing Supplement and all documents stated therein to be incorporated in this Information Memorandum;

(j) *the section entitled "Ring-Fencing and the Anglian Water Services Financing Group"* of the GMTN Prospectus; and

(k) all documents issued by the Issuer and stated to be incorporated in this Information Memorandum by reference,

except that any forecast financial information, or analysis and/or opinions relating to forecast financial information or any information or statements either expressly or implicitly that is or might be considered to be forward-looking, contained in the documents referred to in subparagraphs (a) to (k) above shall not be incorporated by reference in, nor form part of, this Information Memorandum.

A copy of the GMTN Prospectus is available at https://www.anglianwatergroup.co.uk/debt-investors/reports-prospectuses-and-certificates.

Any statement contained in this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (including whether expressly or by implication). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Except as provided above, no other information, including any information on the internet sites of any Obligor or any Related Body Corporate, or in any document incorporated by reference in any of the documents described above or in any other Incorporated Document, is incorporated by reference into this Information Memorandum.

So long as Notes are capable of being issued under the Programme, copies of the following documents, including all audit reports, will, when published, be available for inspection at the Issuer's website at https://www.anglianwatergroup.co.uk/debt-investors:

(a) the Memorandum and Articles of Association of each of the Issuer and the other Obligors;

(b) the AUD Note Trust Deed;

(c) the CTA, the STID, the Security Agreement, each Liquidity Facility Agreement, each Hedging Agreement, each Authorised Loan Agreement, the New Finance Lease, the I&I Agreements and the Master Definitions Agreement;

(d) each Investors' Report; and

(e) each Incorporated Document,

and electronic copies may be made available by the AUD Note Trustee to any Noteholder upon request, subject to the Noteholder providing proof of its holdings to the AUD Note Trustee.

Investors should review, among other things, the Incorporated Documents when deciding whether or not to purchase, or otherwise deal in any Notes or rights in respect of any Notes.

Currency of Information

The information in this Information Memorandum is correct and complete as at the Preparation Date.

The delivery and distribution of this Information Memorandum or any offer or issue of Notes after the Preparation Date does not imply nor should it be relied upon as a representation or warranty that there has been no change since the Preparation Date in the affairs or financial condition of the Issuer or any other person or entity named or referred to in this Information Memorandum or that the information in this Information Memorandum is correct at any time after the Preparation Date.

The Issuer is not under any obligation to Noteholders to update this Information Memorandum at any time after the issue of Notes.

Preparation Date means:

(a) in relation to any amendment or supplement to this Information Memorandum, the date indicated on the face of that amendment or supplement;

(b) in relation to the audited financial statements incorporated by reference in this Information Memorandum, the period to which or as of which, the audited financial statements relate;

(c) in relation to any other document issued by the Issuer and stated to be incorporated by reference in this Information Memorandum, the date indicated on its face as being its date of release or effectiveness; and

(d) in relation to all other information contained in this Information Memorandum, the date set out on the cover page of this Information Memorandum, or, if the information has been amended or supplemented, the date indicated on the face of that amendment or supplement.

Authorised Material

Only information contained in this Information Memorandum or as otherwise authorised in writing by the Issuer may be relied on as having been authorised by or on behalf of the Issuer.

No person has been authorised to give any person information or make any representations, warranties or statements not contained in or consistent with this Information Memorandum in connection with the Issuer, the Programme or the issue or sale of the Notes and, if given or made, such information or representation, warranty or statement must not be relied on as having been authorised by the Issuer, any of the other Obligors or any Relevant Party.

The Issuer has authorised the Dealers to distribute this Information Memorandum on terms and conditions agreed between the Issuer and the Dealers.

Restrictions on Circulation

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the ***Securities Act***) and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Notes are being offered and sold outside of the Unites States to non-U.S. persons in reliance on the Securities Act (***Regulation S***).

The distribution of this Information Memorandum, including any Pricing Supplement, and the offer for subscription or purchase and invitations to subscribe for or buy Notes may be restricted by law in certain jurisdictions.

None of the Issuer, any other Obligor or any Relevant Party represents that this Information Memorandum may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

In particular, no action has been taken by any of those parties which would permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required.

Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material prepared in connection with an offer of Notes or the Programme may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws, regulations and directives and the Dealers have represented, or will represent, that all offers by them will be made in accordance with any applicable laws, regulations and directives in force in the jurisdictions where such offers are made. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions.

Neither this Information Memorandum nor any other disclosure document in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission or any other governmental body or agency.

This Information Memorandum is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or 7.9 of the *Corporations Act 2001* (Cth) (the ***Corporations Act***). In respect of offers or invitations received in Australia, Notes may only be issued or sold in circumstances that would not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act. Such Notes may only be issued or sold if the consideration payable by the relevant purchaser is a minimum of A$500,000 or its foreign currency equivalent (disregarding amounts, if any, lent by the Issuer or other person offering Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act) unless the issue or sale is otherwise in circumstances such that by virtue of the Corporations Act no disclosure is required to be made under Part 6D.2 or Part 7.9 of the Corporations Act) and Notes may not be issued or sold to a retail client as defined for the purposes of section 761G of the Corporations Act.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (***EEA***). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, ***MiFID II***); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the ***Insurance Distribution Directive***), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (***Prospectus Regulation***). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the ***EU PRIIPs Regulation***) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS - The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client , as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the ***EUWA***); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (***DISC***) for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

MiFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend headed "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a ***distributor***) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the ***MiFID Product Governance Rules***), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR Product Governance / target markets – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the ***UK MiFIR Product***

Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Singapore SFA Product Classification

Unless otherwise stated in the relevant Pricing Supplement in respect of any Notes issued or to be issued under the Programme, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In making an investment decision, investors must rely on their own examination of the Obligors and the terms of the Notes being offered, including the merits and risks involved.

None of the Obligors or the Relevant Parties makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme, each such offering, a ***CMI Offering***, including certain Dealers, may be "capital market intermediaries" (***CMIs***) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the ***SFC Code***). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (***OCs***) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Obligors, a CMI or its group companies would be considered under the Code as having an association (***Association***) with the Obligors, the CMI or the relevant group company. Prospective investors associated with the Obligors or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the

Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the relevant Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Obligors, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

Stabilisation

Stabilisation activities are not permitted in Australia in circumstances where such action could reasonably be expected to affect the price of notes or other securities traded in Australia or on a financial market (as defined in the Corporations Act) operated in Australia.

Agency and distribution arrangements

The Issuer has agreed to pay fees to each Agent, the AUD Note Trustee and the Security Trustee for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme and the offer and sale of Notes.

The Issuer may also pay a Dealer or any other person a fee in respect of the Notes subscribed by it, may agree to reimburse the Arrangers and / or the Dealers for certain expenses incurred in connection with this Programme and may indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes.

Each Relevant Party is acting solely as an arm’s length contractual counterparty and not as an advisor or fiduciary to the Issuer or any prospective purchaser of the Notes. Furthermore, neither the receipt of this Information Memorandum or any other offering materials by any person nor any other matter shall be deemed to create or give rise to an advisory or fiduciary duty (or any other duty) or relationship between the Relevant Party and that person (including, without limitation, in respect of the preparation and due execution of the documents in connection with the Programme or any Notes and the power, capacity or authorisation of any other party to enter into and execute such documents).

The Relevant Parties are involved in a wide range of financial services and businesses including securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, the Relevant Parties or the funds which they manage or advise or the funds within which they may have a direct or indirect interest, may from time to time have long or short positions in, or buy and sell (on a principal basis or otherwise), or have pecuniary or other interests in or act as a market maker in, the Notes or securities, derivatives, commodities, futures or options identical or related to the Notes and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of Notes or the Programme. The Relevant Parties may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

Credit ratings

Credit ratings referred to in this Information Memorandum or in a Pricing Supplement should not be taken as recommendations by a rating agency to buy, sell or hold Notes. They may be revised, suspended or withdrawn at any time by the relevant rating agency.

Credit ratings are for distribution only to a person:

(a) who is not a 'retail client' within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act; and

(b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located.

Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

Currencies

In this Information Memorandum references to 'A$' or 'Australian dollars' are to the lawful currency of the Commonwealth of Australia.

Forward-looking Statements

Certain statements, other than statements of historical facts, included in this Information Memorandum, including, without limitation, those regarding the Issuer's or the Guarantors' financial position, business strategy, expenditure, investment or other plans and objectives of management for future operations, constitute "forward-looking statements". Forward-looking statements can be identified by the use of forward-looking words such as "may," "should," "expect," "believe", "anticipate," "plan", "estimate," "scheduled" or "continue" or the negative of such terms or comparable terminology.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Issuer, the Guarantors, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's or the Guarantors' present and future business strategies and the environment in which they will operate in the future. Various factors exist that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements.

Neither the Issuer, the Guarantors, any Relevant Person, nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Information Memorandum will actually occur and you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements in this Information Memorandum reflect views held only as of the applicable Preparation Date. The Issuer and the Guarantors disclaim any obligation or undertaking to disseminate after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based. Any subsequent written and forward-looking statements that may be released and are attributable to the Issuer or persons acting on its behalf are also expressly qualified in their entirety by the above cautionary statements.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since the end of the last period for which audited financial information has been published.

There has been no significant change in the financial or trading position of AWS and its subsidiary, nor any material adverse change in the prospects of AWS that has occurred since the end of the last period for which audited financial information has been published.

There has been no significant change in the financial or trading position of AWS Holdings and its subsidiaries, nor any material adverse change in the prospects of AWS Holdings that has occurred since the end of the last period for which audited financial information has been published.

There has been no significant change in the financial or trading position of AWS UK Parent Co and its subsidiaries, nor any material adverse change in the prospects of AWS UK Parent Co since the end of the last period for which audited financial information has been published.

Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which AWS is aware) during the 12 months preceding the date of this Information Memorandum which may have or have had in the recent past significant effects on the financial position or profitability of AWS and its subsidiary.

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which AWS Holdings is aware) during the 12 months preceding the date of this Information Memorandum which may have or have had in the recent past significant effects on the financial position or profitability of AWS Holdings and its subsidiaries.

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which AWS UK Parent Co is aware) during the 12 months preceding the date of this Information Memorandum which may have or have had in the recent past significant effects on the financial position or profitability of AWS UK Parent Co and its subsidiaries.

Material Contracts

As at the date of this Information Memorandum, AWS has not entered into contracts outside the ordinary course of its business, which could result in AWS or any member of its group being under an obligation or entitlement that is material to the Obligors' ability to meet their respective obligations to holders of Notes in respect of the Notes being issued.

Third Party Information

Information contained in this Information Memorandum which is sourced from The Water Services Regulation Authority (***Ofwat***) has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by Ofwat, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

Auditors

Deloitte LLP, of 2 New Street Square, London, EC4A 3BZ, registered to carry on audit work in the United Kingdom by the Institute of Chartered Accountants in England and Wales, has audited, without qualification, the financial statements of AWS, the Issuer, AWS UK Parent Co and AWS Holdings for the years ended 31 March 2026 and 31 March 2025 in accordance with International Standards on Auditing (UK).

Contents

Summary of the Programme

The following does not purport to be complete and is a brief summary only. It is qualified by, and should be read in conjunction with, the rest of this Information Memorandum, the AUD Note Trust Deed, the Security Trust and Intercreditor Deed and, in relation to any Notes, in conjunction with the relevant Pricing Supplement and the applicable Conditions of the Notes. Capitalised terms used in the summary are defined in Condition 1 of the Conditions (including terms incorporated in the Conditions by reference to the Master Definitions Agreement).

Each Pricing Supplement will provide particular information relating to a relevant Tranche or Series of Notes to be issued. A reference to a 'Pricing Supplement' does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Tranche or Series of Notes.

Issuer:	Anglian Water Services Financing Plc (the Issuer), is a company incorporated with limited liability in England and Wales with registered number 4330322. The Issuer is a wholly-owned direct subsidiary of Anglian Water (as defined below) and an indirect subsidiary of AWGL (as defined below).
Programme:	A secured medium term note programme (***Programme***) under which, subject to applicable laws and directives, the Issuer may elect from time to time to issue medium term notes and other debt securities (collectively referred to as ***Notes***) in the Australian capital markets in registered uncertificated form.
Programme limit:	A$10,000,000,000 or such amount as may be amended from time to time in accordance with the Dealer Agreement.
AWGL:	Anglian Water Group Ltd (***AWGL***) is a company incorporated under the laws of Jersey, and is the ultimate holding company of the Anglian Water Group.
AWS:	Anglian Water Services Limited (***Anglian Water*** or ***AWS***), is a private limited company which was incorporated in England and Wales on 1 April 1989 under the Companies Act 1985 with registered number 2366656. The registered office and headquarters of Anglian Water are at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU. AWS is a wholly-owned subsidiary of AWS UK Parent Co, which itself is a subsidiary of AWS Holdings, and an indirect subsidiary of AWGL.
AWS Holdings:	Anglian Water Services Holdings Limited (***AWS Holdings***), was incorporated in England and Wales under the Companies Act 1985 as a limited liability company on 28 November 2001 under the name of Precis (2158) Limited, with registered number 4330144. It changed its name to Anglian Water Services Holdings Limited on 10 January 2002. The registered office of Anglian Water Services Holdings Limited is at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU; its telephone number is 01480 323 000. AWS Holdings is a wholly-owned direct subsidiary of AWG Group Ltd and an indirect subsidiary of AWGL.
AWS UK Parent Co:	Anglian Water Services UK Parent Co Limited (***AWS UK Parent Co***) was incorporated in England and Wales under the Companies Act 2006 as a private limited company on 5 April 2018, with registered number 11294507. The registered office of Anglian Water Services UK Parent Co Limited is at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire,

	PE29 6XU; its telephone number is 01480 323 000. AWS UK Parent Co is a wholly-owned subsidiary of AWS Holdings and an indirect subsidiary of AWGL, the ultimate holding company of the Anglian Water Group.
Guarantors:	The payment of all amounts owing in respect of the Notes will be unconditionally and irrevocably guaranteed by Anglian Water, AWS Holdings and AWS UK Parent Co.
Arrangers:	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch MUFG Securities Asia Limited
Dealers:	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch MUFG Securities Asia Limited Additional Dealers may be appointed by the Issuer from time to time under the Programme generally, or as a Dealer for a particular issue of Notes only.
AUD Note Trustee:	BNY Trust Company of Australia Limited (ABN 49 050 294 052) in its capacity as trustee of the "Anglian Water AMTN Note Trust" (as defined in the AUD Note Trust Deed) or any person who becomes the "AUD Note Trustee" (each as defined in the AUD Note Trust Deed).
Security Trustee:	Deutsche Trustee Company Limited or any person who becomes the "Security Trustee" under the Security Trust and Intercreditor Deed.
Registrar and Issuing and Paying Agent:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) and/or any other person appointed by the Issuer to perform registry functions and establish and maintain a Register (as defined below) in Australia on the Issuer's behalf in respect of a Tranche or Series from time to time as specified in the relevant Pricing Supplement or as notified in accordance with the Conditions.
Calculation Agents:	If a calculation agent is required for the purpose of calculating any amount or making any determination under a Note (each a ***Calculation Agent***), such appointment will be notified in the relevant Pricing Supplement. The Issuer may terminate the appointment of a Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed the calculation of interest, principal and other payments in respect of the relevant Notes will be made by the Issuer.
Agents:	Each Registrar and Issuing and Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Series or Tranche of Notes (details of such appointment may be set out in the relevant Pricing Supplement).
Programme Term:	The Programme continues until terminated by the Issuer giving prior notice to the Arrangers and the Dealers pursuant to the Dealer Agreement (as defined in the Conditions) or earlier by agreement between all parties to the Dealer Agreement.
Method of Issue:	At the discretion of the Issuer, Notes may be issued to one or more Dealers by any of the following methods: (a) non-private placement; (b) private placement; (c) competitive tender; or

	(d) unsolicited bids. The Notes will be issued in series (each a ***Series***) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), on the basis that the Notes of each Series being intended to be interchangeable with all other Notes of the Series. Each Series may be issued in tranches (each a ***Tranche***) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement. A Pricing Supplement will be prepared in respect of each Tranche of Notes which will provide particular information relating to that Tranche of Notes to be issued as part of the Series. The form of the Pricing Supplement is set out in this Information Memorandum. Notes issued under the Programme are and will be Class A Debt and an Authorised Credit Facility. No Notes issued under the Programme will be Class B Debt.
Types of Notes:	Notes may be issued with the following features as set out in the relevant Pricing Supplement: (a) Floating Rate Notes: Notes bearing a floating rate of interest payable at such rate and on such basis as agreed at the time of issue; (b) Fixed Rate Notes: Notes bearing a fixed rate of interest payable at such rate and on such basis as agreed at the time of issue; or (c) Other Notes: Notes bearing such repayment and other features as agreed at the time of issue.
Form:	Notes will be issued in registered uncertificated form and will be debt obligations of the Issuer and the Guarantors which are constituted by, and owing under a note trust deed between the Issuer, the Guarantors and the AUD Note Trustee dated on or about 1 September 2026 (***AUD Note Trust Deed***), or such other deed or deed poll made by the Issuer as is specified in the relevant Pricing Supplement. Notes will take the form of entries in a register (***Register***) maintained by a Registrar.
Currency:	Subject to any applicable legal or regulatory restrictions, Notes may be issued in Australian dollars and any other freely available and freely transferable currency that is agreed between the Issuer and the relevant Dealers in respect of the issuance of Notes and as may be specified in the relevant Pricing Supplement.
Tenor:	Subject to all applicable laws and directives, Notes may have any tenor as may be specified in the relevant Pricing Supplement or as may be agreed between the Issuer and the relevant Dealer.
Title:	Entry of the name of a person in the Register in respect of a Note constitutes the obtaining or passing of title to the Note and is conclusive evidence that the person whose name is so entered is the registered holder of the Note. The Issuer will procure that the Registrar must correct fraud or any manifest or proven error of which it becomes aware.

	Notes which are lodged in the Austraclear System will be registered in the name of Austraclear. If a Note is lodged in the Austraclear System and registered in the name of Austraclear, neither the Issuer nor the Registrar will recognise any interest in those Notes other than the interest of Austraclear as the Noteholder. Interests in Notes which are held in a clearing system will be determined in accordance with the rules and regulations of the relevant clearing system. No certificate or other evidence of title will be issued to holders of Notes issued in Australia unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law or regulation.
Denominations:	Unless otherwise specified in the relevant Pricing Supplement, Notes will be issued in denominations of A$10,000. In respect of offers or invitations received in Australia, Notes may only be issued if: (a) the consideration payable to the Issuer by the relevant offeree or invitee is a minimum of A$500,000 or its foreign currency equivalent (disregarding amounts, if any, lent by the Issuer or other person making the offer or invitation or its associates (within the meaning of those expressions in Part 6D.2 or 7.9 of the Corporations Act)) unless the issue is such that, by virtue of the Corporations Act, no disclosure is required to be made under Part 6D.2 or 7.9 of that Act; and (b) the offer or invitation does not constitute an offer or invitation to a 'retail client' as defined for the purposes of section 761G of the Corporations Act. Please see section of this Information Memorandum headed 'Selling and Transfer Restrictions'.
Status and Ranking of Notes:	The Notes are direct and unconditional obligations of the Issuer, secured in the manner described in Condition 2, and rank pari passu without any preference among themselves, and in priority to all unsecured obligations of the Issuer other than any obligations mandatorily preferred by law from time to time outstanding.
Secured Creditors:	The Secured Creditors comprise any person who is a party to, or has acceded to, the STID as a Secured Creditor, and includes the AUD Note Trustee as a Secured Creditor on its own behalf and on behalf of the Noteholders.
Intercreditor Arrangements:	The Secured Creditors and each Obligor are and will be parties to the STID, which regulates, among other things: (a) the claims of the Secured Creditors; (b) the exercise and enforcement of rights by the Secured Creditors; (c) the rights of the Secured Creditors to instruct the Security Trustee; (d) the rights of the Secured Creditors during the occurrence of an Event of Default; (e) the Entrenched Rights and Reserved Matters of each Secured Creditor; and (f) the giving of consents and waivers and the making of amendments by the Secured Creditors. See the section entitled "Security Trust and Intercreditor Deed" under "Overview

	of the Financing Agreements" below.
Security and Guarantee:	The Notes will have the benefit of the Security as more fully described in the section entitled "Overview of the Financing Agreements" below. The Notes issued under the Programme will be unconditionally and irrevocably guaranteed and secured by each of AWS, AWS Holdings, and AWS UK Parent Co pursuant to the Security Agreement entered into by each Obligor in favour of the Security Trustee over the entire property, assets, rights and undertaking of each such Obligor (the ***Security***), in the case of AWS to the extent permitted by the United Kingdom Water Industry Act 1991 (as amended by subsequent United Kingdom legislation, including the Competition and Service (Utilities) Act 1992, the Water Industry Act 1999, the Water Act 2003, the Water Act 2014 and the Environment Act 2021) (***WIA***) and the Licence (as defined in the Master Definitions Agreement). Each such guarantee constitutes a direct, unconditional and secured obligation of each such Obligor. The Security is held by the Security Trustee on trust for the Secured Creditors under the terms of the Security Agreement and subject to the terms of the STID. Any Notes (including any further issuance) will be backed by the same assets secured by way of the Security Agreement.
Covenants and Events of Default:	The representations, warranties, covenants (positive, negative and financial) and Events of Default which apply and will apply to, among other things, the Notes are set out in the Common Terms Agreement. See the section entitled "Overview of the Financing Agreements" under "Common Terms Agreement".
Redemption at Maturity	Unless previously redeemed or purchased and cancelled by the Issuer (in accordance with the applicable Conditions), each Note will be redeemed on its Maturity Date at its Outstanding Principal Amount or such other Redemption Amount as may be specified in or calculated or determined in accordance with the provisions of the relevant Pricing Supplement. To the extent that Notes are held in the Austraclear System or other clearing system, Notes will be redeemed at maturity in a manner consistent with the applicable Regulations.
Redemption prior to Maturity (Optional Early Redemption - Call)	The relevant Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified circumstances including for taxation reasons) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s). The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the relevant Pricing Supplement and/or relevant redemption notice read in conjunction with Condition 6. The relevant Pricing Supplement may provide that Notes may be redeemable in two or more instalments on such dates and in such manner as is indicated in the relevant Pricing Supplement.
Clean-up call	The relevant Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity or that such Notes will be redeemable, if at any time, the aggregate Outstanding Principal Amount of the relevant Notes falls below 25% of the total Outstanding Principal Amount of all Notes issued under that Series, at the option of the Issuer and upon giving notice to the Noteholders, on a date or dates specified prior to such stated maturity, and at a price or prices and on such other terms as may be agreed between the Issuer and

	the relevant Dealer(s). The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the relevant Pricing Supplement and/or relevant redemption notice read in conjunction with Condition 6.
Use of Proceeds:	The net proceeds realised from the issue of Notes will be used to refinance existing indebtedness of the Issuer, pay transaction costs and for general corporate purposes of the Issuer, AWS, AWS Holdings and AWS UK Parent Co or as otherwise stated in the relevant Pricing Supplement.
Clearing Systems:	The Issuer intends that Notes will be transacted within a clearing system (unless otherwise approved by the relevant Dealers). The Issuer may apply to Austraclear for approval for Notes to be traded on the Austraclear System. Upon approval by Austraclear, the Notes will be traded through Austraclear in accordance with the rules and regulations of the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes. The rights of a holder of interests in Notes held through the Austraclear System are subject to the rules and regulations of Austraclear. On admission to the Austraclear System, interests in the Notes may be held for the benefit of the system operated by Euroclear Bank SA/NV (***Euroclear***) or the system operated by Clearstream Banking S.A., Luxembourg (***Clearstream, Luxembourg***). In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited) while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg (currently BNP Paribas, Australia Branch). The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg and their respective nominees and the rules and regulations of the Austraclear System. In addition, any transfer of interests in Notes which are held through Euroclear or Clearstream, Luxembourg will to the extent such transfer will be recorded in the Austraclear System and is in respect of offers or invitations received in Australia be subject to the Corporations Act and the other requirements set out in the Conditions. The Issuer is not responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.
Transfer Procedures:	There are certain restrictions on the transfer of Notes, as specified in Condition 5. Notes held in a clearing system may only be transferred in accordance with the rules and regulations of the relevant clearing system. Notes may only be transferred if: (a) in the case of Notes to be transferred in, or into, Australia, the offer or invitation giving rise to the transfer: (i) the aggregate consideration payable by the relevant transferee of

	at least A$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates to the transferee) or the offer or invitation (including any resulting issue) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and (ii) does not constitute an offer or invitation to a 'retail client' as defined for the purposes of section 761G of the Corporations Act; and (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.
Payments:	Payments to persons who hold Notes through the Austraclear System or any other clearing system will be made in accordance with the rules and regulations of Austraclear or such other clearing system. If Notes are not lodged in Austraclear or any other clearing system, payments will be made to the account of the registered holder noted in the Register on the Record Date for the payment in accordance with Condition 7.
Issue Price:	Notes may be issued at any price on a fully or partly paid basis as specified in the relevant Pricing Supplement.
Stamp duty:	Any stamp duty incurred on the issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will be for the account of the relevant investors. As at the date of this Information Memorandum, no stamp duty is payable in Australia on the issue, transfer or redemption of the Notes. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the issue, transfer or redemption of Notes, or interests in Notes in any jurisdiction.
Taxes:	All payments under the Notes made by and on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future Taxes or governmental charges of any Government Agency levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction is required by law. If the Issuer is obliged to make a deduction or withholding, then, subject to certain exceptions stipulated in the Conditions, it will pay the relevant Noteholder(s) an Additional Amount in respect of such deduction or withholding (as provided in Condition 8). See page 90 of this Information Memorandum for a more detailed summary of the key United Kingdom tax consequences in respect of payments made under the Notes. Investors should obtain their own taxation advice regarding the taxation implications of investing in Notes.
FATCA:	If the Issuer, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA (as defined in the Conditions), by reason of the failure of a Noteholder or intermediary to perfect an exception from any withholding or deduction required under or in connection with FATCA, the Issuer shall be entitled to make such withholding or deduction and shall have no obligation to gross up any payment under the Conditions or to pay any Additional Amount or other amount for such withholding or deduction.

Listing:	An application may be made for the Notes to be admitted to listing on the ISM, or on any other stock or securities exchange (in accordance with applicable laws, regulations and directives). Any Notes which are quoted on the ISM will not be transferred through, or registered on, the Clearing House Electronic Sub-Register System (CHESS) operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be 'Approved Financial Products' for the purposes of that system. Interest in the Notes will instead be held in, and transferable through, the Austraclear System. The relevant Pricing Supplement in respect of the issue of any Tranche of Notes will specify whether or not such Notes will be listed and/or quoted on any stock or securities exchange.
Selling Restrictions:	The offering, sale and delivery of the Notes and the distribution of this Information Memorandum and other material in relation to any of the Notes will be subject to such restrictions as may apply in any jurisdiction in connection with the offering and sale of a particular Tranche of Notes. See the section headed 'Selling and Transfer Restrictions' below. Additional selling restrictions applicable may be specified in a Pricing Supplement for any offer, sale or delivery of Notes in any other jurisdiction.
Investors to obtain independent advice:	This Information Memorandum does not describe the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.
Investor Information	AWS is required to produce an investors' report (the ***Investors' Report***) semi-annually to be delivered within 180 days from 31 March and 90 days from 30 September of each year, substantially in the form set out in the CTA. The Investors' Report has been and will be made available by AWS and the Issuer on AWS's website at *www.anglianwater.co.uk*. Other than the Investors' Report, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
Rating:	Notes may be rated, as specified in the relevant Pricing Supplement. **A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Each credit rating should be evaluated independently to any other credit rating.** Credit ratings are for distribution only to a person (a) who is not a 'retail client' within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.
Governing Law:	The AUD Note Trust Deed, the Agency Agreement and the Notes will be governed by the laws of New South Wales, Australia. The Finance Documents (other than the AUD Note Trust Deed, the Agency

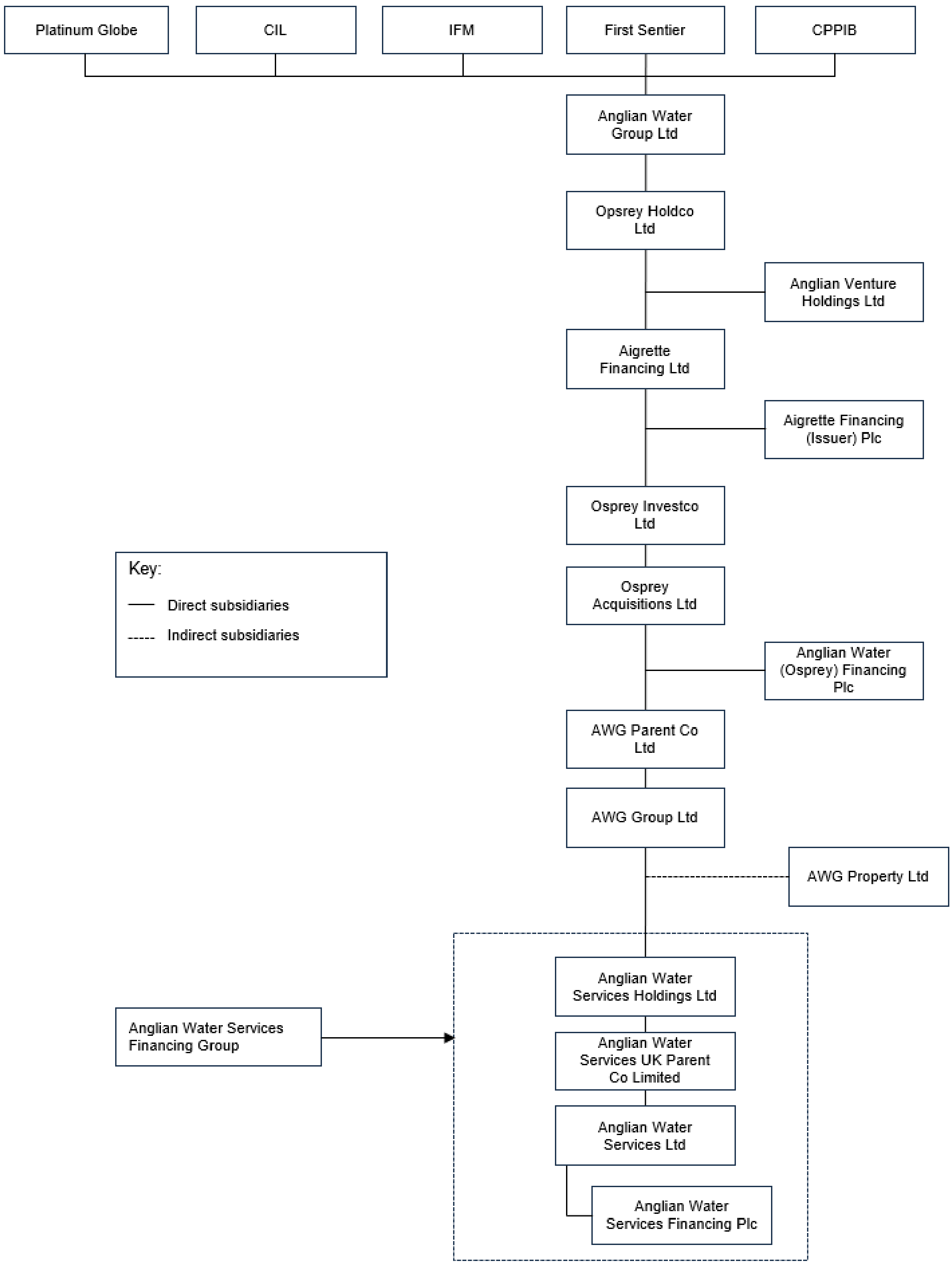
	Agreement and the Notes (including any Pricing Supplement in respect of the Notes)) are governed by and construed in accordance with the laws of England and any disputes in respect of the Finance Documents are subject to the exclusive jurisdiction of the English courts.

Corporate Profile

For a description of the Anglian Water Services Financing Group, see "Chapter 4 – Anglian Water Business Description" and "Chapter 5 – Ring-Fencing and the Anglian Water Services Financing Group" (or such other section which replaces these sections from time to time) of the GMTN Prospectus, which are incorporated by reference in this Information Memorandum (see the section entitled "Documents Incorporated by Reference" above). The corporate profiles below should be read in conjunction with the Incorporated Documents, as applicable.

1 The Anglian Water Group

Anglian Water Group Limited (***AWGL***) is the ultimate holding company for the Anglian Water Group (the ***Group***), the principal business of which is Anglian Water, the Group's regulated water and water recycling company. AWGL is owned by a consortium of investors comprising CPP Investment Board Private Holdings (6) Inc (***CPPIB***), First Sentier Investors (Luxembourg) Infrastructure (B) GP S.à.r.l., Global InfraCo (HK) E. Limited, Camulodunum Investments Ltd and Platinum Globe A 2013 RSC Limited. (the ***Consortium***). The principal activities of AWGL and its subsidiaries are: water supply and distribution and water recycling collection and treatment.



Key

CPPIB	CPP Investment Board Private Holdings (6) Inc. (an indirect wholly-owned subsidiary of the Canada Pension Plan Investment Board)
First Sentier	First Sentier Investors (Luxembourg) Infrastructure (B) GP S.à.r.l. as managing general partner of Infrastructure Lux (B) SCSp
IFM	Global InfraCo (HK) E. Limited (an indirect, wholly-owned subsidiary of Conyers Trust Company (Cayman) Limited in its capacity as trustee of IFM Global Infrastructure Fund)
CIL	Camulodunum Investments Ltd
Platinum Globe	Platinum Globe A 2013 RSC Limited

2 AWS

Company details

AWS was incorporated and registered in England and Wales on 1 April 1989 under the Companies Act 1985 with registered number 2366656 (LEI: 213800ZD31YIOEE51B19). The registered office and headquarters of AWS is at Lancaster House, Lancaster Way Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU; its telephone number is 01480 323 000.

AWS was appointed by an Instrument of Appointment dated 24 August 1989 (with effect from 1 September 1989) by the then Secretary of State for the Environment, as a Regulated Company under the provisions of sections 11 and 14 of the Water Act 1989 (now replaced by sections 6 and 11 of the WIA) for a wide area of Eastern England and the Midlands as a water and sewerage undertaker.

Ownership

AWS is a wholly-owned direct subsidiary of AWS UK Parent Co and an indirect subsidiary of AWGL. The Issuer is a direct subsidiary of AWS.

As at the date of this Information Memorandum, AWS's issued share capital is £32,000,003 divided into 32,000,003 ordinary shares of £1 each. On 30 September 2015, Anglian Water's board of directors passed a resolution to increase AWS's authorised share capital from £860,000,000 to £2,570,200,000 divided into 2,570,200,000 ordinary shares of £1 each. On 30 September 2015, AWS's board of directors also approved a bonus issue of 2,560,200,000 ordinary shares out of its revaluation reserve. On 5 October 2015, AWS undertook a bonus issue of 2,560,200,000 ordinary shares out of its revaluation reserve. Following this bonus issue AWS completed a capital reduction exercise, creating £2,560.2 million of distributable reserves. On completion of this process the issued share capital of AWS remained unchanged from the 10,000,000 ordinary shares of £1 each in issue at the start of the 2015/16 financial year. On 5 October 2018 AWS received an equity injection, resulting in its share capital increasing from 10,000,000 ordinary shares of £1 each to 32,000,000 ordinary shares of £1 each. On 29 April 2021, AWS received an equity injection resulting in its share capital increasing to 32,000,001 ordinary shares of £1 each. On 13 July 2021, AWS received an equity injection resulting in its share capital increasing to 32,000,002 ordinary shares of £1 each. On 26 March 2026, AWS received a further equity injection resulting in its issued share capital increasing to 32,000,003.

Business Activities

A description of AWS and its business activities is set out in "*Chapter 5 – Ring-Fencing and the Anglian Water Services Financing Group*" of the GMTN Prospectus, which is incorporated by reference in this Information Memorandum (see the section entitled "*Documents Incorporated by Reference*" above).

Insurance

AWS maintains insurance coverage consistent with the principles of Good Industry Practice. This insurance is maintained as part of the Anglian Water Group insurance programme. AWS has procured a number of insurance policies, as set out in Schedule 16 of the CTA. These have been reviewed and approved by an independent insurance adviser retained to ensure that AWS's insurances (i) are consistent with Good Industry Practice, (ii) have regard to the risk being covered and (iii) address the interests of AWS and each Finance Party.

The insurance strategy for Anglian Water has been to tailor its insurance cover to address various aspects of Anglian Water's risk profile as well as develop robust risk management systems. With respect to high severity but low probability (catastrophic) events that management believes would significantly impact Anglian Water's business (such as a dam burst), the risk management policy has been to purchase insurance from external carriers.

With respect to low severity but high probability events, management generally does not view it as cost effective to purchase insurance products for these relatively predictable losses and Anglian Water makes provision for such losses and liabilities from operating cash flow.

As part of its strategy to ensure effective insurance Anglian Water is required to follow the requirements of Schedule 16 of the CTA by using only external insurance providers who (a) have a minimum long-term credit rating of "A" and/or (b) are acceptable to the Security Trustee and each Financial Guarantor. Marsh Limited, or any other such reputable insurance broker appointed in the future, monitors and advises the Anglian Water Group's insurance department of any deterioration in the credit rating of Anglian Water's insurance carriers.

Litigation and Investigations

<u>Operation Standard</u>

On 18 November 2021 Ofwat and the Environment Agency (the "**EA**") announced investigations into all water and wastewater companies in England and Wales. This was after several water companies explained that, at some sewage treatment works, they might not be complying with the terms of their discharge permits which specify the volumes of wastewater which should receive full treatment, resulting in unauthorised discharges of untreated wastewater into the environment. In the course of the investigations their scope has broadened to consider all aspects of companies' wastewater management.

The EA's criminal investigation into water and wastewater companies is ongoing. The EA is investigating whether companies may have breached the terms of their permits. AWS has provided a significant amount of information to the EA and the EA has also conducted a number of site visits. It is not possible to determine whether the EA will decide to prosecute AWS as a result of the information that they have gathered, nor is it known when the investigation will conclude. Therefore, the financial consequences for AWS (if any) which may arise following conclusion of the EA's investigation are unknown.

<u>FFT</u>

On 18 November 2021 Ofwat and the EA announced investigations into all water and wastewater companies in England and Wales. This was after some companies had explained that they might not be treating as much sewage at their wastewater treatment works as they should be, and that this could be resulting in sewage discharges into the environment at times when it should not be happening.

In 2022 Ofwat opened enforcement cases against six water and wastewater companies (including AWS). Ofwat announced in July 2024 it had opened four more enforcement cases into the remaining water and wastewater companies (being Dŵr Cymru Welsh Water, Hafren Dyfrdwy, Severn Trent and United Utilities).

On 29 July 2025, Ofwat published a consultation regarding undertakings that had been offered by AWS following the conclusion of Ofwat's investigation. In common with its findings in relation to other companies, Ofwat determined that AWS contravened (i) Regulation 4(4), Regulation 4(2) and Schedule 2 of the Urban Waste Water Treatment (England and Wales) Regulations 1994 (as amended, the "**UWWTR**"), (ii) its general duties under section 91 of the WIA by systematically breaching UWWTR duties and thereby failing effectually to provide drainage and deal with the contents of sewers, and (iii) Condition P in relation to the adequacy of resources and systems of planning and internal control to enable the carrying out of regulated activities, particularly in relation to obligations under Regulation 4 of and Schedule 2 to the UWWTR.

In lieu of a fine, AWS and its shareholders proposed to fund a total a package of activities valued at £62.8m including:

(a) creating a £5.8 million community fund that will support projects delivering environmental and social benefits for local communities, with a particular focus on restitution of the water environment;

(b) investing £57 million in developing and delivering 'Excess Flow Management Plans', to remove, attenuate or optimise wastewater flows in at least eight catchments in its region to provide local environmental improvements; and

(c) accelerating delivery of investment which the AWS had already planned for 2025-30 through its Storm Overflows Discharge Reduction Plan. This includes earlier delivery of 36 storm tanks, 45 screens and 42 other deliverables.

On 9 September 2025, Ofwat published its final decision accepting the undertakings from AWS in lieu of the financial penalty.

In addition, AWS has developed and will deliver (having regard to deliverability, affordability and financeability) a remediation and compliance plan to ensure that all its storm overflows are compliant with the legal requirements considered by Ofwat's investigation. However, customers must not pay again for previously funded compliance with legal obligations.

The position in relation to the EA side of the investigation is set out above under "Operation Standard".

<u>CPO</u>

In December 2023, Professor Carolyn Roberts (acting as Proposed Class Representative) issued opt-out collective proceedings against AWS (and its parent company, AWGL) on behalf of relevant household customers of AWS in the period from 1 April 2020, alleging that AWS had abused (and continued to abuse) its dominant position, in breach of section 18 of the Competition Act 1998. Parallel proceedings were also issued against five other UK WASCs. Professor Roberts alleged that the water and sewerage companies (the "**WASCs**") provided misleading information to the EA and to Ofwat with the result that Ofwat allowed the water companies to charge customers higher prices for sewerage services than would otherwise have been permitted. As it was proposed that the claims be brought as collective proceedings in the Competition Appeal Tribunal (the "**CAT**"), the claims were first required to be certified as eligible for inclusion in collective proceedings and a collective proceedings order granted before they could proceed.

The application for a collective proceedings order was refused by the CAT on 7 March 2025. Professor Roberts subsequently appealed to the Court of Appeal to determine whether the CAT's decision not to certify the claims should be overturned and the claims be certified and allowed to continue. On 5 March 2026, the Court of Appeal published its decision, dismissing Professor Roberts' appeal. By Professor Roberts' application dated 9 April 2026, she sought permission to appeal to the Supreme Court. Permission was granted on 29 June 2026 and a hearing date for the appeal is now awaited.

Corporate Governance

The following table sets out the directors of AWS and their respective business addresses and occupations.

Name	**Position**	**Business Address**
Ian Cheshire	Director and Independent Chair	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Mark Thurston	Director and CEO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Michael Bradley	Director and CFO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Alistair Phillips-Davies	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Kath Durrant	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Ian Funnell	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Tony Bickerstaff	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
John Barry	Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Batiste Ogier	Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Alex Nassuphis	Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

Name	Position	Business Address
Albena Vassileva	Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

The company secretary of AWS is Celia Gough. There are no potential conflicts of interest between any duties to AWS of its directors and their private interests or duties.

3 Issuer

Company details

The Issuer was incorporated and registered in England and Wales under the Companies Act 1985 with limited liability as Precis (2157) Limited, a private limited company, on 28 November 2001 with registered number 4330322 (LEI: 213800DL377MH46PDY63). On 10 January 2002, it changed its name to Anglian Water Services Financing Limited. It was re-registered as a public limited company on 7 March 2002. The registered office of the Issuer is at Lancaster House, Lancaster Way Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU; its telephone number is 01480 323 000.

Ownership

The Issuer is a wholly-owned direct subsidiary of AWS and an indirect subsidiary of AWGL. As at the date of this Information Memorandum, the issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, 49,998 of which have been issued quarter paid-up and two of which are fully paid-up. The Issuer has no subsidiaries.

Business Activities

The Issuer has no employees, nor does it own any physical assets. Administration and treasury functions are conducted on its behalf by Anglian Water. It is intended to conduct all future financing activities (save for financing lease arrangements) for the Anglian Water Services Financing Group through the Issuer.

The Issuer has issued various series of bonds and notes. The Issuer has entered into: (i) the Class A Debt Service Reserve Liquidity Facility Agreements to enable it to borrow monies in order to fund liquidity shortfalls in respect of bonds and notes and certain other financial indebtedness of the Issuer; (ii) the Liquidity Facility Guarantees to enable it to borrow monies in order to fund liquidity shortfalls in respect of payment obligations in relation to the Class A Debt; (iii) Hedging Agreements in accordance with the Hedging Policy; (iv) the O&M Reserve Facility Agreement; and (v) any other documents incidental to the Programme. For a more detailed description of the Issuer's financing arrangements and activities, see "*Chapter 6 – Financing Structure" of the GMTN Prospectus, which is incorporated by reference in this Information Memorandum (see the section entitled "Documents Incorporated by Reference" above)*.

Corporate Governance

The following table sets out the directors of the Issuer and their respective business addresses and occupations.

Name	Position	Business Address

Name	Position	Business Address
Ian Cheshire	Director and Independent Chair	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Mark Thurston	Director and CEO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Michael Bradley	Director and CFO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Fraser Campbell	Director and Group Treasurer	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Andy Hodson	Director and Deputy Treasurer	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Alistair Phillips-Davies	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Kath Durrant	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Ian Funnell	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Tony Bickerstaff	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

The company secretary of the Issuer is Celia Gough. There are no potential conflicts of interest between any duties to Issuer of its directors and their private interests or duties.

4 AWS Holdings

Company details

AWS Holdings was incorporated in England and Wales under the Companies Act 1985 as a limited liability company on 28 November 2001 under the name of Precis (2158) Limited, with registered number 4330144. It changed its name to AWS Holdings on 10 January 2002. The registered office of AWS Holdings is at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU; its telephone number is 01480 323 000.

Ownership

AWS Holdings is a wholly-owned direct subsidiary of AWG Group Limited and an indirect subsidiary of AWGL.

As at the date of this Information Memorandum, AWS Holdings's issued share capital is £6 divided into 6 ordinary shares of £1 each, which have been issued to AWG Group Ltd and are fully paid-up.

Business Activities

AWS Holdings has no employees nor does it own any physical assets other than its shares in AWS UK Parent Co. Administration and treasury functions are conducted on its behalf by AWS.

The principal activity of AWS Holdings is to hold the shares of Anglian Water Services UK Parent Co Limited and to enter into documents incidental to the financings. AWS Holdings has no direct subsidiaries other than AWS UK Parent Co.

Corporate Governance

The following table sets out the directors of AWS Holdings and their respective business addresses and occupations.

Name	Position	Business Address
Ian Cheshire	Director and Independent Chair	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Mark Thurston	Director and CEO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Michael Bradley	Director and CFO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Fraser Campbell	Director and Group Treasurer	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Andy Hodson	Director and Deputy Treasurer	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Alistair Phillips-Davies	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Kath Durrant	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

Name	Position	Business Address
Ian Funnell	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Tony Bickerstaff	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

The company secretary of AWS Holdings is Celia Gough. There are no potential conflicts of interest between any duties to AWS Holdings of its directors and their private interests or duties.

5 AWS UK Parent Co

Company details

AWS UK Parent Co was incorporated in England and Wales under the Companies Act 2006 as a private limited company on 5 April 2018, with registered number 11294507. The registered office of AWS UK Parent Co is at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU; its telephone number is 01480 323 000.

Ownership

AWS UK Parent Co is a wholly-owned direct subsidiary of AWS Holdings and an indirect subsidiary of AWGL.

As at the date of this Information Memorandum, AWS UK Parent Co's issued share capital is £322,000,004 divided into 322,000,004 ordinary shares of £1 each, which are held by AWS Holdings and are fully paid-up.

Business Activities

AWS UK Parent Co has no employees nor does it own any physical assets other than its shares in AWS. Administration and treasury functions are conducted on its behalf by Anglian Water Services Limited.

The principal activity of AWS UK Parent Co is to hold the shares of Anglian Water Services Limited and to enter into documents incidental to the financings. AWS UK Parent Co has no direct subsidiaries other than Anglian Water Services Limited.

Corporate Governance

The following table sets out the directors of AWS UK Parent Co and their respective business addresses and occupations.

Name	Position	Business Address
Ian Cheshire	Director and Independent Chair	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

Name	Position	Business Address
Mark Thurston	Director and CEO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Michael Bradley	Director and CFO	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Fraser Campbell	Director and Group Treasurer	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Andy Hodson	Director and Deputy Treasurer	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Alistair Phillips-Davies	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Kath Durrant	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Ian Funnell	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU
Tony Bickerstaff	Independent Non-Executive Director	Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU

The company secretary of AWS UK Parent Co is Celia Gough. There are no potential conflicts of interest between any duties to AWS UK Parent Co of its directors and their private interests or duties.

Risk Factors

1 Introduction

The Issuer and the other Obligors believe that the following factors may affect their ability to fulfil their obligations (including the payment of principal and interest) under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and none of the Issuer or the other Obligors is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the other Obligors believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below and in certain cases are incorporated by reference from the GMTN Prospectus.

The Issuer or the other Obligors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the other Obligors may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer, or the other Obligors do not represent that the statements below regarding the risks of holding any Notes are exhaustive. There may be additional risks that the Issuer or the other Obligors currently consider not to be material or of which they are not currently aware, and any of these risks could have the effects set forth above. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Noteholders may lose the value of their entire investment in certain circumstances.

In addition, while the various structural elements described in this Information Memorandum are intended to lessen some of these risks for holders of the Notes, there can be no assurance that these measures will ensure that the holders of the Notes receive payment of interest or repayment of principal from the Issuer in respect of such Notes on a timely basis or at all. Investors may lose all or part of their investment.

Further information on the Issuer and the other Obligors relating to the following risk factors is incorporated by reference from the GMTN Prospectus and is set out in the following subsections of section entitled "*Risk Factors*" of that document:

(a) “Risks relating to the Issuer – Regulatory, Legislative and Political Risks”;

(b) “Risks relating to the Issuer - Failure to meet costs allowed under price controls”;

(c) “Risks Relating to the Issuer - Penalties and Rewards”;

(d) “Risks relating to the Issuer - Legal Considerations”;

(e) “Risks relating to the Issuer - Environmental and Insurance Considerations”;

(f) “Risks relating to the Issuer – Financing Considerations”;

(g) “Risks relating to the Issuer - Cyber Security”; and

(h) "Risks Relating to the Guarantors and the Guarantees".

2 Withholding tax under the Notes

In the event withholding taxes are imposed by or in Relevant Jurisdictions in respect of payments due under the Notes, the Issuer or the Guarantors, as applicable, shall, in accordance with Condition 8 (*Taxation*), in the circumstances set out therein, gross-up or otherwise compensate Noteholders for the fact that the Noteholders will receive, as a result of the imposition of such withholding taxes, cash amounts which are less than those which would otherwise have been the case, in certain circumstances of this nature. The Issuer may, in such circumstances:

(a) arrange for the substitution of another company in an alternative jurisdiction (subject to certain conditions); and, failing this,

(b) redeem all of the Notes in full (subject to certain considerations).

3 Future financing

The Anglian Water Group will need to raise further debt from time to time in order, among other things, to:

(a) finance future capital enhancements to AWS's asset base;

(b) on each date on which principal is required to be repaid and on the maturity date of the relevant Notes, refinance the Notes; and

(c) refinance any other debt (including any payments under the Hedging Agreement and for liquidity or working capital purposes) the terms of which have become inefficient or which have a scheduled partial or final maturity prior to the final maturity of the Notes.

Whilst the CTA and the STID contemplate the terms and conditions on, and circumstances under, which such additional indebtedness can be raised, there can be no assurance that the Anglian Water Group will be able to raise sufficient funds, or funds at a suitable interest rate, or on suitable terms, at the requisite time such that the purposes for which such financing is being raised are fulfilled, and in particular such that all amounts then due and payable on the Notes or any other maturing indebtedness will be capable of being so paid when due.

4 Note Considerations

Rights available to Noteholders

The AUD Note Trust Deed contains provisions detailing the AUD Note Trustee's obligations to consider the interests of the Noteholders as a whole as regards all powers, trusts, authorities, duties and discretions of the AUD Note Trustee (except where expressly provided otherwise, including where the AUD Note Trustee is obliged to give effect to instructions received from the Noteholders). The STID provides that the Security Trustee (except in relation to certain Reserved Matters and Entrenched Rights as set out in the STID and subject to certain exceptions) will act on instructions of the relevant DIG Representative(s). When so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor in relation to the exercise of such rights and has no liability to the Noteholders as a consequence of so acting.

Intercreditor rights of Noteholders and voting periods

The Notes are subject to the provisions of the STID. The STID contains provisions enabling the Security Trustee to implement various modifications, consents and waivers in relation to the Finance Documents and the Notes, subject to Entrenched Rights and Reserved Matters (see section entitled "Security Trust and Intercreditor Deed" under "Chapter 6: Financing Structure" of the GMTN Prospectus). The Security Trustee is authorised to act on the instructions of the Class A DIG.

Accordingly, subject to the Entrenched Rights and Reserved Matters of the Noteholders, decisions relating to and binding upon a Series of Notes may be made by persons with no interest in the Notes and the Noteholders may be adversely affected as a result. See section entitled "Security Trust and Intercreditor Deed" under "Overview of the Financing Agreements" below.

Under the terms of the STID and the CTA any further issues of debt securities by the Issuer must be made subject to the Intercreditor Arrangements contained in the CTA and the STID (to which the Notes are also subject). No alteration of the rights of priority of the Noteholders may be made without the consent of the relevant Noteholders.

The Entrenched Rights and Reserved Matters may materially and adversely affect the exercise and proceeds of any enforcement of the Security. Subject to such Entrenched Rights and Reserved Matters, the Majority Creditors may make a modification to, or grant any consent or waiver in respect of, the Finance Documents.

The STID and AUD Note Trust Deed contain detailed provisions setting out the voting and instruction mechanics in respect of STID Proposals. Subject to Entrenched Rights and Reserved Matters, the relevant period within which votes must be received shall not be less than 10 Business Days (or in certain circumstances 5 Business Days) after the date that the STID Directions Request is deemed to be given in accordance with the STID. The AUD Note Trustee may, if instructed by Noteholders holding in aggregate at least 66⅔ per cent. of the Outstanding Principal Amount of the relevant Series of Notes, will be entitled to act on the instructions of the Noteholders. Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Secured Creditor (or requisite majority of Secured Creditors) having the Entrenched Right. A Reserved Matter are matters which, subject to the Intercreditor Arrangements and the CTA, a Secured Creditor is free to exercise in accordance with its own facility arrangements and so are not exercisable by or by direction of the Majority Creditors.

The time periods for responding to requests for instructions as noted above are short and may not provide for sufficient time for Noteholders to instruct the AUD Note Trustee to issue an Entrenched Rights or Reserved Matters Notice to the Security Trustee or to otherwise vote in respect of a matter. Once a request for any instructions is received by the AUD Note Trustee from the Security Trustee (including with respect to an Entrenched Right or a Reserved Matter), the AUD Note Trustee will then need to seek instructions from the Noteholders holding through the Austraclear System, and the administrative process of seeking such instructions associated with the Austraclear System may result in a delay in the Noteholders receiving the request for instructions. This may result in Noteholders not being able to provide instructions on a matter (including an Entrenched Right or a Reserved Matter) to the AUD Note Trustee in the time period required under the STID (including the time period for delivery of an Entrenched Rights or Reserved Matter Notice).

Accordingly, there is a risk that the short timeframes provided for under the STID and the AUD Note Trust Deed for the provision of instructions by the Noteholders to the AUD Note Trustee, and from the AUD Note Trustee to the Security Trustee, may result in a Noteholder not being able to provide instructions to the AUD Note Trustee or the AUD Note Trustee not being able to provide instructions received from a Noteholder to the Security Trustee and as a consequence, the Noteholder's Qualifying Debt being disregarded for the purposes the relevant STID Proposal. In such circumstances, the matter will be decided upon by other Secured Creditors. In addition, the short timeframes provided for under the STID and the AUD Note Trust Deed may mean that, in relation to an Entrenched Right or Reserved Matter, Noteholders holding 33 ⅔% of Qualifying Debt of a Series of Notes may fail to instruct the AUD Note Trustee to issue an Entrenched Rights or Reserved Matter Notice within the specified time or the AUD Note Trustee being unable to issue an Entrenched Rights or Reserved Matter Notice to the Security Trustee within the specified time. In such circumstances, the relevant matter will not constitute an Entrenched Right or Reserved Matter for that Series of Notes, and will be decided upon by other Secured Creditors.

Noteholders' Rights are subject to the STID

The Notes are subject to the provisions of the STID. The STID contains provisions enabling the Security Trustee to implement various modifications, consents and waivers in relation to the Finance Documents and the Notes, subject to Entrenched Rights and Reserved Matters. See "Overview of Financing Arrangements - Entrenched Rights and Reserved Matters". The Security Trustee is authorised to act on the instructions of the Class A DIG or, following repayment of the Class A Debt, the Class B DIG. A Noteholder will not be entitled to vote.

Prior to a Default Situation, the AUD Note Trustee may vote on behalf of the Noteholders as part of the Instructing Group. However, the AUD Note Trustee will not be obliged to vote and will not be entitled to convene a meeting of Noteholders to seek directions in respect of such vote. Accordingly, subject to Entrenched Rights and Reserved Matters of the Noteholders, prior to a Default Situation, the Outstanding Principal Amount of the Notes will not be voted as part of the Class A DIG or Class B DIG, as the case may be, in circumstances where the AUD Note Trustee is unable or unwilling to exercise its discretion. During a Default Situation the AUD Note Trustee shall be entitled to vote and will be entitled to seek directions from the relevant Noteholders in respect of such vote. However, the AUD Note Trustee may be prevented from voting if a valid Emergency Instruction Notice is delivered to the Security Trustee. See "Overview of Financing Arrangements - Entrenched Rights and Reserved Matters". In respect of a vote relating to Entrenched Rights and Reserved Matters, the AUD Note Trustee will be required to seek directions from the Noteholders of each affected Series of Notes in respect of such vote.

Accordingly, subject to the Entrenched Rights and Reserved Matters of the Noteholders, decisions relating to and binding upon the Notes may be made by persons with no interest in the Notes and the Noteholders may be adversely affected as a result. See "Overview of the Financing Arrangements - Security Trust and Intercreditor Deed".

Under the terms of the STID and the CTA any further issues of debt securities by members of the Anglian Water Services Financing Group must be made subject to the Intercreditor Arrangements contained in the CTA and the STID (to which the Notes are also subject). No alteration of the rights of priority of the holders of Class A Notes may be made without the consent of the relevant Noteholders.

Austraclear System and voting periods

Noteholders may be unable to provide instructions on a matter (including an Entrenched Right or a Reserved Matter) to the AUD Note Trustee (or the AUD Note Trustee may be unable to provide those instructions to the Security Trustee) during the prescribed voting period under the STID because the time it takes the parties using the Austraclear System to circulate and receive instructions from Noteholders may exceed the prescribed voting period under the STID.

The rules and obligations of the Austraclear System requires Austraclear to review a request for instructions in respect of a meeting or circulating resolution before distributing the request to each custodian holding interests in the Notes. Austraclear may require up to five Business Days to review any given request for instructions. The custodian will in turn be required to provide the request to the Noteholders which may take a number of additional Business Days. It may then take a similar number of Business Days for the instructions from the Noteholders to be provided to the custodians. Upon the receipt of an instruction from the custodian on behalf of the Noteholders, the AUD Note Trustee will be required to tabulate received instructions and arrange for Austraclear to sign the instructions before providing the Security Trustee with the instructions from the Noteholders. Each step in this process may take a number of Business Days and result in the Noteholders failing to provide instructions to the AUD Note Trustee or the AUD Note Trustee failing to provide instructions received from a Noteholder to the Security Trustee. As a consequence, each Noteholder’s Qualifying Debt may be disregarded for the purposes the relevant STID Proposal due to the ordinary operation of the Austraclear System to circulate and receive instructions from Noteholders.

Limited liquidity of the Notes; absence of secondary market for the Notes

There can be no assurance that a secondary market will develop or, if a secondary market does develop for any of the Notes that it will provide the holder of the Notes with liquidity or that any such liquidity will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of the Notes.

The liquidity and market value at any time of the Notes is affected by, among other things, the market view of the credit risk of such Notes and will generally fluctuate with general interest rate fluctuations, general economic conditions, the condition of certain financial markets, international political events, the performance and financial condition of AWS, developments and trends in the water industry generally and events in the appointed area of AWS.

Rating of the Notes

The ratings assigned by the Rating Agencies to the Notes reflect only the views of the Rating Agencies and in assigning the ratings the Rating Agencies take into consideration the credit quality of AWS and structural features and other aspects of the transaction.

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial condition of AWS, circumstances relating to the water industry generally.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies (or any of them) as a result of changes in, or unavailability of, information or if, in the Rating Agencies' judgment, circumstances so warrant. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Future events, including events affecting AWS and/or circumstances relating to the water industry generally, could have an adverse impact on the ratings of the Notes.

Overview of the Financing Agreements

Unless otherwise defined in this Information Memorandum, capitalised terms used but not defined in this section shall have the meaning given to them in the GMTN Prospectus, including by way of incorporation and as the context permits.

1 Security Trust and Intercreditor Deed (“STID”)

1.1 General

The intercreditor arrangements in respect of the Anglian Water Services Financing Group (the "**Intercreditor Arrangements**") are contained in the STID and the common terms agreement (the “**CTA**”). The Intercreditor Arrangements bind each of the Secured Creditors and each of the Issuer and the other Obligors.

The Secured Creditors include the Class A Debt Providers and the Class B Debt Providers. Any new Authorised Credit Provider (or in respect of Bondholders (other than holders of the USPP 2001 Bonds), the Bond Trustee) is required to accede to the STID and the CTA as a Class A Debt Provider. Notwithstanding the ability to accede to the STID and the CTA as a Class B Debt Provider, pursuant to the Class B Debt Incurrence Restriction (which restricts the incurrence of Class B Debt), no new Authorised Credit Provider (or in respect of Bondholders (other than holders of the USPP 2001 Bonds), the Bond Trustee) shall be a Class B Debt Provider.

Unsecured creditors have not and will not become parties to the Intercreditor Arrangements and although ranking behind the Secured Creditors in an administration or other enforcement will have unfettered, independent rights of action in respect of their debts. However, the aggregate amount of unsecured debt is restricted to levels acceptable to the Secured Creditors. See section 4, "*Common Terms Agreement*" below.

The purpose of the Intercreditor Arrangements is to regulate, *inter alia*: (i) the claims of the Secured Creditors; (ii) the exercise, acceleration and enforcement of rights by the Secured Creditors; (iii) the rights of the Secured Creditors to instruct the Security Trustee; (iv) the rights of the Secured Creditors during a Standstill Period (see section 1.9, "*Standstill*", below); (v) the Entrenched Rights and the Reserved Matters of the Secured Creditors; and (vi) the giving of consents and waivers and the making of modifications to the Finance Documents.

The Intercreditor Arrangements provide for the ranking in point of payment of the claims of the Secured Creditors and for the subordination of all intra Anglian Water Services Financing Group claims (other than claims in respect of the Intercompany Loan Arrangements).

1.2 Ranking of Secured Liabilities

The underlying principle of the Intercreditor Arrangements is that the Class A Debt ranks in point of payment prior to any payment in respect of the Class B Debt at all times (including both prior to and during any Standstill Period, after acceleration of the Secured Liabilities and upon any enforcement of the Security). Prior to a Standstill Period, payment dates for Class A Debt and Class B Debt may fall on different dates. Notwithstanding the above as set out in the STID, Class B Debt is subject to the Class B Debt Incurrence Restriction and the Class B Redesignation Approval and there is no Class B Debt outstanding.

1.3 Modifications, Consents and Waivers

Subject to the Entrenched Rights and Reserved Matters (see section 1.13, "*Entrenched Rights and Reserved Matters*", below), the Security Trustee shall only agree to any modification of or grant any consent or waiver under the Finance Documents or (subject to restrictions during a

Standstill Period) take Enforcement Action with the consent of or if so instructed by the Majority Creditors. Not all proposals which require the consent of the Majority Creditors will be sent to all Secured Creditors (or their Secured Creditor Representatives, as the case may be). In certain circumstances, the Security Trustee is authorised to consult with the DIG Representatives only.

Subject to the Entrenched Rights and Reserved Matters (see section 1.13, "*Entrenched Rights and Reserved Matters*", below), the Security Trustee may make modifications to the Finance Documents without the consent of any other Secured Creditor if:

(a) such modifications are to correct manifest errors or are of a formal, minor, or technical nature; or

(b) such modifications are in respect of an Authorised Credit Facility, Finance Lease, or a Hedging Agreement where:

  (i) the relevant contracting Secured Creditors (other than the Security Trustee) have provided written consent;

  (ii) the relevant Authorised Credit Facility, Finance Lease or Hedging Agreement shall continue to qualify as Permitted Financial Indebtedness after the modifications;

  (iii) the modifications will not impose additional obligations on the Security Trustee and the non-contracting Secured Creditors, will not breach any provisions of the Transaction Documents and (in AWS's reasonable opinion) will not constitute an Entrenched Right or a Reserved Matter; and

  (iv) the modifications shall be without prejudice to the rights of the Secured Creditors (other than the contracting Secured Creditors) under the Transaction Documents.

1.4 Class A Debt Instructing Group

Both prior to and during any Standstill Period, after acceleration of the Secured Liabilities and upon any enforcement of the Security, only the Qualifying Class A Debt Providers will be eligible to exercise the rights of the Majority Creditors. Prior to repayment in full of the Class A Debt, decisions of such Majority Creditors will bind all of the Secured Creditors in all circumstances, save for certain Entrenched Rights and Reserved Matters that are fundamental to particular Secured Creditors (see section 1.13, "*Entrenched Rights and Reserved Matters*", below).

The Qualifying Class A Debt Providers will exercise their rights through the following representatives which will together be entitled to vote on certain proposals as part of the "**Class A Debt Instructing Group**" or the "**Class A DIG**". The Class A DIG will be comprised of the following representatives (each, a "**Class A DIG Representative**"):

(a) in respect of each Series of Class A Wrapped Bonds (if no FG Event of Default has occurred and is continuing), the Financial Guarantor;

(b) in respect of each Series of Class A Wrapped Bonds (after an FG Event of Default has occurred and is continuing in respect of the Financial Guarantor of those Class A Wrapped Bonds) and each Series of Class A Unwrapped Bonds (other than USPP Bonds), the Bond Trustee;

(c) in respect of Class A USPP Bonds, (a) prior to the occurrence of an Event of Default, any USPP Bondholder who has outstanding to it or any of its affiliates more than US$70,000,000 of Class A USPP Bonds or (b) after an Event of Default has occurred and is continuing, any USPP Bondholder;

(d) in respect of the Barclays Authorised Loan Agreement, Barclays Bank PLC;

(e) in respect of the New Finance Lease, the New Finance Lessor;

(f) in respect of the EIB Authorised Loan Facility the European Investment Bank; and

(g) in respect of any other Secured Liabilities of the type referred to in paragraphs (a) to (f) above or (with the approval of the Majority Creditors) other types of Secured Liabilities that rank pari passu with all other Class A Debt, the relevant representative appointed under the terms of the relevant Finance Document and named in the relevant Accession Memorandum to the STID and the CTA, or, in relation to existing Secured Creditors, in the relevant Additional Finance Document Memorandum, as the Class A DIG Representative.

Each Class A DIG Representative will be required to provide an indemnity to the Security Trustee each time it votes as part of the Class A DIG irrespective of whether it is a Majority Creditor.

Unless a Default Situation has occurred and is continuing, the Bond Trustee shall not be entitled to convene a meeting of any Series of Bonds to consider any proposal to be voted on by the Class A DIG.

Decisions of the Majority Creditors will be determined by votes on a pound for pound basis (based on the Outstanding Principal Amount of the Qualifying Class A Debt voted by the Class A DIG Representatives). Subject to Entrenched Rights and Reserved Matters, the Security Trustee will be entitled to act on the instructions of the Majority Creditors of those Class A DIG Representatives which have actually voted by the specified date for voting which must be not less than 10 business days (or, in certain circumstances, five business days) (or, where the Bond Trustee is a DIG Representative and a Default Situation is continuing (subject to the Emergency Instruction Procedure — see section 1.5, "*Emergency Instruction Procedure*" below), such later date (not later than two months after such date) as is requested of the Security Trustee by the Bond Trustee should the Bond Trustee consider it necessary to convene a meeting of any one or more Series of Bondholders to seek directions) or, if earlier, as soon as Class A DIG Representatives in respect of more than 50 per cent. of the Qualifying Class A Debt have voted in favour of the relevant proposal.

1.5 Emergency Instruction Procedure

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the Bond Trustee or the AUD Note Trustee to convene Bondholder or Noteholder meetings. To cater for such circumstances, the Intercreditor Arrangements provide for an emergency instruction procedure (the "**Emergency Instruction Procedure**") which is subject to Entrenched Rights and Reserved Matters. The Security Trustee will be required to act upon instructions contained in an emergency instruction notice (an "**Emergency Instruction Notice**"). An Emergency Instruction Notice must be signed by DIG Representatives (the "**EIN Signatories**") representing 66 2/3 per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt (or following the repayment in full of the Class A Debt, the Qualifying Class B Debt) after excluding the proportion of Qualifying Debt in respect of which the Bond Trustee or the AUD Note Trustee is the DIG Representative and in respect of which the Bond Trustee or the AUD Note Trustee in its absolute discretion has not voted. The Emergency Instruction Notice must specify the emergency action which the Security Trustee is being instructed to take and must certify that in their reasonable opinion, unless such action is taken within the timeframe specified in the Emergency Instruction Notice, the interests of the EIN Signatories will be materially prejudiced.

1.6 Hedge Counterparties

Each Hedge Counterparty (other than Lloyds Bank Corporate Markets plc (in respect of power hedging) and Macquarie Bank Limited (in respect of all hedging) or any other power hedging counterparty) is a Secured Creditor party to the STID and each Hedging Agreement constitutes Class A Debt.

The Hedge Counterparties do not form part of the Class A DIG. However, the Hedge Counterparties (other than Macquarie Bank Limited (in respect of all hedging) or any other power hedging counterparty) will generally rank in the Payment Priorities senior to or pari passu with interest and principal payments on the Class A Bonds. See section 5, "*Cash Management*" and section 9, "*Hedging*".

The provisions of this section 1 are not applicable to Lloyds Bank Corporate Markets plc (in respect of power hedging) and Macquarie Bank Limited (in respect of all hedging) who are not a party to the STID and who provide certain hedging services to the Group on an unsecured basis.

1.7 Liquidity Facility Providers

Each Liquidity Facility Provider is a Secured Creditor party to the STID and each Liquidity Facility Agreement constitutes Class A Debt.

The Liquidity Facility Providers do not form part of the Class A DIG. However, the Liquidity Facility Providers will rank in the Payment Priorities senior to interest and principal payments on the Class A Bonds. See section 5, "*Cash Management*" and section 8.3, "*The Liquidity Facilities*".

1.8 Finance Lessors

Each Finance Lessor is or will be a Secured Creditor party to the STID and all amounts arising under the Finance Leases constitute Class A Debt.

1.9 Standstill

The STID provides for an automatic standstill of the claims of the Secured Creditors against Anglian Water and the Issuer (the "**Standstill**") immediately following notification to the Security Trustee of an Event of Default.

The Standstill is designed to reduce or postpone the likelihood of a Special Administration Order being made against Anglian Water on the grounds of its insolvency or otherwise. Although not binding on unsecured and trade creditors and hence potentially giving such unsecured and trade creditors a position of greater strength upon an Event of Default, it is intended to allow time for the Secured Creditors to restore the financial condition of Anglian Water.

During the Standstill Period:

(a) other than any action taken in relation to Permitted Accelerations, none of the Secured Creditors will be entitled to give any instructions to the Security Trustee to take any Enforcement Action (but without prejudice to the ability of the Secured Creditors to demand payment) in relation to the Security granted by the Issuer or Anglian Water;

(b) the Security granted by Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited may be enforced at any time by the Security Trustee at the direction of the Majority Creditors;

(c) save as provided in paragraphs (a) and (b) above and other than Permitted Accelerations, no Enforcement Action may be taken;

(d) any monies received by Anglian Water or the Issuer will be applied in accordance with the cash management provisions contained in the CTA (see section 5, "*Cash Management*" below) and in accordance with the Payments Priorities (see section 5.5, "*Debt Service Payment Account*" below); and

(e) the Secured Creditors will benefit from the Liquidity Facilities.

Notwithstanding the Standstill, the Secured Creditors are entitled to accelerate their claims to the extent required to apply proceeds of enforcement of the share pledges provided by Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited under the Security Documents.

The period of the Standstill (the "**Standstill Period**") will be 18 months unless the Standstill Period is extended beyond 18 months (see section 1.10, "**Standstill Extension**" below) or any of the following occur prior to the expiry of the relevant Standstill Period:

(f) the date on which an order is made for the Special Administration of Anglian Water or any steps are taken to commence insolvency proceedings against any other Obligor other than proceedings that are commenced by the Security Trustee;

(g) (during the first 18 months of the Standstill Period) the date on which Class A DIG Representatives in respect of 66 2/3 per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt or (following the repayment in full of the Class A Debt) Class B DIG Representatives in respect of 66 2/3 per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class B Debt vote to terminate the Standstill Period and (after the first 18 months) the date on which the Standstill Period terminates (see section 1.10, "**Standstill Extension**" below); or

(h) the date of waiver of the relevant Event of Default or the date of remedy of the Event of Default giving rise to the Standstill Period.

1.10 Standstill Extension

The Standstill Period shall automatically be extended beyond 18 months:

(a) for a further 120 days unless Class A DIG Representatives in respect of 50 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Class A Debt vote at any time prior to or during such further 120 days to terminate the Standstill Period;

(b) following the period referred to in paragraph (a) above, for a further 60 days unless Class A DIG Representatives in respect of 33 1/3 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Class A Debt vote at any time prior to or during such further 60 days to terminate the Standstill Period;

(c) following the period referred to in paragraph (b) above, for a further 60 days unless Class A DIG Representatives in respect of 10 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Class A Debt vote at any time prior to or during such further 60 days to terminate the Standstill Period; and

(d) following the period referred to in paragraph (c) above, for successive periods each of 60 days unless Class A DIG Representatives in respect of 10 per cent. or more of the aggregate Outstanding Principal Amount of Qualifying Class A Debt vote at any time prior to or during such further 60 days to terminate the Standstill Period and a vote shall be taken of the relevant Class A DIG Representatives on the expiry of each subsequent period of 60 days for so long as the Standstill Period continues as to whether the Standstill Period should continue for a further period of 60 days.

1.11 Enforcement

Subject to certain matters and to certain exceptions, following an enforcement, any proceeds of enforcement or other monies held by the Security Trustee under the STID will be applied by the Security Trustee in accordance with the Payment Priorities (see section 5.5, "*Debt Service Payment Account*" below).

The Secured Creditors do not (with certain limited exceptions) have the right independently to accelerate their claims under their own facilities and agreements prior to termination of a Standstill Period. The Security Trustee will take all enforcement action and will be instructed by the Majority Creditors. Immediately upon notification to the Security Trustee of any Event of Default, the Standstill Period will commence, during which period no Secured Creditor may take any action to recover their debt or enforce the Security granted by Anglian Water or the Issuer.

1.12 Accession of Additional Secured Creditors

The STID requires that, to the extent that Anglian Water and/or the Issuer wishes any Authorised Credit Provider (or in respect of Bonds, its Secured Creditor Representative) or other person to obtain the benefit of the Security, such Authorised Credit Provider or other person (other than Bondholders (excluding holders of USPP 2001 Bonds)) must sign an Accession Memorandum whereby it agrees to be bound by the terms of the STID and the CTA, including those provisions which prohibit individual Secured Creditors from taking actions without the consent of the Majority Creditors.

1.13 Entrenched Rights and Reserved Matters

Modifications, consents, and waivers will be agreed by the Security Trustee, in accordance with votes of the Majority Creditors, subject to Entrenched Rights and Reserved Matters. Such modifications, consents and waivers will be binding on all of the Secured Creditors, subject to Entrenched Rights and Reserved Matters. No Entrenched Right or Reserved Matter will operate to override the provisions contained in the CTA which allow Anglian Water (following a Periodic Review or as a result of any material change in the regulation of the water industry in the United Kingdom) to amend any financial ratio contained within the covenants, Trigger Events or Events of Default provided that each Financial Guarantor and the Security Trustee (acting on the instructions of the Majority Creditors) agree and the Rating Requirements have been met.

Lists of Entrenched Rights and Reserved Matters are contained in section 1.14, "*Entrenched Rights*" and section 1.15, "*Reserved Matters*", below.

1.14 Entrenched Rights

Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the Secured Creditor (or requisite majority of Secured Creditors) having the Entrenched Right.

The Entrenched Rights of the Class A Debt Providers include, subject to certain provisions of the CTA including the right to amend financial ratios following a Periodic Review or as a result of a material change in the regulation of the water industry in the United Kingdom, any proposed modification to, or consent or waiver under or in respect of the STID or any other Finance Document which:

(a) the relevant Class A Debt Provider (or, where applicable, its Secured Creditor Representative) has demonstrated to the satisfaction of the Security Trustee would increase or adversely modify its obligations or liabilities thereunder or in connection therewith;

(b) (a) would release any of the Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the STID and the relevant Security Document or (b) would alter the rights of priority of or the enforcement by the relevant Class A Debt Provider (or, where applicable, its Secured Creditor Representative) under the Security Documents other than as expressly contemplated therein;

(c) would change or would relate to the Payment Priorities;

(d) would change or would relate to the Entrenched Rights or the Reserved Matters or, where applicable, the relevant Class A Debt Provider's Entrenched Rights or Reserved Matters;

(e) would change or would relate to (a) the definitions of "**Class A DIG**", "**Class A DIG Representatives**", "**DIG Proposal**", "**DIG Directions Request**", "**Majority Creditors**", "**Qualifying Class A Debt**" or "**Voted Qualifying Class A Debt**", (b) those matters expressly requiring the consent, approval or agreement of, or directions or instructions from, or waiver by the Majority Creditors or the Security Trustee or (c) the percentages of Outstanding Principal Amount of Qualifying Class A Debt required to terminate a Standstill;

(f) would delay the date fixed for payment of principal, interest, or Make-Whole Amount in respect of the relevant Class A Debt Provider's Class A Debt or of any fees or premia in respect thereof or would reduce the amount of principal, interest, or Make-Whole Amount payable in respect of such Class A Debt or the amount of any fees or premia in respect thereof;

(g) would bring forward the date fixed for payment of principal, interest or Make-Whole Amount in respect of Class A Debt or Class B Debt or any fees or premia in respect thereof or would increase the amount of principal, interest or Make-Whole Amount payable on any date in respect of Class A Debt or Class B Debt or any fees or premia in respect thereof;

(h) would result in the exchange of the relevant Class A Debt Provider's Class A Debt for, or the conversion of such Class A Debt into, shares, bonds, or other obligations of any other person;

(i) would change or would relate to the currency of payment due under the relevant Class A Debt Provider's Class A Debt (other than due to the United Kingdom joining the Euro);

(j) would change Anglian Water's information and reporting covenants or (in respect of the USPP Bondholders only) the additional information and reporting covenants and covenants relating to inspection rights contained in the documents relating to the USPP Bonds in issue on the Effective Date;

(k) would change the change of control undertakings;

(l) would change or would relate to Anglian Water's negative pledge, financial indebtedness, and restricted payments covenants;

(m) would change or would relate to, but not waive (subject to paragraph (n) below), the Trigger Events, Trigger Event Consequences, Trigger Event Remedies or Events of Default;

(n) would result in a waiver of the credit downgrade Trigger Event (see section 4.7(b), "*Credit Rating Downgrade*"), a non-payment Event of Default in respect of any Obligor, Events of Default relating to financial ratios and credit rating downgrades (see section 4.10(a), (t) and (u), "*Events of Default*" including their effect as a Trigger Event);

(o) would change or would relate to the rights of the relevant Class A Debt Provider to receive any sums owing to it for its own account in respect of premia, fees, costs, charges, liabilities, damages, proceedings, claims and demands in relation to any Finance Document to which it is a party (excluding, for the avoidance of doubt, the principal, interest or Make-Whole Amount payable to the relevant Class A Debt Provider);

(p) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the relevant Class A Debt Provider's Class A Debt in the event of the imposition of withholding taxes;

(q) would relate to a substitution of the Issuer in circumstances where the relevant USPP Bondholder has demonstrated to the satisfaction of the Security Trustee that such substitution would adversely affect the tax treatment of their holding of USPP Bonds; or

(r) would have the effect of changing certain notice, reporting and solicitation provisions relating to the USPP Bonds.

The Bond Trustee, the Security Trustee, the Financial Guarantor and the Finance Lessors have certain other limited Entrenched Rights in relation to any provisions of the Finance Documents that generally affect them to a greater extent than others.

1.15 Reserved Matters

Reserved Matters are matters which, subject to the Intercreditor Arrangements and the CTA, a Secured Creditor is free to exercise in accordance with its own facility arrangements and so are not exercisable by or by direction of the Majority Creditors.

Those Reserved Matters which the Secured Creditors reserve to themselves to decide are each and every right, power, authority, and discretion of, or exercisable by, the Secured Creditors at any time:

(a) to receive any sums owing to it for its own account in respect of premia, fees, costs, charges, liabilities, damages, proceedings, claims and demands in relation to any Finance Document to which it is a party (as permitted under the CTA);

(b) to make determinations of and require the making of payments due and payable to it under the provisions of the Finance Documents (as permitted under the CTA);

(c) to exercise the rights vested in it or permitted to be exercised by it under and pursuant to the CTA and the STID;

(d) to receive notices, certificates, communications or other documents or information under the Finance Documents or otherwise;

(e) in the case of each Finance Lessor, to inspect the relevant Equipment, to make calculations under the financial schedules to the relevant Finance Lease (or the equivalent provisions thereunder relating to the calculation of Rental or termination sums) and to terminate the relevant Finance Lease provided such termination is a Permitted Lease Termination;

(f) in the case of each Hedge Counterparty, to terminate the relevant Hedging Agreement provided such termination is a Permitted Hedge Termination; and

(g) in the case of any Secured Creditor to accelerate their claims, to the extent necessary to apply proceeds of enforcement of the share pledges provided by Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited pursuant to the terms of the Security Documents.

The Bond Trustee, the Security Trustee, and the Financial Guarantor each have certain additional Reserved Matters which each has reserved to itself to decide. For the Bond Trustee and the Financial Guarantor, these include rights vested in it pursuant to the terms of the Bond Trust Deed and the Bond Policy and for the Security Trustee, these include rights vested in it pursuant to the terms of the STID.

2 AUD Note Trust Deed

The STID and the AUD Note Trust Deed contain detailed provisions setting out the voting and instruction mechanics in respect of STID and DIG Proposals.

Pursuant to the AUD Note Trust Deed, each of the Noteholders appoints the AUD Note Trustee as its DIG Representative to vote on behalf of the Noteholders of the relevant Series of Notes as their representative and otherwise to exercise all rights and obligations of the relevant DIG Representative under the STID.

All Entrenched Rights of the Noteholders of each Series of Notes in their capacity as secured creditors pursuant to clause 8 (*Modifications, Consents and Waivers*) of the STID and otherwise pursuant to the STID will be exercised by the AUD Note Trustee in accordance with the AUD Note Trust Deed. This shall bind each of the Noteholders of the relevant Series of Notes notwithstanding that not all the Noteholders of such Series of Notes represented by the AUD Note Trustee voted under the voting procedures in the AUD Note Trust Deed consistently with the exercise of the Entrenched Rights by AUD Note Trustee, provided that the AUD Note Trustee exercised the Entrenched Rights in accordance with the directions given by the Noteholders of the relevant Series of Notes in accordance with the AUD Note Trust Deed.

The Issuer and the AUD Note Trustee agree to call and hold meetings of Noteholders in accordance with the Meetings Provisions.

The AUD Note Trustee is the DIG Representative of the Noteholders. In relation to any Entrenched Rights of the Noteholders (except where the AUD Note Trustee in its capacity as DIG Representative has already voted as a Majority Creditor in respect of any STID Proposal on behalf of the Noteholders), the AUD Note Trustee shall separately instruct the Security Trustee as to each Series of Notes in respect of which Noteholders have directed or requested the AUD Note Trustee to consent to such STID Proposal and each Series of Notes in respect of which Noteholders have not directed or requested the AUD Note Trustee to consent to such STID Proposal. In this regard:

(a) each instruction shall be provided in respect of all the Notes comprising the relevant Series of Notes, notwithstanding that any particular Noteholder does not so direct or request the AUD Note Trustee to give such instruction, provided that the AUD Note Trustee has been so directed or requested (i) by an Extraordinary Resolution of Noteholders of such Series of Notes or (ii) in writing by the Noteholders of the relevant Outstanding Principal Amount of such Series of Notes as specified in the Conditions;

(b) in relation to each such STID Proposal, the AUD Note Trustee may, on the basis of the direction or request received from Noteholders of each Series of Notes in accordance with (a) above, instruct the Security Trustee differently from those instructions given in relation to any previous STID Proposal; and

(c) in relation to each such STID Proposal, the AUD Note Trustee shall instruct the Security Trustee in respect of each Series of Notes in accordance with and on the basis of the direction or request received from Noteholders of such Series of Notes.

In its capacity as DIG Representative of the Noteholders, the AUD Note Trustee may (whether or not a Default Situation is subsisting), in its absolute discretion, vote on a DIG Proposal or STID Proposal, as the case may be, (without reference to any Noteholders) in respect of the aggregate Outstanding Principal Amount of some or all such Series of Notes, but shall not (if no Default Situation is subsisting) be entitled to convene a meeting of any Series of Noteholders to consider such DIG Directions Request or STID Directions Request, as the case may be.

In its capacity as DIG Representative of the Noteholders, whilst a Default Situation is subsisting, the AUD Note Trustee shall be entitled, subject as provided below, to convene a meeting of any

Series of such Noteholders to consider such DIG Directions Request or STID Directions Request, as the case may be, in which case the AUD Note Trustee shall vote in respect of such DIG Proposal or STID Proposal in respect of the Outstanding Principal Amount of each such Series of Notes (i) as directed in accordance with an Extraordinary Resolution of the Noteholders of such Series of Notes to vote in favour of or to vote against such DIG Proposal or STID Proposal, as the case may be or, (ii) (in respect of a DIG Proposal to terminate a Standstill) as requested in writing by the Noteholders of the relevant percentage of Outstanding Principal Amount of such Series of Notes (each such aggregate Outstanding Principal Amount, a "Proportion"), provided that the AUD Note Trustee shall not be entitled to convene a meeting of any Series of Noteholders after the EIN Specified Date, as set out in a valid Emergency Instruction Notice delivered under clause 9.12 (*Emergency Instruction Procedure*) of the STID. In this regard:

(d) each Proportion shall be the Outstanding Principal Amount of all the Notes comprising the relevant Series of Notes, notwithstanding that any Noteholder does not so direct or request the AUD Note Trustee in respect of that Proportion;

(e) in relation to each such DIG Proposal or STID Proposal, the AUD Note Trustee may, on the basis of the direction or request received from each Series of Noteholders, instruct the Security Trustee as to different Proportions from those given in relation to any previous DIG Proposal or STID Proposal; and

(f) in relation to each such DIG Proposal or STID Proposal, the AUD Note Trustee shall instruct the Security Trustee in respect of each Proportion in accordance with and on the basis of the direction or request received from each Series of Noteholders.

For the purposes of Clause 13.5 (*Extension of Standstill*) and Clause 13.4(a)(ii) *(Termination of Standstill*) of the STID, the AUD Note Trustee shall not vote in its capacity as the DIG Representative in respect of any Series of Notes unless the AUD Note Trustee has been directed or requested to vote in such manner (i) by an Extraordinary Resolution of the relevant Series of Noteholders or (ii) in writing by the Noteholders holding not less than the percentage of Outstanding Principal Amount of the relevant Series of Notes as specified in Condition 15.2 (*Decision of Majority Creditors*).

3 Intercompany Loan Arrangements

3.1 Anglian Water Loan Notes

The creation of the Anglian Water Services Financing Group within the Anglian Water Group facilitated the financing of Anglian Water through, inter alia, the issuance of Notes and other financial indebtedness incurred by the Issuer. AWG Group Ltd's and/or Anglian Water's obligations under the Existing Bonds and the Transferred USPP Bonds (and the rights and obligations under Hedging Agreements hedging those Bonds) were transferred to the Issuer in return for the granting by Anglian Water of loan notes ("**Anglian Water Loan Notes**") in favour of the Issuer and the assignment to the Issuer and the amendment of certain existing intercompany loans.

Each series of bonds comprising the Existing Bonds and Transferred USPP Bonds is represented by a separate Anglian Water Loan Note. The interest rate in respect of each such Anglian Water Loan Note is equivalent to the rate of interest on the corresponding series of bonds or, if hedged, at the hedged rate. Similarly, each Anglian Water Loan Note will be redeemed (in whole or in part) immediately prior to the date upon which any payment of principal is to be made on the corresponding series of bonds.

3.2 Issuer/Anglian Water Loan Agreement

The Issuer has on-lent and will on-lend an amount equal to the Sterling equivalent of the gross proceeds of issue of each Series of Bonds, each Series of Notes and each drawing or other obligation for Financial Indebtedness under each Authorised Credit Facility (as adjusted by any applicable Hedging Agreements) entered into on or after the Effective Date to Anglian Water under the terms of the relevant loan agreement (each an "**Issuer/Anglian Water Loan Agreement**" and, together with the Anglian Water Loan Notes, the "**Intercompany Loan Arrangements**"). All advances to be made by the Issuer under each Issuer/Anglian Water Loan Agreement have been in Sterling and at rates of interest set out in the applicable Final Terms, Pricing Supplement or, if hedged in accordance with the Hedging Policy (see section 9, "*Hedging*") at the hedged rate. The repayment of each advance corresponding to a Bond issue shall be on the repayment terms of such Bonds, and the repayment of each advance corresponding to a Notes issue shall be on the repayment terms of such Notes. The Issuer charges Anglian Water an annual management fee in respect of entering into the Issuer/Anglian Water Loan Agreement.

3.3 Initial Advance and Further Advances

The first advance under the Issuer/Anglian Water Loan Agreement comprised an amount equal to the Sterling equivalent of the gross proceeds of the issue of Bonds under the Programme, the gross proceeds of drawings under Tranche A of the Bridging Facility and drawings under the Initial Authorised Loan Agreement on the Effective Date, after having exchanged the proceeds of each Series of Bonds denominated in a currency other than Sterling pursuant to the initial currency exchange under the Currency Hedging Agreements with the Existing Hedge Counterparties in respect of such Series of Bonds.

Further advances under the Issuer/Anglian Water Loan Agreement will, *inter alia*, comprise of amounts equal to the Sterling equivalent of the gross proceeds of the issue of Bonds under the Programme. It is the relevant advance under the Issuer/Anglian Water Loan Agreement which is the asset backing the corresponding relevant issue of Bonds. Advances under the Issuer/Anglian Water Loan Agreement along with the Transaction Documents have the characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Bonds.

3.4 Fees Generally

Under the terms of the Intercompany Loan Arrangements, Anglian Water is required to pay fees to the Issuer in an amount equal to all premia, fees, costs, charges, and other expenses payable by the Issuer in connection with financial accommodation provided to Anglian Water, including paying the properly incurred fees and expenses of the AUD Note Trustee, the Agents and the Dealers.

3.5 Subordinated Liabilities

All present and future liabilities payable or owing by one member of the Anglian Water Services Financing Group to another member of the Anglian Water Services Financing Group comprise subordinated liabilities other than liabilities under the Intercompany Loan Arrangements.

4 Common Terms Agreement

4.1 General

Each of the Finance Lessors, the Hedge Counterparties, the Security Trustee, the Cash Manager, the Original Lenders, the Liquidity Facility Providers, the Authorised Credit Providers, each Obligor, the Bond Trustee, the Initial Financial Guarantor, the Registrar, the Principal Paying Agent, the Transfer Agent, the Exchange Agent, and the USPP 2001 Bondholders and others entered into a CTA. The CTA sets out the representations, covenants (positive, negative, and financial), Trigger Events and Events of Default which apply to each Authorised Credit Facility (including, for the avoidance of doubt, the Intercompany Loan Arrangements, Finance Leases, Hedging Agreements and any other document entered into in connection with an Authorised Credit Facility).

It is a term of the CTA that any representations, covenants (to the extent of being able to declare an Event of Default), Trigger Events and Events of Default contained in any document which are in addition to those in the CTA are (save for limited exceptions which, inter alia, include covenants relating to indemnities, covenants to pay, remuneration, costs and expenses, Permitted EIB Compulsory Prepayment Events, covenants in each Series of Bonds issued on the Effective Date, those contained in the Programme Agreement, the Bond Trust Deed, the Indemnification Deed, the Tax Deed of Covenant and the Agency Agreement to the extent such apply to any Series of Bonds, certain provisions under the Hedging Agreements, the Finance Leases and the mandatory prepayment rights and obligations under the Bridging Facility) unenforceable. The CTA allows Anglian Water (following a Periodic Review or any material change in the regulation of the water industry in the United Kingdom) to amend any financial ratio contained within the covenants, Trigger Events or Events of Default, provided that each Financial Guarantor and the Security Trustee (acting on the instructions of the Majority Creditors) agree and the Rating Requirement has been met.

The CTA also sets out the cash management arrangements to apply to Anglian Water Services Financing Group (see section 5, "*Cash Management*" below). It is a requirement of the CTA that future providers of Class A Debt must also accede to the CTA and the STID.

A summary of the representations, covenants, Trigger Events and Events of Default included in the CTA is set out below.

4.2 Representations

On the Effective Date each Obligor made, and in respect of certain representations on each Issue Date, each Payment Date, on the day any new Authorised Credit Facility or any new Tier 1 Material Agreement is entered into and only in relation to such agreements, and on each date for payment of a Restricted Payment into the Distributions Account or Customer Payments Account or for a payment of a UK Holdco Debt Service Distribution each Obligor will make, a number of representations in respect of itself to each Finance Party. These representations did and will (amongst others) include (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) representations as to:

(a) its corporate status, power, and authority (i) to enter into and perform its obligations under the Transaction Documents and (ii) to own, lease and operate its assets and to carry on its business;

(b) its obligations under the Transaction Documents being its legal, valid, and enforceable obligations;

(c) its entry into and performance under the Transaction Documents not conflicting with any document which is binding upon its assets, its constitutional documents, or any material applicable law;

(d) the preparation of its financial statements in accordance with Applicable Accounting Principles;

(e) the validity and admissibility in evidence of the Finance Documents in any proceedings in the jurisdiction of its incorporation;

(f) the Security Documents to which it is party conferring the Security Interests they purport to confer and such Security Interests not being subject to any prior or *pari passu* Security Interest (other than Permitted Security Interest);

(g) the conduct of its business not violating any judgment, law, or regulation, which if enforced would have a Material Adverse Effect;

(h) no Default or Potential Trigger Event being outstanding;

(i) the obtaining by it prior to the Effective Date of all consents and approvals necessary for the conduct of Anglian Water's business and the transactions in the Finance Documents;

(j) its ownership of, or interests in, the assets over which it has created Security Interests under the Security Documents and which are material to the operation of its business;

(k) insurances required to be maintained under any Finance Document being in full force and effect;

(l) there being no insolvency event in relation to it;

(m) the ownership structure of the Anglian Water Services Financing Group;

(n) the due payment of all its taxes (save to the extent any tax payment is being disputed in good faith);

(o) under the laws of its jurisdiction of incorporation and tax residence in force on the Effective Date, it not (other than as disclosed) being required to make any deduction or withholding from any payment of interest in circumstances where, under current United Kingdom law, no United Kingdom withholding tax would be imposed on the payment;

(p) subject to certain reservations as to matters of law, the choice of English law being recognised and enforced in proceedings against Anglian Water Services UK Parent Co Limited;

(q) the claims of Secured Creditors ranking prior to the claims of its other unsecured and unsubordinated creditors;

(r) no Security Interest having been created, or allowed to exist, other than Permitted Security Interests and no indebtedness incurred other than Permitted Financial Indebtedness or any Permitted Volume Trading Arrangements;

(s) the Bonds constituting (or constituting upon execution, due authentication, and delivery) legal and valid obligations binding on the Issuer and enforceable against it in accordance with its terms and constituting evidence of direct, secured and unconditional obligations of the Issuer;

(t) no litigation or other proceedings current, or to its knowledge pending or threatened against it or its assets;

(u) limits on its powers not being exceeded as a result of the borrowing, leasing, granting of security or giving of guarantees contemplated by the Transaction Documents;

(v) compliance with environmental laws and having obtained all environmental permits necessary for conduct of its business and no environmental claim having been commenced;

(w) loans not having been made to other persons other than pursuant to Finance Documents, the UK Holdco/Anglian Water Loan, Permitted Volume Trading Arrangements, and the Intercompany Loan Arrangements;

(x) Treasury Transactions not having been entered into other than the Hedging Agreements entered into in accordance with the Hedging Policy and AWS Derivative Transactions entered into by AWS in accordance with the AWS Derivative Policy;

(y) all arrangements or contracts with any person (including Affiliates) being on an arm's length basis and on terms no less favourable to it than would reasonably be expected to be obtained in a comparable arm's length transaction with a person not being an Affiliate, unless permitted under the Finance Documents, as a result of a Permitted Emergency Action, certain disclosed transactions up to the next Periodic Review or save as disclosed in this Information Memorandum or the GMTN Prospectus; and

(z) on the Effective Date, no member of the Anglian Water Services Financing Group being liable in any manner in respect of any Financial Indebtedness (including by way of primary obligor, guarantor, surety or any other manner) that is not either Class A Debt or Class B Debt, the providers of which have executed the CTA and the STID, or Permitted Financial Indebtedness falling within the category listed in paragraphs (a), (b), (d) or (e) of the definition of Permitted Financial Indebtedness.

Additionally, Anglian Water (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) represented:

(aa) to the best of its knowledge, it has the right to use intellectual property rights necessary to conduct its Business;

(bb) to the best of its knowledge (and save as disclosed to the Security Trustee) all parties to Transaction Documents are in compliance with the Transaction Documents;

(cc) assumptions used in respect of financial ratio calculations having been made in good faith, after due and careful consideration and being consistent with Applicable Accounting Principles and Good Industry Practice;

(dd) it is not aware of any Special Administration Order having been made in respect of it; and

(ee) the accuracy (in all material respects) of certain written information provided by Anglian Water and the accuracy of the GMTN Prospectus and any information memorandum prepared by or on behalf of the Issuer in connection with the general syndication on the interbank market of any new Authorised Credit Facility, including this Information Memorandum**.**

The representation referred to in paragraph (cc) above was made by Anglian Water on the date of the CTA and has been made and will be made on the date of each Investors Report, directors certificate, compliance certificate or interim compliance certificate. The representation referred to in paragraph (ee) above was made by Anglian Water on the date of the CTA, and, subject to minor amendments, on each date when any new Authorised Credit Facility has been or is entered into when it is generally syndicated.

The other members of the Anglian Water Services Financing Group also represented that they have not carried on any business since the date of their incorporation other than that required in connection with their formation and capitalisation and/or as envisaged by the Transaction Documents.

4.3 Covenants

The CTA contains certain covenants from each of the Obligors. A summary of the covenants which are (amongst others) included (subject, in some cases, as to agreed exceptions, *de minimis* amounts and qualifications as to materiality and reservations of law) in the CTA is set out below in sections 4.4, "*Information Covenants*", 4.5, "*General Covenants*" and 4.6, "*Financial Covenants*".

4.4 Information Covenants

(a) So far as permitted by any applicable law or any binding confidentiality obligation, Anglian Water has undertaken to supply to the Security Trustee certain information such as:

(i) a copy of all information, which would reasonably be expected to be material to an Authorised Credit Provider to the Anglian Water Services Financing Group, which it supplies to the Director General;

(ii) as soon as reasonably practicable after becoming aware, details of any proposed material changes to the Instrument of Appointment or any proposed changes to the constitutional documents of any member of the Anglian Water Services Financing Group;

(iii) promptly upon becoming aware, details of any actual or potential enquiry, investigation or proceeding commenced by any government, court, regulatory agency, or authority, if such enquiry, investigation or proceeding would be reasonably likely to have a Material Adverse Effect;

(iv) as soon as reasonably practicable after receipt, any material notice (including an enforcement notice) from any governmental authority or industry regulator (including Ofwat) received by Anglian Water;

(v) copies of all certificates and responses provided by Anglian Water or any member of the Anglian Water Services Financing Group to any industry regulator (including Ofwat) which would reasonably be expected to be material and adverse and which relates to the creditworthiness of Anglian Water or Anglian Water's ability to perform its duties under the Instrument of Appointment;

(vi) copies of all reports and information provided by the operator and/or service provider to it under any Material Agreement which would be material or adverse in relation to the creditworthiness of Anglian Water or to Anglian Water's ability to perform its duties under the Instrument of Appointment, and Anglian Water shall use reasonable endeavours to procure that any such Material Agreements permit such reports and information to be disclosed to the Secured Creditors;

(vii) a semi-annual Investors Report;

(viii) such material information about the business and financial condition of Anglian Water as a Secured Creditor may reasonably and properly request, from time to time, on the request of the Security Trustee (as directed by such Secured Creditor); and

(ix) details of any Bondholder accepting the offer of prepayment following the occurrence of an Early Redemption Event and the aggregate Early Redemption Amount payable.

(b) Anglian Water has further agreed to provide information regarding a UK Holdco Change of Control to the Security Trustee and the Financial Guarantor as soon as it becomes aware of any such proposal and to use all reasonable endeavours to procure that the Security Trustee and such Financial Guarantor have been given a reasonable opportunity to express views on the identity and role of any such proposed new Controlling person under a UK Holdco Change of Control.

(c) Anglian Water has further agreed to use all reasonable endeavours to supply any information due to, or requested by, the Director General within the time period provided for supply of such information. If no time period is specified, Anglian Water must provide the required information as soon as reasonably practicable. This is subject to action

Anglian Water reasonably believes is consistent with prudent management as part of negotiation with the Director General.

(d) Additionally, each Obligor has undertaken to supply to the Security Trustee:

(i) its audited financial statements and, in the case of Anglian Water, its audited consolidated financial statements, for each of its financial years and, in the case of Anglian Water, its unaudited consolidated financial interim statements, for the first half-year of each of its financial years;

(ii) copies of all material documents despatched by it to its shareholders or creditors generally;

(iii) as soon as reasonably practicable after becoming aware or available, details of:

(A) any litigation or other proceedings (which alone or in aggregate could reasonably be expected to give rise to a claim against Anglian Water of £5,000,000 (indexed)), which are current, threatened or pending and would be reasonably likely, if adversely determined, to have a Material Adverse Effect;

(B) the periodic information relating to it (such as Anglian Water's annual charges scheme, a summary of Anglian Water's strategic business plan at each Periodic Review, Anglian Water's procurement plans, Anglian Water's annual drinking water quality report, Anglian Water's annual environmental report and Anglian Water's annual conservation and access report);

(C) any event which could reasonably be expected to give rise to an insurance claim in excess of £4,000,000 (indexed);

(D) any Material Entity Event and/or Emergency which would be reasonably likely to have a Material Adverse Effect;

(E) any non-compliance with any law or regulation which would be reasonably likely to have a Material Adverse Effect; and

(F) any other event which would be reasonably likely to have a Material Adverse Effect;

(iv) such material information as is reasonably and properly requested by any Secured Creditor; and

(v) notification of any Default or Potential Trigger Event relating to it promptly upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).

(e) Additionally, each of Anglian Water and the Issuer has undertaken, inter alia:

(i) to supply a compliance certificate signed by two authorised signatories of the Issuer and two independent non-executive directors of Anglian Water (subject to any vacancies arising out of exceptional circumstances not in the normal course of business, in which case, the signature of only one independent non-executive director of Anglian Water will be required); such compliance certificate to be accompanied by a statement as to what the historical financial ratios which are required to be calculated under the CTA are, a short summary of the manner in which the historical financial ratios have been calculated and a certification of compliance in relation to projected financial ratios;

(ii) to permit the Security Trustee to investigate the calculations contained in any accompanying statement to a compliance certificate and to call for other substantiating evidence if it certifies to Anglian Water or the Issuer that it has reason to believe that the historical ratios set out in the statement are incorrect or misleading or in the event that there is a deterioration in the historical ratios and will have the right to call for further information if it considers that Anglian Water can have no reasonable grounds for confirming that it is in compliance with all forward looking ratios; and

(iii) to deliver to the Security Trustee promptly after any reasonable request made by the Security Trustee, a certificate signed on its behalf by two of its authorised signatories certifying that no Default or Potential Trigger Event is outstanding of which it is aware, having made all reasonable enquiries, or if it is outstanding, specifying the Default or Potential Trigger Event and the steps (if any) taken or proposed to be taken to remedy such event.

(f) In addition, each Obligor, in respect of information delivered electronically:

(i) may deliver any information under the CTA to a Secured Creditor by posting it on an electronic website, provided the Obligor and the Security Trustee have designated a website and the Obligor has notified the Security Trustee and each relevant Secured Creditor of the address and password for such website; and

(ii) must notify the Security Trustee if (i) the website cannot be accessed or the website or any information on it is infected for a period of 5 consecutive days, in which case the Obligor must supply the Security Trustee with all information required under the CTA in paper form with copies as requested by any Finance Party or (ii) if the password is changed.

4.5 General Covenants

(a) Each Obligor has undertaken, among other things:

(i) to do all such things as are necessary to maintain its corporate status where failure would be reasonably likely to have a Material Adverse Effect or otherwise adversely affect the Security Interests of the Secured Creditors;

(ii) to comply with its cash management obligations (if any) set out in the CTA;

(iii) to ensure that the claims of Secured Creditors against it under the Finance Documents will rank (subject to certain reservations as to matters of law) prior to or at least pari passu with the claims of all its other unsecured and unsubordinated creditors save for those whose claims are preferred solely by law;

(iv) to operate and maintain, or ensure the operation and maintenance of, its business in a safe, efficient, and business-like manner and in accordance with its memorandum and articles of association or other constitutional documents, Good Industry Practice (taking its Business as a whole), the Finance Documents and the UK Holdco/Anglian Water Loan and, in the case of Anglian Water, the Instrument of Appointment and the WIA;

(v) to comply with the terms of the Transaction Documents to which it is a party;

(vi) to maintain and take all reasonable steps to enforce its rights and exercise its discretions under the Transaction Documents and Tier 2 Material Agreements in accordance with Good Industry Practice;

(vii) to ensure that, save as otherwise agreed by the Security Trustee and each Financial Guarantor save for any Permitted Joint Venture, the corporate ownership structure of the Anglian Water Services Financing Group (other than the ownership or Control of Anglian Water Services Holdings Limited) remains as at the date of the CTA;

(viii) so far as permitted by applicable law and regulatory requirements, to execute all such further documents and do all such further things as the Security Trustee (acting reasonably) may consider necessary to give effect to the Finance Documents;

(ix) (A) to take all such action as the Security Trustee may reasonably require for the purpose of perfecting, protecting and preserving the rights of the Security Trustee under the Security Documents and the Security Interests under the Security Documents; (B) to take all actions as the Security Trustee may require, following the making of any acceleration, cancellation or demand under the Intercompany Loan Arrangements or the termination of, or prepayment of the rentals relative to, the leasing of the Equipment, in each case after the occurrence of a Default for facilitating the exercise of the rights of the Security Trustee under the Security Documents and/or the realisation of any Security Interests under the Security Documents; and (C) to use all reasonable endeavours to receive acknowledgments of assignment from such counterparties as the Security Trustee may nominate;

(x) not to incur any Financial Indebtedness other than Permitted Financial Indebtedness or, in the case of Anglian Water, indebtedness under Permitted Volume Trading Arrangements (Permitted Financial Indebtedness will include indebtedness incurred under the Intercompany Loan Arrangements, any Finance Document, Treasury Transactions entered into in accordance with the Hedging Policy and any further indebtedness which complies with certain conditions);

(xi) not to enter into any amalgamation, demerger, merger, consolidation, or reconstruction other than (in the case of Anglian Water) a Permitted Joint Venture, or otherwise as agreed by the Security Trustee and each Financial Guarantor;

(xii) not to (A) acquire or invest, other than Permitted Acquisitions, Authorised Investments and Permitted Joint Ventures; or (B) establish any subsidiary (other than as set out in the CTA) or any joint venture other than a Permitted Joint Venture without the prior written consent of the Security Trustee and each Financial Guarantor;

(xiii) not to, or to permit any Permitted Joint Venture to, be a creditor in respect of any Financial Indebtedness or issue any guarantee or indemnity in respect of the obligations of any other person except for (A) credit or indemnity provided under any Finance Document, (B) any loan made under the Intercompany Loan Arrangements, (C) any loan provided to Anglian Water subordinated to the Authorised Credit Facilities on terms acceptable to the Security Trustee, (D) any guarantee in the Finance Documents, (E) the UK Holdco/Anglian Water Loan, (F) single loans by Anglian Water to employees of less than £250,000 (indexed) or loans by Anglian Water to employees in aggregate less than £750,000 indexed; (G) other loans by Anglian Water in aggregate of less than £500,000 (indexed) not falling in (A) to (F) above and (H) in the case of Anglian Water Permitted Volume Trading Arrangements and, in each case (other than for paragraph (B) above), provided that no Default or Potential Trigger Event is continuing at the time any such credit or loan or guarantee is proposed to be made or issued;

(xiv) not to change its memorandum or articles of association or other constitutional documents in a way which would be reasonably likely to have a Material Adverse Effect or otherwise prejudice the Security Interests created pursuant to the Security Documents without the prior written consent of the Security Trustee;

(xv) not to propose any resolution for, or agree to any material amendments to, variation, modification, waiver, suspension, revocation, or termination of any Material Agreement, save in accordance with the Outsourcing Policy, without the prior written consent of the Security Trustee;

(xvi) not to enter into any Treasury Transaction other than Hedging Agreements entered into in accordance with the Hedging Policy or AWS Derivative Transactions entered into by Anglian Water in accordance with the AWS Derivative Policy;

(xvii) except for a Permitted Tax Loss Transaction, not to enter, without the consent of the Security Trustee and each Financial Guarantor, into any arrangements with any other company or person (other than a taxation authority in respect of the taxation liabilities of such Obligor or any other Obligor) relating to tax;

(xviii) not to compromise or settle any claim, litigation, or arbitration without prior notification to the Security Trustee if any such compromise or settlement would be reasonably likely to have a Material Adverse Effect;

(xix) (A) to promptly obtain, maintain and comply with the terms of all applicable laws, regulations and orders and obtain and maintain all governmental and regulatory consents, licences, authorisations and approvals (including the Instrument of Appointment) necessary for the conduct of its business, for entry into and performance of the Finance Documents, and for the leasing of the Equipment, as a whole in accordance with Good Industry Practice and (B) to do nothing which would lead to the termination, suspension or revocation of any such consents, licences, authorisations and approvals, in each case where such failure would be reasonably likely to have a Material Adverse Effect;

(xx) to maintain separate bank accounts;

(xxi) to use reasonable endeavours to comply in all material respects with all laws and regulations to which it is subject;

(xxii) to pay all taxes and other outgoings prior to penalties being incurred unless payment of those taxes is being contested in good faith by appropriate means which permit the deferral of payment and/or an adequate reserve has been set aside for payment of those taxes;

(xxiii) not to create or allow to exist any Security Interest on the Equipment or any of its present or future revenues or assets other than Permitted Security Interests;

(xxiv) not to (A): (i) sell, transfer or otherwise dispose of any of its assets on terms where it is or may be leased to or re-acquired or acquired by a

(xxv) member of the Anglian Water Services Financing Group other than (in the case of the Issuer or Anglian Water) pursuant to a Finance Lease; (ii) sell, transfer or otherwise dispose of any of its receivables (other than Permitted Book Debt Disposals); or (iii) purchase any asset on terms providing for a retention of title by the vendor or on conditional sale terms or on terms having a like substantive effect to any of the foregoing except for assets acquired in the ordinary course of its business carried on in the normal course, in each case, in circumstances where the transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset, or (B) enter into any such transaction in (A) above in circumstances where the transaction is not entered into primarily as a method of raising finance to the extent that the consideration in respect of such sales, leases, transfers or disposals is not received in cash payable in full at the time or exceeds an amount of 0.13 per cent. of RCV in aggregate at any time;

(xxvi) not to dispose of all or any part of the Equipment or its undertaking, revenues, business, or assets other than a Permitted Disposal or Permitted Joint Venture;

(xxvii) not to change its tax residence from the United Kingdom;

(xxviii) not to: (A) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; (B) issue any shares which by their terms are redeemable or convertible or exchangeable for Financial Indebtedness; or (C) issue any share capital to any person, other than where any such action or transaction: (i) is in furtherance of a Restricted Payment and the amount of the Restricted Payment is permitted to be paid pursuant to the Finance Documents; (ii) is expressly allowed under the Finance Documents; or (iii) has received the prior written consent of the Security Trustee and each Financial Guarantor; and

(xxix) other than as a result of Permitted Emergency Action (in which case Anglian Water shall use reasonable endeavours to ensure that all contracts entered into will be on an arm's length basis, although Anglian Water will not be required to obtain alternative competitive quotes), not to enter into any arrangement or contract with any person otherwise than on an arm's length basis save as has been disclosed or unless expressly permitted under the Finance Documents.

(b) Additionally, each of Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited has undertaken:

(i) not to: (aa) carry on or transact any business or other activity other than (A) ownership of the shares in members of the Anglian Water Services Financing Group held by it on the Effective Date; (B) the giving of guarantees in accordance with the Finance Documents entered into by it on the Effective Date; and (C) the performance of obligations required under the UK Holdco/Anglian Water Loan or the Finance Documents; (bb) own any asset or incur any liabilities except for the purposes of carrying on that business in accordance with the Finance Documents entered into by it on the Effective Date; (cc) suspend, abandon or cease to carry on its business; (dd) declare, make or pay Restricted Payments otherwise than as permitted under the Finance Documents and the UK Holdco/Anglian Water Loan; or (ee) take any steps to enforce any claims it may have against any other Obligor without the prior written consent of the Security Trustee;

(ii) not to make any Restricted Payments otherwise than out of monies received by it (directly or indirectly) from Anglian Water which have been properly paid by Anglian Water out of the Distributions Account or as set out under the CTA; and

(iii) to make a UK Holdco Debt Service Distribution in accordance with those provisions referred to in paragraph 4.5(d)(xxiii)(D) below immediately once Anglian Water has made a UK Holdco Debt Service Distribution.

(c) Anglian Water has further undertaken to maintain on its board of directors at least three non-executive directors who are not employees or directors of any Associate (subject to any vacancies arising out of exceptional circumstances).

(d) Additionally, Anglian Water has undertaken, inter alia:

(i) to ensure that the nature of its business is limited to the Business;

(ii) to conduct its Regulated Business in the name of Anglian Water only and to ensure that separation from the Anglian Water Group is maintained at all times by holding Anglian Water out as a separate entity, correcting any misunderstanding as to identity and using stationery, invoices and cheques separate from any other person or entity;

(iii) not to permit, agree to or recommend any suspension or the abandonment of all or a material part of the operation of its Business unless such suspension or abandonment is in accordance with its Instrument of Appointment;

(iv) if it exceeds the Permitted Non-Statutory Business Limits, to dispose of or reduce all or part of its Permitted Non-Statutory Business within six months so that the Permitted Non-Statutory Business Limits are complied with at the next Calculation Date;

(v) to comply in all material respects with the Instrument of Appointment;

(vi) not to agree to any amendment or variation of the Instrument of Appointment which would reasonably be expected to have a Material Adverse Effect (without the prior written consent of the Security Trustee);

(vii) to comply with applicable relevant environmental laws and environmental approvals applicable to it, where failure to do so would be reasonably likely to have a Material Adverse Effect;

(viii) as soon as reasonably practicable upon becoming aware of the same, notify the Security Trustee of: (A) any environmental claim that is current

(ix) or, to the best of its knowledge and belief, is threatened; or (B) any facts or circumstances which will or are reasonably likely to result in an environmental claim being commenced or threatened against it, which, in either case if substantiated, is reasonably likely either to have a Material Adverse Effect or result in any material liability for a Finance Party;

(x) to effect and maintain those insurances in connection with its Business as are set out in the CTA;

(xi) to take all reasonable action to safeguard and maintain such present and future rights in accordance with intellectual property rights necessary for its Business including observing all covenants and stipulations relating thereto and obtaining all necessary registrations;

(xii) (A) to comply with the Outsourcing Policy which shall become effective on and from the Effective Date and apply it to each Outsourcing Agreement and Capex Contract entered into by Anglian Water (to the extent that it is not entered into pursuant to or under an Existing Framework Agreement) on and from the Effective Date; (B) during the period from the Effective Date until the commencement of the AMP4 Period that all outsourcing is carried out in accordance with Good Industry Practice; (C) subject to (A), to procure that any Outsourcing Agreement and Capex Contract entered into on and from the Effective Date complies with the Public Procurement Rules and the Outsourcing

Policy; (D) where an Emergency is continuing, to use its best endeavours to rectify such Emergency (any Permitted Emergency Action will not breach the Outsourcing Policy); (E) to procure that on the commencement of the AMP4 Period, all Existing Framework Agreements are terminated or brought into compliance with the Outsourcing Policy; (F) not to materially alter, amend or modify any Extended Outsourcing Agreement without the consent of the Security Trustee and each Financial Guarantor; and (G) to at all times use Good Industry Practice in exercising its rights and performing its obligations under any Extended Outsourcing Agreement;

(xiii) to ensure it has adequate financial and management resources to enable it to discharge its core obligations under the Instrument of Appointment and under the Transaction Documents and, in respect of performance obligations which are either passed on to a Contractor or a Permitted Joint Venture or outsourced, it has retained sufficient control to discharge its obligations under the Instrument of Appointment and under the Transaction Documents;

(xiv) following receipt of notice of termination of the Instrument of Appointment, Anglian Water must use its reasonable endeavours to ensure that subject to its obligations under the WIA: (A) a Transfer Scheme is agreed between Anglian Water, the transferee, and the Director General by a date no less than two years prior to the expiration of such

(xv) notice; and (B) any such Transfer Scheme will not be prejudicial to the interests of the Secured Creditors;

(xvi) to use all reasonable endeavours to ensure that the Security Trustee is joined in the consultation process with the Director General if Anglian Water becomes subject to any Transfer Scheme;

(xvii) subject to its obligations under the WIA, not to agree to any Transfer Scheme without the consent of the Security Trustee and each Financial Guarantor;

(xviii) to ensure that there are no agreements in force or corporate resolutions passed which call for the present or further issue or allotment of, or grant to any person other than Anglian Water Services UK Parent Co Limited of, the right (whether conditional or otherwise) to call for the issue or allotment of any share (or equivalent) loan note or loan capital of Anglian Water (including an option or right of pre-emption or conversion);

(xix) in the event that it breaches any of its non-monetary performance obligations under the Existing Finance Lease or the New Finance Lease and such breach would be reasonably likely to have a Material Adverse Effect and has not been remedied or waived, to give notice, within 10 Business Days of becoming aware of such breach, to the Existing Finance Lessor or the New Finance Lessor, as appropriate, of such breach and prepay all applicable termination sums or rental payable under the Existing Finance Lease or the New Finance Lease, as appropriate, upon which the leasing of any and all Equipment under the Existing Finance Lease or the New Finance Lease will terminate immediately and, subject to the terms of the STID, to comply with certain clauses of the Existing Finance Lease or the New Finance Lease as if the relevant Finance Lessor had already served notice of the termination of the leasing of the relevant Equipment on Anglian Water;

(xx) in the event it breaches any of its non-monetary obligations under the Existing Finance Lease or the New Finance Lease and such breach would not be reasonably likely to have a Material Adverse Effect, to indemnify the Existing Finance Lessor or the New Finance Lessor, as appropriate, in respect of any liabilities suffered or incurred by reason of such breach and if it fails to provide such indemnification (within 60 days of receiving from the relevant Finance Lessor written notice demanding payment), to prepay all rental payments payable under the relevant Finance Lease as if such breach had had a Material Adverse Effect and paragraph (xix) above applied;

(xxi) except for any Existing Joint Ventures and certain joint venture proposals made by Anglian Water to which both the Security Trustee gives its consent in accordance with the procedure and on the terms set out in the CTA (the Security Trustee's consent only to be given if it is satisfied, inter alia, that the liabilities capable of being incurred by Anglian Water as a result of the implementation of the joint venture proposal will not be materially prejudicial to the Secured Creditors and that the net disposal of any asset or right pursuant to the relative joint venture proposal and all net revenues arising from the joint venture proposal are paid to the Receipts Account) and the consent of each Financial Guarantor, not to be unreasonably withheld, has been given, not to enter into any joint venture or other arrangements with other persons whereby the losses and/or profits arising from any activity are incurred by Anglian Water or shared with that other person, save where those arrangements are permitted or contemplated by the Outsourcing Policy;

(xxii) to execute and do all such assurances, acts and things as the Security Trustee may request for perfecting or protecting any security intended to be created under or pursuant to the Security Documents (including, for the avoidance of doubt, any security over any assets or rights which are to form part of the property pursuant to any Permitted Joint Venture); or

(xxiii) to only:

(A) pay Customer Rebates at a time when no Event of Default is subsisting and only to the extent it has funds available in the Customer Payment Account;

(B) pay any Distribution at a time when no Event of Default is subsisting and only to the extent it has funds available in the Distributions Account;

(C) transfer monies to the Distributions Account or Customer Payment Account at any time: (i) when no Default is subsisting and each representation which repeats is correct; (ii) after a duly constituted board meeting has been held approving the declaration of such Distribution; (iii) during the period of 45 days after the date upon which a compliance certificate or interim compliance certificate has been delivered (and an interim compliance certificate must (if issued) be issued within 45 days after the end of any month to which an unaudited profit and loss account has been drawn and as at which an unaudited balance sheet has been produced and must be accompanied by those financial statements and must certify the financial ratios set out therein as at the most recently occurring Calculation Date up to the date of those financial statements). Further, the amount that may be transferred shall be limited to an amount equal to the aggregate balance of the Receipts Account and the Payment Account after payment of all prior amounts in accordance with the order set out in the cash management provisions of the CTA (summarised in section 5.5, "*Debt Service Payment Account*" below) on the 31 March or 30 September to which that compliance certificate relates; or (in the case of a transfer within 45 days after delivery of an interim compliance certificate) the date of the accounts to which that interim compliance certificate relates, and then only provided that:

(1) on the day of such transfer no drawings are outstanding under the Liquidity Facilities, other than Standby Drawings;

(2) the transfer is to take place within 45 days after delivery to the Security Trustee of a compliance certificate;

(3) two directors of Anglian Water have certified to the Security Trustee that:

a. no Trigger Event is continuing unremedied;

b. in respect of any Calculation Date falling prior to 31 March 2004, the Senior RAR is less than or equal to 0.86:1 and in respect of any Calculation Date falling after that date, the Senior RAR is less than or equal to 0.85:1 (in each case) for each Test Period in respect of the most recently occurring Calculation Date (after deducting the proposed payment from available cash);

c. no Default persists or will result from the payment and the representations which repeat are, and will, following such payment, remain correct provided that, if such Default arises as a result of a notice to terminate the Instrument of Appointment having been served, then such Default shall be deemed to be cured if an independent financial adviser shall have certified to the Security Trustee that a Transfer Scheme or other satisfactory security has been established that will not be materially prejudicial to the interests of Class A Debt Providers or Class B Debt Providers (as the case may be); and

d. to the extent that the payment is to be made to the Distributions Account to enable a Special Distribution to be made or paid, the Senior RAR and Class A RAR as adjusted to take account of that payment do not exceed levels 0.015 below those figures in paragraph (3)(b) above (in the case of the Senior RAR) and the Trigger Event ratio level set out in paragraph (a)(ii) (in the case of Class A RAR) of section 4.7, "*Trigger Events*", respectively;

(D) make a UK Holdco Debt Service Distribution quarterly each year. It should be noted that the UK Holdco/Anglian Water Loan was repaid in full on 29 March 2018 and there is no intention to enter into any new loan in replacement of it. The terms for such a distribution would require that the following conditions are met:

(1) no Default is subsisting or will result from such payment and each representation which repeats is correct and will, following such payment, remain correct;

(2) the payment is made by way of dividend declared and paid in an amount in each Financial Year equal to such amount as will ensure that Anglian Water Services Overseas Holdings Limited receives a net amount equal to the amount that it will be required to declare and pay by way of dividend to ensure that Anglian Water Services Holdings Limited receives a net payment equal to all sums due and payable by Anglian Water Services Holdings Limited to Anglian Water under the UK Holdco/Anglian Water Loan;

(3) Anglian Water Services Overseas Holdings Limited declares, makes and pays the dividend referred to in (b) above and Anglian Water Services Holdings Limited fulfils its payment obligations then due under the UK Holdco/Anglian Water Loan on a same day basis with Anglian Water's payment referred to in (b) above;

(4) the payment is made from the Payment Account to the Account of Anglian Water Services Overseas Holdings Limited at the Account Bank in London subject to the Account Bank having received irrevocable instructions (A) from Anglian Water Services Overseas Holdings Limited to transfer such sums immediately upon receipt to the Account of Anglian Water Services Holdings Limited at the Account Bank in London; and (B) from Anglian Water Services Holdings Limited to transfer such sums immediately upon receipt into the Account to the Payment Account; and

(5) all transfers of monies between the Accounts referred to in (d) above occur simultaneously;

(6) the criteria listed in paragraphs (A) to (C) above will also apply to payments of Subordinated Debt;

(7) to comply with the obligations to provide information under any surveillance letter with a Financial Guarantor or any Authorised Credit Facility;

(8) to ensure that a facility in an amount not less than the Maximum Early Redemption Amount to fund the payment of Early Redemption Amounts will continue to be available to be drawn by the Issuer as Permitted Financial Indebtedness under a Finance Document at all times until:

i) the day after the last day on which the Early Redemption Event may occur; or

ii) if the Early Redemption Event occurs, the payment of all Early Redemption Amounts;

(9) to assist with the syndication of any Authorised Credit Facility; and

(10) to ensure its pension provisions comply with certain ring-fencing requirements.

(e) Additionally, Anglian Water and the Issuer have undertaken, inter alia:

(i) to maintain a rating of the Class A Debt and Class B Debt (to the extent such debt is outstanding, and as at the date of this Information Memorandum, there is no Class B Debt outstanding pursuant to the terms of the Class B Deed Poll) and a shadow rating of Class A Wrapped Debt with any two of the Rating Agencies;

(ii) to agree to co-operate with the Rating Agencies in connection with any reasonable request for information in respect of the maintenance of a shadow rating or rating and with any review of its business which may be undertaken by one or more of the Rating Agencies after the date of the CTA;

(iii) to ensure that there are installed and maintained accounting, management information, financial modelling and cost control systems which are of such a standard as can produce the information required within the time set out in the Finance Documents and procure that there are maintained books of account and other records adequate to reflect fairly and accurately its financial condition, the results of its operations and to provide the reports required to be delivered pursuant to the Finance Documents;

(iv) to authorise the Auditors to communicate directly with the Security Trustee at such time as such parties may reasonably require (and whilst any Default is outstanding at any time) regarding its accounts and operations and furnish to the Security Trustee a copy of such authorisation, subject to the Auditors' agreement to communicate at such time and upon agreed conditions;

(v) to inform the Security Trustee of any change to the Auditors, as soon as reasonably practicable;

(vi) to only replace the Auditors without the prior written approval of the Security Trustee if the replacement Auditors are a firm of independent public accountants of international standing; and

(vii) not to change its financial year end without the prior written consent of the Security Trustee such consent not to be refused if Ofwat requires the relevant financial year to be changed in which case Anglian Water will change the financial covenant calculations in such manner as the Security Trustee deems necessary to enable such calculations to continue to be calculated from the relevant financial statements of Anglian Water.

(f) Additionally, the Issuer has undertaken, inter alia:

(i) not to: (A) carry on any business other than the raising of funds to provide debt financing to Anglian Water for the purposes of its Business in accordance with the Finance Documents or any Treasury Transaction in accordance with the Hedging Policy; (B) own any assets or incur any liabilities except as required or permitted pursuant to the Finance Documents; (C) suspend, abandon or cease to carry on its business; or (D) take any steps to enforce any claims it may have against any other Obligor without the prior written consent of the Security Trustee;

(ii) to enter into the interest rate hedging arrangements contemplated in the Hedging Policy, in accordance with the terms of the Hedging Policy;

(iii) to ensure that: (A) no more than 20 per cent. of its aggregate nominal outstanding Financial Indebtedness shall fall due for scheduled final repayment within any period of 24 consecutive months; and (B) no more than 40 per cent. (increased proportionately to the extent that the period from one Periodic Review to the next Periodic Review is greater than five years) of its aggregate nominal outstanding

Class A Debt shall fall due for scheduled repayment within the period from one Periodic Review to the next Periodic Review;

(iv) to use all reasonable endeavours to procure the admission of all listed Bonds for trading on the London Stock Exchange, or such other stock exchange approved by the dealers under the Programme Agreement and the Bond Trustee, and to maintain such admission until none of the relevant listed Bonds is outstanding;

(v) upon receiving a written request from the Bond Trustee, to deliver to the Bond Trustee a certificate of the Issuer setting out, inter alia, details of the aggregate principal amount outstanding under the outstanding Bonds purchased by the Issuer and as are held by any person for the benefit of any member of the Anglian Water Services Financing Group, any Financial Guarantor or, so far as the Issuer is aware, any of their respective Affiliates, holding companies and subsidiaries;

(vi) to send or procure to be sent (not less than three days prior to the date of publication) to the Bond Trustee for the Bond Trustee's approval, one copy of each notice to be given to the Bondholders in accordance with the Conditions and not to publish such notice without such approval and, upon publication, to send to the Bond Trustee two copies of such notice (such approval, unless so expressed, not to constitute approval for the purpose of section 21 of the FSMA of such notice as an investment advertisement (as therein defined));

(vii) to procure that the Principal Paying Agent notifies the Bond Trustee forthwith if it does not, on or before the due date for payment in respect of the Bonds, receive unconditionally the full amount in the correct currency of the monies payable on such due date;

(viii) to forthwith give notice to the Bondholders of payments made after their due date to the Principal Paying Agent, the Registrar, or the Bond Trustee;

(ix) not less than the number of days specified in the relevant Conditions prior to the redemption or repayment date in respect of any Bond, to give to the Bond Trustee notice in writing of the amount of such redemption or repayment pursuant to the Conditions;

(x) prior to giving notice to the Bondholders that it intends to redeem the Bonds pursuant to Condition 9(b) (Early Redemption for Index reasons), 9(c) (Redemption for tax reasons) or 9(d) (Redemption at the Option of the Issuer), to provide such information to the Bond Trustee and the Financial Guarantors as the Bond Trustee and the Financial Guarantors require in order to satisfy themselves of the matters referred to in those Conditions;

(xi) to promptly give notice to the Bond Trustee and to the Security Trustee: (A) if it is required by law to effect a deduction or withholding of tax in respect of any payment due in respect of any Bonds listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007; or (B) if a Hedge Counterparty is required to make a deduction or withholding of tax in respect of any payment due under the relevant Hedging Agreement; or (C) if it would not be entitled to relief for tax purposes, in any jurisdiction in which it carries on business or is resident for tax purposes, for any material amount which it is obliged to pay under the Finance Documents and which is or has been assumed in the Anglian Water Business Financial Model to be available for relief for tax purposes, and in each case, take such action as may be required by the Bond Trustee, and Security Trustee in respect thereof;

(xii) while any of the Bonds remain outstanding, to give notice, or procure that notice is given, to each of the Rating Agencies of: (A) any proposed amendment to the Finance Documents other than ones that the Bond Trustee consider to be of a formal, minor or technical nature or made to correct a manifest error or necessary or desirable for clarification; (B) the Bonds of any Series being repaid in full; (C) the termination of the appointment of the Cash Manager; (D) the appointment of a replacement Bond Trustee or Security Trustee or the appointment of any new or replacement Agents; (E) any Default; (F) the delivery of an Enforcement Notice; (G) the occurrence of any Anglian Water Change of Control; and (H) the occurrence of any UK Holdco Change of Control;

(xiii) to observe and comply with its obligations, and use all reasonable endeavours to procure that the Agents observe and comply with all their obligations, under the Agency Agreement and procure that the Registrar maintains the Register and notify the Bond Trustee immediately if it becomes aware of any material breach or failure by an Agent in relation to the Bonds;

(xiv) to give not less than 14 days' prior notice to the Bondholders of any future appointment or any resignation or removal of any Agent or of any change by any Agent of its specified office;

(xv) if, before an Interest Payment Date for any Bond, it becomes subject generally to the taxing jurisdiction of any territory or any political sub-division thereof or any authority therein or thereof having power to tax other than or in addition to the United Kingdom, to notify (immediately upon becoming aware thereof) the Bond Trustee of such event and enter into a deed supplemental to the Bond Trust Deed, the Existing Bond Trust Deeds or the assumption agreement in relation to the USPP 2001 Bonds entered into on or about the Effective Date, with the substitution for (or, as the case may be, the addition to) the references therein to the United Kingdom of references to that other or additional territory to whose taxing jurisdiction, or that of a political subdivision thereof or any authority therein or thereof, the Issuer becomes subject as aforesaid, such supplemental deed also to modify Condition 9(c) or any equivalent provision of the Existing Bonds or the USPP 2001 Bonds so that such Condition shall make reference to that other or additional territory; and

(xvi) to notify the Bond Trustee of any amendment to the Programme Agreement and not agree to any such amendment prior to the delivery of a legal opinion to the Security Trustee if so required.

(g) Following a STID Directions Request dated 21 July 2020 (the "**COVID-19 STID Proposal**") the Financial Guarantor and the Security Trustee consented, pursuant to limb (h) of the definition of "**Permitted Financial Indebtedness**" in the MDA, to the incurrence of Financial Indebtedness as follows:

(i) where a Default is continuing or will arise as a result of the incurrence of such Financial Indebtedness, the drawing in full or in part of any Liquidity Facilities;

(ii) if a Trigger Event is continuing or will arise as a result of the incurrence of such Financial Indebtedness, where such Financial Indebtedness is incurred for any purpose other than the Enhancement Capex Purpose or the Refinancing Purposes (each as defined below), the drawing, in full or in part (including any rollover of existing drawings), of any revolving credit facility, overdraft facility or working capital facility which is an Authorised Credit Facility, entered into by a member of the AWS Financing Group, provided that no Event of Default is continuing or would arise as a result of such drawing;

(iii) if a Trigger Event is continuing or will arise as a result of the incurrence of such Financial Indebtedness, the incurrence of Financial Indebtedness which is for the purposes of enhancement capital expenditure ("**Enhancement Capex Purpose**") but only to the extent that (1) such Financial Indebtedness is Permitted Enhancement Capex Financial Indebtedness; and (2) the Senior RAR is less than or equal to 0.835:1 for each Test Period in respect of the most recently occurring Calculation Date (after taking into account such incurrence); or

(iv) if a Trigger Event is continuing or will arise as a result of the incurrence of such Financial Indebtedness, where the prior written consent of the Financial Guarantor (such consent not to be unreasonably withheld or delayed), is obtained, the incurrence of further Financial Indebtedness by the AWS Financing Group for the purpose of refinancing any Authorised Credit Facilities or any existing Financial Indebtedness that are due to expire, mature, terminate and/or be redeemed within one year from the date of such incurrence ("**Refinancing Purposes**"), provided that the incurrence of new Financial Indebtedness for Refinancing Purposes shall not exceed an amount equal to the nominal amount outstanding in respect of the Financial Indebtedness to be refinanced plus all indexation accrued but unpaid on such Financial Indebtedness which is indexed together with any interest due and unpaid,

provided that such Financial Indebtedness referred to in paragraphs (i), (ii), (iii) and (iv) above is incurred at such time where no Event of Default or Potential Event of Default is continuing or would arise as a result of the incurrence of such Financial Indebtedness, and satisfies conditions (ii) to (v) (inclusive), (vi) (save for any requirements in respect of Class A PMICR) and (vii) of limb (g) of the definition of "**Permitted Financial Indebtedness**" in the MDA.

Pursuant to the COVID-19 STID Proposal, Anglian Water agreed that where any Financial Indebtedness is incurred for Refinancing Purposes pursuant to paragraph (iv) above ("**Refinancing Debt**"), the net proceeds of such Refinancing Debt shall be held in cash and/or Authorised Investments until such time as they are required in order to discharge any existing Financial Indebtedness.

For these purposes, "**Permitted Enhancement Capex Financial Indebtedness**" means Financial Indebtedness incurred by the Issuer or Anglian Water for the purposes of making enhancement capital expenditure envisaged under the applicable determination for disbursement during AMP7 (as set out in the Final Determination), as adjusted to reflect any redetermination from the Competition and Markets Authority, interim determination, or other adjustment agreed to by Ofwat or any other relevant government body and subject to any applicable judicial challenge to Anglian Water's envisaged enhancement capex expenditure during the period.

4.6 Financial Covenants

(a) Anglian Water has undertaken, inter alia:

(i) to deliver, with each compliance certificate and each Investors Report, a statement confirming that it has calculated each of the following ratios as at the Calculation Date immediately prior to the date of delivery of that compliance certificate, specifying the results of such calculations and providing a short summary of the manner in which these ratios have been calculated:

(A) a Class A ICR for each Test Period;

(B) a Senior PMICR for each Test Period;

(C) a Class A PMICR for each Test Period;

(D) a Senior Average PMICR;

(E) a Class A Average PMICR;

(F) a Senior RAR for each Test Period;

(G) a Class A RAR for each Test Period;

(H) the ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest;

(I) a Conformed Senior PMICR for each Test Period;

(J) a Conformed Class A PMICR for each Test Period;

(K) a Conformed Senior Average PMICR; and

(L) a Conformed Class A Average PMICR.

(ii) at each Periodic Review and on making each Interim Determination application, to apply to the Director General for a price determination which in the reasonable opinion of the Anglian Water directors would allow, at a minimum, a credit rating in the A category to be achieved and maintained for the Class A Unwrapped Debt and a shadow rating in the A category to be achieved and maintained for the Class A Wrapped Debt, in each case such credit rating or shadow credit rating to be from at least two of the Rating Agencies;

(iii) to apply to the Director General for an Interim Determination when permitted under the Instrument of Appointment (or use any other means available to apply for an Interim Determination):

(A) in all circumstances which are appropriate in accordance with Good Industry Practice;

(B) if the Class A PMICR for any Test Period up to and including the Date Prior is, or is projected to be, less than 1.3:1;

(C) if the Senior RAR for any Test Period up to and including the Date Prior is, or is projected to be, equal to or greater than 0.9:1;

(D) if an event has occurred which has caused or which is likely to cause a material reduction in its current or projected Net Cash Flow; and

(E) if the Conformed Class A PMICR for any Test Period up to and including the Date Prior is, or is projected to be, less than 1.3:1,

provided that any such application is consistent with prudent management; and

(iv) to levy charges to customers which, together with other available amounts, are as far as possible sufficient, within the constraints of the current price control framework, to enable Anglian Water to meet its operational, investment and financial obligations on a timely basis under the Instrument of Appointment and its obligations in respect of Financial Indebtedness.

(b) The Issuer has further undertaken to maintain:

(i) Debt Service Reserve Liquidity Facilities available for drawing which (when aggregated with all amounts (including the value of any Authorised Investments) standing to the credit of the Debt Service Reserve Accounts) are not less than the amount of interest (including Lease Reserve Amounts and adjusted Lease

Reserve Amounts) payable on its Class A Debt and Class B Debt for the next succeeding 12-month period; and

(ii) an O&M Reserve Facility available for drawing which when aggregated with amounts standing to the credit of the O&M Reserve Account amount to not less than 10 per cent. of Projected Operating Expenditure and Capital Maintenance Expenditure for the next succeeding 12-month period as forecast in the Anglian Water Business Financial Model.

4.7 Trigger Events

The CTA also sets out certain Trigger Events. The specific Trigger Events and the consequences which flow from the occurrence of those events (the "**Trigger Event Consequences**", as described more particularly in section 4.8, "**Trigger Event Consequences**" below) are summarised below.

The occurrence of any of the following events will be a Trigger Event:

(a) Financial Ratios

On any date when any of the following ratios are calculated in accordance with the CTA to breach the relevant level specified below (a "**Trigger Event Ratio Level**") as at the most recently occurring Calculation Date:

(i) the Senior RAR for any Test Period is estimated to be more than 0.9:1;

(ii) the Class A RAR for any Test Period is or is estimated to be more than 0.75:1;

(iii) the Senior PMICR for any Test Period is or is estimated to be less than 1.1:1;

(iv) the Class A PMICR for any Test Period is or is estimated to be less than 1.3:1;

(v) the Senior Average PMICR is or is estimated to be less than 1.2:1;

(vi) the Class A Average PMICR is or is estimated to be less than 1.4:1;

(vii) the Conformed Senior PMICR for any Test Period is or is estimated to be less than 1.1:1;

(viii) the Conformed Class A PMICR for any Test Period is or is estimated to be less than 1.3:1;

(ix) the Conformed Senior Average PMICR is or is estimated to be less than 1.2:1;

(x) the Conformed Class A Average PMICR is or is estimated to be less than 1.4:1.

(b) Credit Rating Downgrade

Each credit rating referred to below is the "**Trigger Credit Rating**" for the relevant Class of Bonds:

(i) the shadow credit rating of any Class A Wrapped Debt given by any two of the Rating Agencies falls to BBB, Baa2 or BBB or below or any Obligor is placed on credit watch with negative implications and it is reasonably likely that such rating given by such Rating Agencies will fall to such levels;

(ii) the credit rating of any Class A Unwrapped Debt by any two of the Rating Agencies falls to BBB, Baa2 or BBB respectively or below or any Obligor is placed on credit watch with negative implications and it is reasonably likely that such rating given by such Rating Agencies will fall to such levels;

(iii) the shadow credit rating of the Class B Wrapped Debt by any two of the Rating Agencies falls below investment grade or any Obligor is placed on credit watch with negative implications and it is reasonably likely that such rating given by such Rating Agencies will fall to such levels; or

(iv) the credit rating of the Class B Unwrapped Debt by any two of the Rating Agencies falls below investment grade or any Obligor is placed on credit watch with negative implications and it is reasonably likely that such rating given by such Rating Agencies will fall to such levels.

(c) Debt Service Payment Account Shortfalls
The failure to maintain the required credit balance in the Debt Service Payment Account on the required day and within one Business Day of being notified of any shortfall.

(d) Material Deviation in Projections
On any Calculation Date, the estimated actual capital expenditure over any five-year period between Periodic Reviews exceeds the capital expenditure for that period assumed by the Director General in the last Periodic Review (adjusted to take account of any subsequent Interim Determination and Out-turn Inflation) in respect of Anglian Water by 10 per cent. or more.

In each case, deviations resulting from variances in real construction prices from assumed construction prices or additional capital expenditure incurred or to be incurred in respect of items for which Anglian Water is entitled to make an application for an Interim Determination shall be ignored for the purposes of determining whether the 10 per cent. threshold deviation level has been breached.

(e) Liquidity for Capital Expenditure and Working Capital
If, as at any Calculation Date, the aggregate of: (i) Anglian Water's operating cash flows including monies standing to the credit of the Payment Account and the Receipts Account available or forecast to be available to meet capital expenditure and working capital requirements for the next Test Period; (ii) Authorised Credit Facilities (excluding Liquidity Facilities) available to be drawn in the next 12 month period; and (iii) all amounts standing to the credit of the Capex Reserve Account are less than Anglian Water's (a) forecast capital expenditure projected for the next 12 month period; (b) forecast working capital requirements projected for the next 12 month period; and (c) the maximum total amount of Financial Indebtedness which is or is projected to be outstanding during the next succeeding 12 month period which falls within paragraph (d) of the definition of Permitted Financial Indebtedness.

(f) Drawdown on Debt Service Reserve Liquidity Facilities and O&M Reserve Facility

(i) If, at any time, the aggregate of all amounts available for drawing under any Debt Service Reserve Liquidity Facility and all amounts standing to the credit of the Debt Service Reserve Accounts is less than an amount equal to the next 12 months' interest (or, in the case of the Finance Leases, Lease Reserve Amounts or adjusted Lease Reserve Amounts) payable in respect of Class A Debt and Class B Debt (although it will not be a Trigger Event if it is triggered as a direct result of a banking error and remedied by such amount being repaid within three Business Days without such repayment being funded by a further drawing under a Debt Service Reserve Liquidity Facility).

(ii) The Issuer draws down under the O&M Reserve Facility or withdraws funds from the O&M Reserve Account to pay its maintenance costs and not, in the case of the O&M Reserve Facility, just in order to fund the O&M Reserve Account.

(g) Enforcement Order

An Enforcement Order (as defined under the WIA) is issued under Part II, Chapter 11 of the WIA against Anglian Water which would have a Material Adverse Effect if not complied with.

(h) Circumstances leading to a Special Administration Order

Any indication arising from notices and/or correspondence issued by, or during correspondence with, the Director General or any other circumstance of which Anglian Water is aware that would reasonably be expected to lead to an application by the Director General or the Secretary of State for a Special Administration Order to be made in respect of Anglian Water.

(i) Termination of Instrument of Appointment

The giving of a notice to terminate the Instrument of Appointment under the WIA.

(j) Event of Default

An Event of Default is continuing.

(k) Material Entity Event

(i) A Material Entity Event occurs: (A) in relation to a Tier 1 Material Agreement or a Contractor and/or Anglian Water under a Tier 1 Material Agreement and which continues unremedied for 60 days (or 30 days, if the CTA provides that a shorter 30 days remedy period applies) from the date from which Anglian Water could be reasonably expected to become aware of such Material Entity Event; or (B) in relation to a Tier 2 Material Agreement or a Contractor and/or Anglian Water under a Tier 2 Material Agreement which continues unremedied for six months from the date from which Anglian Water could be reasonably expected to become aware of such Material Entity Event;

(ii) During the period from the Effective Date until the commencement of the AMP4 Period, a Material Entity Event occurs in respect of a Tier 1 Material Agreement as specified in the CTA, which is capable of remedy and which continues unremedied for 60 days,

unless in either case, the relevant Contractor has been replaced in accordance with the Outsourcing Policy.

(l) Referral

A referral is made under paragraph 14.3 of Condition B in Schedule 2 (Shipwreck) to the Instrument of Appointment (or any successor or equivalent paragraph) as a result of any adverse event.

(m) Audit Qualification

The Auditors qualify their report on any audited Statutory Accounts of any member of the Anglian Water Services Financing Group in a manner which causes the Security Trustee to believe that the financial ratios calculated in accordance with the CTA may not reflect the true position of Anglian Water.

(n) Adverse Governmental Legislation

The commencement of the final reading of draft legislation in the House of Lords or the House of Commons (whichever occurs later) of legislation relating to or impacting upon Relevant Undertakers (as that term is defined in the WIA) and such legislation could if enacted reasonably be expected to lead to a breach of the financial ratios referred to in paragraph (a), "Financial Ratios" above or cause a material deviation as set out in paragraph (d), "Material Deviation in Projections" above, in each case taking into account any actions available to Anglian Water to mitigate the same.

(o) Modification or Replacement of Instrument of Appointment

Within three months of an announcement setting out clear proposals by Ofwat for the modifications or replacement of the Instrument of Appointment which, if implemented, could reasonably be expected to have a Material Adverse Effect and a timetable for the implementation of such proposals, Anglian Water has not obtained confirmation from Ofwat that the proposed modification or replacement is not expected to be implemented or is expected to be implemented in a form which is not reasonably expected to have a Material Adverse Effect.

(p) Conduct of Business

The Permitted Non-Statutory Business Limits are breached.

(q) Breach of Outsourcing Policy

Anglian Water fails duly to perform or comply with its obligations as required under the Outsourcing Policy (other than as a result of Permitted Emergency Action) and fails to remedy such breach within 90 days of Anglian Water becoming aware of such breach.

(r) No Rating Confirmation on Change of Control after Permitted Demerger

At any time after a Permitted Demerger a person acquires Control of Anglian Water Services Holdings Limited or there is any change in the identity of the person who Controls Anglian Water Services Holdings Limited and a Rating Confirmation on Change of Control has not been obtained in relation to that change of Control.

4.8 Trigger Event Consequences

Following the occurrence of a Trigger Event and at any time until such Trigger Event has been waived by the Security Trustee, remedied in accordance with Trigger Event Remedies (see section 4.9, "*Trigger Event Remedies*" below) or otherwise remedied to the satisfaction of the Security Trustee, the provisions set out below will apply:

(a) No Restricted Payments

No Obligor may make Restricted Payments and, in respect of Customer Rebates, if these have not yet been implemented, Anglian Water must stop their implementation and must not declare any Customer Rebates.

(b) Further Information and Remedial Plan

(i) Anglian Water must provide such information as to the relevant Trigger Event (including its causes and effects) as may be requested by the Security Trustee.

(ii) Anglian Water must discuss with the Security Trustee its plans for appropriate remedial action and the timetable for implementation of such action. Anglian Water and the Security Trustee may agree a Remedial Plan (with the agreement of the Security Trustee not to be unreasonably withheld or delayed) and any agreed Remedial Plan must then be implemented by Anglian Water.

(c) Independent Review

(i) The Security Trustee may (acting on the instructions of the Majority Creditors) commission an Independent Review to be undertaken on the timetable stipulated by the Security Trustee. The Independent Review will be conducted by technical advisers to the Security Trustee appointed from time to time or such other person as the Security Trustee may decide.

(ii) The Independent Review will examine the causes of the relevant Trigger Event and recommend appropriate corrective measures.

(iii) Each of the Issuer and Anglian Water must co-operate with the person appointed to prepare the Independent Review including providing access to its books and records and personnel and facilities as may be required for those purposes.

(d) Consultation with Ofwat

The Security Trustee shall be entitled to discuss the relevant Trigger Event and any Remedial Plans with Ofwat at any time.

(e) Appointment of Additional Non-Executive Directors

If the relevant Trigger Event has not otherwise been remedied or waived within six months from the date of its occurrence or such longer period as the Security Trustee, each Financial Guarantor and Anglian Water may agree in a Remedial Plan, the Security Trustee will be entitled to procure the appointment of additional non-executive directors to the board of Anglian Water provided that the additional non-executive directors appointed by the Security Trustee under this paragraph do not constitute a majority of the board of Anglian Water.

(f) Appointment of Additional Directors

No Obligor may make any additional appointments to the board of any member of the Anglian Water Services Financing Group other than to replace directors upon dismissal, retirement, sudden resignation, death, or temporary vacancies unless the Security Trustee and each Financial Guarantor agrees.

In respect of any of the Trigger Event Consequences described above which requires the Security Trustee to exercise its discretion, it must do so upon instructions of the relevant Majority Creditors and any reference to reasonableness and reasonable time will be interpreted accordingly. The Security Trustee is entitled to assume that no Trigger Event has occurred unless informed otherwise.

Even if unremedied, a Trigger Event by itself will not constitute an Event of Default.

4.9 Trigger Event Remedies

At any time when the Issuer or Anglian Water (as the case may be) believes that a Trigger Event has been remedied by virtue of any of the following, it shall serve notice on the Security Trustee to that effect, and the Security Trustee must respond within 10 days (or such longer period as it may reasonably stipulate within five Business Days of receipt of notice from the Issuer or Anglian Water (as the case may be) to certify that the Issuer or Anglian Water (as the case may be) believes the relevant Trigger Event to have been remedied) confirming that the relevant Trigger Event has, in its reasonable opinion, been remedied or setting out its reasons for believing that such Trigger Event has not been remedied (in which case, such event shall continue to be a Trigger Event until such time as the Security Trustee is reasonably satisfied that the Trigger Event has been remedied).

4.10 Events of Default

The CTA contains a number of events of default (the "**Events of Default**") which will be Events of Default under each Finance Document (other than under the Hedging Agreements). Subject, in some cases, to agreed exceptions, materiality qualifications, reservations of law and grace periods, Events of Default will include (among others):

(a) non-payment of amounts due under the Finance Documents within three Business Days of the due date;

(b) non-compliance with other obligations under the Finance Documents;

(c) material misrepresentation;

(d) any Financial Indebtedness not being paid when due (after the expiry of any applicable grace period) or any Financial Indebtedness being declared due and payable prior to its specified maturity as a result of an event of default;

(e) an Insolvency Event or Insolvency Proceedings in relation to the Obligors other than Anglian Water and in relation to Anglian Water, an insolvency event or insolvency proceedings as set out further in the CTA;

(f) Anglian Water transferring the Instrument of Appointment without the Security Trustee's consent or Anglian Water receiving notice that the Instrument of Appointment will be revoked or terminated and a scheme of transfer not being approved by the Secretary of State or the Director General on or before the date falling two years prior to the expiration of such notice;

(g) the Instrument of Appointment being terminated and not replaced immediately by a further licence on equivalent terms taking into account any changes in the regulatory environment since the Effective Date;

(h) insufficient liquidity (from operating cash flows, the Authorised Credit Facilities, and the Capex Reserve Account) to meet Anglian Water's forecast capital expenditure and working capital requirements projected for the next six-month period;

(i) attachment, sequestration, distress, or execution involving sums in excess of £500,000 (indexed);

(j) it becoming unlawful for any Obligor to perform its obligations under any Finance Document;

(k) an Anglian Water Change of Control occurs;

(l) Security becoming invalid, unenforceable, or unlawful;

(m) governmental intervention or nationalisation which would be reasonably likely to have a Material Adverse Effect;

(n) an Obligor failing to comply with a judgment involving sums in excess of £500,000 (indexed);

(o) other than in the case of a Permitted Lease Termination, an Obligor not having legal power to perform its obligations under the Finance Documents or any

(p) obligation of any Obligor under a relevant Finance Document (other than stamp duty indemnities) ceasing to be legal, binding, and enforceable and the absence of compliance has a Material Adverse Effect;

(q) Anglian Water failing to comply with its obligations under the Outsourcing Policy (and such failure has a Material Adverse Effect);

(r) an Obligor ceasing to carry on the Business (or any substantial part of the Business) it carries on as at the date of the CTA or as contemplated by the Finance Documents;

(s) litigation being started against an Obligor or its assets or revenues which would be reasonably likely to be adversely determined and, if so adversely determined, would have a Material Adverse Effect;

(t) the shadow rating of the Class A Wrapped Bonds or the rating of the Class A Unwrapped Bonds in each case ascribed by two Rating Agencies being less than the minimum required for Investment Grade;

(u) the Class A ICR being less than 1.6:1, the Senior RAR being more than 0.95:1 and/or the ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest is less than 1:1;

(v) an Obligor amending its memorandum or articles of association (and, in the case of any amendment to Anglian Water's memorandum or articles, in a manner which is reasonably likely to have a Material Adverse Effect or diminish the Security Interest granted in favour of the Security Trustee); and

(w) a Material Entity Event occurring which has a Material Adverse Effect.

In respect of each Event of Default requiring any action or discretion on the part of the relevant creditor, the Security Trustee will (save in respect of certain Entrenched Rights and Reserved Matters (see section 1.13, "*Entrenched Rights and Reserved Matters*" above)) act in accordance with the instructions of the relevant Majority Creditors in accordance with the STID (see section 1, "*Security Trust and Intercreditor Deed*" above).

Immediately upon the notification to the Security Trustee of an occurrence of an Event of Default, a Standstill Period will commence in accordance with the STID (see section 1.9, "*Standstill*" above).

5 Cash Management

5.1 Accounts

In accordance with the CTA, Anglian Water opened and maintains the following Accounts:

(a) the Receipts Account;

(b) the Payment Account;

(c) the Customer Payment Account;

(d) the O&M Reserve Account;

(e) the Distributions Account;

(f) the Capex Reserve Account;

(g) the Tax Reserve Account; and

(h) the Compensation Account.

It further required the Issuer to open and maintain the following Accounts: (a) the Debt Service Payment Account; (b) the Class A Debt Service Reserve Account; and (c) the Class B Debt Service Reserve Account, and Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited to each open and maintain a chequing account.

Each of the above accounts together with any bank account of any member of the Anglian Water Services Financing Group are collectively referred to as the "**Accounts**". Each of the Accounts is held with the Account Bank pursuant to the Account Bank Agreement. Each Obligor agreed in the

CTA to comply with the Account Bank Agreement and the provisions of the CTA applying to its Accounts.

5.2 Receipts Account

Under the CTA, Anglian Water agrees to ensure that all of its revenues (excluding any interest or investment income from Authorised Investments) are paid into the Receipts Account or transferred from an existing receipts account to the Receipts Account within one Business Day of receipt. Any payment may be made directly to the Payment Account. Save for refunds of monies received incorrectly and/or compensation payments made to customers in the ordinary course of business, monies credited from time to time to the Receipts Account are transferred periodically at the discretion of Anglian Water to the Payment Account but not otherwise.

5.3 Payment Account

The Payment Account is the principal current account of Anglian Water through which all operating and capital expenditure or any taxes incurred by Anglian Water and (subject to the terms of the Finance Documents) payments in respect of Financial Indebtedness of the Anglian Water Services Financing Group which are not permitted to be satisfied out of monies in the Debt Service Payment Account are cleared (including any Distributions in respect of the UK Holdco/Anglian Water Loan, which was repaid in full on 29 March 2018). Operating expenditure is funded by cash transfers from the Receipts Account and, if applicable, through direct payments into the Payment Account and through drawings, as and when required and permitted by the Finance Documents, under any Authorised Credit Facility or other Permitted Financial Indebtedness. Capital expenditure is funded out of monies standing to the credit of the Payment Account or Receipts Account or, to the extent such sums are insufficient, out of cash transfers made from the Capex Reserve Account and/or the O&M Reserve Account. On the Effective Date, the balance on the Payment Account was £50,000,000.

Under the CTA, Anglian Water agrees that on the opening of business on the first Business Day of each month until the Discharge Date an amount equal to 1/12th (or pro rata in the case of the first Test Period) of Anglian Water's Annual Finance Charge for the time being will be transferred from the Payment Account to the Debt Service Payment Account (the "**Monthly Payment Amount**"). If in any month Anglian Water pays an amount into the Debt Service Payment Account to meet payments of AFC Amounts falling due in such month, this will be treated as a prepayment of future Monthly Payment Amounts payable during such Test Period. Accordingly, future Monthly Payment Amounts for that Test Period will be pro rata reduced to reflect such prepayment.

The Annual Finance Charge is calculated by Anglian Water annually on 31 March of each year (or, if such day is not a Business Day, the immediately preceding Business Day) and details are included in the next following Investors Report (including any adjustments or recalculations thereto).

Anglian Water shall recalculate the Annual Finance Charge and the Monthly Payment Amount if, during the course of any Test Period, there occurs any increase (whether as a result of any increase in the rate of applicable interest, any drawing under any Authorised Credit Facility, any deferral of interest, any upwards adjustment of rentals under any Finance Lease, or otherwise) or decrease (whether as a result of any downwards adjustment of rentals under any Finance Lease or any prepayment or repayment of the debt under which the relevant liabilities arise or accrue or otherwise) and shall adjust the Monthly Payment Amount for the remaining months in the relevant Test Period accordingly.

Anglian Water is prohibited from withdrawing any monies in the Payment Account except on account of the following expenditure and then only in the following order (and provided all prior amounts under previous sub-paragraphs have been paid): (i) operating and capital expenditure of

Anglian Water and taxes of any Obligor; (ii) payments to the Debt Service Payment Account in respect of the Monthly Payment Amount; (iii) by way of payment of Class A Debt required under section 5.5, "*Debt Service Payment Account*"; (iv) for the purpose of transferring monies to the Capex Reserve Account or to the Class A Debt Service Reserve Account in respect of Class A Debt as required under section 5.5, "*Debt Service Payment Account*" and/or the O&M Reserve Account (in each case to the extent required to prevent a breach of covenant or Trigger Event under the CTA); (v) by way of payment of Class B Debt required under section 5.5, "*Debt Service Payment Account*"; (vi) for the purpose of transferring monies to the Class B Debt Service Reserve Account in respect of Class B Debt as required under section 5.5, "*Debt Service Payment Account*" (to the extent required to prevent a breach of covenant or Trigger Event under the CTA); (vii) from time to time for the purpose of making payments in respect of Financial Indebtedness which are not to be satisfied out of monies in the Debt Service Payment Account (including sums due as a result of a Permitted Hedge Termination, Permitted EIB Compulsory Prepayment Event and/or a Permitted Lease Termination); (viii) to pay UK Holdco Debt Service Distributions; or (ix) by way of transfer to the Customer Payment Account or Distributions Account provided that the conditions for making such payments as set out in the CTA (as summarised in paragraph (d)(xxiii) of section 4.5, "*General Covenants*" above) have been satisfied.

Provided that (i) no Acceleration of Liabilities (other than Permitted Hedge Terminations, Permitted Lease Terminations and Permitted EIB Compulsory Prepayment Events) has occurred and (ii) no Trigger Event, no Event of Default and no Potential Event of Default is subsisting or would occur as a result of a payment following such demand, any Obligor is permitted to withdraw from sums standing to the credit of the Payment Account all amounts required to be paid upon the occurrence of a Permitted EIB Compulsory Prepayment Event for payment to the EIB in satisfaction of such Obligor's corresponding obligation set out in paragraph (g) of section 5.5, "*Debt Service Payment Account*" below.

5.4 Capex Reserve Account and O&M Reserve Account

Anglian Water may only withdraw any amounts from the Capex Reserve Account or the O&M Reserve Account:

(a) for the purpose of any transfer to the Payment Account on account of Anglian Water's forecast capital expenditure (in the case of the Capex Reserve Account) or operating and maintenance expenditure (in the case of the O&M Reserve Account) for the quarter in which such transfer occurs; or

(b) where, prior to making a withdrawal from the O&M Reserve Account only, Anglian Water delivers a certificate to the Security Trustee and the Account Bank (upon which certificate the Security Trustee and Account Bank shall be entitled to rely without further enquiry or liability) certifying that, (i) following the making of such withdrawal, the aggregate of (x) the amounts standing to the credit of the O&M Reserve Account (including the value of any Authorised Investments funds and any related Income from amounts standing to the credit of the O&M Reserve Account) and (y) all amounts then available for drawing under any O&M Reserve Facility, are at least equal to an amount not less than 10 per cent. of Projected Operating Expenditure and Capital Maintenance Expenditure required for the next succeeding 12 month period as forecast in the AWS Business Financial Model on the date of such withdrawal and (ii) there has been no Standby Drawing in the period from the penultimate Payment Date prior to the date of the proposed withdrawal to the date of the proposed withdrawal

Save as provided for in (b) above, where any amount so withdrawn shall be applied to the credit of the Payment Account, in no circumstances shall Anglian Water transfer in any quarter any monies from the Capex Reserve Account or the O&M Reserve Account to the Payment Account in excess of Anglian Water's forecast capital expenditure or operating and maintenance expenditure (as the case may be) for that quarter.

The Issuer and Anglian Water have agreed to ensure that the proceeds of any advance under any Authorised Credit Facility for the purpose of funding capital expenditure is lent to Anglian Water under the Issuer/Anglian Water Loan Agreement and is paid directly into the Capex Reserve Account or the Payment Account.

The Issuer and Anglian Water have further agreed to ensure that the proceeds of any advance under the O&M Reserve Facility is lent to Anglian Water under the Issuer/Anglian Water Loan Agreement and is paid directly into the O&M Reserve Account or the Payment Account.

Anglian Water is not entitled to withdraw any monies credited to the O&M Reserve Account to make payment of any capital expenditure or operating and maintenance expenditure unless at the time of such withdrawal there are no funds standing to the credit of the Payment Account or the Receipts Account.

5.5 Debt Service Payment Account

Anglian Water has agreed in the CTA that (i) each transfer of or in respect of the Monthly Payment Amount from the Payment Account and (ii) upon the commencement of a Standstill Period, the aggregate amount then credited to the Customer Payment Account and the Distributions Account will be paid directly into the Debt Service Payment Account.

The CTA provides that, on each Payment Date, monies credited to the Debt Service Payment Account and (to the extent such amount is insufficient) monies credited to the Payment Account and/or the Receipts Account shall be applied by Anglian Water and the Issuer in the following order and that Anglian Water shall repay the Intercompany Loan Arrangements to such extent as is required for the purpose of enabling the following payments ("**Permitted Payments**") to be made in the following order of priority (the "**Payment Priorities**"):

(a) first (to the extent there are insufficient monies standing to the credit of all other Accounts and/or available for drawing under any Liquidity Facility), in or towards satisfaction of all operating costs and budgeted maintenance costs;

(b) second, in or towards satisfaction of the remuneration, costs and expenses of the Security Trustee and the Bond Trustee;

(c) third, in or towards satisfaction of, on a pro rata basis: (a) the remuneration, costs and expenses of the Agent Bank, the USPP Paying Agent, each Paying Agent, each Registrar, each Transfer Agent, each Exchange Agent, the Listing Agent and any other agents appointed under the Agency Agreement or otherwise (each an "**Agent**"), the Account Bank under the Account Bank Agreement, each Debt Service Reserve Liquidity Facility Provider under the relevant Liquidity Facility Agreement, the O&M Reserve Facility Provider under the O&M Reserve Facility, each Authorised Credit Provider under the relevant Authorised Credit Facility, and the Cash Manager; and (b) the remuneration, costs and expenses of and premia of each Financial Guarantor pursuant to the relevant I&I Agreement;

(d) fourth, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of fees, interest and principal (other than any Subordinated Liquidity Facility Amounts) due or overdue to each Debt Service Reserve Liquidity Facility Provider under the relevant Liquidity Facility Agreement; (b) all amounts of fees, interest and principal (other than Subordinated O&M Reserve Facility Amounts) due or overdue to the O&M Reserve Facility Provider under the O&M Reserve Facility; and (c) all amounts of interest and principal due or overdue to each Authorised Credit Provider under the relevant Authorised Credit Facility to the extent that the Financial Indebtedness was incurred to fund a New Money Advance;

(e) fifth, pro rata according to the respective amounts thereof, in or towards satisfaction of all scheduled amounts payable to each Hedge Counterparty under any Interest Rate Hedging Agreement (subject to paragraphs (f) and (o) below);

(f) sixth, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of interest (including the Lease Reserve Amounts and adjusted Lease Reserve Amounts) and commitment commissions due or overdue in respect of the Class A Debt (other than Subordinated Coupon Amounts and Subordinated Authorised Loan Amounts); (b) any amounts (including termination amounts) due and payable to each Hedge Counterparty under any Interest Rate Hedging Agreement (subject to paragraph (e) above and paragraph (o) below); (c) all scheduled amounts payable to each Hedge Counterparty under any Currency Hedging Agreement and (following termination of a Standstill Period other than due to remedy or waiver by the Majority Creditors of the Event of Default giving rise to the Standstill Period) all amounts payable to each Hedge Counterparty under any Currency Hedging Agreement (subject to paragraph (o) below); (d) all amounts of underwriting commissions due or overdue in respect of the Class A Debt; and (e) all reimbursement sums (if any) owed to each Financial Guarantor under the relevant I&I Agreement in respect of payments of interest on any Class A Bonds of the relevant Series guaranteed by such Financial Guarantor;

(g) seventh, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of principal due or overdue in respect of the Class A Debt (including in respect of Finance Leases, those amounts payable in respect thereof which do not fall within paragraph (f) above and do not fall due as a result of the operation of any indemnity or fee reimbursement provision of a Finance Lease); (b) all principal exchange amounts due and payable to each Hedge Counterparty under any Currency Hedging Agreement; (c) any termination amounts or other sums due and payable to each Hedge Counterparty under any Currency Hedging Agreement (subject to paragraph (f) above and paragraph (o) below); and (d) all reimbursement sums (if any) owed to each Financial Guarantor under the relevant I&I Agreement in respect of payments of principal on any Class A Bonds of the relevant Series guaranteed by such Financial Guarantor;

(h) eighth, pro rata according to the respective amounts thereof, in or towards satisfaction of any Make-Whole Amount due and payable on the Class A Debt and any MBIA Make-Whole Amount;

(i) ninth, (to the extent required under the CTA) in payment to the Class A Debt Service Reserve Account;

(j) tenth, (to the extent required under the CTA) in payment to the O&M Reserve Account;

(k) eleventh, pro rata according to the respective amounts thereof, in or towards satisfaction of all amounts of: (a) interest and commitment commissions due or overdue in respect of the Class B Debt (other than any Subordinated Coupon Amounts); (b) all amounts of underwriting commissions (other than Subordinated Commissions) due or overdue in respect of the Class B Debt; and (c) all reimbursement sums (if any) owed to each Financial Guarantor under the relevant I&I Agreement in respect of payments of interest on any Class B Bonds of the relevant Series guaranteed by such Financial Guarantor;

(l) twelfth, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) all amounts of principal due or overdue in respect of the Class B Debt; and (b) all reimbursement sums (if any) owed to each Financial Guarantor under the relevant I&I

Agreement in respect of payments of principal on any Class B Bonds of the relevant Series guaranteed by such Financial Guarantor;

(m) thirteenth, pro rata according to the respective amounts thereof, in or towards satisfaction of any Make-Whole Amounts due and payable on the Class B Debt;

(n) fourteenth, (to the extent required under the CTA) in payment to the Class B Debt Service Reserve Account;

(o) fifteenth, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) any other amounts (not included in paragraphs (f) and (g) above) due and/or overdue to the Finance Lessors; and (b) any termination payment due or overdue to a Hedge Counterparty under any Hedging Agreement which arises as a result of a default by such Hedge Counterparty or as a result of a downgrade in the credit rating of such Hedge Counterparty;

(p) sixteenth, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) all Subordinated Liquidity Facility Amounts due or overdue to each Liquidity Facility Provider under the relevant Liquidity Facility Agreement in respect of Class A Bonds; (b) all Subordinated O&M Reserve Facility Amounts due or overdue to the O&M Reserve Facility Provider under the O&M Reserve Facility; (c) all Subordinated Authorised Loan Amounts due or overdue to each Authorised Credit Provider under the relevant Authorised Credit Facility in respect of Class A Debt; (d) any other indemnified amounts due or overdue to each Financial Guarantor under the relevant I&I Agreement in respect of any Class A Bonds of the relevant Series guaranteed by such Financial Guarantor; and (e) any amounts payable in respect of Class A Debt not referred to in other paragraphs of the Payment Priorities;

(q) seventeenth, pro rata according to the respective amounts thereof, in or towards satisfaction of: (a) all Subordinated Liquidity Facility Amounts due or overdue to each Liquidity Facility Provider under the relevant Liquidity Facility Agreement in respect of Class B Bonds; (b) all Subordinated Authorised Loan Amounts due or overdue to each Authorised Credit Provider under the relevant Authorised Credit Facility in respect of Class B Debt; (c) any other indemnified amounts due or overdue to each Financial Guarantor under the relevant I&I Agreement in respect of any Class B Bonds of the relevant Series guaranteed by such Financial Guarantor; and (d) any amounts payable in respect of Class B Debt not referred to in other paragraphs of the Payment Priorities;

(r) eighteenth, pro rata according to the respective amounts thereof, in or towards satisfaction of all Subordinated Coupon Amounts due or overdue in respect of any Class A Bonds;

(s) nineteenth, in or towards satisfaction of all Subordinated Coupon Amounts due or overdue in respect of any Class B Bonds;

(t) twentieth, (a) amounts to be paid into the Tax Reserve Account until the credit cash balance therein is restored to at least £40 million and (b) payment of all amounts then payable by way of reimbursement to the provider of any Letter(s) of Credit and/or any Tax Reserve Guarantee (each as defined below in section 10.3, "*Deed of Indemnity*") but only after the defaulting member of the Consortium has failed to make such payment in full and in all cases to the extent that the aggregate of the credit cash balance in the Tax Reserve Account when taken together with the amount available under any Letter(s) of Credit and the amount guaranteed pursuant to any Tax Reserve Guarantee is restored to at least £100 million (the "**Required Amount**"); and

(u) twenty-first (to the extent required in the CTA) shall remain in the Debt Service Payment Account.

For so long as a Standstill Event has not occurred or has occurred and has been cured, Anglian Water will, on the date which is seven Business Days prior to each Payment Date (such date, a "**Determination Date**"), determine whether the aggregate amount of monies then credited to the Debt Service Payment Account is at least equal to the aggregate Financial Indebtedness falling due and payable on such Payment Date (such aggregate amount, the "**Scheduled Debt Service**"). If the balance on the Debt Service Payment Account is less than the amount of Scheduled Debt Service, then Anglian Water will promptly transfer sums standing to the credit of the Payment Account and/or the Receipts Account to the Debt Service Payment Account. To the extent that the aggregate of all such sums paid or transferred to the Debt Service Payment Account is less than the Scheduled Debt Service, the Issuer shall promptly request a drawing under the Liquidity Facility. Any proceeds raised by the Issuer in accordance with the terms of the Finance Documents (excluding any permitted post-closing events) shall be paid under the Intercompany Loan Arrangements by the Issuer to Anglian Water. Amounts raised (a) to fund capital expenditure shall be paid into the Capex Reserve Account, (b) to refinance existing Financial Indebtedness of the Issuer or Anglian Water shall be paid into the Debt Service Payment Account (and to that extent will not require a drawing on a Debt Service Reserve Liquidity Facility) and (c) for any other purposes shall be paid into the Payment Account.

Until such time as a Standstill Event has occurred and remains unremedied, all amounts payable on any Payment Date shall be paid strictly in the order referred to above, to the intent that no amounts falling to be paid under any sub-paragraph may be paid until such time as the amounts falling to be paid on the same date or earlier under each preceding sub-paragraph have been paid in full.

5.6 Debt Service Reserve Accounts

Anglian Water is allowed (subject to and in accordance with the order for payment specified in section 5.5, "*Debt Service Payment Account*" above) to transfer monies standing to the credit of the Receipts Account or Payment Account to the Class A Debt Service Reserve Account or the Class B Debt Service Reserve Account, as required.

Anglian Water has agreed to procure that:

(a) on any Payment Date the aggregate of (i) all amounts available for drawing under the Debt Service Reserve Liquidity Facilities; and (ii) all amounts standing to the credit of the Debt Service Reserve Accounts are equal to the next 12 months' interest forecast to be due on the Financial Indebtedness of the Anglian Water Services Financing Group; or

(b) on the applicable Payment Date or the Business Day immediately following such Payment Date (and in each case prior to the proposed withdrawal), Anglian Water has delivered a certificate to the Security Trustee and the Account Bank (upon which certificate the Security Trustee and Account Bank shall be entitled to rely without further enquiry or liability) certifying that (i) following the making of such withdrawal the aggregate of the amounts (x) standing to the credit of the applicable Class A Debt Service Reserve Account (including the value of any Authorised Investments funds and any related Income from amounts standing to the credit of the Class A Debt Service Reserve Account) and (y) available for drawing under the Class A Debt Service Reserve Liquidity Facilities in respect of Class A Debt, is at least equal to the Class A Required Balance on the date of such withdrawal and (ii) there has been no Standby Drawing in the period from the penultimate Payment Date prior to the date of the proposed withdrawal to the date of the proposed withdrawal, provided that any amounts so withdrawn shall be transferred to the Payment Account.

5.7 Compensation Account

(a) The CTA requires Anglian Water to ensure that:

(i) all proceeds of insurance in excess of £1,000,000 (indexed) per claim, receivable by it or to its order (other than in respect of delay in start up, business interruption or anticipated loss in revenue or third-party claims) are paid directly into the Compensation Account; and

(ii) any such amounts which are not paid directly into the Compensation Account are paid into the Compensation Account immediately upon receipt by (or to the order of) Anglian Water; and

(iii) any amounts required under the terms of the CTA to be deposited into the Compensation Account following a notice of termination from a Hedge Counterparty are so deposited.

(b) Subject to paragraph (c) below, the CTA provides that Anglian Water may only withdraw amounts from the Compensation Account: (A) in the case of monies representing the proceeds of claims under physical loss or damage policies, for application in meeting payments which are due and payable in respect of the restoration, reinstatement or replacement of the asset lost or damaged or in payment of any Class A Debt falling due on the same day as any Permitted Lease Termination arising as a consequence of the loss of such asset; or (B) in the case of monies paid to Anglian Water's order to be paid direct to a third party on account of whose claim those insurance proceeds are payable, by way of payment to such third party; or (C) in the case of amounts referred to under paragraph (a)(iii) above, in meeting termination sums due under the relevant Hedging Agreement; and/or (D) in paying to the Payment Account any amount deposited which is, at any time, in excess of the amount required to be so deposited.

(c) If Anglian Water has paid sums to reinstate, restore or replace effects lost or damaged or to meet claims by third parties out of monies withdrawn from the Receipts Account or Payment Account, then the CTA allows Anglian Water to transfer monies representing the proceeds of the claim to the Payment Account.

5.8 Customer Payment Account

Subject to complying with the CTA, Anglian Water is allowed to credit to the Customer Payment Account such amounts as are permitted to be transferred to the Customer Payment Account pursuant to the terms of the CTA and, in particular, pursuant to the provisions thereof dealing with Restricted Payments (see section 4.5, "*General Covenants*" above).

Anglian Water has agreed to ensure that in respect of each Financial Year in which Customer Rebates are given, the balance on the Customer Payment Account is at all times during such Financial Year equal to the Customer Payment Account Required Balance. To the extent that the balance on the Customer Payment Account is at any time greater than the Customer Payment Account Required Balance, Anglian Water shall withdraw from the Customer Payment Account an amount equal to such excess and transfer such amount to the Payment Account.

Subject to the above, Anglian Water is entitled, at any time prior to the occurrence of a Standstill Event, to apply monies credited to the Customer Payment Account in and towards settlement of a Restricted Payment that is a Customer Rebate.

5.9 Tax Reserve Account

Subject to complying with the terms of the CTA and ranking behind all payments required to be made thereunder but ahead of Distributions, the credit cash balance in the Tax Reserve Account shall be maintained at the greater of £40 million or (when taken together with the amount of any Letter(s) of Credit and/or the amount guaranteed pursuant to any Tax Reserve Guarantee) the Required Amount. The Tax Reserve Account has a credit balance of £100 million as at 31 July 2016.

Provided that no amount in respect of which a member of the Consortium is liable under the Deed of Indemnity (defined below) is outstanding and the funds standing to the credit of the Tax Reserve Account and/or the amounts available under any Letter(s) of Credit and/or any Tax Reserve Guarantee are in the aggregate equal to an amount not less than the Required Amount, amounts standing properly to the credit of the Distributions Account may be withdrawn by Anglian Water at any time for payment into the Payment Account or, provided that no Event of Default is subsisting and no such aforementioned amount is outstanding and the funds standing to the credit of the Tax Reserve Account and/or the amounts available under any Letter(s) of Credit and/or any Tax Reserve Guarantee are in aggregate equal to an amount not less than the Required Amount, for payment to any other purpose. See also section 10.2, "*Tax Deed of Covenant*" and section 10.3, "*Deed of Indemnity*" below.

5.10 Distributions Account

The CTA provides that Anglian Water may only transfer amounts from the Payment Account to the Distributions Account strictly in accordance with the provisions of the CTA (and, in particular, in accordance with the covenant dealing with payments into the Distributions Account (see section 4.5, "*General Covenants*" above)).

Anglian Water is able to withdraw amounts properly standing to the credit of the Distributions Account at any time for payment into the Payment Account or, provided no Event of Default is subsisting, for payment for any purpose.

5.11 Authorised Investments

The CTA allows Anglian Water and the Issuer to invest in certain eligible Authorised Investments such part of the amounts standing to the credit of any of the Accounts as is prudent and in accordance with certain provisions set out in the CTA including that deposits constituting Authorised Investments will only be permitted to the extent that the Authorised Investment is with a bank or financial institution which has agreed that: (i) the Authorised Investment is held to the order of Anglian Water; (ii) any payment in respect of the Authorised Investment will be remitted (in full and without any deduction, withholding or retention of any kind, except to the extent required by law) to the Account Bank; (iii) the Authorised Investment is subject to the Security Interests created by the Security Documents; and (iv) it will not exercise, and will hold the Authorised Investment free of, any Security Interest, right of set-off, counterclaim or other interest which it may have.

5.12 Cash Management during a Standstill Period

The arrangements described in section 5.5, "*Debt Service Payment Account*" above shall continue to apply until the occurrence of a Standstill Event. The CTA provides that, following the occurrence of a Standstill Event and for so long as it continues unremedied and provided no Enforcement Action (other than a permitted share pledge acceleration) has occurred, the Cash Manager shall assume control of the Accounts, pay operating expenditure when it falls due and, on a monthly basis, calculate the aggregate of all payments falling to be made during the next following period of 12 months and shall calculate all net revenues received and/or expected to be received over that 12-month period. To the extent that there is a shortfall in the forecast revenues, the Cash Manager shall notionally apply those forecast revenues to each category in the order set out in section 5.5, "*Debt Service Payment Account*" until the revenue that is forecast to be available is insufficient to meet all of the payments in any sub-paragraph of section 5.5, "*Debt Service Payment Account*" above (the "**Shortfall Paragraph**") and shall, in respect of those categories of payment falling within the Shortfall Paragraph, divide the anticipated revenues remaining pro rata between those amounts. Throughout the Standstill Period, any payments falling to be made within a category of payment falling within a Shortfall Paragraph shall be satisfied by a payment of the pro rata share of that payment so calculated and no payments falling in a category which (in accordance with the order of priority set out in section 5.5, "*Debt Service Payment Account*" above) falls after a Shortfall Paragraph shall be made (and the balance of the payments not made shall remain outstanding).

The proceeds of enforcement of the Security which is permitted to be enforced during a Standstill Period will also be applied in accordance with the above Payment Priorities. In circumstances where such enforcement occurs during a Standstill Period or following an Enforcement Action (other than a permitted share pledge acceleration) under the STID the proceeds of enforcement will be applied in accordance with the above Payment Priorities but excluding in these circumstances payments under paragraphs (a), (i) and (n) of section 5.5, "*Debt Service Payment Account*" above.

6 Security Agreement

6.1 Security

Each Obligor has entered into the security agreement (the "**Security Agreement**") with the Security Trustee pursuant to which they each guarantee the obligations of each other Obligor under the Finance Documents to the Security Trustee as security trustee for the Secured Creditors and each secure their property, assets, and undertakings to the Security Trustee as trustee for the Secured Creditors. The creation, perfection and enforcement of such security is (in respect of the Security granted by Anglian Water) subject to the WIA, the Instrument of Appointment and requirements thereunder. As a result of the restrictions placed upon Anglian Water in respect of the giving of security and the Special Administration procedure contained in the WIA, the value, effect and enforceability of the security granted by Anglian Water is severely limited. The Security Agreement does, to the extent applicable, incorporate the provisions of the CTA and the STID.

The security constituted by the Security Agreement is expressed to include:

(a) first fixed charges over:

  (i) the shares in Anglian Water, Anglian Water Services UK Parent Co Limited and the Issuer;

  (ii) each Obligor's right, title, and interest from time to time in and to:

    (A) any real property interests currently owned by it or acquired after the date of the Security Agreement (other than certain excluded property not exceeding in aggregate £10 million (indexed)); and

    (B) the proceeds of disposal of any land;

  (iii) all present and future plant, machinery, office equipment, computers, vehicles, and other chattels;

  (iv) its accounts;

  (v) any intellectual property rights owned by it (excluding immaterial information technology licence agreements);

  (vi) any goodwill and rights in relation to the uncalled capital;

  (vii) each investment;

(viii) all shares of any person owned by the Obligor including all dividends, interest, and other monies payable in respect thereof and all other rights related thereto; and

(ix) all present and future book and other debts and all monies standing to the credit of its accounts and the debts represented thereby; and

(b) an assignment of each Obligor's right, title, and interest from time to time in and to:

(i) the proceeds of any insurance policies (other than motor insurance, employer's liability insurance and any other third-party liability insurance) and all rights related thereto; and

(ii) all Transaction Documents and any other document or agreement to which an Obligor is a party (subject to certain exceptions); and

(iii) a first floating charge of the whole of the undertaking, property, assets, and rights whatsoever and wheresoever present and future of each Obligor,

except that the security does not include any Protected Land or any of Anglian Water's other assets, property, and rights to the extent, and for so long as, the taking of any such security would contravene the terms of the Instrument of Appointment and requirements thereunder or the WIA.

The security is held on trust by the Security Trustee for itself and on behalf of the Secured Creditors in accordance with and subject to the terms of the STID.

Notice of the creation of the security has not been given initially to customers or to contractual counterparties in respect of contracts (other than certain material contracts) and each charge over land as purported to be granted will take effect in equity only. Accordingly, until notice of the creation of the Security is given to the relevant customers or contractual counterparties or registration is effected with HM Land Registry in respect of registered land or certain other action is taken in respect of unregistered land, to the extent possible any such security or charge may be or become subject to prior equities and/or other legal rights arising in relation thereto.

None of Anglian Water Services Holdings Limited or Anglian Water Services UK Parent Co Limited has or is expected to have any significant assets other than the shares in their respective subsidiaries.

6.2 Structure

The following shows the security provided by the Anglian Water Services Financing Group in favour of the Security Trustee on behalf of the Secured Creditors:

SECURITY [1,2]		GUARANTEE
• Fixed and floating charge. Principal secured asset is its holding of shares in Anglian Water Services UK Parent Co Ltd	Anglian Water Services Holding Limited	• Guarantees all obligations of Anglian Water Services UK Parent Co Ltd, Anglian Water and the Issuer under the Finance Documents
• Fixed and floating charge. Principal secured asset is its holding of shares in Anglian Water	Anglian Water Services UK Parent Co Limited	• Guarantees all obligations of Anglian Water Services Holdings Ltd, Anglian Water and the Issuer under the Finance Documents
• Fixed and floating charge over its property, assets and undertaking all subject to the WIA and the Instrument of Appointment	Anglian Water Services Limited	• Guarantees all obligations of Anglian Water Services Holdings Ltd, Anglian Water Services UK Parent Co Ltd and the Issuer under the Finance Documents
• Fixed and floating charge	Issuer	• Guarantees all obligations of Anglian Water Services Holdings Ltd, Anglian Water Services UK Parent Co Ltd and Anglian Water under the Finance Documents

Notes:

(1) All security is granted to the Security Trustee as security trustee for the Secured Creditors.

(2) Anglian Water Services Holdings Ltd, Anglian Water Services UK Parent Co Ltd, Anglian Water and the Issuer grant all security pursuant to the Security Agreement.

6.3 Additional Security following Takeover by Osprey

Following the acquisition of AWG Parent Co Limited (then known as AWG plc) by Osprey, Anglian Water entered into a deed of assignment dated 7 December 2006 with the Security Trustee, pursuant to which Anglian Water granted security in respect of a deposit (expressed to be £100 million at 7 December 2006 and a sum of not less than

£40 million at any time thereafter) in favour of the Security Trustee (as trustee for the Secured Creditors). This deposit may be used to discharge any Secured Liabilities from time to time.

7 Financial Guarantor Documents

7.1 The Bond Policies

On the Effective Date, MBIA issued in favour of the Bond Trustee (for itself and on behalf of the relevant Class A Wrapped Bondholders) a Bond Policy in respect of the Class A Wrapped Bonds in issue. As the existing MBIA commitment has been fully utilised, no information is included in this Information Memorandum in relation to MBIA. To the extent that MBIA or any other Financial Guarantors issue Bond Policies in respect of any further Series of Class A Wrapped Bonds and/or Class B Wrapped Bonds, such Bond Policies are expected to be issued by such Financial Guarantor(s) on terms substantially similar thereto.

Upon an early redemption of the relevant Wrapped Bonds or an acceleration of the relevant Wrapped Bonds, MBIA's obligations will continue to be to pay the Insured Amounts as they fall Due for Payment (as defined in MBIA's Bond Policy) on each Payment Date. MBIA will not be obliged under any circumstances to accelerate payment under its Bond Policies. However, if it does so, it may do so in its absolute discretion in whole or in part, and the amount payable by MBIA will be the outstanding principal amount (or pro rata amount that has become due and payable) of the relevant Wrapped Bonds together with accrued interest (excluding always the FG Excepted Amounts). Any amounts due in excess of such outstanding principal amount (and any accrued interest thereon) will not be guaranteed by MBIA or any other Financial Guarantor under any of the Bond Policies.

The Bond Trustee as party to the Bond Policies in issue has, and in respect of Bond Policies to be issued by MBIA or any other Financial Guarantor will have, the right to enforce the terms of such Bond Policies, and any right of any other person to do so is expressly excluded.

7.2 Insurance and Indemnity Agreements

On each relevant Issue Date in respect of the Wrapped Bonds, the Issuer and Anglian Water will enter into an insurance and indemnity agreement (each an "**I&I Agreement**") with the relevant Financial Guarantor, pursuant to which the Issuer will be obliged, *inter alia*, to reimburse such Financial Guarantor in respect of the payments made by it under the relevant Bond Policy and to pay, *inter alia,* any premia and fees and expenses of such Financial Guarantor in respect of the provision of the relevant Bond Policy. Insofar as a Financial Guarantor makes payment under the relevant Bond Policy in respect of Insured Amounts (as defined in such Bond Policy), it will be subrogated to the present and future rights of the relevant Wrapped Bondholders against the Issuer in respect of any payments made.

7.3 AWG plc Side Letter

AWG plc (now known as AWG Parent Co Limited) and MBIA have entered into a letter agreement on the Effective Date under which AWG plc (now known as AWG Parent Co Limited) has agreed that it will not voluntarily cease to have Control of Anglian Water Services Holdings Limited unless it has first obtained a confirmation from at least two Rating Agencies that such event will not cause the shadow rating of the Class A Wrapped Debt to be downgraded to, or below, BBB+ by Fitch and S&P or, as the case may be, Baa1 by Moody's. AWG plc (now known as AWG Parent Co Limited) also undertook to procure (unless it is unable to do so by reason of any law, judgment, court order, regulation, directive or any regulatory or licence requirement) that any person who gains Control of Anglian Water Services Holdings Limited will enter into a letter with MBIA on equivalent terms.

8 Additional Resources Available

8.1 New Finance Lease

This section sets out the provisions contained in the New Finance Lease that Anglian Water has entered into. The Finance Documents also allow Anglian Water to enter into new Finance Leases in the future, subject to certain limits and provided that any new Finance Lessor accedes to the CTA and the STID. Following the entry into the Lease Termination Agreement, the Existing Finance Lease has been terminated.

(a) Supply of Equipment

Certain leasing companies have acquired equipment and systems and Anglian Water has sold or otherwise procured the supply of certain equipment and systems to leasing companies (or in respect of Equipment which constitutes Fixtures (as defined below) has been reimbursed for capital expenditure in respect thereof), in each case for the purpose of Anglian Water leasing such equipment and systems from the leasing companies.

The Equipment acquired by or sold or supplied to such leasing companies consists mainly of plant and machinery and other equipment used in the water and water recycling operations of Anglian Water, as well as computer software systems and computer hardware. The Equipment is comprised of movable equipment ("**Movables**") and fixed equipment (that is Equipment which is so affixed to real estate so as to become part of that real estate as a matter of law ("**Fixtures**")).

(b) *Lease Agreements*

Lombard Business Leasing Limited as lessor (the "**New Finance Lessor**") has leased the Equipment sold or supplied to Anglian Water as lessee on the terms and subject to the conditions set out in a lease agreement (the "**New Finance Lease**").

In relation to Fixtures, because no title passes to the New Finance Lessor (or if it does that title reverts to the landowner on affixation to real estate of the relevant Equipment), Anglian Water and the New Finance Lessor have elected to deem that ownership is in the New Finance Lessor and that there is a deemed lease of the Fixtures in question.

(c) *Lease Periods*

Under the New Finance Lease the primary period is for 25 years from the lease commencement date with the option to extend, automatically in the case of Movables and at the relevant Finance Lessor's discretion in the case of Fixtures for another 25 years. At 31 March 2019 no lease maturities extend beyond 3 years.

(d) *Subject to CTA and STID*

The New Finance Lease has been amended so as to be subject to the CTA. In this way the representations, warranties, covenants, and events of default set out in the CTA apply in respect of the New Finance Lessor for the New Finance Lease. The New Finance Lease is also subject to the STID which regulates the claims of the New Finance Lessor against Anglian Water and termination and enforcement rights under the relevant Finance Lease. Certain of the material terms of the New Finance Lease (in addition to those incorporated from the CTA) are outlined below (see paragraph (g), "**Anglian Water Obligations**" below).

(e) *Rental*

Anglian Water is obliged to make regular rental payments ("**Rental**"), annually in advance under the New Finance Lease.

The primary period Rental payable under the New Finance Lease is calculated by reference to a number of assumptions made at the time of execution of the New Finance Lease (including a specific assumed rate of interest) and if any such assumption proves to be incorrect, the primary rental payments under the New Finance Lease are adjusted to levels that seek to (or if all those rentals have been paid additional rentals or rebates of rental are made in order to) preserve the New Finance Lessor's agreed after-tax rate of return on its acquisition cost of the Equipment leased under the New Finance Lease. The rental payments payable during any secondary period are also set out in the New Finance Lease.

The assumptions set out in the New Finance Lease are the type of tax and financial assumptions customarily found in leases of this kind and include, inter alia, matters such as the rate of corporation tax, the rate of writing down allowances, the amount of group relief on tax losses which may be claimed by the lessor and other changes in applicable law or regulation.

Anglian Water will pay any VAT (if payable) due in respect of any payments under the New Finance Lease.

(f) *General Payment Provisions*

Default interest is payable under the New Finance Lease in respect of any late payment.

All Rental and other payments under the New Finance Lease are required to be made free and clear of, and without withholding or deduction for, tax, if any, applicable to such payments unless such withholding or deduction is required by law. In that event, Anglian Water will be obliged to pay such additional amounts as will result in the receipt by the New Finance Lessor as appropriate of such amount that the New Finance Lessor, as appropriate, would have received if no such withholding or deduction had been required.

The New Finance Lease provides that if the New Finance Lessor determines in its absolute discretion that it has received or has been granted a credit against or remission from any tax payable which is attributable to such additional amounts payable by Anglian Water then the New Finance Lessor shall reimburse such amount as shall leave the New Finance Lessor after such reimbursement in no worse position than the New Finance Lessor would have been in if the deduction or withholding had not been required.

(g) *Anglian Water Obligations*

In addition to the representations and warranties made by Anglian Water, and the covenants applying to Anglian Water, under the CTA, the New Finance Lease also imposes certain customary finance lease representations, warranties, and covenants on Anglian Water.

In particular, Anglian Water is required, in accordance with the New Finance Lease, inter alia, (1) to keep the Equipment in good repair, condition and working order, (2) to ensure the Equipment is used in a skilful and proper manner, (3) to make good all damage to the Equipment and (4) to maintain third party liability and property insurances in respect of the Equipment.

A breach of any of the representations or covenants in the New Finance Lease which would be reasonably likely to have a Material Adverse Effect will, to the extent not remedied or waived, oblige Anglian Water to prepay all sums due and payable under the New Finance Lease, as appropriate (as outlined above, see paragraphs (d)(i) and (xiii)), section 4.5, "*General Covenants*" and will be subject to the CTA and the STID. If Anglian Water does not make such prepayment in accordance with the CTA and the STID, it will constitute an Event of Default (to the extent not remedied by Anglian Water or waived (upon notice of that event to the Security Trustee) by the New Finance Lessor) with the result that the Standstill Period will automatically commence.

(h) *General Indemnities*

The New Finance Lease contains a general indemnity whereby Anglian Water agrees to indemnify the New Finance Lessor against, *inter alia*, all losses, and damages (excluding taxes), in any way associated with the transactions contemplated in the New Finance Lease, as appropriate other than those arising as a result of, *inter alia,* the wilful misconduct of the New Finance Lessor.

The New Finance Lease provides that Anglian Water shall indemnify under the New Finance Lease the New Finance Lessor against all losses incurred or suffered by it, *inter alia*, in relation to the Equipment or as a result of failure by Anglian Water to comply with its obligations under the New Finance Lease.

(i) *Tax Indemnities*

Under the terms of the New Finance Lease, Anglian Water is required to indemnify the New Finance Lessor for certain tax liabilities arising in relation thereto, either by way of variation of the Rental payment amounts (see paragraph (e), "*Rental*" above) or contractual indemnity payments.

These indemnities survive any termination of the leasing of the Equipment and the termination of the New Finance Lease itself.

(j) *Additional Termination Rights under the New Finance Lease*

The New Finance Lease contain termination rights on the part of the New Finance Lessor in addition to the Events of Default set out in the CTA and those outlined in paragraph (g), "*Anglian Water Obligations*" above. These include a right to terminate following a total loss of any Equipment. In these circumstances, subject to the terms of the CTA, the STID and the New Finance Lease (as amended and supplemented), as appropriate, the New Finance Lessor may terminate the leasing of the Equipment under the New Finance Lease and charge a termination sum in the circumstances outlined above, save that Anglian Water will not make any payment if (i) an Acceleration of Liabilities has occurred or (ii) a Default Situation is subsisting or would occur as a result of such payment. If Anglian Water fails or is unable to make any prepayment in accordance with the CTA and the STID, an Event of Default will arise under the CTA and upon notice of that event to the Security Trustee the Standstill Period will automatically commence.

Anglian Water may voluntarily terminate the leasing of all or part of the Equipment under the New Finance Lease (as Anglian Water has done in respect of the Existing Finance Lease) and pay, inter alia, all Rentals due thereunder in advance of the expiry of the relevant lease period provided that (i) no Acceleration of Liabilities has occurred and (ii) no Default Situation is subsisting or would occur as a result of such payment.

The New Finance Lease provides that upon termination, a termination payment becomes payable as calculated pursuant to the financial schedule attached to the New Finance Lease. The termination payment payable is calculated by a reference to a number of assumptions which if subsequently proven to be incorrect may give rise to a further payment or a rebate in the future.

In the New Finance Lease, termination payments may vary according to the termination event which takes place and the date thereof. They are calculated, broadly speaking, by the production of a revised cash flow as at the date of the relevant termination based upon certain assumptions. Broadly, the termination payment will be an amount equal to the aggregate of (i) sums due and payable under the New Finance Lease and (ii) an amount equal to the balance of the New Finance Lessor's investment in the New Finance Lease and so as to preserve the New Finance Lessor's net after-tax return. Additionally, the New Finance Lease requires a termination fee to be paid if termination occurs within a period specified therein.

(k) *Repossession of Movables on Termination*

To the extent it relates to Fixtures, the New Finance Lease provides that, after termination of the hiring of the Equipment for whatever reason, the New Finance Lessor may require Anglian Water to dismantle, dispose, or store and maintain until sold, any "**Surplus Equipment**" (i.e., so much of the Movables as is then no longer required to ensure that the functions of Anglian Water under the WIA may be properly carried out). Upon the termination of the hiring of any Surplus Equipment, and so long as no termination event has occurred (or, if it has occurred, is not continuing or has been remedied) Anglian Water shall at its own expense be entitled and bound to act as the exclusive sales representative of the New Finance Lessor for a period of one year after termination of the hiring of the Surplus Equipment and thereafter as non-exclusive sales representative to find a purchaser of the Surplus Equipment. Following a sale of any Surplus Equipment the relevant Finance Lessor shall rebate (by way of rebate of Rentals) any proceeds of sale (less the New Finance Lessor's termination payments and other amounts due) to Anglian Water.

(l) *Insurance and Total Loss*

The New Finance Lease provides that Anglian Water is to effect and maintain insurance against all risk of loss of or damage to the Equipment.

The New Finance Lease provides that Anglian Water shall effect and maintain in full force and effect third party liability insurance cover in respect of all the Equipment in accordance with and to the extent and in the amounts required to comply with good and prudent water industry insurance practice in the United Kingdom.

Upon a total loss of certain items of Equipment, the leasing of such items will terminate and Anglian Water must pay a termination payment (from insurance proceeds or otherwise) within a specified number of business days following such total loss or within a certain number of business days after the date of receipt of insurance proceeds in relation to such Equipment.

Anglian Water bears the full risk of any total loss of or any damage to all or a material part of the Equipment.

(m) *Capital Allowances*

The New Finance Lessor constitutes a Secured Creditor and has the benefit of the security package which the Obligors granted under the Security Agreement. Although leading counsel has advised that section 225 of the Capital Allowances Act 2001 ("**Section 225**") should not apply, there is a risk that the available benefit of the security package could cause Section 225 to apply to the New Finance Lease. If Section 225 did apply in this way, the New Finance Lessor would not be able to claim capital allowances in relation to the capital expenditure it has incurred on the leased Equipment. Under the terms of the New Finance Lease, the cost of this inability to claim capital allowances would be passed on to Anglian Water in the form of higher Rentals.

8.2 Authorised Loan Facilities

The Issuer entered into the CPIH Authorised Loan Facility with an aggregate facility amount of £100,000,000 with MIDF UK1B Ireland DAC, MIDF UK2 Ireland DAC and BP Pension Trustees Limited as trustee of the BP Pension Fund, as Authorised Credit Providers. The CPIH Authorised Loan Facility is a term loan facility which is available to the Issuer for the purposes of investing the proceeds into various sustainability projects (as further described in the CPIH Authorised Loan Facility) until 4 November 2040.

The Issuer entered into the National Westminster Bank Authorised Loan Facility with an aggregate of the Facility A1 Commitment and the Facility A2 Commitment in an amount of £150,000,000 with National Westminster Bank plc, as Authorised Credit Provider. The National Westminster Bank Authorised Loan Facility is a term loan facility which is available to the Issuer for general corporate purposes until 1 November 2029 (in relation to the Facility A1 Commitment) and 1 November 2032 (in relation to the Facility A2 Commitment).

On 16 June 2025, the Issuer refinanced some of its pre-existing Authorised Loan Facilities and entered into the new syndicated facility (the "**Syndicated Authorised Loan Facility**") with an aggregate facility amount of £1,000,000,000 (which was upsized to £1,100,000,000 on 28 August 2025 by Morgan Stanley Bank, N.A. and subsequently upsized to £1,200,000,000 on 26 March

2026 by SMBC Bank International PLC) with Bank of China Limited, London Branch, Barclays Bank PLC, BNP PARIBAS, London Branch, Canadian Imperial Bank of Commerce, London Branch, HSBC UK Bank PLC, ING Bank N.V., London Branch, JPMorgan Chase Bank, N.A., London Branch, Lloyds Bank plc, MUFG Bank, Ltd. and National Westminster Bank Plc, as Authorised Credit Providers. The Syndicated Authorised Loan Facility is a revolving credit facility which is available to the Issuer for general corporate purposes until 16 June 2028 (the **"Original Final Maturity Date"**), which has been extended to 16 June 2029 pursuant to an extension request, or such later date as further extended or agreed in accordance with the Authorised Loan Facility.

The EDC Authorised Loan Facility, CPIH Authorised Loan Facility, the National Westminster Bank Authorised Loan Facility, the Syndicated Authorised Loan Facility and the EIB Authorised Loan Facility are together referred to as the **"Authorised Loan Facilities".**

Drawings under the Authorised Loan Facilities are subject to various conditions precedent as set out therein, including that no Event of Default or Potential Event of Default is subsisting and each repeating representation is correct at the time of requesting and making the drawing.

Interest accrues on any drawing under the Authorised Loan Facilities (other than the EIB Authorised Loan Facility) is calculated at a daily rate by reference to SONIA plus a margin and mandatory costs. Interest accrues on any drawing under the EIB Authorised Loan Facility by reference to the base rate as specified therein, plus a margin and such interest is subject to indexation in accordance with RPI or certain successor price indices, as the case may be. Interest accrues on any drawing under the Syndicated Authorised Loan Facility is affected by the credit rating of the Issuer.

The Issuer gave representations and warranties, covenants and undertakings to the Authorised Credit Providers on terms as set out, respectively, in the CTA.

The Events of Default under the CTA apply under the Authorised Loan Facilities (see section 4, "*Common Terms Agreement*" above).

The ability of the Authorised Credit Providers to accelerate any sums owing to them under the Authorised Loan Facility upon or following the occurrence of an Event of Default thereunder is subject to the STID.

The Issuer may enter into further Authorised Credit Facilities on terms similar to those in the Authorised Loan Facilities. Each additional Authorised Credit Provider will be given the benefit of the Security and will be required to accede to the STID and the CTA.

8.3 The Liquidity Facilities

There are four Liquidity Facilities in place, the Debt Service Reserve Liquidity Facilities (as defined below) and the O&M Reserve Facility (as defined below), each of which are maintained by the Issuer. The proceeds of the Liquidity Facilities are on-lent to Anglian Water under the Intercompany Loan Arrangements.

The Issuer has entered into agreements (each a "**Debt Service Reserve Liquidity Facility Agreement**"), with the Liquidity Facility Providers, establishing liquidity facilities (each a "**Debt Service Reserve Liquidity Facility**"). The Issuer has established Debt Service Reserve Liquidity Facilities in connection with Bonds and other debt issued and incurred.

Under the terms of the Class A Debt Service Reserve Liquidity Facility Agreement, one or more Liquidity Facility Providers provide a 364-day commitment in an aggregate amount specified in the Class A Debt Service Reserve Liquidity Facility Agreement and under the terms of the Liquidity Facility Guarantees, AG and AGUK provide a liquidity guarantee, in each case to permit drawings to be made by the Issuer, in circumstances where Anglian Water has or will have insufficient funds available on a Payment Date to pay scheduled interest under the Intercompany Loan Arrangements, to enable the Issuer to make payments due on a Series of Bonds or other Senior Debt (a "**Liquidity Shortfall**").The Issuer has also entered into agreements (each an "**O&M Reserve Facility Agreement**") with one or more Liquidity Facility Providers establishing liquidity facilities (each an "**O&M Reserve Facility**") proceeds of which are on-lent to Anglian Water to meet Anglian Water's operating and capital maintenance expenditure requirements to the extent that Anglian Water has insufficient funds available to it to meet these requirements.

Under the terms of the O&M Reserve Facility, one or more Liquidity Facility Providers provide a 364-day commitment in an aggregate amount specified in each such agreement.

Each Liquidity Facility Provider must be a lender or financial institution which as at the relevant Issue Date has (i) the Minimum Short-term Rating or such other short-term rating requirements (if any) in order to support the then current ratings of the Bonds of not less than two of the Ratings Agencies and/or (ii) a Minimum Long-term Rating at a level of at least "A" from Fitch and S&P and at least "A2" from Moody's from at least two of the Rating Agencies (the "**Liquidity Facility Requisite Ratings**").

The Liquidity Facility Provider may be replaced at any time provided that such Liquidity Facility Provider is replaced by a lender or financial institution with the Liquidity Facility Requisite Ratings and all amounts outstanding to such Liquidity Facility Provider are repaid in full.

Each Debt Service Reserve Liquidity Facility Agreement provides that amounts repaid by the Issuer may be redrawn.

Under the Class A Debt Service Reserve Liquidity Facility Agreement and the O&M Reserve Facility Agreement, each Liquidity Facility Agreement provides that if (i) at any time the rating of the relevant Liquidity Facility Provider falls below the Liquidity Facility Requisite Ratings or (ii) the relevant Liquidity Facility Provider does not agree to renew such Liquidity Facility prior to the expiry of the 364-day period, the Issuer will:

(a) use all reasonable endeavours to replace the relevant Liquidity Facility Provider with a party having the Liquidity Facility Requisite Ratings (whether by way of novation of the relevant Liquidity Facility Agreement or by entering into a new Liquidity Facility Agreement with a party having the Liquidity Facility Requisite Ratings); and

(b) if a replacement is not made within the relevant time period specified in the relevant Liquidity Facility Agreement be entitled to require such Liquidity Facility Provider to pay into the relevant Liquidity Account or other such agreed account to which such Liquidity Facility relates, an amount equal to the affected party's undrawn commitment under such Liquidity Facility (a "**Standby Drawing**").

If the Issuer does not request a renewal of the Liquidity Facility from the relevant Liquidity Facility Provider, (i) above will not apply.

Unless otherwise agreed by the Issuer, the Security Trustee and each Financial Guarantor:

(c) liquidity in respect of Class A Debt will be applied in making payments in respect of Class A Debt only; and

(d) amounts repaid under the Class A Debt Service Reserve Liquidity Facility provide liquidity for Class A Debt to the extent necessary to ensure that the amount available under the Class A Debt Service Reserve Liquidity Facilities providing liquidity for Class A Debt and the amount standing to the credit of the Class A Debt Service Reserve Account equals the next 12 months' interest forecast on Class A Debt.

The Standby Drawing will generally be repayable only if the relevant Liquidity Facility Provider is re-rated with the Liquidity Facility Requisite Ratings or confirmation is received from each of the

Rating Agencies that either (i) the terms of a replacement Liquidity Facility or (ii) the absence of any such facility, in each case, as applicable will not lead to a ratings downgrade of the Bonds from the relevant Rating Agencies. The proceeds of the Standby Drawing will be placed in an Account over which security has been granted pursuant to the terms of the Security Agreement.

Interest accrues on any drawing (including a Standby Drawing) made under the Liquidity Facility provided by the relevant Liquidity Facility Provider at a reference rate per annum plus a margin. Under the Liquidity Facility Agreements, the Issuer is also required to pay additional amounts if: (i) a withholding or deduction for or on account of tax is imposed on payments made by it to the relevant Liquidity Facility Provider; or (ii) if the relevant Liquidity Facility Provider suffers an increase in the cost of providing the relevant Liquidity Facility. Drawings under any further Liquidity Facilities will accrue interest subject to the specific terms of the relevant Liquidity Facility Agreement.

The Liquidity Facility Guarantees contain the following provisions:

(e) The Liquidity Facility Guarantees guarantee the amounts required to make full and complete payments to meet payment obligations in relation to the Class A Debt, in the event that there is a shortfall of amounts available for such payment obligations to be made. The amounts guaranteed are pro rated with 85 per cent of the payments guaranteed by AG and 15 per cent of the payments guaranteed by AGUK.

(f) The amounts guaranteed under the Liquidity Facility Guarantees are provided pro rata by reference to the Class A Debt Service Reserve Liquidity Facility, such that the amounts the Liquidity Facility Provider makes available under the Liquidity Facility Guarantees are calculated as a fraction equal to the available commitment over the aggregate of all available amounts under all of the Debt Service Reserve Liquidity Facility Agreements.

(g) If at any time the rating of the Liquidity Facility Provider falls below the Liquidity Facility Requisite Ratings, AWS and the relevant DSR Liquidity Facility Provider must use reasonable endeavours (for a period of 25 Business Days from the date notification is received of the loss of the Liquidity Facility Requisite Rating) to persuade such Rating Agency to re-confirm the Liquidity Facility Requisite Rating. If the relevant Rating Agency does not re-confirm the Liquidity Facility Requisite Rating within such 25 Business Day period, the Issuer and AWS may elect to terminate the Liquidity Facility Guarantees. A loss of the Liquidity Facility Requisite Ratings does not preclude the Issuer from making a funding request under the Liquidity Facility Guarantees and the Liquidity Facility Provider may not refuse to make payments as a result of a loss of the Liquidity Facility Requisite Ratings.

(h) If certain events of default in relation to the Beneficiaries are continuing, the Liquidity Facility Providers may, by written notice to the Issuer and AWS, declare the amounts owing by the Issuer and AWS as immediately due and payable and/or determine that the Liquidity Facility Guarantees shall be terminated.

(i) The Issuer and AWS may terminate the Liquidity Facility Guarantees at any time by providing at least 10 days' written notice to the Liquidity Facility Provider, provided that all amounts due and payable under the Liquidity Facility Guarantees are paid in full.

(j) On the occurrence of any of the following events, the Issuer and AWS are entitled to terminate the Liquidity Facility Guarantees without the payment of any fees or make-whole payments that may be due and outstanding:

    (i) if the ranking and status of the Liquidity Facility Providers in the payment priorities have been challenged by any beneficiary or the Security Trustee on the instruction of the Majority Creditors (a 'Challenge Event');

(ii) if the Liquidity Facility Providers determine that, as a result of a change in applicable law, governmental or rating agency rule, regulation or request concerning capital adequacy or similar requirements, there will be an increase in the amount of capital reserve or similar requirement that the Liquidity Facility Providers will be expected to maintain (an 'Increased Costs Event');

(iii) if the Liquidity Facility Providers are required to gross-up any payment to be made under or pursuant to a Finance Document (a 'Tax Event'); or

(iv) if any force majeure event or governmental act prevents the Liquidity Facility Providers from performing their obligations under the Liquidity Facility Guarantees (a 'Force Majeure Event').

(k) The Liquidity Facility Guarantees have a term of five years which can be extended by agreement between the Issuer, AWS and the Liquidity Facility Provider. The Issuer and AWS may request to extend the maturity date of the Liquidity Facility Guarantee no earlier than three months and no later than one month prior to the anniversary of the effective date of the Liquidity Facility Guarantee. If the Liquidity Facility Provider declines the request, the Issuer and AWS shall arrange a Replacement DSR Liquidity Facility Agreement. The original AG Guarantees will terminate upon arrangement of such Replacement DSR Liquidity Facility Agreement, provided that all amounts due to be reimbursed to the Liquidity Facility Providers have been paid in full.

(l) The amount available under the Liquidity Facility Guarantees may be extended by agreement between the Issuer, AWS and the Liquidity Facility Providers. Under each Debt Service Reserve Liquidity Facility Agreement, upon the enforcement of the Security pursuant to the STID, all indebtedness outstanding under any Liquidity Facility (other than Subordinated Liquidity Facility Amounts) will rank in priority to the Bonds.

9 Hedging

9.1 Hedge Counterparties

Abbey National Treasury Services plc, Barclays Bank PLC, BNP Paribas, a public limited company of 75450 Paris Cedex 09, France, with Commercial register RCS number 662 042 449 ("BNP Paribas"), Crédit Agricole Corporate and Investment Bank ("CACIB"), Commonwealth Bank of Australia (ABN 48 123 123 124), a public limited company of Level 25, Darling Park Tower 1, 201 Sussex Street, Sydney NSW 2000 ("Commonwealth Bank of Australia"), HSBC Bank plc, J.P. Morgan Securities plc, a limited company authorised by the FCA of 25 Bank Street, Canary Wharf, London, E14 5JP with registered number 2711006 ("J.P. Morgan Securities plc"), Lloyds Bank Corporate Markets plc, Morgan Stanley & Co. International plc, authorised and regulated by the FCA of 25 Cabot Square, London E14 4QA, with registered number 02068222 ("Morgan Stanley & Co."), SMBC Nikko Capital Markets Limited of 100 Liverpool Street, London EC2M 2AT (formerly of One New Change, London, EC4M 9AF) ("SMBC Nikko Capital Markets Limited"), The Bank of Nova Scotia of 40 King Street West, Scotia Plaza, 55th Floor, Toronto, Canada M5H 1H1 ("The Bank of Nova Scotia"), SMBC Bank International plc (formerly Sumitomo Mitsui Banking Corporation Europe Limited), MUFG Securities EMEA plc of Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9AJ ("MUFG"), The Toronto-Dominion Bank of 60 Threadneedle Street, London, EC2R 8AP ("TD Bank") and National Westminster Bank Plc of 250 Bishopsgate, London, England, EC2M 4AA (the "Hedge Counterparties").

9.2 Hedging Policy

The Hedging Policy provides that the Anglian Water Services Financing Group must enter into Hedging Agreements in accordance with an agreed Hedging Policy and that the only member of the Anglian Water Services Financing Group that may enter into Hedging Agreements is the Issuer, provided that the Issuer may enter into back-to-back swap arrangements with Anglian Water in respect of Hedging Agreements entered into by the Issuer to hedge the obligations of Anglian Water under the Existing Finance Lease or which are otherwise not directly linked to the raising of new debt under an Authorised Credit Facility. The Hedging Policy, inter alia, requires that the Anglian Water Services Financing Group enter into appropriate hedging instruments (with hedge counterparties with appropriate credit ratings) to limit their exposure to currency and interest rate fluctuations and to inflation to a prudent level and does not regulate any AWS Derivative Transaction entered into by AWS pursuant to paragraph 20(a)(ii) of Part 3 (General Covenants) of Schedule 5 (Covenants) of the CTA, which shall be regulated by the AWS Derivative Policy (as set out at Schedule 8A of the CTA (AWS Derivative Policy and Overriding Provisions relating to AWS Derivative Transactions).

It further requires that all Hedging Agreements are entered into or novated under an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) (an "**ISDA Master Agreement**") and that the Hedging Agreements provide, inter alia, for "two way payments" or payments under the "Second Method" in the event of an early termination and set out the circumstances in which a Hedge Counterparty may designate an Early Termination Date (as defined in the relevant Hedging Agreement) with respect to the relevant Hedging Agreement. If an Early Termination Date occurs in circumstances where both the interest rate hedging transactions and currency hedging transactions are being terminated, amounts payable under interest rate hedging transactions and currency hedging transactions will be treated separately to enable the Issuer to comply with the Payment Priorities. The Anglian Water Services Financing Group is prohibited from entering into hedging transactions for the purpose of speculation or otherwise than in accordance with the agreed Hedging Policy. The Hedging Policy may only be amended by agreement between the Security Trustee and Anglian Water. Subject to such agreement being reached, the Hedging Policy will be reviewed from time to time by the Anglian Water Services Financing Group and amended (subject to Entrenched Rights and Reserved Matters and in accordance with provisions of the STID) as appropriate in accordance with market developments, Good Industry Practice and regulatory developments.

9.3 Hedging Agreements

Hedge Counterparties are obliged to make payments under the Hedging Agreements without any withholding or deduction of taxes, unless required by law. If any such withholding or deduction is required by law, the Hedge Counterparties are required to pay any such additional amount as is necessary to ensure that the net amount received by the Issuer is equal to the full amount the Issuer would have received had no such deduction or withholding been required. The Issuer makes payments under the Hedging Agreements subject to any withholding or deduction of taxes required by law, but is not required to pay any additional amount to any Hedge Counterparty in respect thereof. However, in either case, if a withholding or deduction is required due to any action by a taxing authority, or change in tax law after the date on which a transaction is entered into, which cannot be avoided, the Hedge Counterparty may terminate the relevant Hedging Agreement.

The Issuer has the right to terminate a Hedging Agreement, in certain circumstances, relating to the relevant Hedge Counterparty (or, if applicable, any Credit Support Provider or Specified Entity (as defined in the relevant Hedging Agreement) relating to it) including: a failure to pay amounts when due; the occurrence of an insolvency event; a breach of a term of the Hedging Agreement or any Credit Support Document (as defined in the relevant Hedging Agreement); a merger without assumption; a default under a Specified Transaction (as defined in the relevant Hedging Agreement); and in the event of Illegality (as defined in the relevant Hedging Agreement).

Other than in certain limited circumstances (set out in paragraphs 9 and 21 of Schedule 8 of the CTA), each Hedge Counterparty's rights to terminate its Hedging Agreement are limited to the following circumstances: (i) a failure by the Issuer to make payments under the Hedging Agreement when due; (ii) certain insolvency-related events with respect to the Issuer; (iii) Illegality (as defined in the relevant Hedging Agreement); (iv) where either the Hedge Counterparty or the Issuer is required to withhold for tax, which cannot be avoided ("**Tax Event**" as defined in the Hedging Agreements); and (v) a Standstill Period has ended otherwise than in accordance with Clause 13.4(a)(iii) of the STID (and in this event, termination will be automatic).

Pursuant to paragraph 21 of Schedule 8 to the CTA, but only in respect of any Hedging Agreements entered into before the Effective Date or Hedging Agreements entered into on the Effective Date which replace such Hedging Agreements, the Hedge Counterparties are entitled to exercise any right they may have to terminate such Hedging Agreement pursuant to any break clause or right of optional early termination contained in that Hedging Agreement (but not, for the avoidance of doubt, an Event of Default, Tax Event Upon Merger or Credit Event Upon Merger (as such terms are defined in the Hedging Agreement) or as a result of a change in the Instrument of Appointment or in the regulatory status of Anglian Water) provided that:

(a) no Default is continuing or would result from such termination; and

(b) all amounts payable by the Issuer as a result of such termination are capable of being paid out of existing revenues of the Anglian Water Services Financing Group or otherwise out of Permitted Financial Indebtedness.

The Hedging Policy provides that the Issuer may enter into Treasury Transactions with Hedge Counterparties where each relevant Hedge Counterparty has the right to terminate the relevant Treasury Transaction on the tenth anniversary of the effective date of such Treasury Transaction and thereafter no more frequently than at five yearly intervals provided that such right of termination is exercised in accordance with paragraph 9 of Schedule 8 to the CTA. The Issuer has not and will not enter into any Treasury Transactions for a period in excess of 10 years other than to the extent that at any date the aggregate notional amount and/or currency amounts (as applicable) of relevant Treasury Transactions to which the Issuer is a party and which have unexpired terms in excess of 10 years would not exceed an amount equal to 15 per cent. of RCV in each case as computed in accordance with the Hedging Policy.

Each Hedge Counterparty is a party to (or has acceded to) the STID and the CTA and its rights (including, in particular, its rights to receive any termination payment) are subject thereto. Accordingly, any termination payment will be paid to a Hedge Counterparty in accordance with the cash management arrangements set out in the CTA and summarised in section 5, "*Cash Management*".

In the event that the short-term unsecured and unsubordinated debt obligations of a Hedge Counterparty (or its successor, assignee or transferee) or of its Credit Support Provider (as defined in the relevant Hedging Agreement) (or the successor, assignee or transferee of any such Credit Support Provider) cease to be rated at least as high as P-1 by Moody's or A-1 by S&P or F-1 by Fitch and, as a result of such downgrade, the then current rating of the Class A Unwrapped Bonds (or if no Class A Unwrapped Bonds are outstanding, the then current shadow rating of the Class A Wrapped Bonds, or if there are no Class A Wrapped Bonds outstanding, the then current rating of the Class B Unwrapped Bonds or, if there are no Class A Bonds and no Class B Unwrapped Bonds outstanding, the then current shadow rating of the Class B Wrapped Bonds) is downgraded or placed under review for possible downgrade by the Rating Agencies, then the relevant Hedge Counterparty will either: (i) provide collateral for its obligations, (ii) arrange for its rights and obligations under the relevant Hedging Agreement to be transferred to an appropriate third party with the required credit ratings; (iii) arrange for the appointment of a co-obligor in respect of the obligations of the relevant Hedge Counterparty or take such other action as will result in the rating of the relevant Bonds then outstanding following the taking of such action being rated no lower than the rating of the relevant Bonds immediately prior to such downgrade; or (iv) take such other action that will result in the rating of the relevant Bonds being maintained or restored to the level they would have been at immediately prior to such downgrade. If the relevant Hedge Counterparty does not take the measures described above, such failure shall constitute an Additional Termination Event with respect to the relevant Hedge Counterparty. The Issuer and the Security Trustee shall endeavour to put into place credit support documentation as may satisfy the Rating Agencies with respect to the operation and management of the collateral provided pursuant to (i) above and enter into such documents as may reasonably be requested by the relevant Hedge Counterparty in connection with the provision of such collateral.

Notwithstanding any other provision of schedule 8 of the CTA but without prejudice to paragraph 13 of schedule 8 of the CTA, if a Permitted Exchange or Permitted Tender of non-sterling denominated Bonds has reduced the currency risk of the Anglian Water Services Financing Group in respect of non-sterling denominated debt instruments, the Anglian Water Services Financing Group shall either (a) terminate any relevant existing Currency Hedging Agreement (in whole or in part) in accordance with (i) the terms of the CTA and the STID and (ii) either the terms of such Currency Hedging Agreement or consensually by the parties thereto, (b) enter into a further Currency Hedging Agreement to off-set (in whole or in part) such Currency Hedging Agreement or (c) modify any existing Currency Hedging Agreement in accordance with (i) the terms of the CTA and the STID and (ii) either the terms of such Currency Hedging Agreement or consensually by the parties thereto ((a), (b) and (c), together or separately the "**FX Swap Modification**"), provided that:

(c) the effect of a FX Swap Modification shall be that the Anglian Water Services Financing Group would no longer be overhedged as a result of reduced currency risk in respect of non-sterling currency denominated debt instruments that have been redeemed, exchanged or cancelled pursuant to such Permitted Exchange or Permitted Tender;

(d) to the extent that a FX Swap Modification is funded from the proceeds of Financial Indebtedness, is by way of entry into of a further Currency Hedging Agreement or is by way of modification of a Currency Hedging Agreement (the portion of such Financial Indebtedness the proceeds of which are used to fund such FX Swap Modification or the liabilities of the Anglian Water Services Financing Group in respect of such further Currency Hedging Agreement or modified Currency Hedging Agreement, the "**FX Swap Modification Liabilities**"):

    (i) such FX Swap Modification Liabilities shall rank *pari passu* with, or junior to, the Currency Hedging Agreement that is the subject of the FX Swap Modification; and

    (ii) the Tenor of such FX Swap Modification Liabilities shall be no shorter than the Termination Date (as defined in the relevant Currency Hedging Agreement). For the purposes of this paragraph (b)(ii), "Tenor" means the earliest of:

        (A) the date of legal maturity of such FX Swap Modification Liabilities;

        (B) in the case of such FX Swap Modification Liabilities being Bonds, the date on which the Issuer, as issuer of such Bonds, may exercise any early redemption option in accordance with the Conditions of such FX Swap Modification Liabilities; and

        (C) in the case of such FX Swap Modification Liabilities being Bonds, the date that such FX Swap Modification Liabilities would, in the ordinary course, be expected to be repaid in full as a result of a scheduled increase in margin or coupon or other extraordinary payment being required to keep such FX Swap Modification Liabilities outstanding;

(e) such FX Swap Modification shall be conducted as soon as commercially practicable for the Anglian Water Services Financing Group and no later than a period of 30 Business Days after the completion of the relevant Permitted Exchange or relevant Permitted Tender; and

(f) no Trigger Event, no Event of Default and no Potential Event of Default would, taking into consideration the relevant Permitted Exchange or Permitted Tender, occur as a result of such FX Swap Modification.

10 Other Transaction Documents

10.1 Account Bank Agreement

Pursuant to the Account Bank Agreement, Barclays Bank PLC (the "**Account Bank**") of 1 Churchill Place, London, E14 5HP agreed to hold the Accounts and operate them in accordance with the instructions of the Cash Manager. The Cash Manager manages the Accounts on behalf of the Anglian Water Services Financing Group pursuant to the CTA (see section 5, "*Cash Management*" above).

10.2 Tax Deed of Covenant

Under the terms of the original Tax Deed of Covenant entered into on 30 July 2002 (the "**Original Tax Deed of Covenant**"), each Obligor gave certain representations and covenants as to its tax status and to the effect that it had not taken and, save in certain permitted circumstances, would not take any steps which might reasonably be expected to give rise to a liability to tax for an Obligor which is primarily the liability of another person. AWG plc (now known as AWG Parent Co Limited) covenanted and represented that it had not taken and would not take any steps that might cause the Obligors to breach such covenants and representations.

Following the acquisition of AWG Parent Co Limited (then known as AWG plc) by Osprey, each of the parties to the Original Tax Deed of Covenant, AWGL (then known as Osprey Jersey Holdco Limited), Osprey Holdco Limited and Osprey (each of Osprey Holdco Limited and Osprey being a wholly-owned, direct and indirect (respectively), subsidiary of AWGL and, together with AWG plc (now known as AWG Parent Co Limited) and AWGL the "**Tax Deed Covenantors**") entered into the first replacement tax deed of covenant on 7 December 2006 (the "**First Replacement Tax Deed of Covenant**") which, with effect from 7 December 2006, replaced the Original Tax Deed of Covenant on substantially the same terms as the Original Tax Deed of Covenant. Under the First Replacement Tax Deed of Covenant certain of the obligations of AWG plc (now known as AWG Parent Co Limited) under the Original Tax Deed of Covenant are instead assumed by the Tax Deed Covenantors or by AWGL. In addition, there are provisions that require AWG plc (now known as AWG Parent Co Limited) to indemnify the other Tax Deed Covenantors against any liability they may incur as a result of breaches of the covenants and representations given by the Obligors which refer to events occurring on or before 7 December 2006.

With a view to avoiding a liability to tax for an Obligor which is primarily the liability of another person, the Tax Deed Covenantors and each Obligor under the First Replacement Tax Deed of Covenant incur certain obligations in relation to specified disposal events and any change in tax residence of the Obligors. For example, the First Replacement Tax Deed of Covenant provides that if (other than in compliance with an obligation the Obligor incurs under a Finance Document or in respect of any disposal by an Obligor required in connection with the Permitted

Reorganisation) an Obligor intends to dispose of any of its material assets to another person, Osprey's parent company can be required, as a condition of that disposal, to deposit an amount in a trust account equal to the estimated tax liability (if any) arising or likely to arise in the Obligor as a result of the disposal. The money deposited could then be used to pay the tax liability of the Obligor if the Obligor failed to pay the liability itself.

10.3 Deed of Indemnity

In connection with the aim to avoid a liability to tax for an Obligor which is primarily the liability of another person, following the acquisition of AWG Parent Co Limited (then known as AWG plc) by Osprey, each of the Covenantors has agreed, pursuant to the Deed of Indemnity entered into on 7 December 2006 in connection with the acquisition, that in the event that any Obligor is or becomes liable in respect of UK tax for which any member or a former member of that Covenantor's group is primarily liable, the Covenantor shall, among others things, discharge such tax liability and/or indemnify such Obligor against any amounts paid by it in respect of such tax liability.

Anglian Water had established a Tax Reserve Account and the Tax Deed Covenantors have agreed to procure that the requisite balance is maintained in the Tax Reserve Account in addition (to the extent necessary) to procuring letters of credit (each a "**Letter of Credit**") and/or tax reserve guarantees (each a "**Tax Reserve Guarantee**") with an aggregate total value at all times at least equal to £100 million (of which at least £40 million must consist of cash balances in the Tax Reserve Account and/or certain permitted investments). The Tax Reserve Account, drawings under the Letter(s) of Credit and/or calls under any Tax Reserve Guarantee may be used to meet UK tax liabilities of the Obligors arising in the circumstances described above. See also section 5.9, "*Tax Reserve Account*" above.

10.4 Class B Deed Poll

Pursuant to the terms of the Class B Deed Poll and notwithstanding the ability to incur Class B Debt in accordance with the terms of the other Finance Documents, the Issuer and AWS each undertakes to the Security Trustee (for the benefit of all the Secured Creditors) that, on and from the date of the Class B Deed Poll, none of them will issue, raise, borrow or otherwise be a debtor in respect of any new Class B Debt at any time following the date of the Class B Deed Poll (the "**Class B Debt Incurrence Restriction**").

In addition, AWS agrees in the Class B Deed Poll to further calculate and include in each Compliance Certificate (in addition to the ratios required to be provided pursuant to the CTA) the following ratios (the "**Additional Financial Covenants**") which are to be calculated as at each Calculation Date:

(a) the Additional Senior RAR for any Test Period is or is estimated to be more than 0.75:1;

(b) the Additional Conformed Senior PMICR for any Test Period is or is estimated to be less than 1.3:1; and

(c) the Additional Conformed Senior Average PMICR is or is estimated to be less than 1.4:1,

where:

"**Additional Senior RAR**" means the ratio of Senior Net Indebtedness to RAV;

"**Additional Conformed Senior PMICR**" means the ratio of Net Cash Flow less the greater of (a) Depreciation and (b) Capital Maintenance Expenditure for each Test Period to Senior Debt Interest for the same Test Period; and

"**Additional Conformed Senior Average PMICR**" means the sum of the ratios of Net Cash Flow less the greater of (a) Depreciation and (b) Capital Maintenance Expenditure to Senior

Debt Interest for each of the Test Periods comprised in a Rolling Average Period divided by three.

AWS also agrees in the Class B Deed Poll that, at any time where the ratios set out in the Additional Financial Covenants are not met, it shall not make any Restricted Payments other than to the extent such Restricted Payment is made to another Obligor where such Obligor agrees that it will not make a subsequent Restricted Payment to a person which is not an Obligor, using such monies.

Conditions of the Notes

The following are the Conditions of the Notes which, as amended, supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement, will be applicable to a particular Tranche of Notes. References to the 'Pricing Supplement' in these Conditions do not limit the provisions which may be amended, supplemented, modified or replaced by the relevant Pricing Supplement in relation to a particular Series of Notes.

The Notes are constituted by the AUD Note Trust Deed dated on or about 1 September 2026 executed by Anglian Water Services Financing Plc (incorporated with limited liability in England and Wales with registered number 4330322) (the ***Issuer***), Anglian Water Services Limited (incorporated with limited liability in England and Wales with registered number 2366656) (***AWS*** or ***Anglian Water***), Anglian Water Services Holdings Limited (incorporated with limited liability in England and Wales with registered number 4330144) (***AWS Holdings***) and Anglian Water Services UK Parent Co Limited (incorporated with limited liability in England and Wales with registered number 11294507) (***AWS UK Parent Co***) (the ***Guarantors***) (together with the Issuer, the ***Anglian Water Services Financing Group***) and BNY Trust Company of Australia Limited (ABN 49 050 294 052) (the ***AUD Note Trustee***) (the ***AUD Note Trust Deed***).

Each Noteholder, and each person claiming through or under each Noteholder, is bound by and is deemed to have notice of, all the provisions contained in the AUD Note Trust Deed and these Conditions (including the relevant Pricing Supplement). Each such person is also deemed to have notice of the Information Memorandum (as defined below) and of each of the Security Trust and Intercreditor Deed (***STID***), the Security Agreement, the Tax Deed of Covenant and the Common Terms Agreement (***CTA***) (each as defined in the Master Definitions Agreement referred to below) and the Master Definitions Agreement (as defined below).

Each Obligor (as defined below) has, on 30 July 2002, entered into the security agreement (the "**Security Agreement**") with Deutsche Trustee Company Limited as security trustee (the "**Security Trustee**"), pursuant to which each Obligor guarantees the obligations of each other Obligor under the Finance Documents to the Security Trustee as security trustee for the Secured Creditors and grants certain fixed and floating charge security (the "**Security**") to the Security Trustee for itself and on behalf of the AUD Note Trustee (for itself and on behalf of the Noteholders), the Bond Trustee (for itself and on behalf of the Bondholders (other than the USPP 2001 Bondholders), the Bondholders, the Initial Financial Guarantor, the Existing Finance Lessor, the Existing Hedge Counterparties, the Issuer, the Initial Authorised Credit Facility Agent, the Initial Authorised Credit Facility Arrangers, the Original Lenders, the Liquidity Facility Agent, the O&M Reserve Facility Provider, the Debt Service Reserve Liquidity Providers, the Account Bank, the Cash Manager, the Agent Bank, the Principal Paying Agent, the Registrar, the Exchange Agent and the Transfer Agents (each as defined in the Master Definitions Agreement) together with any receiver and any additional creditor of the AWS Financing Group which accedes to the STID and the Common Terms Agreement (together, the "**Secured Creditors**").

The Obligors have also entered into the STID dated 30 July 2002 (as amended) with, inter alios, the Security Trustee and the other Secured Creditors pursuant to which the Security Trustee holds the Security on trust for the Secured Creditors and the Secured Creditors agree to certain intercreditor arrangements.

The Issuer has entered or may enter into liquidity facility agreements (together, the "**Liquidity Facility Agreements**") with certain liquidity facility providers (together, "**Liquidity Facility Providers**"), pursuant to which the Liquidity Facility Providers agree to make certain facilities available to meet debt service liquidity shortfalls and shortfalls in projected operating and maintenance expenditure of the AWS Financing Group.

The Issuer has entered or may enter into a bank lending facility or an authorised loan agreement (the "**Authorised Loan Agreement**") with, inter alios, certain lenders who agree to make certain facilities available to the Issuer for the purposes of funding certain working capital, capital expenditure and other expenses.

The Issuer has entered or may enter into certain currency and interest-rate hedging agreements and other derivative transactions (together, the "**Hedging Agreements**") with certain hedge counterparties (together, the "**Hedge Counterparties**"), pursuant to which the Issuer hedges certain of its currency and interest-rate obligations.

The Obligors have entered into the CTA dated 30 July 2002 (as amended) with, inter alios, the Security Trustee and the other Secured Creditors, which contains certain representations and covenants of the Issuer and the other Obligors and events of default relating to, *inter alia*, the Notes.

The Issuer has entered into intercompany loan arrangements (the "**Intercompany Loan Arrangements**") under which the Issuer agreed to make available loan facilities and other financial accommodation to AWS.

Electronic copies of the AUD Note Trust Deed, the CTA, the STID, the Security Agreement, each Liquidity Facility Agreement, each Hedging Agreement, each Authorised Loan Agreement, the New Finance Lease, the I&I Agreements and the Master Definitions Agreement may be made available by the AUD Note Trustee to any Noteholder upon request, subject to the Noteholder providing proof of its holdings to the AUD Note Trustee.

1 Interpretation

1.1 Definitions

The following words have these meanings in these Conditions unless the contrary intention appears. In addition, each term defined in the Master Definitions Agreement which is not defined in these Conditions is incorporated by reference in these Conditions and has the meaning given to it in the Master Definitions Agreement.

Additional Amount has the meaning given to that term in Condition 8.

Agency Agreement means:

(a) the Agency and Registry Services Agreement dated on or about 1 September 2026 between the Issuer, the Guarantors and BTA Institutional Services Australia Limited as the Issuing Agent and Registrar, as amended or supplemented from time to time;

(b) any other agreement between the Issuer, the Guarantors and an Agent for agency and registry services for the Notes; and

(c) any other agency agreement between the Issuer, the Guarantors and an Agent in connection with the issue of Notes.

Agent means any Registrar, Issuing Agent and Calculation Agent and any additional agent appointed by the Issuer and the Guarantors under any Agency Agreement in connection with any issue of Notes, or any of them as the context requires.

Alternate Financial Institution means a bank or financial institution which is an Australian Prudential Regulatory Authority authorised deposit taking institution that is authorised to carry on banking business in Australia pursuant to the *Banking Act 1959* (Cth).

Anglian Water AMTN Note Trust means the 'Anglian Water AMTN Note Trust' (as defined in the AUD Note Trust Deed).

Anglian Water Services or ***AWS*** means Anglian Water Services Limited, a private limited company incorporated in England and Wales with registered number 2366656.

AONIA Rate is defined in Condition 3.12.

AUD Finance Documents means in respect of a Series and a Tranche, the AUD Note Trust Deed, the Agency Agreement, and the relevant Pricing Supplement as amended and replaced from time to time.

AUD Note Trust Deed means:

(a) the trust deed entitled "Anglian Water - AUD Note Trust Deed" dated on or about 1 September 2026; and

(b) such other trust deed or deed poll pursuant to which Notes are issued,

in each case, entered into by the Issuer and the Guarantors.

AUD Note Trustee means BNY Trust Company of Australia Limited in its capacity as trustee of the Anglian Water AMTN Note Trust or any other entity (or entities) appointed by the Issuer and the Guarantors under the relevant AUD Note Trust Deed from time to time.

Austraclear means Austraclear Ltd (ABN 94 002 060 773) or its successor.

Austraclear Regulations means the regulations known as the "Austraclear Regulations", together with any instructions or directions, established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System and binding on the participants in that system.

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of the system.

Australian Dollars or A$ means the lawful currency of the Commonwealth of Australia from time to time.

Authorised Signatory means any person who is duly authorised by any Obligor (such authorisation not having been withdrawn by notice in writing) and in respect of whom a certificate has been provided to the AUD Note Trustee signed by a director of that Obligor setting out the name and signature of that person and confirming such person's authority to act.

BBSW Rate is defined in Condition 3.12.

Benchmark Rate means, for a Floating Rate Note and for an Interest Period, either BBSW Rate or AONIA Rate as specified in the relevant Pricing Supplement or such other rate so specified in the relevant Pricing Supplement.

Business Day means a day on which:

(a) banks are open for general banking business in London and Sydney or any other city specified in the relevant Pricing Supplement as a 'Relevant Business Centre', not being a Saturday, Sunday or public holiday in any such place; and

(b) if a Note to be held in the Austraclear System is to be issued or a payment is to be made through the Austraclear System in respect of a Note, and/or any other clearing system specified in the relevant Pricing Supplement, a day on which Austraclear and/or such other clearing system is open for business.

Business Day Convention means, in respect of a Note, the convention specified in the relevant Pricing Supplement, for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term Business Day Convention and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

(a) if ***following*** is specified, that date will be the following Business Day;

(b) if ***floating*** is specified, that date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:

(i) that date will be the preceding Business Day; and

(ii) each subsequent Interest Payment Date will be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the relevant Pricing Supplement after the preceding Interest Payment Date occurred;

(c) if ***modified follow***ing ***or modified*** is specified, that date will be the following Business Day unless that day falls in the next calendar month, in which case that date will be the preceding Business Day; and

(d) if ***preceding*** is specified, that date will be the preceding Business Day.

If no convention is specified in the relevant Pricing Supplement, the following Business Day Convention applies.

Calculation Agent means, in respect of a Note, the Issuing Agent or any other person specified in the relevant Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions.

Conditions means, in relation to a Note, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Note.

Corporations Act means the *Corporations Act 2001* (Cth).

Day Count Basis means in respect of the calculation of an amount of interest on any Interest Bearing Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (***Calculation Period***) the day count basis specified in the relevant Pricing Supplement and:

(a) if ***Actual/365*** or ***Actual/Actual*** is specified, the actual number of days in the Calculation Period in respect of which payment is being made (being inclusive of the first day, but exclusive of the last day, of that Calculation Period) divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of

(i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(b) if ***Actual/365 (Fixed)*** is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

(c) if ***30/360*** or ***Bond Basis*** is specified, the number of days in the Calculation Period in respect of which payment is being made (being inclusive of the first day, but exclusive of the last day, of that Calculation Period) divided by 360; the number of days to be calculated as follows:

$$\text{Day Count Basis} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

'$\mathbf{Y_1}$' is the year, expressed as a number, in which the first day of the Calculation Period falls;

'$\mathbf{Y_2}$' is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

'**M_1**' is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

'**M_2**' is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

'**D_1**' is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

'**D_2**' is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(d) if ***RBA Bond Basis*** or ***Australian Bond Basis*** is specified, one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of: (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)); or

(e) such other basis as may be specified in the relevant Pricing Supplement as being the applicable basis for the calculation of the amount of interest in respect of a Series of Notes.

Electronic Means means the following communications methods:

(a) non-secure methods of transmission or communication such as e-mail and facsimile transmission; and

(b) secure electronic transmission containing applicable authorisation codes, passwords and/or authentication keys issued by the AUD Note Trustee, Issuing Agent and/or Registrar (as applicable) or another method or system specified by the AUD Note Trustee, Issuing Agent and/or Registrar (as applicable) as available for use in connection with its services hereunder.

Event of Default means an event specified in Condition 10.

Excluded Tax means a Tax imposed by a jurisdiction on the net income of a Noteholder because the Noteholder has a connection with that jurisdiction, but not a Tax:

(a) calculated by reference to the gross amount of a payment (without the allowance of a deduction); or

(b) imposed because the Noteholder is taken to be connected with that jurisdiction solely because it is a Noteholder.

Extraordinary Resolution has the meaning given to it in the AUD Note Trust Deed.

FATCA means:

(a) sections 1471 to 1474 of the United States of America Internal Revenue Code of 1986 or any associated regulations or other official guidance;

(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) any agreement under the implementation of paragraphs (a) or (b) above with the Internal Revenue Service of the United States of America, the government of the United States of America or any governmental or taxation authority in any other jurisdiction.

Finance Documents means:

(a) the 'Finance Documents' as defined in the Master Definitions Agreement; and

(b) the AUD Finance Documents.

Fixed Rate Note means a Note that bears interest at a fixed rate, as specified in the relevant Pricing Supplement.

Floating Rate Note means a Note that bears interest at a floating or variable rate, as specified in the relevant Pricing Supplement.

Government Agency means any government or any governmental, semi-governmental or judicial entity or authority of any jurisdiction or any political subdivision. It also includes any self-regulatory organisation established under statute or any stock exchange.

Information Memorandum means, in respect of a Note, the information memorandum referred to in the relevant Pricing Supplement.

Instrument of Appointment means the instrument of appointment dated August 1989 under sections 11 and 14 of the Water Act 1989 (as in effect on 1 August 1989) under which the Secretary of State for the Environment appointed AWS as a water and sewerage undertaker under that act for the areas described in the instrument of appointment, as modified or amended from time to time.

Interest Accrual Date means, in relation to an Interest Bearing Note, the date specified in the relevant Pricing Supplement as the date on and from which interest accrues on that Note.

Interest Amount means, in relation to an Interest Bearing Note and an Interest Period, the amount of interest payable in respect of the Interest Bearing Note for that Interest Period as determined under Condition 3.4.

Interest Bearing Note means a Fixed Rate Note, Floating Rate Note or any Other Note which is specified in the relevant Pricing Supplement as bearing interest.

Interest Payment Date means, in relation to an Interest Bearing Note, each date specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement as a date on which a payment of interest on that Note is due and as adjusted, if necessary, for the purpose of payment or for the calculation of interest for Floating Rate Notes, in accordance with the Business Day Convention.

Interest Period means, in relation to an Interest Bearing Note, the period from and including an Interest Payment Date (or, in the case of the first period, the Interest Accrual Date) to but excluding the next Interest Payment Date, provided that the final Interest Period shall end on (but exclude) the Maturity Date (or, if the Note is redeemed earlier, the date on which it is or is required to be redeemed).

Interest Rate means, in relation to an Interest Bearing Note, the rate of interest (expressed as a per cent per annum) payable in respect of the Interest Bearing Note specified in, or calculated or determined in accordance with the provisions of, these Conditions and the relevant Pricing Supplement.

Issue Date means, in relation to a Note, the date recorded or to be recorded in the Register as the date on which the Note is issued and as may be specified, or determined, in accordance with, the Pricing Supplement.

Issue Price means, in relation to a Note, the issue price specified in, or calculated or determined in accordance with the provisions of, the relevant Pricing Supplement for that Note.

Issuer means Anglian Water Services Financing Plc (incorporated in England and Wales with registered number 4330322).

Issuing Agent means BTA Institutional Services Australia Limited (ABN 48 002 916 396) in its capacity as issuing and paying agent or any other issuing and paying agent specified in the relevant Pricing Supplement or appointed by the Issuer and the Guarantors from time to time in accordance with these Conditions.

Margin means the 'Margin' as specified in or determined in accordance with the relevant Pricing Supplement.

Master Definitions Agreement means the master definitions agreement entered into by, amongst others, the Issuer and dated 30 July 2002, as amended or supplemented from time to time.

Maturity Date means, in relation to a Note, the date specified in the relevant Pricing Supplement as the Maturity Date (and as adjusted in accordance with the Business Day Convention).

Meeting Provisions means the provisions for the convening of meetings and passing of resolutions by Noteholders set out in the AUD Note Trust Deed.

Note means a debt obligation specified in the relevant Pricing Supplement and issued by the Issuer which is constituted by and owing under the AUD Note Trust Deed and guaranteed pursuant to the provisions of the Finance Documents, title to which is recorded in and evidenced by an inscription in the Register and includes an interest or right in the Note. All references to 'Notes' must, unless the context otherwise requires, be read and construed as references to the Notes of a particular Series.

Noteholder means a person whose name is for the time being entered in the Register as a holder of a Note, and when a Note is entered into the Austraclear System it includes Austraclear. It includes, except in the case of a payment obligation, an investor with an interest or right in a Note through another person or intermediary.

Obligors means AWS, AWS Holdings, AWS UK Parent Co (for so long as they remain Guarantors) and the Issuer.

Ordinary Resolution has the meaning given to it in the AUD Note Trust Deed.

Outstanding Principal Amount means, in relation to a Note, the principal amount outstanding on that Note from time to time.

Other Note means a Note (other than a Fixed Rate Note or Floating Rate Note) having the features agreed at the time of issue and set out in the relevant Pricing Supplement.

Pricing Supplement means, in relation to any Notes of a Tranche or Series, the pricing supplement prepared in relation to those Notes and confirmed in writing by the Issuer and the Guarantors.

Record Date means 5.00pm in the place where the Register is maintained on the date which is eight calendar days before the payment date or other relevant date, or any other date so specified in the relevant Pricing Supplement.

Redemption Amount means, in relation to a Note, the Outstanding Principal Amount as at the date of redemption or such other redemption amount as may be specified in or calculated or determined in accordance with the provisions of the relevant Pricing Supplement or these Conditions.

Register means a register of Noteholders maintained by the Registrar on behalf of the Issuer in which is entered the name and address of Noteholders whose Notes are carried on that Register, the amount of Notes held by each Noteholder and the Tranche, Series, Issue Date and transfer of those Notes and any other particulars which the Issuer or the Registrar sees fit.

Registrar means BTA Institutional Services Australia Limited (ABN 48 002 916 396) in its capacity as registrar of the Notes or such other person appointed by the Issuer and the Guarantors to establish and maintain the Register on the Issuer's behalf from time to time.

Regulations means the Austraclear Regulations, or the terms and conditions and operating procedures of any other clearing system in which the Notes are held from time to time.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Business Centre in respect of a Note, has the meaning given in the relevant Pricing Supplement.

Relevant Jurisdiction means the Issuer's jurisdiction of incorporation.

Secured Creditors has the meaning given to it in the Master Definitions Agreement, and includes the AUD Note Trustee for itself and on behalf of the Noteholders and the Agents upon and from the date on which the accession of the AUD Note Trustee becomes effective in accordance with the STID.

Security Record has the meaning given to it in the Austraclear Regulations.

Series means Notes having identical terms except that the Issue Date, the Issue Price and the amount of the first payment of interest may be different in respect of different Tranches it comprises, or as otherwise agreed and referred to in the relevant Pricing Supplement as being a Series.

Specified Office means, in respect of a person, the office specified in the Information Memorandum or any other address notified to Noteholders from time to time.

Standstill Event means an event giving rise to a Standstill in accordance with the STID.

Tax or ***Taxes*** means any taxes, levy, imposts, duty or other charges, or withholdings of a similar nature imposed by a Government Agency (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Tranche means Notes issued on the same Issue Date the terms of which are identical in all respects or as otherwise agreed and referred to in the relevant Pricing Supplement as being a Tranche.

Transfer and Acceptance Form means such form as the Registrar adopts in line with the then current market practice to effect a transfer of Notes.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

(a) The singular includes the plural and the converse.

(b) A gender includes all genders.

(c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

(d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.

(e) A reference to a Condition, annexure or schedule is a reference to a Condition of, or annexure or schedule to, these Conditions.

(f) A reference to a party to an agreement or document includes the party's successors and permitted substitutes or assigns.

(g) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

(h) A reference to ***writing*** includes an email and any means of reproducing words in a tangible and permanently visible form, and for the purposes of any party giving notice, includes any electronic transmission.

(i) A reference to ***conduct*** includes an omission, statement or undertaking, whether or not in writing.

(j) A reference to an ***authorisation*** includes an authorisation, consent, approval, resolution, license, exemption, filing, registration or notarisation.

(k) The meaning of terms is not limited by specific examples introduced by including, or for ***example***, or similar expressions.

(l) A reference to ***law*** includes common law, principles of equity and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them).

(m) A reference to ***directive*** is a reference to a treaty, official directive or regulation having the force of law.

(n) All references to ***time*** are to Sydney time.

(o) A reference to a Note is a reference to a Note of a particular Series specified in the relevant Pricing Supplement.

(p) A reference to a Noteholder is a reference to the holder of Notes of a particular Series.

(q) A reference to a Pricing Supplement is a reference to the Pricing Supplement applicable to the Notes of the particular Tranche specified in that Pricing Supplement.

(r) A reference to a particular date on which a payment is to be made is a reference to that date adjusted in accordance with the applicable Business Day Convention (provided that in the case of Fixed Rate Notes only, such adjustment shall be for the purposes of payment but not accrual).

1.3 Document or agreement

A reference to:

(a) an ***agreement*** includes a guarantee, undertaking, deed, agreement or legally enforceable arrangement whether or not in writing; and

(b) a ***document*** includes an agreement (as so defined) in writing or a certificate, notice, instrument or document.

A reference to a specific agreement or document includes it as amended, novated, supplemented or replaced from time to time, except to the extent prohibited by any Finance Document.

1.4 References to principal and interest

Unless the contrary intention appears, in these Conditions:

(a) any reference to “principal” is taken to include the Redemption Amount, any Additional Amounts in respect of principal which may be payable under Condition 8 ("Taxation"), any premium payable by the Issuer in respect of a Note, and any other amount in the nature of principal payable in respect of the Notes under these Conditions;

(b) the principal amount of a Note which may vary by reference to a schedule or formula (where such determination has been previously made in accordance with these Conditions) is taken as at any time to equal its varied amount;

(c) any reference to “interest” is taken to include any Additional Amounts in respect of interest and any other amount in the nature of, or in substitution for, interest payable in respect of the Notes under these Conditions; and

(d) if a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the meeting is to be held, are not to be counted in calculating that period.

2 Form, Title and Status of the Notes

2.1 Form

(a) Each Note is issued in registered form by inscription in the Register.

(b) Each Note is a separate debt obligation of the Issuer constituted by, and owing under, the AUD Note Trust Deed and may (subject to Condition 5.3) be transferred separately from any other Note.

(c) Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the AUD Note Trust Deed.

2.2 Registered owners

(a) The person whose name is inscribed in the Register as the registered owner of any Note from time to time will be treated by the Issuer, the AUD Note Trustee, the Issuing Agent and the Registrar as the absolute owner of such Note for all purposes whether or not any payment in relation to such Note is overdue and regardless of any notice of ownership, trust or any other interest inscribed in the Register subject to rectification for fraud or manifest or proven error. Two or more persons registered as Noteholders are taken to be joint holders with right of survivorship between them. None of the Issuer, the AUD Note Trustee or the Registrar is, except as required by order of a court of competent jurisdiction or as provided by statute, obliged to take notice of any claim to or in respect of a Note other than that of the registered owner.

(b) Upon a person acquiring title to a Note by virtue of becoming registered as the owner of that Note, all rights and entitlements arising by virtue of the AUD Note Trust Deed in respect of that Note vest absolutely in the registered owner of the Note, so that no person who has previously been registered as the owner of the Note nor any other person has or is entitled to assert against the Issuer, the AUD Note Trustee or the Registrar or the registered owner of the Note for the time being and from time to time any rights, benefits or entitlements in respect of the Note.

2.3 Denomination

Notes will be denominated in Australian Dollars, unless as otherwise stated in the relevant Pricing Supplement, and issued in minimum denominations of A$10,000 or such other denominations as set out in the relevant Pricing Supplement.

2.4 Inscription conclusive

Each inscription in the Register in respect of a Note is:

(a) sufficient and conclusive evidence to all persons and for all purposes that the person whose name is so inscribed is the registered owner of the Note;

(b) evidence for the benefit of the relevant Noteholder, that a separate and individual acknowledgement by the Issuer of its indebtedness to that person is constituted by the AUD Note Trust Deed and of the vesting in such person of all rights vested in a Noteholder by the AUD Note Trust Deed; and

(c) evidence that the person whose name is so inscribed is entitled to the benefit of an unconditional and irrevocable undertaking by the Issuer constituted by the AUD Note Trust Deed that the Issuer will make all payments of principal, interest (if any) and any other amounts in respect of the Note in accordance with these Conditions.

2.5 Manifest or proven errors

The making of, or the giving effect to, a manifest or proven error in an inscription into the Register will not avoid the constitution, issue or transfer of a Note. The Issuer will procure that the Registrar must correct any manifest or proven error of which it becomes aware.

2.6 No certificate

(a) Without limiting paragraph (b), no certificate or other evidence of title shall be issued by or on behalf of the Issuer to evidence title to a Note unless the Issuer determines that certificates should be made available or that it is required to do so under any applicable law or regulation.

(b) The Issuer agrees, on request by a Noteholder, to procure the Registrar to provide (and the Registrar agrees to provide) to the Noteholder a certified extract of the particulars entered on the Register in relation to that Noteholder and the Notes held by it.

2.7 Status

(a) The Notes are direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 2.8 and rank pari passu without any preference among themselves.

(b) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

(c) The debt outstanding under the Notes is 'Class A Debt' for the purposes of the STID.

2.8 Security

Under the Security Agreement, each Obligor guarantees the obligations of each other Obligor under the Finance Documents, in each case, to the Security Trustee for itself and on behalf of the Secured Creditors (including, without limitation, the AUD Note Trustee for itself and on behalf of the Noteholders), and secures such obligations upon the whole of its property, undertaking, rights and assets, subject to certain specified exceptions and, in the case of Anglian Water Services, to the terms of the Instrument of Appointment and any requirements thereunder or the Act.

3 Interest

3.1 Application

Notes may be interest bearing on a fixed or floating rate basis or non-interest bearing, or a combination of any of the foregoing, as specified in the relevant Pricing Supplement.

3.2 Period of accrual of interest

Interest accrues on Interest Bearing Notes from (and including) the relevant Interest Accrual Date at the applicable Interest Rate. Interest ceases to accrue on such Notes from (and including) the relevant Maturity Date (or, if earlier, the date on which such Notes are redeemed in full) unless default is made in the payment of any principal amount in respect of such Notes. In that event any overdue principal of an Interest Bearing Note continues to bear interest at the default rate specified in the relevant Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate), both before and after any judgment, until it is paid in full to the relevant Noteholder.

3.3 Interest Payment Dates

The Interest Amount which has accrued on a Note is payable in arrear on each Interest Payment Date.

3.4 Calculation of Interest Amount

The Interest Amount must be calculated by the Calculation Agent by applying the Interest Rate to the Outstanding Principal Amount of each applicable Interest Bearing Note, multiplying such sum by the relevant Day Count Basis for the relevant Interest Period and rounding (with halves being rounded up) the resultant figure to, in the case of Australian Dollars, the nearest cent and in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency.

3.5 Notification of Interest Rate and Interest Amount

The Calculation Agent will notify the Issuer, the Noteholders, the AUD Note Trustee, the Registrar, each other Agent and any stock or securities exchange or other relevant authority on which the Notes are listed, quoted or traded of the Interest Rate, the Interest Amount and the relevant Interest Payment Date.

Notice is to be given as soon as practicable after the Calculation Agent makes the relevant determination. However, notice of the Interest Rate, the Interest Amount and the relevant Interest Payment Date is to be given by the fourth day of the relevant Interest Period.

The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the AUD Note Trustee, the Noteholders, the Registrar, each other Agent and each stock or securities exchange or other relevant authority on which the Notes are listed, quoted or traded after doing so.

3.6 Notification, etc. to be final

Except as provided in Condition 3.5, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Calculation Agent are (in the absence of wilful default, bad faith or manifest or proven error) binding on the Issuer, the AUD Note Trustee, the Issuing Agent, the Registrar, each other Agent and all Noteholders and no liability to the AUD Note Trustee or the Noteholders attaches to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions or to the Issuer in connection with any direction to the Calculation Agent for the appointment of an Alternative Financial Institution in the circumstances contemplated under Condition 3.10.

3.7 Default interest payable on non-interest bearing Notes

If, on the relevant Maturity Date for an Other Note which is non-interest bearing, any Outstanding Principal Amount is not paid for value on that day, interest will accrue on the unpaid amount at a rate per annum (expressed as a percentage per annum) equal to the rate specified for such purpose in the relevant Pricing Supplement.

3.8 Floating Rate Notes

If the Pricing Supplement specifies the Interest Rate applicable to that Tranche of Notes as being 'Floating Rate', the Interest Rate applicable to such Notes during each Interest Period will be the sum of the Margin and the Benchmark Rate, each as specified in the relevant Pricing Supplement.

3.9 Maximum or Minimum Interest Rate

If the Pricing Supplement in respect of a Tranche of Notes being designated 'Floating Rate' specifies a 'Maximum Interest Rate' or 'Minimum Interest Rate' for any Interest Period, the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified. If no rate is specified, the Minimum Interest Rate shall be zero. For the avoidance of doubt, the Interest Rate will be determined by the Margin plus the Benchmark Rate.

3.10 Benchmark Rate Determination

(a) Where BBSW Rate Determination or AONIA Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Interest Rate is to be determined for each Interest Period, the Interest Rate applicable to the Floating Rate Notes for each such Interest Period is the sum of the Margin and either (x) the BBSW Rate or (y) the AONIA Rate as specified in the relevant Pricing Supplement.

(b) Each Noteholder shall be deemed to acknowledge, accept and agree to be bound by, and consents to, the determination of, substitution for and any adjustments made to the BBSW Rate or the AONIA Rate, as applicable, in each case as described in this Condition 3.10 and in Condition 3.11 (Benchmark Rate fallback) below (in all cases without the need for any Noteholder consent). Any determination, decision or election (including a decision to take or refrain from taking any action or as to the occurrence or non-occurrence of any event or circumstance), and any substitution for and adjustments made to, the BBSW Rate or the AONIA Rate, as applicable, and in each case made in accordance with this Condition 3.10 and Condition 3.11, will, in the absence of manifest or proven error, be conclusive and binding on the Issuer, the AUD Note Trustee, the Noteholders and each Agent and, notwithstanding anything to the contrary in these Conditions or other documentation relating to the Notes, shall become effective without the consent of any person.

(c) If the Calculation Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Interest Rate, such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith and in a commercially reasonable manner) or, an Alternate Financial Institution (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion) to so determine.

(d) All rates determined pursuant to this Condition 3.10 and Condition 3.11 shall be expressed as a percentage rate per annum and the resulting percentage will be rounded if necessary to the fourth decimal place (i.e., to the nearest one ten-thousandth of a percentage point) with 0.00005 being rounded upwards.

3.11 Benchmark Rate fallback

If:

(a) a Temporary Disruption Trigger has occurred; or

(b) a Permanent Discontinuation Trigger has occurred, then the Benchmark Rate for an Interest Period, whilst such Temporary Disruption Trigger is continuing or after a Permanent Discontinuation Trigger has occurred, means (in the following order of application and precedence):

(i) where the BBSW Rate is the Applicable Benchmark Rate, if a Temporary Disruption Trigger has occurred with respect to the BBSW Rate, in the following order of precedence:

(A) first, the Administrator Recommended Rate;

(B) then, the Supervisor Recommended Rate; and

(C) lastly, the Final Fallback Rate;

(ii) where the AONIA Rate is the Applicable Benchmark Rate or a determination of the AONIA Rate is required for the purposes of paragraph (i) above, if a Temporary Disruption Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required will be the last provided or published level of AONIA;

(iii) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (i) or (ii) above, if a Temporary Disruption Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required will be the last rate provided or published by the Administrator of the RBA Recommended Rate (or if no such rate has been so provided or published, the last provided or published level of AONIA);

(iv) where BBSW Rate is the Applicable Benchmark Rate, if a Permanent Discontinuation Trigger has occurred with respect to the BBSW Rate, the rate for any day for which the BBSW Rate is required on or after the Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(A) first, if at the time of the BBSW Rate Permanent Fallback Effective Date, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Rate;

(B) then, if at the time of the BBSW Rate Permanent Fallback Effective Date, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and

(C) lastly, if neither paragraph (A) nor paragraph (B) above apply, the Final Fallback Rate;

(v) where the AONIA Rate is the Applicable Benchmark Rate or a determination of the AONIA Rate is required for the purposes of paragraph (iv)(A) above, if a Permanent Discontinuation Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(A) first, if at the time of the AONIA Permanent Fallback Effective Date, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Rate; and

(B) lastly, if paragraph (A) above does not apply, the Final Fallback Rate; and

(vi) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (iv) or (v) above, respectively, if a Permanent Discontinuation Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required on or after that Permanent Fallback Effective Date will be the Final Fallback Rate.

When calculating an amount of interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate or AONIA Rate (as applicable) were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, the amount of interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

3.12 Definitions

For the purposes of Condition 3.10 and Condition 3.11:

Adjustment Spread means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

(a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using practices based on those used for the determination of the Bloomberg Adjustment Spread as at the Issue Date of the first Tranche of the Notes of the relevant Series, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or

(b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Calculation Agent (after consultation with the Issuer where practicable) to be appropriate;

Adjustment Spread Fixing Date means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate;

Administrator means:

(a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);

(b) in respect of AONIA (or where AONIA is used to determine an Applicable Benchmark Rate), the Reserve Bank of Australia; and

(c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

and, in each case, any successor administrator or, as applicable, any successor administrator or provider;

Administrator Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Administrator of the BBSW Rate;

AONIA means the Australian dollar interbank overnight cash rate (known as AONIA);

AONIA Rate means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be Compounded Daily AONIA for that Interest Period and Interest Determination Date plus, if determining the AONIA Rate for the purposes of a fallback from the BBSW Rate, the Adjustment Spread;

Applicable Benchmark Rate means the Benchmark Rate specified in the relevant Pricing Supplement and, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate, then the rate determined in accordance with Condition 3.11

BBSW Rate means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the "AVG MID" on the 'Refinitiv Screen ASX29 Page' or "MID" rate on the 'Bloomberg Screen BBSW Page' (or any designation which replaces that designation on the applicable page, or any replacement page) at the Publication Time on the first day of that Interest Period;

Benchmark Rate means, when used in Conditions 3.9, 3.10 and 3.11, for an Interest Period, either the BBSW Rate or the AONIA Rate as specified in the relevant Pricing Supplement;

Bloomberg Adjustment Spread means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time as the provider of term adjusted AONIA and the spread) (**BISL**) on the Fallback Rate (AONIA) Screen (or by other means), or provided to, and published by, authorised distributors where Fallback Rate (AONIA) Screen means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by BISL;

Compounded Daily AONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Calculation Agent on the Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{AONIA_{i-5\,SBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

$\boldsymbol{AONIA_{i-5SBD}}$ means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Sydney Business Day falling five Sydney Business Days prior to such Sydney Business Day "i";

$\boldsymbol{d}$ is the number of calendar days in the relevant Interest Period;

$\boldsymbol{d_0}$ is the number of Sydney Business Days in the relevant Interest Period;

$\boldsymbol{i}$ is a series of whole numbers from 1 to $\boldsymbol{d_0}$, each representing the relevant Sydney Business Day in chronological order from (and including) the first Sydney Business Day in the relevant Interest Period to (and including) the last Sydney Business Day in such Interest Period; and

$\boldsymbol{n_i}$ for any Sydney Business Day "*i*", means the number of calendar days from (and including) such Sydney Business Day "*i*" up to (but excluding) the following Sydney Business Day; and

Sydney Business Day or $\boldsymbol{SBD}$ means any day on which commercial banks are open for general business in Sydney.

If, for any reason, Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period;

Fallback Rate means, where a Permanent Discontinuation Trigger for an Applicable Benchmark Rate has occurred, the rate that applies to replace that Applicable Benchmark Rate in accordance with Condition 3.11;

Final Fallback Rate means, in respect of an Applicable Benchmark Rate, the rate:

(a) determined by the Calculation Agent as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that, in good faith, it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing the Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a), together with (without double counting) such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for Benchmark Rate-linked floating rate notes at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for Benchmark Rate-linked floating rate notes at such time), or, if no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread determined by the Calculation Agent (in consultation with the Issuer) to be appropriate; provided that

(b) if and for so long as no such successor rate or alternative rate can be determined in accordance with paragraph (a), the Final Fallback Rate will be the last provided or published level of that Applicable Benchmark Rate;

Interest Determination Date means, in respect of an Interest Period:

(a) the date so specified in the relevant Pricing Supplement; or

(b) if no Interest Determination Date is specified in the relevant Pricing Supplement and the BBSW Rate applies or the Final Fallback Rate applies under paragraph (iv)(C) of Condition 3.11, the first day of that Interest Period; or

(c) if no Interest Determination Date is specified in the relevant Pricing Supplement and neither the BBSW Rate or the Final Fallback Rate applies under paragraph (iv)(C) of Condition 3.11, the third Business Day prior to the last day of that Interest Period.

Non-Representative means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate:

(a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and

(b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor (howsoever described) in contracts;

Permanent Discontinuation Trigger means, in respect of an Applicable Benchmark Rate:

(a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or that it will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official or resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes, or that its use will be subject to restrictions or adverse consequences to the Issuer or a Noteholder;

(d) as a consequence of a change in law or directive arising after the Issue Date of the first Tranche of Notes of a Series, it has become unlawful for the Calculation Agent, the Issuer or any other party responsible for calculations of interest under these Conditions to calculate any payments due to be made to any Noteholder using the Applicable Benchmark Rate;

(e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or

(f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis;

Permanent Fallback Effective Date means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

(a) in the case of paragraphs (a) and (b) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;

(b) in the case of paragraphs (c) and (d) of the definition of "Permanent Discontinuation Trigger", the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);

(c) in the case of paragraph (e) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided but is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rates continues to be published or provided on such date; or

(d) in the case of paragraph (f) of the definition of "Permanent Discontinuation Trigger", the date that event occurs;

Publication Time means:

(a) in respect of the BBSW Rate, 12.00noon (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology; and

(b) in respect of AONIA, 4.00pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology;

RBA Recommended Fallback Rate means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be the RBA Recommended Rate for that Interest Period and Interest Determination Date;

RBA Recommended Rate means, in respect of any relevant day (including any day "i"), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor in respect of that day;

Supervisor means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate;

Supervisor Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Supervisor of the BBSW Rate; and

Temporary Disruption Trigger means, in respect of any Applicable Benchmark Rate which is required for any determination:

(a) the Applicable Benchmark Rate has not been published by the applicable Administrator or an authorised distributor and is not otherwise provided by the Administrator, in respect of, on, for or by the time and date on which that Applicable Benchmark Rate is required; or

(b) the Applicable Benchmark Rate is published or provided but the Calculation Agent determines that there is an obvious or proven error in that rate.

4 Issuer Covenants

(a) So long as any of the Notes remain outstanding, the Issuer has agreed to comply with the covenants as set out in Schedule 5 of the CTA.

(b) The AUD Note Trustee shall be entitled to rely absolutely on a certificate of any director of an Obligor in relation to any matter relating to such covenants and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter stated in such certificate.

5 Transfers

5.1 Austraclear

(a) Unless the relevant Pricing Supplement otherwise provides, the Notes will be lodged, subject to the agreement of Austraclear, into the Austraclear System.

(b) If the Notes are lodged into the Austraclear System, the Registrar will enter Austraclear in the Register as the Noteholder of those Notes. While those Notes remain in the Austraclear System:

(i) all payments and notices required of the Issuer or any Agent in relation to those Notes will be made or directed to Austraclear in accordance with the Austraclear Regulations, and neither the Issuer nor any Agent will recognise any interest in the Notes other than the interest of Austraclear as the Noteholder; and

(ii) all dealings (including transfers and payments) in relation to those Notes within the Austraclear System will be governed by the Austraclear Regulations and need not comply with these Conditions to the extent of any inconsistency.

(c) If Austraclear is entered in the Register as the Noteholder in respect of a Note, despite any other provision of these Conditions, that Note is not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of that Note, and the relevant member of the Austraclear System to whose security account the Note is credited in respect of that Note (the ***Relevant Member***) has no right to request any registration or any transfer of that Note, except that:

(i) for any repurchase, redemption or cancellation (whether on or before the Maturity Date of the Note), a transfer of that Note from Austraclear to the Issuer (or as the Issuer directs) may be entered in the Register; and

(ii) if either:

(A) Austraclear gives notices to the Registrar stating that the Relevant Member has stated to Austraclear that it needs to be registered in relation to the Note in order to pursue any rights against the Issuer; or

(B) Austraclear purports to exercise any power it may have under the Austraclear Regulations from time to time or these Conditions, to require Notes to be transferred on the Register to the Relevant Member,

the Note may be transferred on the Register from Austraclear to the Relevant Member. In any of these cases, the Note will cease to be held in the Austraclear System.

(d) If Austraclear is recorded in the Register as the Noteholder, each person in whose Security Record a Note is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

(i) the Registrar's decision to act as the Registrar of that Note is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Note, but only indicates that the Registrar considers that the holding of the Note is compatible with the performance by it of its obligations as Registrar under the Agency Agreement; and

(ii) the Noteholder does not rely on any fact, matter or circumstance contrary to sub-paragraph (i).

5.2 Transfers of Notes

Notes are transferable without the consent of the Issuer or the Registrar, subject to the Notes being transferred in whole (and not in part only) and in accordance with these Conditions. Notes held in the Austraclear System or any other clearing system will be transferable only in accordance with the applicable Regulations.

5.3 Conditions of Transfer

Notes may only be transferred if:

(a) in the case of Notes to be transferred in, or into, Australia, the offer or invitation giving rise to the transfer:

  (i) is for an aggregate consideration payable to the Issuer by the relevant transferee of at least A$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the Issuer or its associates to the subscriber) or the offer or invitation (including any resulting issue) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and

  (ii) does not constitute an offer or invitation to a 'retail client' as defined for the purposes of section 761G of the Corporations Act; and

(b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.

5.4 Restrictions on transfers

(a) Transfers of Notes which are not lodged in a clearing system cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such Note is to occur during that period in accordance with these Conditions.

(b) The Issuer is not required to arrange for the registration of a transfer of a Note during the period from 5pm on the Record Date for a payment or determination or exercise of voting rights in respect of the Note until the Business Day after the date payment is due or the result of the relevant resolutions are known, unless:

  (i) the Record Date relates to a meeting that has been adjourned or a resolution to be passed without holding a meeting; and

  (ii) the transferee has signed an acknowledgment of the proposed resolutions and the fact that it is not entitled to vote on the resolutions and will be bound by the resolutions in form and substance satisfactory to the Issuer.

5.5 Registration requirements for transfer not held in a clearing system

Application for the transfer of Notes not held in the Austraclear System or another clearing system must be made by the lodgement of a Transfer and Acceptance Form with the Registrar at its Specified Office.

Every Transfer and Acceptance Form in respect of Notes must be:

(a) signed by the transferor and the transferee;

(b) delivered to the office of the Registrar for registration;

(c) accompanied by such evidence as the Registrar may reasonably require to prove the title of the transferor or the transferor's right to transfer those Notes; and

(d) duly completed and, if necessary stamped.

5.6 Registration of transfers

Subject to this Condition 5, the Registrar must register a transfer of Notes. Upon entry of the name, address and all other required details of the transferee in the Register, the Issuer must recognise the transferee as the Noteholder entitled to the Notes the subject of the transfer. Entry of such details in the Register constitutes conclusive proof of ownership by that transferee of those Notes. The transferor remains the owner of the relevant Notes until the required details of the transferee are entered in the Register in respect of those Notes.

5.7 No fee

No fee or other charge is payable to the Issuer or the Registrar in respect of the transfer or registration of any Note.

5.8 CHESS

Notes which are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

5.9 Destruction

Any Transfer and Acceptance Form may, with the prior written approval of the Issuer, be destroyed by the Registrar after the entry in the Register of the particulars set out in the form. On receipt of such approval, the Registrar must destroy the Transfer and Acceptance Form as soon as reasonably practicable and promptly notify the Issuer in writing of its destruction.

5.10 Deceased persons

The Registrar may decline to give effect to a transfer of any Notes entered in the Register in the name of a deceased person who has two or more personal representatives unless the Transfer and Acceptance Form is executed by all of them.

5.11 Stamp Duty

(a) The Issuer will bear any stamp duty payable on the issue, subscription and redemption of the Notes.

(b) The relevant Noteholder is responsible for any stamp duties or other similar taxes which are payable in any jurisdiction in connection with any transfer, assignment or any other dealing with its Notes other than as set out in paragraph (a) above.

6 Redemption and Purchase

6.1 Maturity

Unless previously redeemed or purchased and cancelled in accordance with these Conditions, each Note will be redeemed on its Maturity Date by the Issuer at its Redemption Amount together with accrued but unpaid interest (if any) calculated in accordance with Condition 3.

6.2 Purchase

The Obligors may at any time and at any price purchase all or some of the Notes, in the open market, by tender to all the Noteholders or by private agreement with all or any of the Noteholders, in each case, subject to compliance with any applicable law, directive or requirement of any stock or securities exchange or other relevant authority on which the Notes may be listed. Notes purchased under this Condition 6.2 must be cancelled. Any

Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of such Notes shall be discharged.

6.3 Redemptions at the option of the Issuer

(a) This Condition 6.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer pursuant to Condition 6.4 or Condition 6.5 as specified in the relevant Pricing Supplement. The relevant Pricing Supplement must identify:

(i) the date of the redemption pursuant to Condition 6.4 or Condition 6.5;

(ii) the Redemption Amount; and

(iii) any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods, as applicable in each case.

6.4 Optional Early Redemption Call

(a) If 'Optional Early Redemption Call' is specified in the relevant Pricing Supplement as being applicable (***Optional Early Redemption Call***), the Issuer may, on giving not less than the minimum period nor more than the maximum period of notice specified as the "Issuer Maturity Call Notice Period" in the applicable Pricing Supplement to the Noteholders in accordance with Condition 12 (Notices) (the ***Optional Early Redemption Notice***) redeem or purchase, in whole or in part, the Notes then outstanding at the Redemption Amount, together with any accrued but unpaid interest to (but excluding) the date fixed for redemption.

(b) The Issuer may only give a notice under this Condition 6.4 if:

(i) the principal amount of Notes to be redeemed is a multiple of their applicable denomination;

(ii) the proposed redemption date is an 'Early Redemption Date (Call)' as specified in the relevant Pricing Supplement; and

(iii) any other condition specified in the Optional Early Redemption Notice is satisfied.

(c) The Optional Early Redemption Notice shall be given by the Issuer to the Registrar, the AUD Note Trustee, the Noteholders, each other Agent and any stock or securities exchange or other relevant authority on which the Notes are listed, and shall be signed by an Authorised Signatory and specify:

(i) the Series of Notes subject to redemption;

(ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed; and

(iii) the due date for such redemption, which shall be a Business Day.

Any such Optional Early Redemption Notice shall be irrevocable, and the delivery of the notice shall oblige the Issuer to make the redemption specified in that notice, subject to the fulfilment of any conditions precedent specified in such notice.

(d) If the Notes of a Series are to be redeemed in part only on any date in accordance with this Condition 6.4, each Note shall be redeemed in part in the proportion which the aggregate Outstanding Principal Amount of all outstanding Notes to be redeemed on the date of redemption bears to the aggregate Outstanding Principal Amount of all outstanding Notes of the relevant Series on such date, or in such other manner as the Issuer deems fair and reasonable having regard to prevailing market practice and applicable parcel sizes and in each case, in compliance with any applicable law, directive or requirement of any applicable clearing system and stock or securities exchange or other relevant authority on which the Notes are listed.

6.5 Clean Up Call

(a) If a 'Clean Up Condition' (as defined below) subsists, the Issuer may redeem all (but not some) of the Notes before their Maturity Date in accordance with this Condition 6.5. If the Issuer wishes to redeem Notes under this Condition 6.5 it must give notice to the Noteholders of the relevant Series, the AUD Note Trustee, the Registrar, each other Agent and any stock exchange or other relevant authority on which the Notes are listed, specifying the date for redemption of the Notes, which must comply with this Condition.

(b) The date fixed for redemption of any Notes under this Condition must be at least 15 Business Days' (and not more than 30 Business Days') after the date the notice is given (or such other notice period as may be specified in the relevant Pricing Supplement).

(c) Notice given under this Condition is irrevocable and the Issuer must, if the conditions precedent to the redemption (if any, other than the Clean Up Condition (as defined below)) specified in such notice are met, redeem the Notes by paying to the relevant Noteholders the applicable Redemption Amount together with any accrued but unpaid interest to (but excluding) the date fixed for redemption.

(d) In this Condition, ***Clean Up Condition*** means, at any time in respect of a Series, that the Outstanding Principal Amount of the outstanding Notes of that Series at that time is less than 25% of the Outstanding Principal Amount of all of the Notes issued from time to time under that Series (including Notes which are no longer outstanding).

6.6 Early redemption for tax reasons

(a) If the Issuer satisfies the AUD Note Trustee that the Issuer would, on the next Interest Payment Date, with respect to the Notes, become obliged to deduct or withhold from any payment of interest or principal (other than in respect of default interest) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision thereof, or any other authority thereto, the Issuer will use its reasonable endeavours to arrange substitution of a company incorporated in another jurisdiction approved by the AUD Note Trustee as principal debtor under the Notes and as lender or creditor under the Intercompany Loan Arrangements upon satisfying the conditions for substitution of the Issuer as set out in the STID.

(b) If the Issuer is unable to arrange a substitution as described in paragraph (a) above and, as a result, the relevant deduction, withholding or additional payment obligation (as the case may be) is continuing then the Issuer may, except as otherwise provided in the relevant Pricing Supplement, upon giving not more than the maximum period nor less than the minimum period of notice specified in the relevant Pricing Supplement to the AUD Note Trustee, the Security Trustee, the Majority Creditors and the Noteholders by the publication of a notice of redemption, and subject to the fulfilment of any conditions precedent specified in the applicable Pricing Supplement, redeem all (but not some only) of the Notes on any Interest Payment Date at the Redemption Amount together with any accrued but unpaid interest to (but excluding) the date fixed for redemption.

(c) Prior to the publication of any notice of redemption pursuant to this Condition 6.6, the Issuer shall deliver to the AUD Note Trustee, and make available at its specified office to the Noteholders, a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The AUD Note Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of such conditions precedent in which event they shall be conclusive and binding on the Noteholders.

(d) Notes redeemed pursuant to this Condition 6.6 will be redeemed at their Redemption Amount together with any accrued but unpaid interest to (but excluding) the date fixed for redemption.

7 Payments

7.1 Payments to Noteholders

All payments under a Note must be made by the Issuer or the relevant Issuing Agent on its behalf:

(a) if the Notes are lodged in the Austraclear System by crediting, on the relevant Interest Payment Date, Maturity Date or other date on which a payment is due, the amount then due to the account of the Noteholder, in accordance with the Austraclear Regulations; or

(b) if the Notes are not lodged in the Austraclear System by crediting, on the relevant Interest Payment Date, Maturity Date or other date on which a payment is due, the amount then due to the account notified by the relevant Noteholder to the Registrar,

and in either case, without set-off or counterclaim or any other deduction unless required by law.

If a Noteholder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Note will be made to the relevant Issuing Agent in the relevant jurisdiction or financial centre for the currency in which the payment is made in such manner as the Issuer and Issuing Agent may determine in its sole discretion and in no such circumstances will the Issuer or Issuing Agent be responsible for, nor will the Noteholder be entitled to, any additional payments for any delay in payment where the Noteholder has not notified the Registrar of an account for payment.

If a payment in respect of the Note is prohibited by law from being made in Australia, such payment will be made in an international financial centre (as agreed with the relevant Agent) for the account of the relevant payee following notification by the payee to the Issuer and Issuing and Paying Agent of such account two Business Days prior to the payment date, and on the basis that the relevant amounts are paid in immediately available and cleared funds, freely transferable at the order of the payee.

7.2 Method of payment

A payment made by electronic transfer is for all purposes taken to be made when the Issuer or the Issuing Agent gives an irrevocable instruction for the making of that payment by electronic transfer, being an instruction which would be reasonably expected to result, in the ordinary course of banking business, in the relevant funds reaching the account of the Noteholder on the same day as the day on which the instruction is given, provided that if the Issuer or the Issuing Agent is notified that the payment is not, was not, or is not expected to be received by the Noteholder, the Issuer or Issuing Agent will procure that the payment be made as soon as possible after notification provided, at any time, no double payment is made to that Noteholder and, in all events, the payment will not be taken to be made until such time as it is actually received by the Noteholder.

7.3 Currency of account

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Noteholder receives an amount in a currency other than that in which it is due:

(a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual costs in connection with the conversion; and

(b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

7.4 Business Days

(a) If a payment is due under a Note on a day which is not a Business Day the date for payment will be adjusted according to the Business Day Convention applicable to that Note.

(b) If payment is to be made to an account on a Business Day on which banks are not open for general banking business in the city in which the account is located, the Noteholder is not entitled to payment of such amount until the next Business Day on which banks in such city are open for general banking business and is not entitled to any interest or other payment in respect of any such delay.

7.5 Payments subject to fiscal laws

All payments are subject to Condition 8 and to any applicable fiscal or other laws and regulations.

8 Taxation

8.1 Payments made free and clear

All payments under or in respect of the Notes by or on behalf of the Issuer and any Guarantor will be made free and clear of and without withholding or deduction for, or by reference to, any present or future Taxes imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein), unless the withholding or deduction of the Taxes is required by law.

8.2 Additional Amounts

If the Issuer is obliged to make a withholding or deduction on account of Tax from any payment under the Notes:

(a) it shall make the relevant withholding or deduction at the time required under law;

(b) it shall pay the amount withheld or deducted to the appropriate Government Agency within the time required by law;

(c) subject to paragraph 8.2(c)(i), it shall pay such additional amounts as may be necessary in order that the net amount paid to each holder of any Note (an ***Additional Amount***), who with respect to any such Tax is not resident in the Relevant Jurisdiction, is equal to the amount to which such holder would have been entitled in respect of such Note in the absence of the withholding or deduction; provided however that the Issuer shall not be required to pay any Additional Amounts:

(i) if the Noteholder has or had some connection with the United Kingdom other than merely owning or holding the Notes or receiving principal and interest payments on the Notes;

(ii) for or on account of any such Tax imposed by the United States (or any political subdivision or taxing authority thereof or therein); or

(iii) for or on account of:

(A) any Tax which would not have been imposed but for:

(1) the existence of any present or former connection between a holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the Relevant Jurisdiction or any political subdivision or territory or possession thereof or area subject to its jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein; or

(2) the presentation of such Note (x) for payment on a date more than 30 days after the Relevant Date (as defined below) or (y) in the Relevant Jurisdiction;

(B) any Excluded Tax;

(C) any estate, inheritance, gift, sale, transfer, personal property or similar Tax, assessment or other governmental charge;

(D) any Tax which is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of, or any interest on, such Note;

(E) any Tax that is imposed or withheld by reason of the failure by the holder or any beneficial owner of such Note to comply with a request of the Issuer given to the holder in accordance with Condition 12:

(1) to provide information concerning the nationality, residence or identity of the holder or any beneficial owner; or

(2) to make any declaration or other similar claim or satisfy any information or reporting requirements,

which, in the case of (1) or (2), is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a precondition to exemption from all or part of such Tax; or

(F) any combination of the above,

nor shall the Issuer nor any Guarantor be required to pay any Additional Amounts with respect to any payment of the principal of, or any interest on, any Note to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner which would not have been entitled to such Additional Amounts had it been the holder of such Note.

(d) Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the ***Code***), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (and any such withholding or deduction, a ***FATCA Withholding***). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

(e) In this Condition 8, ***Relevant Date*** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12.

9 Register

9.1 Registrar's role

The Issuer agrees, subject to any relevant Pricing Supplement, to procure that the Registrar does the following things:

(a) establish and maintain the Register in Sydney or such other place in Australia as the Issuer and the Registrar may agree;

(b) enter or cause to be entered in the Register the following information in respect of each Noteholder and the respective amounts of Notes held by them:

   (i) the name and address of each Noteholder and the respective amounts of Notes held by them;

   (ii) the principal amount of the Notes;

   (iii) the Issue Date;

   (iv) the Maturity Date;

   (v) the Interest Rate;

   (vi) the Interest Payment Dates and any applicable payment details of the Notes;

   (vii) any declaration of residence or non-residence, tax file number or Australian Business Number or exemption details as advised by the Noteholder from time to time;

   (viii) all subsequent transfers and changes of ownership of the Notes;

   (ix) details of any redemption, repurchase or cancellation of the Note; and

   (x) such other information as is required by law or directive, under these Conditions or as the Issuer and Registrar otherwise agree; and

(c) comply with the obligations expressed in the AUD Note Trust Deed and the Agency Agreement to be performed by the Registrar.

9.2 Agents

(a) In acting under the Agency Agreement in connection with the Notes, each Agent acts solely as agent of the Issuer or, where it is so stated under the terms of the Finance Documents, of the AUD Note Trustee, and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders save insofar as that any funds received by an applicable Agent in accordance with the Agency Agreement shall, pending their application in accordance with the Agency Agreement, be held by it in a segregated account for the persons entitled thereto.

(b) The Issuer reserves the right at any time to terminate the appointment of the Registrar in accordance with the Agency Agreement and to appoint successor or additional registrars, provided, however, that the Issuer must at all times maintain the appointment of a registrar with its specified office in Australia. Notice of any such termination of appointment will be given to the Noteholder in accordance with Condition 12.

(c) The Issuer must, in respect of each Series of Notes:

(i) at all times during which Notes are outstanding, maintain a Registrar; and

(ii) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent.

9.3 Multiple Noteholders

(a) Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

(b) Subject to the Corporations Act, if more than four persons are the holders of a Note, the names of only four such persons will be entered in the Register.

(c) Subject to the Corporations Act, if more than one person is the holder of a Note, the address of only one of them will be entered on the Register. If more than one address is notified to the Registrar, the address recorded in the Register will be the address of the Noteholder whose name appears first in the Register.

9.4 Noteholder change of address

A Noteholder must promptly notify any change of address to the Registrar.

9.5 Closing of Register

The registration of the transfer of a Note may be suspended by the Registrar (and the Register shall be closed for the purpose of determining entitlements to payment under a Note) after the close of business on the eighth or other day in accordance with the Regulations prior to each Interest Payment Date (if any) and each Maturity Date of the Note or such other number of days as may be agreed by the Issuer and the Registrar and not contrary to the Regulations and notified promptly by the Issuer via the Registrar to the Noteholders.

9.6 Transfer on death, bankruptcy or liquidation of Noteholder

The Registrar must register a transfer of a Note to or by a person who is entitled to do so in consequence of:

(a) the death or bankruptcy (in the case of natural persons) or the liquidation or winding up (in the case of a corporation) of a Noteholder; or

(b) the making of any vesting orders by a court or other judicial or quasi-judicial body, in accordance with any applicable laws and upon receipt by it of such evidence as the Issuer or the Registrar may require.

9.7 Trusts

Without limitation, except as provided by statute or as required by order of a court of competent jurisdiction, no notice of any trust (whether express, implied or constructive) may be entered in the Register in respect of a Note and the Registrar is not obliged to recognise any trust.

9.8 Issuing Agent

Subject to the Agency Agreement, the Issuer or the Guarantors may vary or terminate the appointment of the Issuing Agent and appoint a new Issuing Agent at any time. Notice of any such change or any change in the specified offices of the Issuing Agent will be given to the Noteholders in accordance with Condition 12.

10 Events of Default

10.1 Events of Default

(a) The Events of Default (as defined in the Master Definitions Agreement) relating to the Notes are set out in Schedule 7 of the CTA.

(b) Following the notification of an Event of Default pursuant to the STID, the STID provides for a Standstill Period to commence and for restrictions to apply to all Secured Creditors.

(c) If a Trigger Event (as defined in the Master Definitions Agreement) occurs, pursuant to the CTA, the Majority Creditors may (among other things) commission an Independent Review, require AWS to discuss its plans for appropriate remedial action and prevent the Anglian Water Services Financing Group from making further Restricted Payments.

(d) The Issuer shall provide written confirmation to the AUD Note Trustee, on an annual basis, that no Event of Default or other matter which is required to be brought to the AUD Note Trustee's attention pursuant to the terms of the Finance Documents has occurred in relation to the Issuer. For the avoidance of doubt, receipt by the AUD Note Trustee of any such confirmation, or knowledge by the AUD Note Trustee of any such matter, shall not impose any additional duty on the AUD Note Trustee to act, investigate or verify the matters referred to therein.

10.2 Consequences of an Event of Default

(a) If any Event of Default occurs and is continuing, subject always to the terms of the STID, the AUD Note Trustee upon notification of the Event of Default:

(i) may, at any time (in accordance with the provisions of the AUD Note Trust Deed and the STID) if, in its opinion, the happening of such event is materially prejudicial to the interests of the Noteholders, and shall, upon the AUD Note Trustee being so directed or requested:

(A) by an Extraordinary Resolution (as defined in the AUD Note Trust Deed) of the Noteholders of the relevant Series or Tranche; or

(B) in writing by Noteholders of at least one quarter in outstanding nominal amount of the relevant Series of Notes,

and subject, in each case, to being indemnified and/or secured to its satisfaction, give notice to the Issuer and the Security Trustee that the Notes of the relevant Series are, and they shall immediately become, due and repayable, at the

Redemption Amount together with accrued but unpaid interest (if any) on such Notes to but excluding the redemption date.

(b) If the AUD Note Trustee gives written notice to the Issuer, the Guarantors and the Security Trustee that an Event of Default has occurred under any Series of Notes, a Standstill Period shall commence. The Security Trustee may only enforce the Security acting in accordance with the STID and, subject to certain limitations on enforcement during a Standstill Period, on the instructions of the Majority Creditors.

(c) In the event of the acceleration of the Secured Liabilities (other than a Permitted Acceleration, as set out in the STID), the Notes of each Series shall automatically become due and repayable at their respective Redemption Amounts together with accrued but unpaid interest (if any) on such Notes to but excluding the redemption date or as otherwise specified in the relevant Pricing Supplement.

10.3 No individual enforcement

No Noteholder is entitled to take any action against the Issuer or against any assets of the Issuer to enforce its rights in respect of the Notes or to enforce any of the Security unless the AUD Note Trustee or the Security Trustee (as applicable), having become bound so to proceed, fails, is unable or neglects to do so within 60 days and such failure, neglect or inability is continuing.

10.4 Action by the AUD Note Trustee in respect of an Event of Default

The AUD Note Trustee:

(a) is under no obligation to monitor or make enquiries as to whether an Event of Default has occurred;

(b) will rely only on the direction of the Noteholders, notification by the Security Trustee or notification by the Issuer in determining whether an Event of Default has occurred, and the AUD Note Trustee is not to be regarded as having knowledge of the occurrence of an Event of Default in the absence of such written direction or notification;

(c) must promptly notify the Noteholders if it becomes aware of the occurrence of an Event of Default under paragraph (b) above;

(d) will rely only on the direction of the Noteholders in determining whether to declare the Redemption Amount due and payable in accordance with Condition 10.2 (*Consequences of an Event of Default*);

(e) is not (in the absence of gross negligence, fraud or wilful misconduct by the AUD Note Trustee or any of its related bodies corporate or any of their respective officers, agents, employees or delegates) responsible to the Issuer or any other party for the consequences of any action it takes, upon the instructions of the Noteholders or pursuant to an Extraordinary Resolution, Special Quorum Resolution or an Ordinary Resolution (each as defined in the AUD Note Trust Deed);

(f) is not taken to have knowledge or to be aware of the passing of an Extraordinary Resolution, Special Quorum Resolution or an Ordinary Resolution referred to in paragraph (e) unless:

  (i) it has convened or attended the meeting at which such resolution was passed;

  (ii) it receives a copy of such resolution certified as true and correct by the chairman of the meeting at which such resolution was passed; or

(iii) in the case of such a resolution passed in writing, it has been presented with the instrument or instruments by which the resolution was passed for entry into the minute books; and

(g) is not obliged to do or not to do anything under these Conditions unless it is indemnified or pre-funded to its satisfaction in respect of such action.

11 Time Limit for Claims

A claim against the Issuer for a payment under a Note is void unless made within ten years (in the case of principal) or five years (in the case of interest and other amounts) of the due date for that payment or the date, if later, on which that payment is fully provided for by the Issuer.

12 Notices

12.1 Obligors, AUD Note Trustee and Registrar

A notice or other communication to an Obligor, the AUD Note Trustee or the Registrar in connection with a Note:

(a) must be in writing (including by email) addressed as follows:

(i) if to an Obligor, to:

Address:	33 Alfred Street
	Sydney NSW 2000
	Australia
Attention:	Allens Corporate Services Pty Ltd

(ii) if to the AUD Note Trustee, to

Address	Level 2, 1 Bligh Street Sydney NSW 2000 Australia
Telephone:	+61 2 9260 6000
Email:	ctsydclientservice@bny.com
Attention:	Client Services

(iii) if to the Registrar, to:

Address	Level 2, 1 Bligh Street Sydney NSW 2000 Australia
Telephone:	+61 2 9260 6000
Email:	ctsydclientservice@bny.com
Attention:	Client Services;

(b) is conclusively deemed to be duly given or made if received or left at the address, email address of the recipient shown in this Condition or to any other address or email address which the recipient may have notified the sender but, if delivery or receipt is on a day on which business is not generally carried on in the place to which the communication is sent or is later than 4pm (local time), it will be conclusively taken to have been received at the commencement of business on the next day on which business is generally carried on in that place.

12.2 Noteholders

A notice or other communication to a Noteholder in connection with a Note:

(a) must be in writing and may be given by prepaid post or delivery to the address of the Noteholder as shown in the Register at the close of business on the eighth day prior to the despatch of the relevant notice or communication and may also be given by an advertisement published in The Australian Financial Review, The Australian or any other newspaper circulating in Australia generally or if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper; and

(b) is taken to be given or made, as the case may be, on the date the notice or other communication is so posted, delivered or made, as the case may be.

Alternatively, for so long as Notes are held on behalf of a clearing system, notices or communications to Noteholders may also be given by delivery to that clearing system for communication by it to the Noteholders in accordance with the Regulations of that clearing system (including, in the case of the Austraclear System, the Austraclear Regulations). Any such communication shall be deemed to have been given to the Noteholders on the day on which the said notice was given to the relevant clearing system. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication.

If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the AUD Note Trustee shall approve.

13 Electronic Means

In no event shall the AUD Note Trustee, Issuing Agent or Registrar be liable for any losses, liabilities, costs or expenses arising from the AUD Note Trustee, Issuing Agent or Registrar (as applicable) receiving or transmitting any data to the Issuer, any Guarantor (or any Authorised Representative) or acting upon any notice, instruction or other communications via any Electronic Means. The AUD Note Trustee, Issuing Agent and Registrar have no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of the Issuer (or any Authorised Signatory). The Issuer and each Guarantor agrees that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

14 Meetings of Noteholders

Meetings of Noteholders may be convened in accordance with the Meeting Provisions. Any such meeting may consider any matters affecting the interests of Noteholders, including, without limitation, the variation of the terms of the Notes by the Issuer and the granting of approvals, consents and waivers.

15 Amendments

15.1 General

As more fully set forth in the STID (and subject to the conditions and qualifications therein), the AUD Note Trustee may also agree with the Issuer, without reference to the Noteholders, to the substitution of another corporation in place of the Issuer as principal debtor in respect of the AUD Note Trust Deed and the Notes of all Series.

15.2 Decisions of Majority Creditors

The STID contains provisions dealing with the manner in which matters affecting the interests of the Secured Creditors (including the AUD Note Trustee and the Noteholders) will be dealt with.

Noteholders will (subject to various Reserved Matters and Entrenched Rights) be bound by the decisions of the Majority Creditors (and additionally in a Default Situation decisions made pursuant to the Emergency Instructions Procedures). In the circumstances which do not relate to Entrenched Rights or Reserved Matters of the Noteholders (as set out in the STID), prior to a Default Situation, the AUD Note Trustee shall be entitled to vote as the DIG Representative of holders of Notes on intercreditor issues (***Intercreditor Issues***) but shall not be entitled to convene a meeting of any one or more Series of Noteholders to consider the relevant matter. To the extent that a Default Situation has occurred and is subsisting, the AUD Note Trustee may vote on Intercreditor Issues in its absolute discretion or shall vote in accordance with a direction by those holders of such outstanding Notes:

(a) by means of an Extraordinary Resolution of the relevant Series of Notes or

(b) (in respect of a DIG Proposal to terminate Standstill) as requested in writing by the holders of at least one quarter of the Outstanding Principal Amount of the relevant Series of Notes.

In any case, the AUD Note Trustee shall not be obliged to vote unless it has been indemnified and/or secured to its satisfaction.

Whilst a Default Situation is subsisting, certain decisions and instructions may be required in a timeframe which does not allow the AUD Note Trustee to convene Noteholder meetings. To cater for such circumstances, the intercreditor arrangements in the STID and the CTA provide for an emergency instruction procedure. The Security Trustee will be required to act upon instructions contained in an emergency notice (an ***Emergency Instruction Notice***). An Emergency Instruction Notice must be signed by DIG Representatives (the ***EIN Signatories***) representing 66⅔ per cent. or more of the aggregate Outstanding Principal Amount of the Qualifying Class A Debt, excluding the proportion of Qualifying Debt in respect of which the AUD Note Trustee is the DIG Representative and in respect of which the AUD Note Trustee has not voted. The Emergency Instruction Notice must specify the emergency action which the Security Trustee is being instructed to take and must certify that, unless such action is taken within the time frame specified in the Emergency Instruction Notice, the interests of the EIN Signatories will be materially prejudiced.

15.3 AUD Note Trustee may agree to certain amendments

As more fully set out in the AUD Note Trust Deed (and subject to the conditions and qualifications therein), the AUD Note Trustee may, without the consent of the Noteholders of any Series, concur with the Issuer or any other relevant parties in making:

(a) any modification of these Conditions, the AUD Note Trust Deed, or any Finance Document which is of a formal, minor or technical nature or is made to correct a manifest error;

(b) (except as mentioned in the AUD Note Trust Deed and subject to the terms of the STID) any other modification and granting any consent under or waiver or authorisation of any breach or proposed breach of these Conditions, the AUD Note Trust Deed, or any such Finance Document or other document which is, in the opinion of the AUD Note Trustee, not materially prejudicial to the interests of the Noteholders of that Series; and

(c) any amendments for the purposes of obtaining or maintaining a quotation of any Notes on any stock or other securities exchange and which is, in the opinion of the AUD Note Trustee (acting reasonably), not materially prejudicial to the interests of the Noteholders of that Series.

Any such modification, consent, waiver or authorisation shall be binding on the Noteholders of that Series and, if the AUD Note Trustee so requires, notice thereof shall be given by the Issuer to the Noteholders of that Series as soon as practicable thereafter. The AUD Note Trustee shall be entitled to assume that any such modification, consent, waiver or authorisation is not materially prejudicial to the Noteholders if the Rating Agencies confirm that there will not be any adverse effect thereof on the original issue ratings of the Notes.

15.4 Decisions under STID binding on all Noteholders

Subject to the provisions of the STID and the Entrenched Rights and Reserved Matters of the AUD Note Trustee and the Noteholders, decisions of the Majority Creditors and (in a Default Situation) decisions made pursuant to the Emergency Instructions Procedures will bind the AUD Note Trustee and the Noteholders in all circumstances.

16 Further Issues

The Issuer may from time to time and without the consent of the AUD Note Trustee or the Noteholders create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with any outstanding Notes.

17 Governing Law and Jurisdiction

17.1 Governing law

The Notes are governed by the law in force in New South Wales, Australia.

17.2 Jurisdiction and immunity

(a) The Issuer and each Guarantor irrevocably and unconditionally submits and the Noteholders are taken to have irrevocably and unconditionally submitted to the non-exclusive jurisdiction of the courts of New South Wales, Australia and courts of appeal from them. The Issuer and each Guarantor waives any right it has to object to an action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

(b) To the extent that the Issuer or each Guarantor is or becomes entitled to any immunity it does and will irrevocably agree not to plead or claim such immunity with respect to its obligations under or arising out of or in connection with these Conditions and the relevant Pricing Supplement.

17.3 Serving documents

Without preventing any other method of service, any document in any Proceedings in the courts of New South Wales, Australia may be served on the Issuer or each Guarantor by being delivered or left with its process agent referred to in Condition 17.4.

17.4 Agent for service of process

(a) For so long as any of the Notes issued by it are outstanding, each Obligor will ensure that there is an agent appointed to accept service of process on its behalf in New South Wales, Australia in respect of any Proceedings as may be brought in the courts of New South Wales, Australia or the Federal Courts of Australia.

(b) Each Obligor irrevocably appoints Allens Corporate Services Pty Ltd (ABN 50 001 314 512) as its agent to receive any document referred to in Condition 17.3. Each Obligor agrees that, in the event of Allens Corporate Services Pty Ltd being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in New South Wales, Australia in respect of any Proceedings. Each Obligor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(c) Any service of process must be sent to Allens Corporate Services Pty Ltd by mail to the following address:

Allens Corporate Services Pty Ltd
33 Alfred Street
Sydney NSW 2000
Australia

Taxation

General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

Australian taxation

The following is a general summary of Australian interest withholding tax consequences under the Income Tax Assessment Act 1936 of Australia (the ***Australian Tax Act***) and any relevant regulations, rulings or judicial decisions or administrative practice, at the date of this Information Memorandum, of payments of interest (as defined in the Australian Tax Act) on Notes issued under the Programme by the Issuer on the Notes to holders of Notes who are not resident of Australia and do not hold their Notes in carrying on business at or through a permanent establishment in Australia and certain other matters . It is a general guide and should be treated with appropriate caution. Prospective holders of Notes who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances

Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the Notes issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Notes issued by it should not be subject to Australian interest withholding tax imposed under Division 11A of the Australian Tax Act.

Payments in respect of the Guarantee

So long as the Guarantors continue to be non-residents of Australia and the payments under the Guarantee are not attributable to a permanent establishment of the Guarantors in Australia, payments under the Guarantee should not be subject to Australian interest withholding tax imposed under Division 11A of the Australian Tax Act.

Other Australian tax matters

Under Australian law as presently in effect:

(a) stamp duty and other taxes - no ad valorem stamp, issue, registration or similar taxes are payable in any Australian State or Territory on the issue or transfer of any Notes;

(b) in relation to other withholding taxes on payments in respect of Notes, the better view is:

    (i) so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Tax Act and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (***Taxation Administration Act***) should not apply to the Issuer; and

    (ii) supply withholding tax - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act provided that the Issuer does not issue the Notes, use the proceeds of the Notes issuance or make payments on the Notes in the course or furtherance of an enterprise carried on in Australia; and

(c) death duties – no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;

(d) goods and services tax (***GST***) - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

United Kingdom taxation

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs).

References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

Interest on the Notes

While the Notes are and continue to be admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange within the meaning of Sections 987 and 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The ISM is a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange (the London Stock Exchange) for these purposes.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. From April 2027, provisions in the Finance Act 2026 provide that the rate of withholding will be equal to the savings basic rate of income tax, and that such rate will increase to 22%.

Payments in respect of the Guarantee

The United Kingdom withholding tax treatment of payments by a Guarantor under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemption in respect of securities admitted to trading on a multilateral trading facility exchange described above in relation to payments of interest by the Issuer. Accordingly, if a Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (either at the basic rate of 20 per cent. or potentially (on or after 6 April 2027 only) at the savings basic rate (which will be 22 per cent. from such date)).

Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes under the Programme

Series No.: [*]

Tranche No.: [*]

[The Issuer intends to apply to the London Stock Exchange plc (***LSE***) for the Notes to be admitted to trading on the LSE's International Securities Market (***ISM***). The ISM is a market designated for qualified investors (as prescribed in Regulation 16 of the Public Offers and Admissions to Trading Regulations 2024 (***POATRs***)). The London Stock Exchange, as a Recognised Investment Exchange (as defined under the Financial Services and Markets Act 2000 (***FSMA***)) does not make assessments of investor eligibility. Given that under Regulation 16 of the POATRs, only qualified investors are permitted to trade on the ISM and no qualified investor is permitted to trade on behalf of persons who are not themselves qualified investors, financial intermediaries acting for investors are responsible for ensuring that only investors who are qualified investors as prescribed by Regulation 16 of the POATRs are permitted to trade on the ISM.

Securities admitted to trading on the ISM are not admitted to the Official List of the UK Financial Conduct Authority (FCA). Neither the FCA nor the LSE has approved or verified the contents of the Information Memorandum (as defined below). Neither the Information Memorandum, nor this Pricing Supplement comprises a prospectus for the purposes of the POATRs.]

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (***EEA***). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, ***MiFID II***); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the ***Insurance Distribution Directive***), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (***Prospectus Regulation***). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the ***EU PRIIPs Regulation***) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS - The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (***EUWA***); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (***DISC***), for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

[**MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a ***distributor***) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (***UK MiFIR***); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the ***UK MiFIR Product Governance Rules***) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE *SFA*)** – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the ***CMP Regulations 2018***), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the classification of the Notes as [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]

ANGLIAN WATER SERVICES FINANCING PLC

(incorporated with limited liability in England and Wales with registered number 4330322)

A$ Medium Term Note Programme

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes]

The date of this Pricing Supplement is [*].

This Pricing Supplement (as referred to in the Information Memorandum dated [*] 2026 (the ***Information Memorandum***) in relation to the above Programme) relates to the Tranche of Notes referred to above. This document constitutes the Pricing Supplement relating to the issue of Notes described below. Terms used in it are deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum. This Pricing Supplement is supplemental to and must be read in conjunction with such Information Memorandum.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or

1 For any Notes to be offered to Singapore investors, the Issuer shall consider whether it needs to reclassify the notes pursuant to Section 309B of the SFA prior to the launch of the offer

solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Notes that are offered for issue or sale or transferred in, or into, Australia are offered only in circumstances that would not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act 2001 (Cth) (the ***Corporations Act***). Such Notes are issued or transferred in, or into, Australia in parcels of not less than A$500,000 in aggregate principal amount.

[Include whichever of the following apply or specify as 'Not Applicable' (N/A). Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs.]

The particulars to be specified in relation to such Tranche are as follows:

1	Issuer:	ANGLIAN WATER SERVICES FINANCING PLC (incorporated with limited liability in England and Wales with registered number 4330322)
2	Guarantors	Anglian Water Services Limited (a private limited company incorporated in England and Wales with registered number 2366656) Anglian Water Services Holdings Limited (a private limited company incorporated in England and Wales with registered number 4330144) Anglian Water Services UK Parent Co Limited (a private limited company incorporated in England and Wales with registered number 11294507)
3	Dealer(s):	[(ABN *)] [*] [(ABN *)]
4	Type of Issue:	[Private Placement/Non-Private Placement]
5	AUD Note Trustee	BNY Trust Company of Australia Limited (ABN 49 050 294 052) in its capacity as trustee of the Anglian Water AMTN Note Trust
6	Registrar:	[Specify]
7	Calculation Agent:	[Specify, if a person other than the Issuing and Paying Agent is to make calculations]
8	Issuing and Paying Agent:	[Specify]
9	Currency: • of Denomination • of Payment	[Australian Dollars]
10	Aggregate Principal Amount of Tranche:	[Specify]
11	If interchangeable with existing Series and Aggregate Principal Amount of Series:	[Specify if Tranche is to form a single Series with an existing Tranche or Series][Not Applicable]
12	Issue Date:	[Specify]

13	Issue Price:		[Specify]
14	Denomination:		[Specify]
15	Fixed Rate Notes		[Applicable/Not Applicable]
	Interest:		
	(i)	Interest Rate:	[Specify rate]
	(ii)	Interest Accrual Date:	[Specify]
	(iii)	Interest Payment Dates:	[Specify]
	(iv)	Applicable Business Day Convention:	[Following][Floating][modified following][modified][Preceding][If nothing is specified, the Following Business Day Convention will apply]
	•	for Interest Payment Dates:	[Specify]
	•	any other date:	[Specify]
	(v)	Definition of Business Day:	[A day on which banks are open for general banking business in London and Sydney [and insert other Relevant Business Centre if applicable][and a day on which [Austraclear]/[insert relevant clearing system] is open for business]]]
	(vi)	Day Count Basis:	[Actual/365 or Actual/Actual][Actual/365 (Fixed)][30/360 or Bond Basis][RBA Bond Basis or Australian Bond Basis][any other basis]
16	Floating Rate Notes		[Applicable/Not Applicable]
	Interest:		
	(i)	Interest Rate:	[Margin + Benchmark Rate (Condition [3.8])]/[Specify full determination provisions or formula]
	(ii)	Benchmark Rate	[BBSW Rate]/[AONIA Rate]/[Specify]
	(iii)	Manner in which Interest Rate is to be determined:	[BBSW Rate Determination/AONIA Rate Determination/Specify]
	(iv)	Margin:	[Specify]
	(v)	Interest Accrual Date:	[Specify]
	(vi)	Interest Payment Dates:	[Specify]
	(vii)	Applicable Business Day Convention:	[Following][Floating][modified following][modified][Preceding][If nothing is specified, the Following Business Day Convention will apply]
	•	for Interest Payment Dates:	[Specify]
	•	any other date:	[Specify]
	(viii)	Definition of Business Day:	[A day on which banks are open for general banking business in London and Sydney [and insert other Relevant Business Centre if applicable][and a day on which [Austraclear]/[insert relevant clearing system] is open for business]]]
	(ix)	Day Count Basis:	[Actual/365] [Actual/Actual][Actual/365 (Fixed)][30/360] [Bond Basis][RBA Bond Basis][Australian Bond Basis][any other basis]

17	Other Notes:	[Applicable/ Not Applicable] [If Applicable, specify terms]
18	Default Rate:	[Specify]
19	Record Date:	[Specify, if not as per the Conditions]
20	Maturity Date:	[Fixed rate – specify date/Floating Rate – Interest Payment Date falling in or nearest to [Specify month]]
21	Redemption Amounts:	[Specify, if not the Outstanding Principal Amount. If not the Outstanding Principal Amount, include any applicable minimum or maximum amounts]
22	Optional Early Redemption Call:	[Applicable/Not Applicable]
	(a) Optional Redemption Amount:	[Specify call early redemption amount]
	(b) Early Redemption Date (Call)	[Specify]
	(c) Call Notice Period	[Specify]
	(d) Notes to be redeemed in whole or in part	[Specify – if in part, specify proportion of Outstanding Principal Amount of each Note that shall be redeemed]
23	Early Redemption Amount (Tax):	[Applicable/Not Applicable]
	(a) Redemption Amount	[Specify call early redemption amount]
	(b) Early Redemption Date (Call)	[Specify]
	(c) Call Notice Period	[Specify]
24	Clean Up Call:	[Applicable/Not Applicable]
	(a) Optional Redemption Amount:	[Specify call early redemption amount]
	(b) Early Redemption Date (Call)	[Specify]
	(c) Call Notice Period	[Specify]
25	Selling Restrictions:	[Specify any modifications of or additions to selling restrictions contained in the Information Memorandum]
26	Clearing System(s):	[Austraclear System / specify others]
27	Listing:	[Not applicable / Application has been made for the Notes to be admitted to listing on the London Stock Exchange's International Securities Market / specify details of other relevant stock or securities exchange]
28	Credit Rating:	[Specify] *A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.* *Credit ratings are for distribution only to a person who is (a) not a "retail client" within the meaning of section 761G of the*

		Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Pricing Supplement and anyone who receives this Pricing Supplement must not distribute it to any person who is not entitled to receive it.
29	Minimum transferable principal amount:	[Specify]
30	Other Relevant Conditions:	[Specify any variation to the Conditions]
31	ISIN Code:	[Specify]
32	Common Code:	[Specify]
33	Relevant Business Centre:	[Specify, if to be other than Sydney and the Agent is operating in that place]
34	Additional newspaper for notices:	[Specify, if not as per the Conditions]
35	Governing Law:	[Specify]
36	Additional Information:	[Specify][Not Applicable]
37	Hong Kong SFC Code of Conduct:	
	(a) Rebates:	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate]/[Not Applicable]
	(b) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide]/[Not Applicable]
	(c) Marketing and Investor Targeting Strategy:	[As indicated in the Information Memorandum] OR [Describe if different from the Information Memorandum]

APPENDIX

ADDITIONAL INFORMATION FOR THE PURPOSES OF ADMISSION TO LISTING ON THE ISM

1. Authorisation

The issue of the Notes was authorised in respect of the Issuer pursuant to an authority granted by the board of directors on [●]

The issue of the Notes was authorised in respect of Anglian Water Services Limited pursuant to an authority granted by the board of directors on [●]

The issue of the Notes was authorised in respect of Anglian Water Services Holdings Limited pursuant to an authority granted by the board of directors on [●]

The issue of the Notes was authorised in respect of Anglian Water Services UK Parent Co Limited pursuant to an authority granted by the board of directors on [●]

2. Significant Change

There has been no significant change in the financial or trading position of the Issuer or the Guarantors since [●].

3. Auditors

The annual consolidated accounts of the Issuer for the years ended 31 March [●] and 31 March [●] have each been audited with an unmodified opinion provided by Deloitte LLP, chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales), of 2 New Street Square, London, EC4A 3BZ, United Kingdom.

4. Interests of natural and legal persons involved in the offer

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest that is material to the offer.

The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantors and their respective affiliates in the ordinary course of business.

CONFIRMED

Signed for and on behalf of the Issuer

By: ______________________________

Duly authorised

Signed for and on behalf of Anglian Water Services Limited

By: ______________________________

Duly authorised

Signed for and on behalf of Anglian Water Services Holdings Limited

By: ______________________________

Duly authorised

Signed for and on behalf of Anglian Water Services UK Parent Co Limited

By: ______________________________

Duly authorised

Selling and Transfer Restrictions

The Dealers have in the Dealer Agreement agreed with the Issuer and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes.

The selling restrictions agreed between the Issuer, the Guarantors and the Dealers are set out below. The restrictions may be amended from time to time by the Issuer, the Guarantors and/or the Dealers, in accordance with the Dealer Agreement. In addition, the relevant Pricing Supplement may specify further selling restrictions agreed between the Issuer and the relevant Dealer in relation to any Tranche of Notes.

The selling restrictions are as follows.

1 General

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other offering material relating to any Notes, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed and each further Dealer appointed under the Dealer Agreement will be required to agree that it will comply with all applicable laws and regulations and directives in force in any jurisdiction in which it purchases, offers , sells, or delivers the Notes or possesses or distributes this Information Memorandum or any other offering material relating to any Notes or any Pricing Supplement.

None of the Issuer, the Guarantors nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the relevant Pricing Supplement.

This Information Memorandum does not constitute and may not be used as an offer or invitation in any place where, or to any person to whom, it would not be lawful to make the offer or invitation.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

2 Australia

The Information Memorandum has not been, and no prospectus or other disclosure document (as defined in the *Corporations Act*) in relation to the Notes has been, or will be, lodged with or registered by the Australian Securities and Investments Commission (***ASIC***). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer, that, in connection with the distribution of the Notes in Australia, unless the relevant Pricing Supplement (or another supplement to this Information Memorandum) otherwise provides, it:

(d) has not made or invited, and will not make or invite, (directly or indirectly) an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(e) has not distributed or published, and will not distribute or publish, this Information Memorandum or any other offering material or advertisement relating to any Notes in Australia, unless:

(i) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer or invitation does not constitute an offer to a 'retail client' as defined for the purposes of section 761G and section 761GA of the Corporations Act;

(iii) such action complies with any applicable laws, regulations and directives in Australia (including any applicable licensing requirements set out in Chapter 7 of the Corporations Act); and

(iv) such action does not require any document to be lodged with ASIC.

3 United States of America

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, of Notes forming an identifiable Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

4 The United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year from the date of issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (UK) (as amended, ***FSMA***) received by it in connection with the issue or sale of any Notes in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer or the Guarantors; and

(c) it has complied, and will comply, with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

5 New Zealand

The Programme is a wholesale programme. No action has been or will be taken to permit the Notes to be directly or indirectly offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 (***New Zealand FMCA***). In particular, no product disclosure statement has been or will be prepared or lodged in New Zealand in relation to the Notes under the New Zealand FMCA.

Each Dealer appointed under the Programme will be required to represent and agree, that it has not and will not offer, sell or deliver, directly or indirectly the Notes, and it has not distributed and will not distribute, publish, deliver or disseminate any offering memorandum or any other material that may constitute an advertisement (as defined in the New Zealand FMCA) in relation to any offer of the Notes, in each case to any person in New Zealand other than to wholesale investors within the meaning of clause 3(2)(a), (c) or (d) of Schedule 1 to the New Zealand FMCA, being a person who is:

(a) an 'investment business' within the meaning of clause 37 of Schedule 1 of the New Zealand FMCA;

(b) 'large' within the meaning of clause 39 of Schedule 1 of the New Zealand FMCA; or

(c) a 'government agency' within the meaning of clause 40 of Schedule 1 to the New Zealand FMCA,

and provided (for the avoidance of doubt) that Notes may not be directly or indirectly offered or sold to any 'eligible investor' (as defined in clause 41 of Schedule 1 to the New Zealand FMCA) or to any person who, under clause 3(2)(b) of Schedule 1 to the New Zealand FMCA meets the investment activity criteria specified in clause 38 of that Schedule.

6 Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the ***FIEA***) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

7 Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the ***SFO***) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the ***C(WUMP)O***) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

8 Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Unless otherwise stated in the Pricing Supplement in respect of any Notes issued or to be issued under the Programme, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

9 Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, ***MiFID II***); or

   (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the ***Insurance Mediation Directive***), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the ***Prospectus Regulation***); and

(b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

10 Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes which are the subject of this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For these purposes:

(a) the expression “retail investor” means a person who is either one (or both) of the following:

(i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs; and

(b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

11 Variation

These selling restrictions may be amended, varied, replaced or otherwise updated from time to time in accordance with the Dealer Agreement. Any change may be set out in a Pricing Supplement or in another supplement to this Information Memorandum.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Obligors, a CMI or its group companies would be considered under the SFC Code as having an Association with the Obligors, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Obligors or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Information Memorandum and/or the relevant Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Obligors. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes.

CMIs are informed that a private bank rebate may be payable as stated in this Information Memorandum and in the relevant Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis.

Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated (if any) Dealers to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected).

Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to an omnibus order should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Obligors, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for an offering of Notes. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealer may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

Directory

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Arranger and Dealer
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