

BASE ADMISSION PARTICULARS



Wessex Water Services Finance plc

(Incorporated in England and Wales with limited liability under registered number 3704265)

£5,000,000,000

Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by Wessex Water Services Limited

(Incorporated in England and Wales with limited liability under registered number 2366648)

Under this £5,000,000,000 Euro Medium Term Note Programme described in these Base Admission Particulars (the "**Programme**"), Wessex Water Services Finance plc (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Wessex Water Services Limited (the "**Guarantor**"). The obligations of the Guarantor in this respect (the "**Guarantee**") are contained in the Trust Deed. The aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed £5,000,000,000 (or its equivalent in other currencies calculated as described herein) (the "**Programme Limit**"), subject to increase as described herein.

The Notes may be issued on a continuing basis to the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in these Base Admission Particulars to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for Notes issued under the Programme during the period of 12 months from the date of these Base Admission Particulars to be admitted to the London Stock Exchange's International Securities Market ("**ISM**"). References in these Base Admission Particulars to Notes being "admitted to trading" (and all related references) shall mean that such Notes have been admitted to trading on the ISM. The ISM is not a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the United Kingdom (the "**UK**") by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**").

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). Neither the London Stock Exchange nor the FCA has approved or verified the contents of these Base Admission Particulars. These Base Admission Particulars do not comprise (i) a base prospectus for the purposes of Part IV of the Financial Services and Markets Act 2000, as amended (the "FSMA") or (ii) a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA.

The Programme provides that Notes may be listed and/or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The applicable Pricing Supplement (as defined below) will state whether or not the relevant Notes will be listed and/or admitted to trading.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined below) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). Registered Notes (as defined below) are subject to certain restrictions on transfer – for further information, see "*Subscription and Sale*" in these Base Admission Particulars.

The Notes may be issued in bearer form ("**Bearer Notes**") only or in registered form ("**Registered Notes**") only. Each Series (as defined in "*Overview of the Programme – Method of Issue*") of Bearer Notes will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). If the Global Notes are stated in the applicable Pricing Supplement to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**"). If a Global Certificate is held under the New Safekeeping Structure (the "**NSS**") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in the "*Summary of Provisions Relating to the Notes whilst in Global Form*" in these Base Admission Particulars.

An investment in the Notes involves certain risks. Prospective investors should have regard to the risks described under "*Risk Factors*" on page 17 which may affect the ability of the Issuer and/or the Guarantor to fulfil their respective obligations in respect of the Notes.

The Issuer and the Programme have been rated Baa1 (Stable) by Moody's Investors Service Ltd. ("**Moody's**"). The Programme has been rated BBB+ (Stable) by Fitch Ratings Ltd ("**Fitch**"). Moody's and Fitch are established in the UK and are registered under Regulation (EC) No 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). Tranches of Notes (as defined in "*Overview of the Programme – Method of Issue*") to be issued

under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement.

The credit rating issued by Moody's has been endorsed by Moody's Deutschland GmbH in accordance with Regulation (EC) No 1060/2009 (the "**EU CRA Regulation**"). Moody's Deutschland GmbH is established in the European Union (the "**EU**") and registered under the EU CRA Regulation. The credit rating issued by Fitch has been endorsed by Fitch Ratings España S.A.U. Fitch Ratings España S.A.U. is established in the EU and registered under the EU CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

Barclays

Dealers

Barclays

HSBC

NatWest Markets

The date of these Base Admission Particulars is 6 September 2023

IMPORTANT NOTICES

These Base Admission Particulars comprise admission particulars in accordance with the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time, the “ISM Rulebook”).

Each of the Issuer and the Guarantor accepts responsibility for the information contained in these Base Admission Particulars and the Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor the information contained in these Base Admission Particulars (or the applicable Pricing Supplement, as the case may be) is in accordance with the facts and these Base Admission Particulars (or the applicable Pricing Supplement, as the case may be) make no omission likely to affect its import.

These Base Admission Particulars are to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*” below). These Base Admission Particulars shall be read and construed on the basis that such documents are incorporated and form part of these Base Admission Particulars.

Neither the Arranger, the Dealers nor the Trustee (as defined below) have independently verified the information contained in these Base Admission Particulars. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arranger, the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in these Base Admission Particulars, for any statement made or purported to be made by the Arranger, any Dealer or the Trustee or on their behalf in connection with the Programme or any other information provided by the Issuer or the Guarantor in connection with the Programme. None of the Arranger, the Dealers nor the Trustee accept any liability in relation to the information contained or incorporated by reference in these Base Admission Particulars or any other information provided by either the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor, the Arranger, the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with these Base Admission Particulars or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger, any of the Dealers or the Trustee.

Neither these Base Admission Particulars, any Pricing Supplement, nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Issuer, the Guarantor, the Arranger, any of the Dealers or the Trustee that any recipient of these Base Admission Particulars, any Pricing Supplement or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial and business condition and affairs, and its own independent appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither these Base Admission Particulars, any Pricing Supplement nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, the Arranger, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of these Base Admission Particulars or any Pricing Supplement nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein (or in a supplement to these Base Admission Particulars, as the case may be) concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof (or the date of a supplement to these Base Admission Particulars, as the case may be) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recent published financial statements of the Issuer and the Guarantor when evaluating the Notes.

The distribution of these Base Admission Particulars and the offering, sale or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Base Admission Particulars come are required by the Issuer, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or under any relevant securities laws of any state or other jurisdiction of the United States, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act “Regulation S”) (see “*Subscription and Sale*” below).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction and so agrees, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

OFFER RESTRICTIONS

MiFID II product governance / target market – If applicable, the Pricing Supplement in respect of any Notes will include a legend entitled “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 Directive 2014/65/EU on markets in financial instruments (as amended, “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 MiFID 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 Arranger nor any Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – If applicable, the Pricing Supplement in respect of any Notes will 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 Arranger nor any Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPs REGULATION / EEA RETAIL INVESTORS - If the Pricing Supplement in respect of any Notes include a legend entitled “Prohibition of Sales to EEA 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 MiFID II; or (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.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, 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.

UK PRIIPs REGULATION / UK RETAIL INVESTORS - If the Pricing Supplement in respect of any Notes include a legend entitled “Prohibition of Sales to UK 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR.

Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of the domestic law of the UK by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification - In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), each as modified from time to time, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) 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).

Neither these Base Admission Particulars nor any Pricing Supplement constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is

unlawful to make the offer or solicitation in such jurisdiction. The distribution of these Base Admission Particulars and any Pricing Supplement and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Arranger, the Dealers and the Trustee do not represent that these Base Admission Particulars may be lawfully distributed, or that any 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 the Issuer, the Guarantor, any of the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of these Base Admission Particulars in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither these Base Admission Particulars nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession these Base Admission Particulars or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of these Base Admission Particulars and the offering and sale of Notes. In particular, there are restrictions on the distribution of these Base Admission Particulars and the offer or sale of Notes in the United States, the EEA, the UK, Malaysia and Japan (see “*Subscription and Sale*” below).

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider (either on its own or with the help of its financial and other professional advisers) whether it:

- (i) has sufficient knowledge, expertise and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in these Base Admission Particulars or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes where the currency for principal or interest payments is different from the potential investor’s currency or in which such potential investor’s financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets;
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understands the accounting, legal, regulatory and tax implications of a purchasing, holding and disposing of an interest in the relevant Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

None of the Issuer, the Guarantor, the Arranger and the other Dealers, nor the Trustee makes any representation as to the suitability of Sustainability Bonds (as defined below) to fulfil environmental, social or sustainability criteria required by any prospective investors. Neither the Arranger, the other Dealers nor the Trustee have undertaken, nor are they responsible for, any assessment of the eligibility criteria for “Eligible Projects” (as described in “*Use of Proceeds and Sustainable Finance Framework*” below), any verification of whether the “Eligible Projects” meet such criteria or the impact or monitoring of the use of proceeds of any Sustainability Bonds (or amounts equal thereto). Investors should refer to the Sustainable Finance Framework (applicable to Wessex Water Limited, the parent company of the Guarantor, and its subsidiaries, including the Issuer) and the Second Party Opinion, both as referred to in “*Use of Proceeds and Sustainable Finance Framework*” below. None of the Dealers will verify or monitor any of the commitments set out in the Sustainable Finance Framework relating to the Sustainability Bonds or otherwise.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

GENERAL

All references in this document to “U.S. dollars”, “U.S.\$” and “\$” refer to the currency of the United States, “Sterling”, “pounds sterling” and “£” refer to the currency of the United Kingdom and “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In these Base Admission Particulars, references to the “Group” are as defined in Condition 22 of “*Terms and Conditions of the Notes*” in these Base Admission Particulars

In these Base Admission Particulars, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

FORWARD-LOOKING STATEMENTS

These Base Admission Particulars (including the documents incorporated by reference into these Base Admission Particulars) include forward-looking statements. All statements other than statements of historical fact included in these Base Admission Particulars are forward-looking statements, which by their

nature involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer or the Guarantor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Issuer and the Guarantor will operate in the future.

Various factors could cause the Issuer's or the Guarantor's actual results, performance or achievements to differ materially from those in the forward-looking statements, including legislative, regulatory or other circumstances affecting anticipated revenues, costs or capital expenditure requirements, future climatic and environmental conditions, future economic conditions including changes in customer demand, development of competition within the water supply and water recycling industry and changes in capital market conditions.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*" in these Base Admission Particulars.

Forward-looking statements speak only as of the date of these Base Admission Particulars. Except as required by applicable law, regulation or stock exchange requirements, the Issuer and the Guarantor expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in these Base Admission Particulars (or the documents incorporated by reference into these Base Admission Particulars) to reflect any change in the Issuer's or the Guarantor's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

NON-IFRS RATIOS AND MEASURES

The Issuer Statutory Accounts, Guarantor Non-Statutory Accounts and Guarantor Statutory Accounts (each as defined below) have been prepared in accordance with International Financial Reporting Standards as adopted by the UK ("**UK IFRS**"). These Base Admission Particulars contain certain ratios and measures that do not form part of UK IFRS.

These measures and ratios include: (i) net debt; (ii) regulatory capital value ("**RCV**"); (iii) net debt to RCV; and (iv) pensions-adjusted net debt to RCV.

Net debt, RCV, net debt to RCV and pensions-adjusted net debt to RCV are considered useful to investors to enhance their understanding of the Guarantor's financial performance, particularly as these metrics are commonly used by other regional water and sewerage undertakers (notably, Ofwat (as defined below) publishes the RCV for each regulated water and sewerage company). Further information with respect to certain of these metrics can be found in the audited financial statements of the Guarantor for the financial year ended 31 March 2023 (notably, at note 26).

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of these Base Admission Particulars and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event, new Base Admission Particulars will be published.

For a more complete understanding of the Programme and any Notes issued therefrom, prospective investors should refer to the section headed “Terms and Conditions of the Notes” and also carefully consider the information set out under the section entitled “Risk Factors”. Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this overview.

Issuer:	Wessex Water Services Finance plc
Issuer Legal Entity Identifier (LEI):	213800B9BFRCA1YMEI57
Guarantor:	Wessex Water Services Limited
Guarantor Legal Entity Identifier (LEI):	213800RCUZO8NYF2KZ14
Website of the Guarantor:	https://www.wessexwater.co.uk
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below. There are also certain factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee. These are also set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC HSBC Bank plc NatWest Markets Plc and any other Dealers appointed in accordance with the Dealer Agreement.
Principal Paying Agent, Calculation Agent, Transfer Agent and Registrar:	HSBC Bank plc
Trustee:	HSBC Corporate Trustee Company (UK) Limited
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. 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), the Notes of each Series being intended to be interchangeable with all other Notes of that 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 (the “**Pricing Supplement**”).

Certain Restrictions:

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of these Base Admission Particulars.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies, see “*Subscription and Sale*”.

Programme Size:

Up to £5,000,000,000 (or its equivalent in other currencies) calculated as described in the Dealer Agreement outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Distribution:

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:

Euro, Sterling, U.S. dollars and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer, the Guarantor and the relevant Dealers.

Maturities:

The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealers, as specified in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price:

Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Pricing Supplement.

Form of Notes:

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year (determined taking into account any unilateral right to extend or rollover) and are being issued in compliance with the D Rules (as defined in

“*Selling Restrictions*” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”. Registered Notes will not be exchangeable to Bearer Notes and vice versa.

Fixed Rate Notes:

Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer and the relevant Dealer as set out in the applicable Pricing Supplement and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

Zero Coupon Notes may be offered and sold at a discount to their principal amount and will not bear interest.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined separately for each Series:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or the 2021 ISDA Definitions (the latest version of the ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein, as published by ISDA as at the Issue Date of the first Tranche of the Notes) as set out in the applicable Pricing Supplement; or

(ii) by reference to a reference rate appearing on the agreed screen page of a commercial quotation service or by reference to a reference rate index rate appearing on the website of an index administrator, each as set out in the applicable Pricing Supplement.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Benchmark Discontinuation (in respect of Floating Rate Notes):

Notwithstanding the other fallback provisions provided for in the Conditions, if a Benchmark Event (in respect of Notes referencing SONIA or €STR) or Benchmark Transition Event (in respect of Notes referencing SOFR) occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified

in the applicable Pricing Supplement, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive or negative or zero)).

Index Linked Notes:

Payments of interest and principal in respect of Index Linked Notes will be calculated by multiplying an Index Ratio, derived from either:

- (i) the UK Retail Prices Index (the “**RPI**”) (all items) published by the Office for National Statistics or the relevant successor index (“**RPI Linked Notes**”);
- (ii) the UK Consumer Prices Index (the “**CPI**”) (all items) published by the Office for National Statistics or the relevant successor index (“**CPI Linked Notes**”); or
- (iii) the UK Consumer Prices Index including Owner Occupiers’ Housing costs and Council Tax (“**CPIH**”) (all items) published by the Office for National Statistics or the relevant successor index (“**CPIH Linked Notes**”),

in each case by an amount specified in the applicable Pricing Supplement.

Redemption:

The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons (as described below) or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, 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, with further detail as is set out below.

Redemption for Taxation Reasons

The Issuer may redeem all, but not some only, of the Notes if additional amounts would be payable as a result of change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division of, or any authority in or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations as provided in Condition 11.

Redemption at the Option of the Issuer – Call Option

If Make-Whole Amount or Spens Amount is stated as being applicable in the applicable Pricing Supplement, the Issuer may redeem all or some only of the Notes during such period as is specified in the applicable Pricing Supplement at the Make-Whole Redemption Amount or Spens Amount, as the case may be, in accordance with Condition 8(d).

Redemption at the Option of the Issuer – Par Call Option

If Issuer Maturity Par Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may redeem all, but not some only, of the Notes during such period as is specified in the applicable Pricing Supplement at the Final Redemption Amount

together with interest accrued (if any) to (but excluding) the date fixed for redemption, in accordance with Condition 8(e).

Redemption at the Option of the Issuer - Clean-Up Call Option

If Clean-Up Call is stated as being applicable in the applicable Pricing Supplement, the Issuer may redeem or (at its option) purchase or procure the purchase of, all, but not some only, of the Notes at the Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption or purchase (as applicable), in accordance with Condition 8(f).

Redemption at the Option of the Issuer - Put Option

Early redemption at the option of the Noteholders will be permitted (a) at the option of the Noteholders if a Put Option is specified as being applicable in the applicable Pricing Supplement, in accordance with Condition 8(g) or (b) in certain circumstances upon a Regulatory or Change of Control Put Event if a Regulatory or Change of Control Put Option is specified as being applicable in the applicable Pricing Supplement, in accordance with Condition 8(h).

Redemption for Index Reasons

If a Note is an Index Linked Note, the Issuer may redeem all, but not some only, of the Notes for reasons related to the relevant index, in accordance with Condition 10(f).

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer or such other amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions — Notes with a maturity of less than one year*" above, and the minimum specified denomination of each Note shall be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions — Notes having a maturity of less than one year*" above.

Taxation:

All payments in respect of the Notes and Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, Taxes imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division of, or any authority in or of, the United Kingdom having power to tax unless the withholding or deduction of such Taxes is required by law, as provided in Condition 11. In the event that any such withholding or deduction of such Taxes is required by law, the Issuer or, as the case may be, the Guarantor will, save in certain circumstances provided in Condition 11, will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction.

Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default as further described in Condition 13.
Status of the Notes and the Guarantee:	The Notes, and the obligations of the Guarantor under the Guarantee, will constitute (subject to the provisions of Condition 3) unsecured obligations of the Issuer or, as the case may be, the Guarantor and will rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer in respect of the Notes and Coupons, and of the Guarantor under the Guarantee, shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4, at all times rank at least equally with all their respective other outstanding unsecured and unsubordinated obligations, present and future.
Ratings:	<p>The Issuer and the Programme have been rated Baa1 (Stable) by Moody's and BBB+ (Stable) by Fitch.</p> <p>Moody's and Fitch are established in the UK and are registered under the UK CRA Regulation.</p> <p>Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme or to the Issuer, or to Notes already issued.</p> <p>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Admission to trading:	Application has been made for Notes issued during the period of 12 months from the date of these Base Admission Particulars to be admitted to trading on the ISM. The Notes are not admitted to the Official List of the FCA.
Clearing Systems:	Euroclear, Clearstream, Luxembourg and in relation to any Tranche, such other clearing system as may be specified in the applicable Pricing Supplement.
Governing Law:	The Notes will be governed by, and construed in accordance with, English law.
Selling Restrictions:	<p>There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, Malaysia, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "<i>Subscription and Sale</i>".</p> <p>Category 2 selling restrictions will apply to the Notes for the purposes of Regulation S under the Securities Act.</p> <p>Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the applicable Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) the</p>

Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its respective obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in these Base Admission Particulars, including the information incorporated by reference in these Base Admission Particulars, and analyse all other relevant persons, and market, political, regulatory and economic factors (or such other factors) as they deem appropriate in order to reach their own views prior to making any investment decision. Capitalised words and expressions defined under Condition 24 (Definitions) of “Terms and Conditions of the Notes” or elsewhere in these Base Admission Particulars have the same meanings as in this section.

FACTORS THAT MAY AFFECT THE ISSUER’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The Issuer is a finance vehicle

The Issuer is a special purpose vehicle incorporated for the sole purpose of issuing capital market instruments on behalf of the Guarantor and on-lending the proceeds to the Guarantor. It has no business other than the incurrance of financial indebtedness, the on-lending of the proceeds of such financial indebtedness, and activities ancillary thereto. Substantially all of the Issuer’s assets will be loans and advances made by the Issuer to the Guarantor. The Issuer is therefore dependent on the Guarantor paying interest on, and repaying, in a timely manner, all loans made by the Issuer to the Guarantor. Any failure by the Guarantor to make such payments could have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes. It is for this reason the Notes are guaranteed by the Guarantor.

Each of the Issuer and Guarantor believes that there are no other specific, material risk factors peculiar to the Issuer that may affect its ability to pay interest, principal or other amounts in connection with the Notes, other than the risks described below in relation to the structure of the Notes, in relation to the Notes generally, and in relation to the market generally. However, by virtue of its dependence on the Guarantor, each of the risks described herein that affect the Guarantor will also indirectly affect the Issuer.

FACTORS THAT MAY AFFECT THE GUARANTOR’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES AND THE GUARANTEE

The Guarantor operates in a regulated industry

The Guarantor is a “relevant undertaker” (as defined in section 219(1) of the Water Industry Act) and as such is regulated by the Water Services Regulation Authority (known as “Ofwat”), the UK secretary of state from time to time (the “**Secretary of State**”) and the Environment Agency (the “**EA**”). Various environmental protection and health and safety laws and regulations govern the Guarantor’s business, including (but not limited to) the Drinking Water Inspectorate, the Department for Environment, Food and Rural Affairs, the Consumer Council for Water (“**CCW**”) and Natural England. These laws and regulations may change over time, potentially resulting in stricter standards, compliance with which may impact adversely the Guarantor’s operating costs or capital expenditure or competition within the Guarantor’s region of operation (for example, due to regulatory scrutiny of the market for non-household retail competition in England). Future intervention by the UK Government in the water markets or changes in governmental policy may also affect the Issuer’s ability to meet its obligations under the Notes and the Guarantor’s ability to meet its obligations under the Guarantee. In addition, the ongoing cost of living crisis has the potential to increase the likelihood of unforeseen regulatory interventions by Ofwat – this potential risk is addressed further in “*Cost of living in the UK*” below.

Further, regulatory decisions on whether licences, approvals or permits to operate are renewed or modified, or whether there has been any breach of the terms of a licence, approval or permit, could have an adverse impact on the Guarantor's operations, cash flow, financial condition and its ability to develop its business in the future.

The Guarantor is price-regulated

In particular, the Guarantor's financial position is influenced materially by the regulatory targets and price control determinations set by Ofwat. The Guarantor is price-regulated, with the prices it is able to charge its customers agreed by the Guarantor with Ofwat by reference to the Guarantor's forward business plans. The Guarantor would need consent from Ofwat to increase its prices in the event of any unexpected cost increases under the terms of its licences.

Ofwat concluded its price review for the 2020-2025 regulatory period on 16 December 2019. The final determination applicable to the Guarantor (the "**PR19 Final Determination**"), which sets revenues and an incentive package around costs and service levels over the same period, includes assumptions concerning the Guarantor's future costs and its achievement of operating efficiency targets relative to the total expenditure allowance set out in the PR19 Final Determination. Compared to the requirements of the 2015-2020 regulatory period the PR19 Final Determination includes more numerous and 'more stretching' (the term used by Ofwat) performance commitments which the Guarantor considers will be harder to achieve and, in some cases, there is no proven means of achieving. No assurance can be given that actual costs will be the same as those assumed. Where those costs are higher, the Guarantor can raise prices to customers above the amounts prescribed by the PR19 Final Determination only in limited circumstances. Even where those circumstances arise, no assurance can be given that there will be a permitted increase, nor that any permitted increase will reflect fully any increased costs. Therefore, any failure by the Guarantor to achieve the assumptions contained in the PR19 Final Determination or to meet the performance commitments of the 2020-2025 regulatory period may result in increased financial penalties (and associated reputational risk) thereby negatively affecting the Guarantor's future profitability and cash flow.

As part of the price review covering the 2020-2025 regulatory period, Ofwat is transitioning the basis of indexation of allowed revenues from RPI to CPIH. Ofwat indicated during its consultation for the next regulatory price review period covering 2025-2030 ("**PR24**") that a full transition to CPIH indexation would be made at the outset of PR24; Ofwat confirmed in its final methodology published in December 2022 in respect of PR24 ("**PR24 Final Methodology**") that a full transition to CPIH indexation will in fact be introduced from 1 April 2025. This change could lead to increased financing costs, higher CPIH-linked issuance costs and increased exposure for RPI-linked liabilities, along with changes in customer bills and a lowering of long-term growth in the regulatory capital value ("**RCV**"), which could adversely affect the Guarantor's ability to satisfy the interest cover and net debt to RCV ratios in the Group's bank facilities when compared to the 2015-2020 regulatory period. As RCV is linked to inflation, a prolonged period of low inflation and/or deflation could have a negative impact on the Guarantor's financial performance and adversely affect the Guarantor's ability to meet its debt finance obligations (particularly under its index-linked debt and by association its interest cover ratios, in respect of which the Guarantor has obtained a temporary covenant amendment with its lenders). Similarly, high inflation (which has been experienced in the UK economy in the last twelve months, and which is set to continue) could result in the Guarantor facing increased cost pressures which may result in a reduction in the Issuer's interest cover and consequently have a negative impact on the Guarantor's ability to meet its obligations under the Guarantee. It is also the case, particularly in a period of economic uncertainty in the UK, that the future effects of CPIH inflation indexation of prices are difficult to predict given that prices for the following year are set in advance using the November rate for inflation – this lag on the index could have a negative impact on the Guarantor's financial performance. The Guarantor's exposure to inflation through the CPIH component of RCV could therefore be detrimental to its overall financial condition.

On 13 December 2022, Ofwat published the PR24 Final Methodology, which as a whole represents an evolution of the PR19 Final Determination. The PR24 Final Methodology makes clear that water companies will be pushed to improve their response to environmental issues, challenged to identify solutions towards achieving net zero carbon emissions and held to 'stretching' (the term used by Ofwat) performance standards and a broader range of new environmental commitments (over and above those set out in the PR19 Final Determination). For example, the regulator is placing pressure on water companies to do more to drive down water demand, improve bathing water quality, minimise supply interruptions, eliminate serious pollution incidents and comply with various legal obligations (including in relation to the operation of wastewater treatment works – see further in "*Storm overflows*" below). In the PR24 Final Methodology, Ofwat has set down a marker which urges water companies to begin working towards making these improvements imminently, in advance of PR24. Ofwat also notes in the PR24 Final Methodology that it is set to change its approach to price reviews, increasing pressure on water companies to comply and penalising those that produce PR24 business

plans which Ofwat deems to fall short of its new quality and ambition criteria. More stringent processes implemented by Ofwat could therefore from 2025 onwards create adverse implications for the Guarantor's revenue and its asset base generally. The effect of the terms of the PR24 Final Methodology for the Guarantor remain uncertain at this formative stage, particularly so in light of the outcome of appeals made by other water companies to the Competition and Markets Authority ("**CMA**") in relation to the PR19 Final Determination in 2021. In addition, the PR24 Final Methodology continues to rely on certain narrowly defined output targets (though Ofwat has shifted its focus slightly towards an outcome-based model) which are not necessarily cost effective for the Guarantor. Changes in the price control methodology for the PR24 period may in practice translate into tighter controls on the total revenue that the Guarantor can recover from customers, which may adversely impact the Guarantor's overall financial condition. Although the Guarantor has established a working group to oversee the PR24 business planning process, the true impact of Ofwat's proposed changes will only most likely become fully realised nearer the implementation of PR24 in 2025.

Given that Ofwat controls the total revenue the Guarantor can recover from customers via bills, it is possible that any future changes in price regulation could adversely affect the Guarantor's ability to comply with its instrument of appointment (the "**Appointment**" or "**Instrument of Appointment**") and ultimately to meet its obligations under the Guarantee. The effect of regulation on the charges made by the Guarantor to its customers is described in further detail in the description of the Guarantor in "*Wessex Water Services Limited*".

The Guarantor is required to have an instrument of appointment to undertake its regulated business

The right to carry out the Guarantor's regulated activities and charge customers derives from the conditions of the Instrument of Appointment. Until recently, this could be modified by Ofwat with the consent of the Guarantor or without the Guarantor's consent following reference by Ofwat to the CMA on public interest grounds, or revoked in certain circumstances. Under this regime, the Guarantor's Instrument of Appointment was modified with consent on 24 August 2021 to insert a new requirement relating to systems of planning and internal control, bringing its Appointment in line with those of other large water and sewerage companies' licences. In November 2021, the UK Government introduced the Environment Act 2021 which transposed a set of new provisions into the Water Industry Act and gave Ofwat the power to modify the Appointment without the consent of the Guarantor, subject to consultation and a right of veto of the Secretary of State. This new process has already been followed in practice – it was used to modify the Guarantor's Instrument of Appointment (along with those of all other English water companies) with effect from 31 March 2022, whereby Ofwat made a unilateral amendment to remove the cap imposed by the Appointment on infrastructure charges. All water companies (including the Guarantor) supported the proposal, and the cap was removed from licences across the industry. The level of infrastructure charges imposed by English water companies is now solely regulated by the requirements of Ofwat's charging rules. Any Ofwat modification made to an Appointment pursuant to the new regime may be appealed to the CMA.

In March 2023, Ofwat published details of its decision to modify certain ring-fencing provisions in each water company's Instrument of Appointment (the "**Decision**") following the conclusion of a consultation on the topic. In the Decision, Ofwat explained the reasons for making the following changes: (i) modifying the cash lock-up licence conditions to raise the cash lock-up trigger to BBB/Baa2 with negative outlook from BBB-/Baa3 with negative outlook, effective from 1 April 2025; (ii) modifying the dividend policy licence condition to require that dividend policies and dividends declared or paid should take account of service delivery for customers and the environment over time, current and future investment needs and financial resilience over the long term; (iii) modifying the licence requirements to require water companies to maintain investment grade issuer credit ratings with at least two credit rating agencies and to notify Ofwat of any changes to credit ratings; and (iv) modifying the ring-fencing licence requirements of the Guarantor to bring them in line with those of other water companies. Ofwat's election to modify Conditions A, I, K and P of the Appointment is intended to bring the Guarantor's ring-fence licence conditions in line with those of other large, regulated water companies. Despite the modifications proposed in the Decision, Ofwat did note in the PR24 Final Methodology that if sufficient progress is not made on proposals to amend the regulatory ring-fence and dividend licence conditions, it may consider imposing an incentive-based mechanism within its next price review as an alternative method of improving financial resilience in the sector. If introduced, this could require the Guarantor to increase levels of monitoring and reporting or to alter its financial and/or operational structure in order to meet incentive thresholds, which could have an adverse effect on the Guarantor's ability to keep pace with other companies across the water sector and on its activities generally.

Generally, any failure by the Guarantor to comply with the conditions of its Appointment or certain statutory duties, as modified from time to time, may lead to a fine or result in an enforcement order by Ofwat or the Secretary of State, which could have an adverse impact on the Guarantor. Failure to comply with its statutory duties or the conditions of the Appointment and failure to comply with an enforcement order (as well as certain other defaults, including where the Guarantor is, or is likely to be, unable to pay its debts) may lead to the

making of an order by the High Court, which could result in the Guarantor's Appointment being transferred away from the Guarantor ("**Special Administration Order**"). The duties and functions of a special administrator include that it must seek to transfer to one or more companies as a going concern as much of the Guarantor's undertaking as is necessary to ensure that the functions which have been vested in the Guarantor by virtue of its Appointment may be properly carried out. It is not certain whether or not the obligations under the Guarantee are necessary to the Guarantor's functions as a water undertaker under its Appointment and would, therefore, be transferred to a new company under a transfer scheme.

Additionally, under the terms of the Appointment, the Secretary of State may terminate the Guarantor's Appointment without its consent where the Secretary of State has given at least 25 years' notice and that period of notice has expired. If a Special Administration Order were to be made in respect of the Guarantor, the Appointment could be terminated without consent on 25 years' notice by the Secretary of State. Loss of its Instrument of Appointment would have a material adverse effect on the Guarantor. See further "*Wessex Water Services Limited – Regulation*" for a description of the applicable regulatory regime.

The Guarantor must comply with the laws, regulations and regulatory standards applicable to its regulated activities. These obligations were taken into account by Ofwat in setting the PR19 Final Determination regarding permitted charging levels for the 2020-2025 regulatory period, as described in the description of the Guarantor in "*Wessex Water Services Limited*", and there are provisions to allow for changes in certain circumstances. However, no assurance can be given that laws, regulations or government policies will not change in a manner that adversely affects the business of the Guarantor and its ability to perform its obligations under the Guarantee.

The current PR19 Final Determination as described in the description of the Guarantor is for the period from 2020-2025. Although the PR24 Final Methodology is very much a continuation and refinement of the themes identified in the PR19 Final Determination, no assurance can be given that future determinations will use the same or a comparable methodology, nor that the determination process will continue in the same form or at all. See further "*Wessex Water Services Limited – AMP7*".

Cost of living in the UK

As at the date hereof, pricing in energy markets has become substantially more volatile than in recent years. The rapidly increasing price of energy and increased costs of many other essentials, triggered by a matrix of concurrent macroeconomic and other factors including supply chain disruption, political instability in the UK, the continuing effects of Brexit and the war in Ukraine exposes the Guarantor to significant uncertainty in forecasting and could lead to cost pressures affecting the Guarantor's business. These factors – both in combination and independently – have culminated in increased chemical prices, increased borrowing costs and increased labour costs, the effects of which the Guarantor is now experiencing. The resulting economic landscape – worsened by high levels of inflation and rising interest rates - has also adversely impacted the ability of many of the Guarantor's customers to pay their bills (sometimes referred to as the "cost of living crisis"), causing increases in the non-recoverability of customer debts which may in the future impact the Guarantor's financial condition. The Bank of England noted in its Monetary Policy Summary and minutes of the Monetary Policy Committee meeting published on 22 June 2023 that twelve-month CPI inflation had fallen and was expected to fall significantly further during the course of 2023. This trend, coupled with unexpectedly strong employment growth, means that the Bank of England predicts economic growth to remain at around 0.25 per cent. in Q2 and Q3 2023. While most indicators of household spending have strengthened over recent months, significant challenges remain which may result in a decrease in consumer spending towards the end of 2023. This may impact on the recovery of full and timely payments from customers for water companies generally (including the Guarantor). Whilst Ofwat makes some allowance in price controls at each periodic review for a proportion of debt deemed to be irrecoverable, any non-recovery of debt by the Guarantor above this allowance is a risk to the Guarantor and its overall profitability.

Furthermore, as a result of the rising cost of living in the UK, it is possible that the Guarantor may come under further political and/or regulatory pressure not to increase tariffs in line with inflation in order to improve the affordability of its services. Instead, the Guarantor may in the future be obliged by the UK Government or Ofwat to reduce customer bills in order to minimise pressures for bill payers. Ofwat stated in its third wave cost of living report (May 2023) that more than half of customers it surveyed reported that they had struggled to pay household bills 'sometimes' or more often over the past year. In response, the regulator indicated that it may go further than its corporate release issued in January 2023 which called on water companies to increase their funding for social tariffs and improve access to and awareness of support for struggling customers. Nonetheless, at the date hereof, Ofwat is encouraging rather than prescribing specific approaches to bill-setting, but has not ruled out the possibility of mandating bill reductions should the cost of living crisis continue or worsen in the UK. Price intervention in the water sector by the UK Government also remains a possibility,

particularly in light of its implementation of support measures for gas and electricity bills such as the Energy Price Guarantee which limits the amount suppliers can charge per unit of energy used by capping the average bill for eligible households in Great Britain to an annual equivalent of c. £2500. The reintroduction of more widespread price cap or standard reduction in bill totals could significantly adversely affect the Guarantor given that it has already announced price increases for its customers with effect from 1 April 2023 as a hedging measure against high inflation, and also given the fact that it is itself exposed to increased wholesale energy costs through its operations. Any external intervention – whether by Ofwat or the UK Government - motivated by the cost of living crisis could result in permanent shortfalls for the Guarantor.

Separately, the Guarantor has autonomously in line with its purpose to support its customers, developed and implemented a range of financial support packages to assist customers struggling with bill payment, providing customers on the lowest incomes with discounts of as much as 90 per cent. on bills. Almost 60,000 households in the Guarantor's region currently benefit from such relief, and the Guarantor is in the process of adding around a further 20,000 and fast-tracking another 60,000 customers on to the affordability scheme. In order to achieve this, the Guarantor has had to increase funding to debt advice agencies for the development of support packages, and further increased support costs remain a real likelihood. This scheme could conceivably also place additional strain on the Guarantor's business operations, have a negative overall impact on the Group's net cash flow from operating activities, liquidity and working capital position, and adversely affect the Guarantor's ability to meet its debt finance obligations (particularly under its index-linked debt and by association its interest cover ratios, in respect of which the Guarantor has obtained a temporary covenant amendment with its lenders), including the ability to meet its obligations under the Guarantee.

Changes in the wider political environment may have adverse consequences for the Guarantor and the industry in which it operates

Any significant change in UK Government policies or political structure could have an impact on the Group's business.

Following the UK's formal withdrawal from the EU at 11:00pm on 31 January 2020 and entry into the transition period until 31 December 2020, the UK Government stated its commitment to maintaining environmental standards and international obligations. At the end of the transition period a new body of retained EU law was created under the EUWA. Generally, the EUWA: (i) retained EU-derived domestic legislation (including UK legislation implementing EU Directives); and (ii) preserved and converted most directly applicable EU legislation into UK law. For example, the body of retained EU law includes UK environmental legislation which implements the EU Water Framework Directive (2000/60/EC), the Urban Waste Water Treatment Directive (91/271/EEC) and the Industrial Emissions Directive (2010/75/EU) – this effectively allows for the operation of certain EU environmental laws in the UK.

Nevertheless, many of the far-reaching impacts of Brexit are still unknown. For instance, it is possible that the Guarantor may in the future encounter difficulty in accessing funding from Europe-based investors and financial institutions – such as the European Investment Bank, with which the Guarantor has existing agreements in place – which could have a negative impact on the Guarantor's ability to finance its activities and ultimately on the cost and terms of that funding. In addition, the Guarantor may face raw material, product and labour shortages in the UK as a result of Brexit across the longer term. The broad longer-term effects of the UK's exit from the EU are difficult to predict but could include further financial instability and slower economic growth, in the UK in particular, but also in Europe and the global economy.

Further, in the run up to the 2019 General Election, the UK Government's official opposition, the Labour Party, pledged to nationalise the UK water industry. Since then, Sir Kier Starmer (the current leader of the Labour Party) and Rachel Reeves (the shadow chancellor), have publicly reversed the party's 2019 manifesto policy to nationalise the water sector, but there has been continued discussion and public and political comment on renationalisation. The next UK general election is scheduled to be held no later than 28 January 2025 (though the UK Government may select a date before then) and whilst there are currently no plans for nationalisation on the agenda of either of the two leading political parties, it is possible that the idea may be revisited in light of energy price hikes, the cost of living crisis and concerns relating to raw sewage discharge. It is currently unclear what impact any renationalisation would have on Noteholders as there is currently no formal proposal or proposed legislation. Accordingly, future intervention by any UK Government in the water markets, changes in governmental policy or any future renationalisation policy may have an adverse impact on the Guarantor.

The industry in which the Guarantor operates may become subject to more competition

The Water Act 2014 includes market reform measures that are intended to increase competition in the water sector, including a revised water supply licensing regime to open up retail and wholesale competition in relation

to supply to all eligible non-household customers in England. Inset appointments allow one company to replace another as the statutory undertaker for water or water recycling in a specified geographical area previously within the other company's appointed territory. This may lead to competitors within the area in which the Guarantor operates, although the household retail market was not highlighted as an area of focus for Ofwat's competition activities under the Department of Environment, Food and Rural Affairs' strategic policy statement published in February 2022.

Ofwat has stated that it will use its powers under the Competition Act 1998 (the "**Competition Act**"), which provides Ofwat and the CMA with the power to investigate and prohibit anticompetitive agreements and conduct relating to the water and water recycling sector.

Any increase in competition may have an adverse effect on the Guarantor, including in terms of competitors gaining market share from the Guarantor with respect to a service provided by the Guarantor, and in terms of any increase in competition increasing the risk that anti-competitive behaviours may occur if the Guarantor has ineffective internal controls to guard against such behaviour occurring.

The industry in which the Guarantor operates may become subject to increased regulatory scrutiny

In recent months there has been a significant focus on financial resilience in the water industry - the largest water company in the UK, Thames Water, has faced severe and well-documented financial difficulties. Despite Thames Water's strong liquidity, issues have arisen in large part as a result of the company's level of indebtedness, a factor compounded by increased borrowing costs. Ofwat has openly acknowledged that it should have actively intervened in a more timely manner in order to prevent water companies like Thames Water from becoming so highly geared, and ultimately from taking on significant and unmanageable levels of debt. In a statement published on 20 June 2023, the regulator noted that it would continue to keep water companies' financial resilience under close scrutiny, and work with market participants to ensure that they have strong financial backing to deliver both for customers and the environment. Whilst Thames Water has received additional investment from its shareholders to offset its level of indebtedness, the regulator's failure to offer prompt support and guidance to distressed water companies has raised concerns amongst market participants. Ofwat's oversight, coupled with the remaining threat of Thames Water's entry into a special administrative regime, has increased uncertainty in the wider market and adversely impacted investor confidence. The Guarantor is confident in the strength of its financial position but continues to monitor the UK Government's policies on the application of special administrative measures in the water sector.

The Guarantor has significant funding requirements for its investment programme and refinancing maturing debt

The Guarantor continues to undertake a significant capital investment programme. The Group also has outstanding indebtedness that will need to be repaid or refinanced.

There can be no assurance that funds will continue to be available to the Group to finance its investment programme at the level or cost currently assumed, at the requisite time, or to repay or refinance its outstanding indebtedness (including the Notes). In particular, as set out above, historically the Group has accessed funding from EU-based investors and institutions, including the European Investment Bank which in light of the UK's withdrawal from the EU, the Group may find more difficult to access going forward. In addition the conflict in Ukraine, rising inflation and interest rates on the UK and global financial markets may affect the Group's ability to access sources of finance.

The Guarantor had a pension scheme deficit at the last actuarial funding valuation

UK legislation requires that pension schemes are funded prudently. The last actuarial funding valuation of the Guarantor's pension scheme was carried out as at 30 September 2022 and showed a deficit of £35.3 million. The Guarantor paid special contributions of £15 million on 31 March 2020, £13.035 million on 1 August 2020, £14.8 million on 1 July 2021 and £16.6 million on 1 July 2022. The Guarantor also committed to pay deficit contributions of £18.4 million by 1 July 2023 and up to £20.2 million by 1 July 2024, with the amount falling due dependent upon the scheme's funding position ahead of the payment date which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 1 July 2024. The Guarantor also pays contributions of 15.5 per cent. of pensionable salaries in respect of current accrual and non-investment related expenses. A contribution of £18.4 million is expected to be paid by the Guarantor during the year ending on 31 March 2024.

Should a future valuation of the Guarantor's pension scheme lead to an increase in the scheme deficit, there may be a requirement for the Guarantor to make additional contributions.

The effect of financial market factors (growth asset volatility, decreases in bond yields, risk of inflation increase) on the Guarantor's pension scheme, and any requirement to fund contributions to the pension scheme, may adversely affect the Guarantor's financial position and its ability to fulfil its obligations under the Guarantee. In particular, given the recent period of market instability and pension fund underperformance made worse by factors such as the European energy crisis, the possibility of recession in the UK and unexpected changes in the UK Government's spending budget (and as market uncertainties may continue), the fair value of the Guarantor's scheme assets and the present value of its defined benefit obligations could materially alter, creating further volatility and risk at least in the short-term, potentially increasing the deficit. This could, in turn, have a negative impact on the Guarantor's pensions-affected income, such as profit before tax, which could therefore affect the overall financial condition of the Guarantor.

The Guarantor's information technology, operating technology and infrastructure are fundamental to its operations

The Guarantor's information technology, operating technology and infrastructure are critical to its operations and failure of or damage to any of these systems, for example the Guarantor's remote monitoring system, could have a significant effect. The increased use of online communications and cloud-based technology, smart technologies and the internet by the Guarantor requires enhanced protection. The need to engage fully with modern technology presents a transitional risk which the Guarantor remains committed to carefully monitoring.

The Guarantor's information technology, operating technology and infrastructure are exposed to various threats which could impact the provision of its services. Systems or data could be lost, taken, corrupted or otherwise misused or interrupted as a result of a malicious attack or a failure in cyber security. Infrastructure could be damaged due to malicious, accidental or natural causes (including climate change). The Guarantor has, however, implemented an Operational Technology Security Improvement Programme which aims to implement security incident event management policies, network segregation and user access controls (amongst other things) which runs to 2025, though this does not guarantee protection against all risks including cyber security threats (which have increased in the water industry over the last year), particularly given the publicly acknowledged nation state involvement in the targeting of the utility sector for cyber-attacks.

Any such damage to, or failure or interruption of, any of the Guarantor's systems or infrastructure could have material and far reaching effects on the Guarantor's business, including service interruptions, breaches of legislation (such as data protection legislation), breaches of regulatory requirements (such as reporting requirements), the incurrence of significant penalties and/or reputational damage, which could endanger the health and safety of employees, contractors and members of the public, or negatively impact the local and wider environment, and ultimately could endanger the Guarantor's continued possession of the Instrument of Appointment.

Climate change risk

Climate change poses a risk of significant scale to the delivery of the Guarantor's core services. Climate volatility presents one of the biggest challenges to the Guarantor's resilience planning – assessing and adapting to a changing climate is integral to the Guarantor's strategic direction. The Guarantor's services would be affected by the physical risks associated with climate change, affecting water availability, quality and the efficacy of sewerage and surface water management. The Guarantor would also be affected by a transition to a low carbon economy (should that continue to be a priority of the UK Government) – providing water and waste water services involves significant amounts of energy use and emissions of methane, carbon dioxide and nitrous oxide. The continued public focus on avoiding climate-related disasters may trigger additional regulations designed to combat climate change which the Guarantor may need to comply with. Whilst the Guarantor is wholly committed to reducing its carbon footprint and achieving net zero operational emissions by 2030 and net zero total emissions by 2040, the decarbonisation of its activities requires substantial investment in economically viable and politically/regulatorily acceptable solutions. The Guarantor's climate change contingency planning is also subject to a number of uncertainties – for example, the future return period of unpredictable extreme weather events, the occurrence of unforeseen climate emergency issues and the developing pace of climate change may lead to increased funding requirements and could affect business conditions and demand for services in the medium to long term. It is possible that the Guarantor may have to adapt its operations to respond to statutory or regulatory changes in relation to climate change in the near future given the volatility of the climate change crisis, which could involve increased expenditure and limits on operations for the Guarantor, consequently impacting its ability to meet its obligations under the Guarantee.

Failure to supply high quality drinking water or to safely take waste water away could have an adverse impact on the Guarantor's business

Supplying high quality drinking water is a core duty of the Guarantor – the Guarantor treats and supplies over 282 million litres of water per day to 1.4 million customers and 44,000 businesses. External factors (such as contamination of supply or customer pipes) or internal factors (such as the failure of the Guarantor's assets or poor operating performance) could result in the supply of unfit water, affecting public health. Operational performance problems or service failures could result in issues such as leakage and operational or asset failures leading to adverse effects on supply, water quality or flooding. Raw water quality issues such as pesticides, nitrates and turbidity (i.e. cloudiness) are increasing and the need to remove borehole licences has also reduced the quantity of water available. Whilst the Guarantor has underperformed in respect of water safety in the past year (see further "*Litigation / Investigation Risk*" below), it remains fully committed to supplying high quality drinking water.

Working with and around water, sewage, construction and excavation sites, plant and equipment exposes employees, contractors and the public to man-made and naturally occurring hazards. Any failure of operational controls or an external hazard could affect the health and safety of employees, contractors or the public. Additionally, external factors (such as sewer misuse or asset failure caused by a third party) or internal factors (such as asset failure or poor operating performance) could result in a major pollution incident significantly affecting the natural environment. In the event of contamination or a major pollution incident, the Guarantor would experience a significant adverse operational impact and likely incur expense in fine payment for breach of statutory requirements and/or a damaging effect on its brand image.

The occurrence of any of the above could result in customer dissatisfaction, reputational damage, loss of revenues, increased costs, penalties, legal action or regulatory action, and ultimately could endanger the Guarantor's continued possession of the Instrument of Appointment.

Storm overflows

There are rising concerns in the water industry surrounding storm overflows, flow compliance and river water quality, particularly given the growing interest in water based recreation. This is due to the fact that most sewerage systems have historically been designed to overflow into watercourses under storm or emergency conditions, and data shows that these overflows operate more frequently (as a result of more intense rainfall storms and more impermeable areas being connected to sewers) than is currently considered to be acceptable. This issue affects seven out of the 444 rivers in the Guarantor's region. The Guarantor is working to progressively eliminate storm overflows (starting with those that discharge most frequently) and looking towards nature-based solutions as a priority, and is currently spending around £3 million each month on rectification works – at no additional cost to customers. Without the introduction of UK Government funding to help address the storm overflow issue, the cost to the Guarantor of preventing new developments from being connected to combined sewers and disconnecting existing overflows is likely to be substantial. The industry is currently delivering a programme to install additional flow monitors at sewage treatment works which may identify sites which are making illegal storm discharges, but the additional costs of complying with bringing storm overflows to acceptable levels could affect the Guarantor's business, its ability to meet regulatory performance metric targets, its results of operations and ultimately its ability to meet its obligations under the Guarantee.

As a result of the storm overflow issue, many water companies are facing increased media scrutiny over what is referred to as "raw sewage dumping". Over the course of 2022, the Guarantor was petitioned by charities such as ocean conservationists, Surfers Against Sewage, and rallied by public protestors over the discharge of untreated sewage into local rivers. In addition, Ofwat opened enforcement cases against the majority of wastewater companies in England and Wales (including the Guarantor) over the illegal emptying of raw sewage, and the EA is involved in a criminal investigation into potentially illegal sewage discharging by water companies in breach of legal permits – this is further described in "*Litigation / Investigation Risk*" below. Further, it is possible that private claims (including, but not limited to, in trespass and/or nuisance) could be brought against the Guarantor by the owners of waterways into which untreated sewage has been disposed. Adverse findings from current public investigations, any further investigations or future claims commenced could lead to the imposition of fines or prosecutions for serious non-compliance and could lead to irreparable damage of the Guarantor's reputation.

Reduced resilience in the Guarantor's supply chain

The supply chain associated with the Guarantor's principal activities is becoming increasingly fragile, particularly in relation to the procurement of chemicals but also in relation to the sourcing of lead times and

cost of sourcing them, all of which are becoming detrimental to the delivery of fundamental services. The UK Government recently identified that the most significant single risk to public water supplies is a failure in the chemical supply chain – if difficulty in sourcing critical chemical supplies continues then this could have a substantial operational impact and would likely require that supply be moved outside the UK at a significant premium to UK pricing. As this is a market-wide issue, the Guarantor has limited means of proactively mitigating supply chain losses. Consequently, this could adversely affect the Guarantor's overall financial condition, impact the operation of the Guarantor's business and restrict the Guarantor's ability to meet its obligations under the Guarantee.

The Guarantor is reliant on its employees to operate effectively

The Guarantor has more than 2,700 employees who have varying degrees of access to its assets, systems and information.

The Group has a predominance of positions requiring Science, Technology, Engineering and Maths (“**STEM**”) skills. For some time, there has been a national shortage of STEM skills across the UK, particularly Engineering. The construction project at Hinkley C in Somerset has exacerbated the STEM skills shortage in the Guarantor's region, and the Group's 2020-25 investment programme has increased its need for appropriately skilled employees and contractors. Post-Brexit and following on from COVID-19, there is also a general national shortage of labour resources in total and increasingly people have become accustomed to home working and are less willing to relocate for a new job.

Furthermore, an incompetent, disgruntled, vulnerable or radicalised employee or contractor could cause inadvertent or malicious damage to operational activities and/or the company's reputation.

Any failure by the Group to have the right employees or contractors with the right skills in the right place may impact on the Group's ability to operate effectively and to achieve its strategic objectives, and could damage the Group's operational activities and adversely impact its business performance.

In the financial year ending 30 June 2023, the Guarantor missed its employee retention target by just over 1 per cent. due to competition in the employment market. In addition, resurgence of the COVID-19 pandemic or similar, plus cost-of-living tensions, could potentially lead to significant staff absences through illness, periodic self-isolation, increased desires to work remotely, unanticipated disruption to personal life or significant downturns in socio-economic circumstances. This could have a detrimental impact on the efficiency of the Guarantor's operations and service delivery, which may in turn result in customer dissatisfaction and reputational risk.

Damage to corporate reputation / brand perception

The reputation of the utilities industry in general has been challenged over recent months and national or regional issues have affected the perception of all English water companies, including the Guarantor - reputation and brand image are important assets to the Guarantor and integral to its business. Increases in the cost of living (including water and sewerage services), extreme weather events and economic and political volatility have increased scrutiny of the actions of utilities companies, including the Guarantor. In particular, as mentioned above, concerns over discharge of untreated sewage into rivers have resulted in additional media attention for water companies at a national and regional level. This has and will most likely continue to have a negative impact on the public's perception of the water industry in general. This reputational risk could potentially lead to increased public campaigns for change, and may invite governmental and/or regulatory intervention or adversely affect periodic reviews, and/or increase capital expenditure requirements and costs for the Guarantor.

Litigation / Investigation Risk

The Guarantor has been notified of a claim commenced by various property search companies against licensed water and sewerage undertakers, including the regulated business in the Group. This claim relates to charges levied for drainage and water searches carried out since December 2013. This claim has been brought against all water and sewerage companies (“**WASCs**”) in England and Wales. The Guarantor intends to defend this claim (in line with all of the other WASCs), however little detail has so far been provided and the claim is at too early a stage to provide further commentary on its potential value, merits or otherwise or any effect on the financial position of the Guarantor. The first phase trial will take place at the end of 2023. If adversely determined so that full refunds were required in respect of all relevant fees since December 2013 (including interest on those amounts), this could have an adverse effect on the Group's business and profitability for the period in which those costs fell due.

The fatal incident at the Group's Avonmouth water recycling centre which occurred on 3 December 2020, in which four people died and one person was injured, is the subject of ongoing investigation by the police and Health and Safety Executive. The site continues to be fully operational following the incident. The Group is cooperating fully with the investigating authorities in order to determine the cause(s) of the incident, which have not yet been established at the date hereof. There is a range of possible outcomes depending on the findings of the investigation, which may, at the extreme, include criminal or civil proceedings brought against the Group with the possibility of custodial sentences and/or an unlimited fine, though no official proceedings have yet been brought. The full implications of the incident and the extent of applicable insurance cover for any financial liabilities will not be known pending finalisation of the investigation. The outcome of the investigation may result in reputational risk. Any penalties could have an adverse effect on the Group's business and profitability.

In November 2021, Ofwat and the EA announced separate industry-wide investigations into Flow to Full Treatment (the measure of how much wastewater a treatment works must be able to treat at any time) at wastewater recycling centres, to understand the extent to which water companies are breaking the conditions of their environmental permits by releasing untreated wastewater into storm overflows – this is further described in “*Storm overflows*” above. Ofwat has since opened enforcement cases into six wastewater companies, including the Guarantor. The Guarantor is continuing to work with Ofwat and the EA as they gather further information to inform the respective investigations and next steps. As at the date hereof, a class of UK bill-paying households have issued an opt-out standalone competition damages claim in the Competition Appeal Tribunal (“**CAT**”) against Severn Trent with five further claims to be issued against Thames Water, United Utilities, Anglian Water, Yorkshire Water and Northumbrian Water over the alleged unlawful discharge of untreated sewage and wastewater into waterways. The extent, timing and implications of the CAT claim are as yet unknown, but its existence and/or potential application to the Guarantor may cause reputational and thus financial damage to the Guarantor and its business.

The Guarantor currently faces four charges which relate to two incidents which occurred in 2018 at the Bowerhill Lodge sewage pumping station, near Melksham. These include allegations that the Guarantor made a discharge of screened sewage between 29 July and 2 August 2018 as result of the pumping station becoming inoperative due to a mechanical and electrical breakdown, and that untreated sewage effluent was discharged into a marsh ryhne system at the Wick St Lawrence sewage treatment works near Weston-super-Mare. The Guarantor has not yet entered a plea and is due to appear at Swindon Magistrates Court on 9 October 2023 for a case management hearing. The Guarantor remains fully co-operative with the authorities and intends to enter a true and complete plea, though any adverse outcome arising from any proceedings relating to these charges could have a detrimental effect on the Guarantor's reputation and financial condition.

At the start of September 2023, a report published by the BBC named a number of water companies (including the Guarantor) as companies that have released sewage into rivers throughout 2022 on days when it had not rained. The Guarantor has responded publicly to this report, indicating that it is aware of the issue - caused by high groundwater which persists for longer periods of time than rainfall – but has contested the accuracy of some of the data reported and confirmed that none of the overflows caused rivers to fail to meet ecological standards. Any adverse findings or the commencement of further investigations by the BBC or any other public body may, however, have a negative impact on the Guarantor's reputation and financial performance.

Whilst the Guarantor has underperformed in respect of water safety in the past year, as indicated by the Drinking Water Inspectorate issuing a fine of £280,000 after the Guarantor pleaded guilty to an offence relating to the supply of water unfit for human consumption, it remains committed to supplying high quality drinking water. This is an issue which other market participants have also been reprimanded for in the past year (for example, South West Water which received a fine in September 2022, and Southern Water which was served a caution in January 2023). The Guarantor published its draft Water Resources Management Plan, as well as the first ever water resource plan for the West Country – both of which demonstrate the Guarantor's commitment to improving its performance in this area.

Other contingencies

As part of a regulatory settlement for 2020-2025, Ofwat established a £200 million innovation competition to grow the water sector's capacity to innovate, which will be increased to at least £300 million at PR24 to support further sector-changing ideas with a further consultation on value and efficacy to be held in early 2024. The competition is to be funded from additional revenues collected from customer bills, of which the Group's share is approximately £8 million. Each year, companies are invited to submit projects which if successful are awarded funding from the revenues already collected. If the Guarantor is unsuccessful, then those revenues are to be transferred to the successful companies. If at the end of the regulatory period the revenues have not been fully utilised, then the balance is returned to customers over the subsequent regulatory period. Due to

the uncertainty surrounding the nature, timing and value of any expenditure, if the Guarantor were to be unsuccessful in the innovation competition, this could materially worsen its financial condition and impact its ability to meet its obligations under the Guarantee.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of certain types of Notes which may be issued under the Programme

Notes subject to optional redemption by the Issuer

The Issuer may issue Notes that are callable, at the option of the Issuer, either at certain times or at any time during the life of the Notes. An optional redemption feature in the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Potential investors should also note that if Clean-Up Call is specified in the applicable Pricing Supplement, the Issuer in certain circumstances has the ability to exercise a “clean-up” call in relation to the relevant Series of Notes. If the Issuer, the Guarantor (if applicable) and/or any of their subsidiaries has/have in the aggregate purchased and cancelled or redeemed a Series of Notes in aggregate principal amount equal to the Clean-up Call Minimum Percentage (as specified in the applicable Pricing Supplement) in the principal amount of such Series of Notes initially issued (which shall for this purpose include any further Notes of such Series issued pursuant to Condition 19), the Issuer may then redeem or (at its option) purchase or procure the purchase of all, but not some only, of the remaining outstanding Notes of that Series at the Early Redemption Amount specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption or purchase (as applicable).

Index Linked Notes

The Issuer may issue Notes with principal or interest determined by reference to movements in RPI, CPI or CPIH (each an “**Index**”) during a reference period. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time than expected;
- (iv) the amount of principal payable at redemption may be less than the principal amount of such Notes or even zero;
- (v) an index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) the timing of changes in an index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant index, the greater the effect on yield.

Moreover, the methodology used by the Office for National Statistics for calculating RPI, CPI or CPIH may change over time. Such change in the methodology for calculating RPI, CPI or CPIH may affect the actual RPI, CPI or CPIH figure. Consequently, the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of Index Linked Notes may increase, or decrease, as a result of such a change to the RPI, CPI or CPIH methodology or basis of the calculation of the applicable index.

In particular, in March 2020, a public consultation was launched on proposals issued by the UK Statistics Authority (“**UKSA**”) to cease the publication of RPI, and, in the interim, to change the methodology used for calculating the RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the UK government and the UKSA published their response to the consultation confirming that the methodology used for RPI will be aligned with the methodology for calculating CPIH no earlier than 2030.

If the relevant Index ceases to be published or where there is a fundamental change in the rules governing such Index, adjustments to such Index may be made, or a substitute index may be agreed. If an adjustment

to such Index cannot be made or any substitute for such Index found then, in specified circumstances, the Issuer may redeem the Index Linked Notes early. See Condition 10(f) for further detail.

The application of Condition 10(e) may have a positive or negative impact on the amount of interest payable on each interest payment date and/or the amount to be repaid upon, or the timing of, any redemption of Index Linked Notes.

More information on RPI, CPI and CPIH, including past and current levels, can be found at the following website: <https://www.ons.gov.uk/economy/inflationandpriceindices>.

The regulation, reform or discontinuation of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory review and reform, with further changes anticipated. These reforms have resulted in the cessation of certain benchmarks, including Sterling London Interbank Offered Rate ("**LIBOR**") Japanese Yen LIBOR, and U.S. dollar LIBOR. Other benchmarks could be eliminated entirely or declared unrepresentative. Such reforms may cause benchmarks to perform differently than in the past, a benchmark could be eliminated entirely or declared unrepresentative, or there could be other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a benchmark.

Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**") and Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of EUWA, as amended (the "**UK Benchmark Regulation**") apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and in the UK, respectively. These regulations could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmark Regulation and/or the UK Benchmark Regulation. In each case, such changes could, among other things, have the effect of reducing or increasing the rate or level, or affect the volatility of, the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increase in regulatory scrutiny of benchmarks, could increase the costs and risks of administering or participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuation or unavailability of quotes of certain benchmarks.

For Notes which reference any affected benchmark, uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to such benchmark may adversely affect such benchmark rates during the term of such Notes and the return on, value of and the trading market for such Notes.

In accordance with the Conditions, Notes which reference any affected benchmark may be subject to the adjustment of the interest provisions in certain circumstances, such as the potential elimination of the relevant benchmark, changes in the manner of administration of such benchmark, it becoming unlawful to use such benchmark or the availability of a successor or replacement benchmark. The circumstances which could trigger such adjustments are beyond the Issuer's control. The subsequent use of a replacement benchmark may result in changes to the Conditions (which could be extensive) and/or interest payments that are lower than or that do not otherwise correlate over time with the payments that could have been made on such Notes if the relevant benchmark remained available in its current form.

Although pursuant to the Conditions, spread adjustments may be applied to any such replacement benchmark in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. There is no assurance that the characteristics of any replacement benchmark would be similar to the affected benchmark, that any replacement benchmark would produce the economic equivalent of the affected benchmark or would be a suitable replacement for the affected benchmark. The choice of replacement benchmark is uncertain and could result in the use of risk-free rates (see "*The market continues to develop in relation SONIA, SOFR and €STR as reference rates for Floating Rate Notes*" for the risks relating to the use of such rates) and/or in the replacement benchmark being unavailable or indeterminable.

In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the immediately preceding Interest Period being used. This may result in the effective application

of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or the initial Rate of Interest. Furthermore, if the Issuer determines it is not able to follow the prescribed steps set out in the Conditions, the relevant fallback provisions may not operate as intended at the relevant time. Any such consequence could have a material adverse effect on the trading markets for such Notes, the liquidity of such Notes and/or the value of and return on any such Notes.

The Conditions may require the exercise of discretion by the Issuer, its designee or an independent adviser, as the case may be, and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the Conditions) and/or the amendment of the Conditions without the consent of Noteholders. The interests of the Issuer or those of its designee or the independent adviser, as applicable, in making such determinations or amendments may be adverse to the interests of the Noteholders.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under Notes linked to a benchmark or could have a material adverse effect on the market value or liquidity of, and the amount payable under, such Notes.

Investors should consider these matters when making their investment decision with respect to such Notes. Investors should also consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmark Regulation, the UK Benchmark Regulation and any other regulations relating to benchmarks and/or risks arising from any possible cessation or reform of certain reference rates.

The market continues to develop in relation to SONIA, SOFR and €STR as reference rates for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to risk-free rates, such as the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rate ("**SOFR**") and the euro short-term rate ("**€STR**"), as reference rates in the capital markets for sterling, U.S. dollar and euro, respectively, and their adoption as alternatives to the relevant interbank offered rates.

This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of Notes referencing such rates, but also how widely such rates and methodologies might be adopted.

Market participants and relevant working groups have been working together to design alternative reference rates based on risk-free rates, including applying term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference such risk-free rates issued under this Programme. If the relevant risk-free rates do not prove to be widely used in securities such as the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing rates that are more widely used. The Issuer may in the future also issue Notes referencing SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index, or €STR that differ materially in terms of interest determination when compared with any previous SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR referenced Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in notes linked to such risk-free rates issued to date and no assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance. In addition, the methodology for determining any overnight rate index used to determine the Rate of Interest in respect of certain Notes could change during the life of such Notes.

Notes referencing risk-free rates may also have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk-free rates, such as the spread over the index reflected in interest rate provisions, may

evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Certain administrators of risk-free rates have published hypothetical and actual historical performance data. Hypothetical data inherently includes assumptions, estimates and approximations and actual historical performance data may be limited in the case of certain risk-free rates. Investors should not rely on hypothetical or actual historical performance data as an indicator of the future performance of such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR.

Risk-free rates differ from interbank offered rates in a number of material respects

Risk-free rates may differ from interbank offered rates in a number of material respects, including (without limitation) by being backwards-looking in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking SONIA, SOFR or €STR become due and payable under Condition 15 or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

Any of the administrators of SONIA, SOFR and €STR may make changes that could change the value of SONIA, SOFR or €STR or discontinue SONIA, SOFR or €STR, respectively

The Bank of England, the Federal Reserve Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and SONIA Compounded Index), SOFR (and SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such rates and/or indices are calculated, eligibility criteria applicable to the transactions used to calculate such rates and/or indices, or timing related to the publication of SONIA or SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR.

In addition, an administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index or €STR, in which case a fallback method of determining the interest rate on the Notes will apply in accordance with the Conditions (see "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*"). An administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

If any such reference rate is changed, that change may result in a reduction or other change in the Rate of Interest and may adversely affect any payment on the Notes.

Fixed/Floating Rate Notes

The Issuer may issue Fixed/Floating Rate Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate either at the election of the Issuer or automatically, in each case, on the date set out and as provided in the applicable Pricing Supplement. If the conversion is at the

Issuer's option, such possibility to convert the interest basis and any conversion of the interest basis will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the rate of interest is converted from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the rate of interest is converted from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its other Notes.

Zero Coupon Notes

Zero Coupon Notes may be more difficult to trade and their prices may be more variable than Fixed Rate Notes, as there are no Interest Payment Dates on which interest is paid during the life of the Zero Coupon Notes. Zero Coupon Notes may also be more difficult to trade soon after they have been issued rather than nearer to their redemption date, as the returns on such Notes will be paid to investors only on their redemption date.

Notes issued at a substantial discount or premium

The Issuer may issue Zero Coupon Notes or interest paying notes which are issued at a discount, and may issue notes at a premium to par. The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Sustainability Bonds

Sustainability Bonds may not be a suitable investment for all investors seeking exposure to sustainable assets

Notes may be issued as Sustainability Bonds (as defined below). The Pricing Supplement relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the gross proceeds from an offer of those Notes (such Notes being "**Sustainability Bonds**") specifically for Eligible Projects and activities that are in keeping with the Sustainable Finance Framework (both as defined in and as further described in the section of these Base Admission Particulars entitled "*Use of Proceeds and Sustainable Finance Framework*"). Prospective investors should have regard to the information set out in the applicable Pricing Supplement regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In particular, no assurance is given by the Issuer, the Guarantor or any of the Dealers that the use of such proceeds for any Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects.

The definition (legal, regulatory or otherwise) of, and market consensus as to what constitutes, an "environmental", "social", "sustainable", "governance", "green" or an equivalently labelled (together, "**ESG**") project or loan that may finance such project and the requirements of any such label may continue to develop and evolve, and different organisations may develop definitions or labels that are different from, and may be incompatible with, those set by other organisations. The EU has implemented Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**"). The stated purpose of the EU Taxonomy Regulation is to establish the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable.

On 6 July 2021, the European Commission proposed a regulation on a voluntary European Green Bond Standard (the "**EU Green Bond Regulation**"), and on 28 February 2023, the European Parliament, the European Council and the European Commission reached a political agreement on the draft EU Green Bond Regulation. The EU Green Bond Regulation will establish a voluntary label for European green bonds and will lay down uniform requirements for issuers that wish to use the designation "European green bond" or "EuGB" and the conditions for external review of bonds using the label. It will also create an alternative voluntary approach to sustainability disclosures for bonds not using the label but marketed as environmentally sustainable or sustainability-linked bonds. The European Council adopted the consolidated text on 10 May 2023 and it is anticipated that the final European Parliament plenary vote will take place during 2023. The EU Green Bond Regulation will enter into force on the 20th day following publication in the EU Official Journal and will become applicable 12 months later.

In June 2021, the UK Government appointed a new Green Technical Advisory Group, an independent expert group established to oversee, and provide non-binding advice to the Government on, the delivery of a comparable 'Green Taxonomy' in the UK context (the "**UK Taxonomy**"). Like the EU Taxonomy, the objective of the UK Taxonomy will be, once implemented, to provide investors with greater clarity as to how individual firms impact the environment.

In light of the continuing development of legal, regulatory and market conventions, no assurance is or can be given by the Issuer, the Guarantor or the Dealers to investors that any projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such "green", "sustainable", "social" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects. In addition, no assurance can be given by the Issuer, the Guarantor, the Dealers or any other person to investors that any Notes will comply with any future standards or requirements regarding any "green", "social", "sustainable" or other equivalently-labelled performance objectives and, accordingly, the status of any Notes as being "green", "social" or "sustainable" (or equivalent) could be withdrawn at any time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer or the Guarantor) which may be made available in connection with the issue of any Notes and in particular with any Eligible Projects to fulfil any ESG and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of these Base Admission Particulars. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantor, any of the Dealers or any other person to buy, sell or hold any such Notes or that any Eligible Projects fulfil any ESG and/or other criteria. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated ESG or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated) or included in an ESG bond index, no representation or assurance is given by the Issuer, the Guarantor, any of the Dealers or any other person that such listing, admission, or inclusion satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or assets or uses, the subject of or related to, any Eligible Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Guarantor, any of the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equal to the gross proceeds of any Notes so specified for Eligible Projects in, or substantially in, the manner described in these Base Admission Particulars or the applicable Pricing Supplement, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for or towards such Eligible Projects. Nor can there be any assurance that such Eligible Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment and/or society) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer or the Guarantor will not (i) give rise to any claim of a Noteholder against the Issuer, the Guarantor, the Arranger or any of the Dealers, (ii) constitute an Event of Default under the Notes, or (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes.

Any event or failure to apply an amount equal to the gross proceeds of any issue of Notes for or towards any Eligible Projects as aforesaid and/or the withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer or the Guarantor is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance and/or re-finance Eligible Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for or towards a particular purpose.

None of the Dealers shall be responsible for (i) any verification of whether Eligible Projects fall within an investor's requirements or expectations of a "green", "social", "sustainable" or equivalently-labelled project, or (ii) ongoing monitoring of the use of proceeds in respect of any Sustainability Bonds issued under the Programme, nor will they verify or monitor any of the commitments set out in the Sustainable Finance Framework relating to the Sustainability Bonds or otherwise.

Risks related to Notes generally

Modification, waivers and substitution

The Trust Deed and the Conditions of the Notes contain provisions for calling meetings (including via an audio or video conference call) of Noteholders to consider matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or did not sign the written resolution or did not give their consent electronically (as the case may be), and including Noteholders who voted in a manner contrary to the majority.

The Trust Deed and the Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes; or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such; or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions of the Notes are based on English law in effect as at the date of these Base Admission Particulars. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of these Base Admission Particulars and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If an investor holds Notes which are not denominated in the currency in which that investor conducts their financial activity, that investor will be exposed to movements in exchange rates which could adversely affect the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if the Investor's Currency is different to the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency, equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency, equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make

payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks related to the market generally

Exchange rate risks and exchange controls

The Issuer may issue Notes in any currency. The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

The Issuer may issue Notes which pay a fixed rate of interest. Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Any ratings decline could adversely affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of these Base Admission Particulars.

DOCUMENTS INCORPORATED BY REFERENCE

These Base Admission Particulars should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with these Base Admission Particulars, and which shall be incorporated in, and form part of, these Base Admission Particulars:

- (a) the audited financial statements of the Issuer for the financial years ended 30 June 2022, together with the auditor's report thereon (which can be found at pages 5 to 24 of the Annual Report of the Issuer for the financial year ended 30 June 2022), and 30 June 2021, together with the auditor's report thereon (which can be found at pages 6 to 24 of the Annual Report of the Issuer for the financial year ended 30 June 2021) (together, the "**Issuer Statutory Accounts**");
- (b) the audited financial statements of the Guarantor for the financial years ended 31 March 2023, together with the auditor's report thereon (which can be found at pages 145 to 198 of the Annual Report of the Guarantor for the financial year ended 31 March 2023), and 31 March 2022, together with the auditor's report thereon (which can be found at pages 107 to 161 of the Annual Report of the Guarantor for the financial year ended 31 March 2022) (together, the "**Guarantor Non-Statutory Accounts**");
- (c) the audited financial statements of the Guarantor for the financial years ended 30 June 2022, together with the auditor's report thereon (which can be found at pages 113 to 168 of the Annual Report of the Guarantor for the financial year ended 30 June 2022), and 30 June 2021, together with the auditor's report thereon (which can be found at pages 83 to 138 of the Annual Report of the Guarantor for the financial year ended 30 June 2021) (together, the "**Guarantor Statutory Accounts**");
- (d) the unaudited interim financial information and report of the Issuer for the six months to 31 December 2022; and
- (e) memorandum and articles of association of each of the Issuer and the Guarantor, (together the "**Information Incorporated by Reference**").

The Information Incorporated by Reference has previously been published or is published simultaneously with these Base Admission Particulars. Such information in those documents shall be incorporated in, and form part of, these Base Admission Particulars, save that any statement contained in any information which is incorporated by reference herein shall be modified or superseded for the purpose of these Base Admission Particulars to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of these Base Admission Particulars.

Those parts of the documents incorporated by reference in these Base Admission Particulars which are not specifically incorporated by reference in these Base Admission Particulars are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in these Base Admission Particulars. Any documents themselves incorporated by reference in the information incorporated by reference in these Base Admission Particulars shall not form part of these Base Admission Particulars.

Other than the Information Incorporated by Reference, none of the contents of the Guarantor's website, any websites referred to in these Base Admission Particulars, nor any website directly or indirectly linked to these websites form part of these Base Admission Particulars and investors should not rely on them.

Copies of the Information Incorporated by Reference may be obtained (without charge) from the Guarantor's website at <https://www.wessexwater.co.uk>.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the applicable Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes While in Global Form*” below. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of a series (each a “**Series**”) issued pursuant to the £5,000,000,000 Euro Medium Term Note Programme of Wessex Water Services Finance Plc (the “**Issuer**”) (the “**Programme**”). The Notes are constituted by a trust deed, as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”) (the “**Trust Deed**”) dated 6 September 2023 between the Issuer, Wessex Water Services Limited (the “**Guarantor**”) and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 6 September 2023 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, HSBC Bank plc as initial principal paying agent and the other agents named in it. The principal paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Principal Paying Agent**”, the “**Paying Agents**” (which expression shall include the Principal Paying Agent), the “**Registrar**”, the “**Transfer Agent**” (which expression shall include the Registrar) and the “**Calculation Agent**” (the Principal Paying Agent, Paying Agents, Registrar, Transfer Agent and Calculation Agent together the “**Agents**” and each an “**Agent**”). Copies of the Trust Deed and the Agency Agreement are available (i) for inspection by Noteholders during normal business hours at the registered office of the Trustee (being currently 8 Canada Square, London E14 5HQ) upon prior written request and (ii) in electronic format upon written request to the Principal Paying Agent by emailing ctlondon.conventional@hsbc.com, subject in each case to the requesting Noteholder providing evidence of its identity and its holding of Notes satisfactory to the Trustee or the Principal Paying Agent (as applicable).

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects, including as to Issue Date.

The term “**Notes**” means debt instruments, by whatever name called, issued under the Programme. All subsequent references in these Conditions (as defined below) to “Notes” are to the Notes which are the subject of the applicable Pricing Supplement. Notes issued under the Programme are issued in Series and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of the applicable pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the applicable Pricing Supplement. In the event of any inconsistency

between these Conditions and the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail. Certain provisions of these Conditions are summaries of the Trust Deed and Agency Agreement and are subject to their detailed provisions.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown in the applicable Pricing Supplement.

Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note or a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis as specified in the applicable Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered in the Register (as the case may be) and capitalised terms have the meanings given to them in these Conditions, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 2(f), one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar

and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a **holding** of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 8(h)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8(d), Condition 8(e) or Condition 8(f), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed.
- (b) **Status of Notes and Guarantee:** The Notes and the Coupons are direct, unconditional and, subject to the provisions of Condition 4, unsecured obligations of the Issuer and, subject as aforesaid, rank and will rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws

and subject to Condition 4, at all times rank at least equally with all their respective other outstanding unsecured and unsubordinated obligations, present and future.

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor will ensure that no Relevant Indebtedness of the Issuer, the Guarantor, any Principal Subsidiary or any other person and no guarantee by the Issuer, the Guarantor or any Principal Subsidiary of any Relevant Indebtedness of any person will be secured by a mortgage, charge, lien, pledge or other security interest (each a **"Security Interest"**) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any Principal Subsidiary unless, before or at the same time as the creation of the Security Interest, the Issuer and/or the Guarantor shall take any and all action necessary to ensure that:

- (a) all amounts payable by the Issuer under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee, as the case may be, by the same Security Interest, in each case to the satisfaction of the Trustee; or
- (b) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders,

save that the Issuer, the Guarantor or any Principal Subsidiary may create or have outstanding a Security Interest in respect of any Relevant Indebtedness and/or any guarantees given by the Issuer, the Guarantor or any Principal Subsidiary in respect of any Relevant Indebtedness of any person (without the obligation to provide a Security Interest or guarantee or other arrangement in respect of the Notes, the Coupons and the Trust Deed as aforesaid) where (1) such Relevant Indebtedness is of a maximum aggregate amount outstanding at any time not exceeding the greater of £150,000,000 and 15 per cent. of the Capital and Reserves or (2) such Security Interest is provided by or in respect of a company becoming a Subsidiary of the Guarantor after the Issue Date and where such Security Interest exists at the time that company becomes a Subsidiary of the Guarantor (provided that such Security Interest was not created in contemplation of that company becoming a Subsidiary of the Guarantor and the principal amount secured at the time of that company becoming a Subsidiary of the Guarantor is not subsequently increased).

In this Condition:

"Capital and Reserves" means the aggregate of:

- (a) the amount paid up or credited as paid up on the share capital of the Guarantor; and
- (b) the total of the capital, revaluation and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account but excluding sums set aside for taxation and amounts attributable to minority interests and deducting any debit balance on the profit and loss account,

all as shown in the then latest audited consolidated balance sheet and profit and loss account of the Group prepared in accordance with generally accepted accounting principles in the United Kingdom (including international financial reporting standards), but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Group since the date of that balance sheet and further adjusted as may be necessary to reflect any change since the date of that balance sheet in the Subsidiary Undertakings comprising the Group and/or as the Auditors may consider appropriate. A certificate signed by two directors of the Guarantor or a report by the Auditors as to the amount of the Capital

and Reserves at any given time shall, in the absence of manifest error, be conclusive and binding on all parties whether or not addressed to each such party.

“Project Finance Indebtedness” means any present or future indebtedness incurred to finance the ownership, acquisition, development and/or operation of an asset, whether or not an asset of a member of the Group:

- (a) which is incurred by an Excluded Subsidiary; or
- (b) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof other than:
 - (i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; and/or
 - (ii) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (A) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (B) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of any member of the Group (other than an Excluded Subsidiary) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Group (other than an Excluded Subsidiary) or any of its assets (save for the assets the subject of such encumbrance); and/or
 - (iii) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by any member of the Group (other than an Excluded Subsidiary).

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which (with the agreement of the person issuing the same) are quoted, listed or ordinarily dealt in on any stock exchange or recognised over-the-counter or other securities market other than such notes, bonds, debentures, debenture stock, loan stock or other securities which, on issue, had a maturity of not less than 30 years, but shall in any event not include Project Finance Indebtedness.

5 Fixed Rate Note Provisions

- (a) **Application:** This Condition 5 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable.
- (b) **Accrual of Interest:** The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9. Each Note will cease to bear interest from (and

including) the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5(b) (as well after as before judgment) until (and including) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day on which notice is given to the holder of such Note that sufficient funds for payment of such sums have been received by the Principal Paying Agent or the Trustee.

- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of Interest Amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6 Floating Rate Note Provisions and Benchmark Replacement

- (a) **Application:** Conditions 6(b) to 6(f) and 6(i) to 6(l) are applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable, Condition 6(g) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable and the relevant Reference Rate applicable to the Notes is not SOFR; and Condition 6(h) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable and the relevant Reference Rate applicable to the Notes is SOFR.
- (b) **Accrual of Interest:** The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9. Each Note will cease to bear interest from (and including) the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6(b) (as well after as before judgment) until (and including) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day on which notice is given to the holder of such Note that sufficient funds for payment of such sums have been received by the Principal Paying Agent or the Trustee.
- (c) **Screen Rate Determination (other than Floating Rate Notes which reference SONIA, SOFR or €STR):** If Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and the Reference Rate specified in the applicable Pricing Supplement is not SONIA, SOFR or €STR, the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 6(g) and Condition 6(h)) be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the

Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Determination Agent shall determine such rate at such time and by reference to such sources as it determines appropriate; and

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) **Screen Rate Determination for Floating Rate Notes which reference SONIA, SOFR or €STR:**

(i) If Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, Index Determination is specified in the applicable Pricing Supplement as not applicable and the Reference Rate specified in the applicable Pricing Supplement is SONIA, SOFR or €STR:

(A) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Pricing Supplement as being "**Compounded Daily**", the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 6(g) or Condition 6(h), as the case may be, and Condition 6(i) and subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

(B) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Pricing Supplement as being "**Weighted Average**", the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 6(g) or Condition 6(h), as the case may be, and Condition 6(i) and subject as provided below) be the Weighted Average

Reference Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

(ii) Where "**SONIA**" is specified as the Reference Rate in the applicable Pricing Supplement, subject to Condition 6(g), if, in respect of any Local Business Day, the Calculation Agent determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:

- (A) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant Local Business Day; plus (ii) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (B) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Local Business Day, (a) the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Local Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A) above,

and, in each case, "**r**" shall be interpreted accordingly.

Notwithstanding the paragraph above, and without prejudice to Condition 6(g), in the event of the Bank of England publishing guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall, in accordance with the instructions of the Issuer, follow such guidance to the extent practicable and to the extent such guidance does not increase obligations or duties of, or reduce the protective provisions afforded to, the Calculation Agent in order to determine the SONIA rate, for purposes of the Notes, for so long as the SONIA rate is not available or has not been published by the authorised distributors.

(iii) Where "**SOFR**" is specified as the Reference Rate in the applicable Pricing Supplement, subject to Condition 6(h), if, in respect of any Local Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Local Business Day on which the SOFR was published on the Relevant Screen Page ("**r**" shall be interpreted accordingly).

(iv) where "**€STR**" is specified as the Reference Rate in the applicable Pricing Supplement, subject to Condition 6(g), if, in respect of any Local Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Local Business Day on which the €STR was published on the Relevant Screen Page; ("**r**" shall be interpreted accordingly).

(v) In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Calculation Agent, subject to Condition 6(g) or 6(h), as the case may be, the Rate of Interest for such

Interest Period shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period), (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period) or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period.

(vi) If the relevant Series of Notes becomes due and payable in accordance with Condition 12, the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(vii) For the purposes of this Condition 6(d):

If "**Payment Delay**" is specified in the applicable Pricing Supplement as being applicable, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as reference to interest on the Notes being payable on an Effective Interest Payment Date instead;

"**Applicable Period**" means:

- (A) where "**Lag**", "**Lock-out**" or "**Payment Delay**" is specified as the Observation Method in the applicable Pricing Supplement, Interest Period; and
- (B) where "**Observation Shift**" is specified as the Observation Method in the applicable Pricing Supplement, Observation Period;

"**Compounded Daily Reference Rate**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Pricing Supplement and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{r_{i-pLBD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"**D**" is the number specified in the applicable Pricing Supplement;

"**d**" means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

"**d_o**" means, for the relevant Applicable Period, the number of Local Business Days in such Applicable Period;

"**€STR**" means, in respect of any Local Business Day, a reference rate equal to the daily euro short-term rate for such euro Local Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank as at the date of the Base Admission Particulars at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the "**ECB's Website**") in each case, on or before 9:00 a.m. (Central European Time) on the Local Business Day immediately following such Local Business Day;

"**i**" means, for the relevant Applicable Period, a series of whole numbers from one to **d_o**, each representing the relevant Local Business Day in chronological order from, and including, the first Local Business Day in such Applicable Period;

"**Local Business Day**" or "**LBD**", means, (i) where "**SONIA**" is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; (ii) where "**SOFR**" is specified as the Reference Rate, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in New York are authorised or required by law or regulation to be closed; and (iii) where "**€STR**" is specified as the Reference Rate, a T2 Settlement Day;

"**Lock-out Period**" means the period from, and including, the day following the relevant Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**n_i**", for any Local Business Day "**i**" in the Applicable Period, means the number of calendar days from, and including, such Local Business Day "**i**" up to but excluding the following Local Business Day;

"**New York Federal Reserve's Website**" means the website of the Federal Reserve Bank of New York as at the date of the Base Admission Particulars at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

"**Observation Period**" means, in respect of the relevant Interest Period, the period from, and including, the date falling "**p**" Local Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "**p**" Local Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "**p**" Local Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means, for any Interest Period:

- (A) where "**Lag**" is specified as the Observation Method in the applicable Pricing Supplement, the number of Local Business Days included in the Observation Look-back Period specified in the applicable Pricing Supplement (or, if no such number is specified five Local Business Days);
- (B) where "**Lock-out**" is specified as the Observation Method in the applicable Pricing Supplement, zero;
- (C) where "**Observation Shift**" is specified as the Observation Method in the applicable Pricing Supplement, the number of Local Business Days included

in the Observation Look-back Period specified in the applicable Pricing Supplement (or, if no such number is specified, five Local Business Days);

"r" means:

- (A) where in the applicable Pricing Supplement "**SONIA**" is specified as the Reference Rate and either "**Lag**" or "**Observation Shift**" is specified as the Observation Method, in respect of any Local Business Day, the SONIA rate in respect of such Local Business Day;
- (B) where in the applicable Pricing Supplement "**SOFR**" is specified as the Reference Rate and either "**Lag**" or "**Observation Shift**" is specified as the Observation Method, in respect of any Local Business Day, the SOFR in respect of such Local Business Day;
- (C) where in the applicable Pricing Supplement "**€STR**" is specified as the Reference Rate and either "**Lag**" or "**Observation Shift**" is specified as the Observation Method, in respect of any Local Business Day, the €STR in respect of such Local Business Day;
- (D) where in the applicable Pricing Supplement "**SONIA**" is specified as the Reference Rate and "**Lock-out**" is specified as the Observation Method:
 - (i) in respect of any Local Business Day "i" that is a Reference Day, the SONIA rate in respect of the Local Business Day immediately preceding such Reference Day, and
 - (ii) in respect of any Local Business Day "i" that is not a Reference Day (being a Local Business Day in the Lock-out Period), the SONIA rate in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (E) where in the applicable Pricing Supplement "**SOFR**" is specified as the Reference Rate and "**Lock-out**" is specified as the Observation Method:
 - (i) in respect of any Local Business Day "i" that is a Reference Day, the SOFR in respect of the Local Business Day immediately preceding such Reference Day, and
 - (ii) in respect of any Local Business Day "i" that is not a Reference Day (being a Local Business Day in the Lock-out Period), the SOFR in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (F) where in the applicable Pricing Supplement "**€STR**" is specified as the Reference Rate and "**Lock-out**" is specified as the Observation Method:
 - (i) in respect of any Local Business Day "i" that is a Reference Day, the €STR in respect of the Local Business Day immediately preceding such Reference Day, and
 - (ii) in respect of any Local Business Day "i" that is not a Reference Day (being a Local Business Day in the Lock-out Period), the €STR in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);

- (G) where in the applicable Pricing Supplement "**SONIA**" is specified as the Reference Rate and "**Payment Delay**" is specified as the Observation Method, in respect of any Local Business Day, the SONIA rate in respect of such Local Business Day, **provided however that**, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "**r**" shall be the SONIA rate in respect of the Rate Cut-off Date;
- (H) where in the applicable Pricing Supplement "**SOFR**" is specified as the Reference Rate and "**Payment Delay**" is specified as the Observation Method, in respect of any Local Business Day, the SOFR in respect of such Local Business Day, **provided however that**, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "**r**" shall be the SOFR in respect of the Rate Cut-off Date; and
- (I) where in the applicable Pricing Supplement "**€STR**" is specified as the Reference Rate and "**Payment Delay**" is specified as the Observation Method, in respect of any Local Business Day, the €STR in respect of such Local Business Day, **provided however that**, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "**r**" shall be the €STR in respect of the Rate Cut-off Date;

"Reference Day" means each Local Business Day in the relevant Interest Period, other than any Local Business Day in the Lock-out Period;

" r_{i-pBD} " means the applicable Reference Rate as set out in the definition of "**r**" above for, (i) where, in the applicable Pricing Supplement, "**Lag**" is specified as the Observation Method, the Local Business Day (being a Local Business Day falling in the relevant Observation Period) falling "**p**" Local Business Days prior to the relevant Local Business Day "**i**" or, (ii) otherwise, the relevant Local Business Day "**i**";

"SOFR" means, in respect of any Local Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve's Website, in each case on or about 5.00 p.m. (New York City Time) (the "**SOFR Determination Time**") on the Local Business Day immediately following such Local Business Day;

"SONIA" means, in respect of any Local Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Local Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Local Business Day immediately following such Local Business Day;

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"Weighted Average Reference Rate" means:

- (A) where "**Lag**" is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Local Business Day shall be deemed to be the Reference Rate in effect for the Local Business Day immediately preceding such calendar day; and
- (B) where "**Lock-out**" is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, **provided however that** for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Local Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Local Business Day immediately preceding such calendar day.
- (e) **Index Determination:** If Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and Index Determination is specified in the applicable Pricing Supplement as being applicable, the Rate of Interest applicable to the Notes for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula and rounded to the Relevant Decimal Place, all as determined and calculated by the Calculation Agent on the relevant Interest Determination Date, plus or minus (as indicated in the applicable Pricing Supplement) the Margin:

$$\left(\frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

where:

"**Compounded Index**" means either SONIA Compounded Index or SOFR Compounded Index, as specified in the applicable Pricing Supplement;

"**Compounded Index End**" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from such Interest Period);

"**Compounded Index Start**" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period;

"**d**" is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

"**Index Days**" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"London Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"Numerator" shall, unless otherwise specified in the applicable Pricing Supplement, be 365 in the case of the SONIA Compounded Index and 360 in the case of the SOFR Compounded Index;

"Relevant Decimal Place" shall, unless otherwise specified in the applicable Pricing Supplement, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

"Relevant Number" shall, unless otherwise specified in the applicable Pricing Supplement, be five;

"SOFR Compounded Index" means the compounded daily SOFR rate, as published at 15:00 (New York time) by the Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"SONIA Compounded Index" means the compounded daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source.

Provided that a Benchmark Event has not occurred in respect of SONIA or a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred in respect of SOFR, as the case may be, if, with respect to any Interest Period, the relevant Compounded Index Start and/or Compounded Index End is not published by the administrator, the Calculation Agent shall calculate the Rate of Interest for that Interest Period in accordance with Condition 6(d) as if Index Determination was not specified in the applicable Pricing Supplement as being applicable. For these purposes, (i) the Reference Rate shall be deemed to be SONIA in the case of SONIA Compounded Index and SOFR in the case of Compounded SOFR Index, (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) the Observation Look-back Period shall be deemed to be the Relevant Number, (v) D shall be deemed to be the Numerator and (vi) in the case of SONIA, the Relevant Screen Page will be determined by the Issuer in consultation with the Calculation Agent. If a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 6(g) shall apply *mutatis mutandis* in respect of this Condition 6(e) or if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provision of Condition 6(h) shall apply *mutatis mutandis* in respect of this Condition 6(e), as applicable.

- (f) **ISDA Determination:** If ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where **"ISDA Rate"** in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) if the applicable Pricing Supplement specifies either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
 - (A) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Pricing Supplement;

- (B) the Designated Maturity (as defined in the ISDA Definitions), if applicable, is a period specified in the applicable Pricing Supplement;
- (C) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the applicable Pricing Supplement; and
- (D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (1) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (2) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Determination Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (E) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Compounding is specified to be applicable in the applicable Pricing Supplement and:
 - (1) Compounding with Lookback is specified as the Compounding Method in the applicable Pricing Supplement then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in the applicable Pricing Supplement;
 - (2) Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Pricing Supplement then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the applicable Pricing Supplement, and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the applicable Pricing Supplement; or
 - (3) Compounding with Lockout is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the applicable Pricing Supplement, and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Pricing Supplement;
- (F) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Averaging is specified to be applicable in the applicable Pricing Supplement and:

- (1) Averaging with Lookback is specified as the Averaging Method in the applicable Pricing Supplement, then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) as specified in the applicable Pricing Supplement;
 - (2) Averaging with Observation Period Shift is specified as the Averaging Method in the applicable Pricing Supplement, (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the applicable Pricing Supplement, and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the applicable Pricing Supplement; or
 - (3) Averaging with Lockout is specified as the Averaging Method in the applicable Pricing Supplement, then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the applicable Pricing Supplement, and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Pricing Supplement; and
- (G) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the ISDA Definitions) and Index Provisions are specified to be applicable in the applicable Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the applicable Pricing Supplement and (b) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the applicable Pricing Supplement;
- (ii) references in the ISDA Definitions to:
- (A) "Confirmation" shall be references to the applicable Pricing Supplement;
 - (B) "Calculation Period" shall be references to the relevant Interest Period;
 - (C) "Termination Date" shall be references to the Maturity Date; and
 - (D) "Effective Date" shall be references to the Interest Commencement Date;
- (iii) if the Pricing Supplement specifies "2021 ISDA Definitions" as the applicable ISDA Definitions:
- (A) "Administrator/Benchmark Event" shall be disapplied; and
 - (B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate";
- (iv) each of EUR-EURIBOR, EUR-EURIBOR-Reuters, EUR-EuroSTR, EUR-EuroSTR Compounded Index, GBP-SONIA, GBP-SONIA Compounded Index, USD-SOFR and USD-SOFR Compounded Index has the meaning given in the ISDA Definitions; and

- (v) to the extent that the ISDA Definitions require, for a particular Series of Notes, the Calculation Agent to exercise discretion (including, but not limited to, determinations of alternative or substitute benchmarks, successor reference rates, screen pages and market disruptions) and/or make such determinations and/or take such action, such references shall be construed as the Issuer (or its financial adviser or alternate agent appointed by the Issuer) exercising such discretions and/or determinations and/or taking such actions and not the Calculation Agent.
- (g) **Benchmark Replacement:** Where the relevant Reference Rate, applicable to the Notes is not SOFR, in addition and notwithstanding the provisions above in this Condition 6, if the Issuer determines that a Benchmark Event has occurred or there is a Successor Rate, in either case when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the Issuer may elect (acting in good faith and in a commercially reasonable manner) to apply the following provisions:
- (i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
 - (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate;
 - (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(g); **provided, however, that** if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the Initial Rate of Interest) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(g);
 - (iv) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer (acting in good faith and in a commercially reasonable manner) determines that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent

Adviser or the Issuer (as applicable) is unable to determine, prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (as applicable), the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

- (v) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in each case, any Adjustment Spread in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions and the Trust Deed, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate, the Alternative Reference Rate (as applicable) and/or the Adjustment Spread (“**Benchmark Amendments**”). Noteholder consent shall not be required in connection with implementing the Successor Rate, Alternative Reference Rate (as applicable) and/or any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Trustee or the relevant Agent(s) (if required by the Issuer or the Independent Adviser);
- (vi) At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two directors of the Issuer pursuant to Condition 6(vii), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

Notwithstanding any other provision of this Condition 6(g), no Agent shall be obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 6(g) to which, in the sole opinion of the relevant Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the relevant Agent (as applicable) in the Agency Agreement and/or these Conditions; and

- (vii) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate (as applicable) and/or any Adjustment Spread, give notice thereof to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate, Alternative Reference Rate (as applicable) and/or any Adjustment Spread and any Benchmark Amendments.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Reference Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 6(g); and

- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Reference Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Reference Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Reference Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents, the Noteholders and the Couponholders.

Notwithstanding any other provision of this Condition 6(g), if following the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 6(g), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

For the purposes of this Condition 6(g):

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (C) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"Alternative Reference Rate" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

"Benchmark Event" means:

- (A) the relevant Reference Rate (as applicable) has ceased to be published as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate (as applicable) that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) as a consequence of which such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Notes; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (F) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act, if applicable);

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"Relevant Nominating Body" means, in respect of a reference rate or mid-swap floating leg benchmark rate:

- (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate or mid-swap floating leg benchmark rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap floating leg benchmark rate; or

- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate or mid-swap floating leg benchmark rate relates, (b) any other central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap floating leg benchmark rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

"Successor Rate" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is formally recommended by any Relevant Nominating Body.

- (h) **Effect of Benchmark Transition Event:** Where the relevant Reference Rate applicable to the Notes is SOFR, in addition and notwithstanding the provisions above in this Condition 6, this Condition 6(h) shall apply.

- (i) **Benchmark Replacement:** If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

- (ii) **Benchmark Replacement Conforming Changes:** In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

- (iii) **Decisions and Determinations:** Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 6(h), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the sole discretion of the Issuer or its designee, as applicable, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the Noteholders or any other party, provided that the Trustee and the Agents shall not be obliged to concur in effecting or give effect to any Benchmark Replacement Conforming Changes if, in the opinion of the Trustee or the relevant Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

The Issuer shall promptly, following a Benchmark Replacement Date, give notice thereof to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders, which shall specify the effective date(s) for the Benchmark Replacement and any Benchmark Replacement Conforming Changes.

- (iv) None of the Trustee, the Principal Paying Agent, Calculation Agent or any of the other Agents will have any liability for any determination, decision or election made by or on behalf of Issuer or its designee in connection with a Benchmark Transition Event or a Benchmark Replacement.

In no event shall the Trustee, the Principal Paying Agent, Calculation Agent or any of the other Agents be responsible for determining if a Benchmark Transition Event has occurred or any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Trustee, the Principal Paying Agent, the Calculation Agent and any of the other Agents will be entitled to conclusively rely on any determinations made by Issuer or its designee and will have no liability for such actions taken at the direction of the Issuer or its designee.

Notwithstanding any other provision of this Condition 6(h), if following the determination of any Benchmark Replacement and Benchmark Replacement Conforming Changes (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 6(h), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Issuer or its designee, the Rate of Interest for such Interest Period shall be (i) that determined as at the immediately preceding Interest Determination Date, (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) is to be applied to the relevant Interest Period from that which applied to the immediately preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that immediately preceding Interest Period), or (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period), or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period.

For the purposes of this Condition 6(h):

"Benchmark" means, initially, SOFR; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (B) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (C) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. Dollar denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decide that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determine is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) in the case of sub paragraph (A) or (B) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (B) in the case of sub paragraph (C) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"designee" means a designee as selected and separately appointed by the Issuer as designee for the Notes in writing;

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark except where the Calculation Agent is required to exercise any discretion in relation to any determination, that determination shall not be made by the Calculation Agent but shall be made by the Issuer;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR, the SOFR Determination Time (as defined in Condition 6(d)), and (2) if the Benchmark is not SOFR, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (i) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.
- (j) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a **"sub-unit"** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (k) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agent and the Trustee as soon as possible after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. The Issuer will or will procure that notice thereof be given to the Noteholders in accordance with Condition 20 and the competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading as soon as possible after the determination or calculation thereof. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (l) **Notifications, etc.:** All notifications, opinions, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 by the Calculation Agent will (in the absence of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agent, the Noteholders and the Couponholders. No Noteholder or Couponholder shall be entitled to proceed against the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder, including without limitation in respect of any notification, opinion, communication, determination, certificate, calculation, quotation or decision given, expressed or made for the purposes of this Condition 6.

7 Zero Coupon Note Provisions

- (a) **Application:** This Condition 7 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the applicable Pricing Supplement as being applicable.
- (b) **Late Payment on Zero Coupon Notes:** Where a Zero Coupon Note Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity

Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 8(b)(i)).

8 Redemption, Purchase and Options

(a) **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided in the applicable Pricing Supplement, is its principal amount).

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 8(c), Condition 8(d), Condition 8(e), Condition 8(f), Condition 8(g), Condition 8(h) or Condition 10(f) or upon it becoming due and payable as provided in Condition 13 shall be the Amortised Face Amount (calculated as provided below by an Independent Adviser) of such Note unless otherwise specified in the applicable Pricing Supplement.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 8(c), Condition 8(d), Condition 8(e), Condition 8(f), Condition 8(g), Condition 8(h) or Condition 10(f) or upon it becoming due and payable as provided in Condition 13 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(b).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Pricing Supplement.

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 8(c), Condition 8(d), Condition 8(e), Condition 8(f), Condition 8(g), Condition 8(h) or Condition 10(f) or upon it becoming due and payable as provided in Condition 13, shall be the Final Redemption Amount unless otherwise specified in the applicable Pricing Supplement.

- (c) **Redemption for Taxation Reasons:** If, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division of, or any authority in or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date, the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (and such amendment or change has been evidenced by the delivery by the Issuer or, as the case may be, the Guarantor to the Trustee (who shall, in the absence of manifest error, be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition, in which event it shall be conclusive and binding on the Noteholders and the Couponholders) of a certificate signed by two directors of the Issuer or, as the case may be, the Guarantor stating that such amendment or change has occurred (irrespective of whether such amendment or change is then effective), describing the facts leading thereto and stating that such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it), the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 20 (which notice shall be irrevocable), redeem all, but not some only, of the Notes on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) at their Early Redemption Amount (as described in Condition 8(b) above) together with interest (if any) accrued to (but excluding) the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay such additional amounts were a payment in respect of the Notes or, as the case may be, the Guarantee then due.

Upon the expiry of any such notice as is referred to above (and subject as provided above), the Issuer shall be bound to redeem the Notes at their Early Redemption Amount (as described in Condition 8(b) above) together with interest (if any) accrued to (but excluding) the date of redemption.

- (d) **Redemption at the Option of the Issuer (Call Option):**
- (i) If Call Option is specified in the applicable Pricing Supplement, the Issuer may, at its option, on giving not less than 30 nor more than 90 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Pricing Supplement) redeem all or, if so provided, some of the Notes on any Optional Redemption Date (provided that if the Issuer Maturity Par Call is specified in the applicable Pricing Supplement, such Optional Redemption Date falls before the Par Call Period Commencement Date specified in the applicable Pricing Supplement). Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 8(b) above)), together with interest (if any) accrued to (but excluding) the relevant Optional Redemption Date.
- (ii) If Spens Amount or Make-Whole Amount is specified in the applicable Pricing Supplement as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to:
- (a) if Spens Amount is specified in the applicable Pricing Supplement, the higher of (i) the principal amount of the Notes; and (ii) the principal amount of the Notes multiplied by the price (as reported in writing to the Issuer and the Trustee by the Determination Agent) expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards) at which the Gross Redemption Yield on the Notes on the Determination Date specified in the

applicable Pricing Supplement (assuming for this purpose the Notes are to be redeemed at their principal amount on the Spens Call Reference Date) is equal to the Gross Redemption Yield at the Quotation Time specified in the applicable Pricing Supplement on the Determination Date of the Reference Bond plus any applicable Redemption Margin specified in the applicable Pricing Supplement;

- (b) if Make-Whole Amount is specified in the applicable Pricing Supplement, the higher of (i) the principal amount of the Notes; and (ii) the sum of the then present values of the remaining scheduled payments of principal and Remaining Term Interest (assuming for this purpose the Notes are to be redeemed at their principal amount on the Make-Whole Reference Date), in each case discounted to the relevant Optional Redemption Date on either an annual or a semi-annual basis as specified in the applicable Pricing Supplement (based on the Day Count Fraction specified in the applicable Pricing Supplement) at the Reference Dealer Rate plus any applicable Redemption Margin specified in the applicable Pricing Supplement, all as determined by the Determination Agent;

in each case together with interest accrued to (but excluding) the relevant Optional Redemption Date.

Any such redemption must relate to Notes of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Pricing Supplement and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Pricing Supplement. Any notice of redemption given under Condition 8(c) or Condition 8(f) will override any notice of redemption given (whether previously, on the same date or subsequently) under this Condition 8(d).

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain (i) the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements; and (ii) the aggregate principal amount of the Notes to remain outstanding after redemption.

In this Condition:

“Gross Redemption Yield” means a yield expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published on 8 June 1998 and updated on 15 January 2002 and as further updated or amended from time to time) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent.

“Make-Whole Reference Date” or **“Spens Call Reference Date”** means the earliest of (i) the Maturity Date, (ii) the Par Call Period Commencement Date (if applicable), and (iii) such other date (if any) specified as such in the applicable Pricing Supplement.

“Reference Bond” means the government security specified in the applicable Pricing Supplement, or (if such security is no longer in issue or, in the determination of the Determination Agent, with the advice of the Reference Dealers, is no longer appropriate by reason of illiquidity or otherwise), such other government security with a maturity date as near as possible to the Make-Whole Reference Date or the Spens Call Reference Date, as applicable, as the Determination Agent may, with the advice of the Reference Dealers, determine to be appropriate by way of substitution for the original Reference Bond.

“Reference Dealers” means each of three banks selected by the Issuer which are (A) a primary government securities dealer, or (B) a market maker in pricing corporate bond issues; and

“Reference Dealer Rate” means with respect to the Reference Dealers and any Optional Redemption Date the average of the three quotations of the mid-market annual yield to maturity of the Reference Bond specified in the applicable Pricing Supplement at the Quotation Time specified in the applicable Pricing Supplement on the Determination Date specified in the applicable Pricing Supplement and quoted in writing to the Determination Agent and the Trustee by the Reference Dealers.

“Remaining Term Interest” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Make-Whole Reference Date determined on the basis of the rate of interest applicable to such Note from and including the relevant Optional Redemption Date.

- (e) **Redemption at the Option of the Issuer (Maturity Par Call):** If Issuer Maturity Par Call is specified in the applicable Pricing Supplement, the Issuer may, on giving not less than 30 nor more than 90 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Pricing Supplement), redeem all or, if so provided, some of the Notes at any time during the period commencing on (and including) the day that is, unless otherwise specified in the Pricing Supplement, 90 days prior to the Maturity Date (the **“Par Call Period Commencement Date”**) to (but excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Pricing Supplement together with interest accrued (if any) to (but excluding) the date fixed for redemption.
- (f) **Redemption at the Option of the Issuer (Clean-up Call):** If Clean-up Call is specified in the applicable Pricing Supplement, the Issuer may, if the Clean-up Call Minimum Percentage or more in aggregate principal amount of the Notes issued have been redeemed or purchased pursuant to the operation of (unless otherwise specified in the applicable Pricing Supplement) any of Condition 8(e) and/or Condition 8(g) and/or Condition 8(h), on giving not less than 30 nor more than 90 days’ irrevocable notice to Noteholders (or such other notice period as may be specified in the applicable Pricing Supplement) (such notice being given within 30 days after the relevant redemption or purchase, as the case may be), redeem or purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes at their Early Redemption Amount together with interest accrued (if any) to (but excluding) the date fixed for such redemption or purchase.
- (g) **Redemption at the Option of Noteholders (Put Option):** If Put Option is specified in the applicable Pricing Supplement, (unless prior to the giving of the relevant Put Notice (as defined below) the Issuer has given notice of redemption under Condition 8(c), Condition 8(d), Condition 8(e) or Condition 8(f) above), the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 30 nor more than 90 days’

notice to the Issuer (or such other notice period as may be specified in the applicable Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the applicable Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 8(b) above)), together with interest (if any) accrued to (but excluding) the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Put Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) **Redemption at the Option of the Noteholders (Regulatory or Change of Control Put Option):**

- (i) If Regulatory or Change of Control Put Option is specified in the applicable Pricing Supplement and if at any time while any Note remains outstanding a Change of Control Put Event occurs, the holder of any such Note will have the option (a "**Regulatory or Change of Control Put Option**") (unless prior to the giving of the relevant Regulatory or Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 8(c), Condition 8(d), Condition 8(e) or Condition 8(f) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Regulatory or Change of Control Put Date (as defined below) at the Regulatory or Change of Control Redemption Amount specified in the applicable Pricing Supplement together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Regulatory or Change of Control Put Date.

A "**Regulatory or Change of Control Put Event**" will be deemed to occur if:

- (A) the Appointment is terminated except in respect of such part of its area as is the subject of an appointment or variation by virtue of section 7(4)(b) or (bb) of the Water Industry Act; or
- (B) the Issuer ceases to be a Subsidiary of the Guarantor; or
- (C) a Restructuring Event occurs and (subject as provided below):
- A.** within the Restructuring Period, either:
- I.** if at the time such Restructuring Event occurs there are Rated Securities, a Rating Downgrade in respect of such Restructuring Event also occurs; or
- II.** if at such time there are no Rated Securities, a Negative Rating Event in respect of such Restructuring Event also occurs; and
- B.** an Independent Adviser shall have certified in writing to the Issuer, the Guarantor and the Trustee that such Restructuring Event is, in its opinion, materially prejudicial to the interests of the Noteholders (a "**Negative Certification**"),

If, at any time while any of the Notes remains outstanding, a Restructuring Event occurs and prior to the commencement of or during the Restructuring Period an Independent Adviser shall have certified in writing to the Trustee

that such Restructuring Event will not be or is not, in its opinion, materially prejudicial to the interests of the Noteholders, the foregoing provisions shall cease to have any further effect in relation to such Restructuring Event.

A Restructuring Event shall be deemed not to be materially prejudicial to the interests of the Noteholders if, notwithstanding the occurrence of a Rating Downgrade or a Negative Rating Event, the rating assigned to the Rated Securities by any Rating Agency is subsequently increased to, or, as the case may be, there is assigned to the Notes or other unsecured and unsubordinated debt of the Guarantor (or of the Issuer or any other Subsidiary of the Guarantor which, in any such case, is guaranteed on an unsecured and unsubordinated basis by the Guarantor) having an initial maturity of five years or more by any Rating Agency, an investment grade rating (BBB-/Baa3 or their respective equivalents for the time being) or better prior to any Negative Certification being issued.

Any certification by an Independent Adviser as aforesaid as to whether or not, in its opinion, any Restructuring Event is materially prejudicial to the interests of the Noteholders shall, in the absence of manifest error, be conclusive and binding, without further enquiry or liability to any person, on the Trustee, the Issuer, the Guarantor and the Noteholders. If the Independent Adviser has not reached a decision in respect of such certification within 30 days of its appointment, the Issuer shall appoint an alternative independent financial adviser (such appointment to be notified to the Trustee).

- (ii) Promptly upon, and in any event within 14 days after, the Issuer or the Guarantor becoming aware that a Regulatory or Change of Control Put Event has occurred, the Issuer or, as the case may be, the Guarantor shall, and at any time, upon the Trustee receiving written notice of the occurrence of a Regulatory or Change of Control Put Event, the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding shall, give notice (a **“Regulatory or Change of Control Put Event Notice”**) to the Noteholders in accordance with Condition 20 specifying the nature of the Regulatory or Change of Control Put Event and the procedure for exercising the Regulatory or Change of Control Put Option.
- (iii) To exercise the Regulatory or Change of Control Put Option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) (a **“Regulatory or Change of Control Put Notice”** and together with the Put Notice, the **“Exercise Notices”**) within the period (the **“Regulatory Change of Control Put Period”**) of 45 days after a Regulatory or Change of Control Put Event Notice is given. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.
- (iv) A Rating Downgrade or a Negative Rating Event or a non-investment grade rating shall be deemed not to have occurred as a result or in respect of a Restructuring Event if the Rating Agency making the relevant reduction in rating or, where applicable, declining to assign a rating of at least investment grade as provided in this Condition 8(h), does not announce or publicly confirm or inform the Trustee in writing at its request that the reduction or, where applicable, declining to assign a rating of at least investment grade

was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of the applicable Restructuring Event.

- (v) The Trust Deed provides that the Trustee is under no obligation to ascertain whether a Regulatory or Change of Control Put Event, Restructuring Event, a Negative Rating Event or any event which could lead to the occurrence of or could constitute a Regulatory or Change of Control Put Event, Restructuring Event or Negative Rating Event has occurred and until it shall have received written notice pursuant to the Trust Deed to the contrary the Trustee may assume that no Regulatory or Change of Control Put Event, Restructuring Event, Negative Rating Event or such other event has occurred. The Trust Deed also provides that in determining whether or not a Restructuring Event has occurred, the Trustee may rely solely on an opinion given in a certificate signed by two directors of the Issuer or the Guarantor without further enquiry or liability to any person.
- (i) **Purchases:** The Issuer, the Guarantor or any other Subsidiary of the Guarantor may at any time purchase Notes (together with unmatured Coupons appertaining thereto) in the open market or otherwise and at any price. The Notes so purchased while held by or on behalf of the Issuer, the Guarantor or any other Subsidiary of the Guarantor, in each case as the beneficial owner, shall not entitle the holder to vote at any meetings of the Noteholders and shall be deemed not to be outstanding for the purposes of Condition 8(h), Condition 13, Condition 15 or Condition 14(a) or otherwise as provided in the Trust Deed.
- (j) **Cancellation:** All Notes which are redeemed by the Issuer will forthwith be cancelled (together with all relative unmatured Coupons and Talons attached to the Notes or surrendered with the Notes) and may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any other Subsidiary of the Guarantor may be held or reissued or resold or surrendered for cancellation, unless purchased pursuant to Condition 8(g) or Condition 8(h), in which case such Notes (together with all relative unmatured Coupons and Talons attached to the Notes or surrendered with the Notes) will forthwith be cancelled as aforesaid.

9 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 9(g)(v)) or Coupons (in the case of interest, save as specified in Condition 9(g)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2.
- (b) **Registered Notes:**
 - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto (any such withholding or deduction being a “**FATCA Deduction**”).
- (e) **Appointment of Agents:** The Principal Paying Agent, the Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed and/or admitted to trading, in each case as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Regulatory or Change of Control Redemption Amount as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting

through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(g) **Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Regulatory or Change of Control Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 12).
 - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (h) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 12).
- (i) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

10 Indexation

This Condition 10 is applicable only if the applicable Pricing Supplement specifies the Notes as Index-Linked Notes.

- (a) **Definitions:** For the purposes of this Condition 10, unless the context otherwise requires, the following defined terms shall have the following meanings:

“Base Index Figure” means (subject to Condition 10(c)(i)) the base index figure as specified in the applicable Pricing Supplement;

“CPI” means the UK Consumer Prices Index (for all items) published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the UK Consumer Prices Index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

“CPIH” means the all items consumer prices index including owner occupiers’ housing costs and council tax for the United Kingdom published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the all items consumer prices index including owner occupiers’ housing costs and council tax for the United Kingdom for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

“Expert” means a gilt-edged market maker, an independent bank or other expert in London appointed by the Issuer;

“His Majesty’s Treasury” means His Majesty’s Treasury or any officially recognised party performing the function of a calculation agent (whatever such party’s title), on its or its successor’s behalf, in respect of the Reference Gilt;

“Index” or **“Index Figure”** means, subject as provided in Conditions 10(c), 10(e) and 10(f), either RPI, CPI or CPIH as specified in the applicable Pricing Supplement;

Any reference to the **“Index Figure applicable”** to:

- (i) a particular month (“**m**”) shall, subject as provided in Conditions 10(c), 10(e) and 10(f), be construed as a reference to the Index Figure (RPI, CPI or CPIH, as applicable) published in the month falling N months prior to month m and relating to the month before that of publication, where “N” is specified in the applicable Pricing Supplement (or, if not so specified, seven); or
- (ii) a particular date (“**d**”) in a particular month (“**m**”), shall, subject as provided in Conditions 10(c), 10(e) and 10(f), be construed as a reference to the Index Figure (RPI, CPI or CPIH as applicable) calculated in accordance with the following formula:

$$IFA_d = IF_{m-N} + \left[\left(\frac{D_1}{D_2} \right) (IF_{m-(N-1)} - IF_{m-N}) \right]$$

Where:

IFA_d is the Index Figure applicable to date d;

N is the figure specified in the applicable Pricing Supplement (or, if not so specified, two);

IF_{m-N} is the Index Figure (RPI, CPI or CPIH, as applicable) published in the month falling N months prior to month m and relating to the month before that of publication;

$IF_{m-(N-1)}$ is the Index Figure (RPI, CPI, or CPIH, as applicable) published in the month falling (N-1) months prior to month m and relating to the month before that of publication;

D_1 is the actual number of days from (and including) the first calendar day of month m to (but excluding) date d in that month (provided that if d is the first calendar day of the month, D_1 shall be zero); and

D_2 is the actual number of days in month m;

“Indexed Benchmark Gilt” means the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange whose average maturity most closely matches that of the Notes as a gilt-edged market maker or other adviser selected by the Issuer (an **“Indexation Adviser”**) shall determine to be appropriate;

“Index Ratio” applicable to any month or date, as the case may be, means the Index Figure applicable to such month or date, as the case may be, divided by the Base Index Figure and rounded to the nearest fifth decimal place;

“Limited Index Ratio” means (a) in respect of any month or date, as the case may be, prior to the relevant Issue Date, the Index Ratio for that month or date, as the case may be, (b) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date, as the case may be, and the Limited Index Ratio as previously calculated in respect of the month or date, as the case may be, twelve months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

“Limited Indexation Date” means any date falling during the period specified in the applicable Pricing Supplement for which a Limited Indexation Factor is to be calculated;

“Limited Indexation Factor” means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date, as the case may be, divided by the Index Figure applicable to the month or date, as the case may be, twelve months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the applicable Pricing Supplement, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the applicable Pricing Supplement, it shall be deemed to be equal to such Minimum Indexation Factor;

“Limited Indexation Month” means any month specified in the applicable Pricing Supplement for which a Limited Indexation Factor is to be calculated;

“Limited Index Linked Notes” means Index Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the applicable Pricing Supplement) applies;

“Reference Gilt” means the index-linked Treasury Stock/Treasury Gilt specified as such in the applicable Pricing Supplement for so long as such gilt is in issue, and thereafter such issue of index-linked Treasury Stock/Treasury Gilt determined to be appropriate by an Indexation Adviser; and

“RPI” means the UK Retail Prices Index (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the UK Retail Prices Index for the purpose of calculating the amount payable on repayment of the Reference Gilt.

- (b) **Application of the Index Ratio:** Each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, Condition 5, multiplied by the Index Ratio or (in the case of Limited Index-Linked Notes) Limited Index Ratio applicable to the month or date, as the case may be, in or on which such payment falls to be made and rounded in accordance with Condition 21.
- (c) **Changes in Circumstances Affecting the Index:**
- (i) **Changes in Base:** If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including

that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of “Index” and “Index Figure” in Condition 10(a) shall be deemed to refer to the new date, or month or year (as applicable) in substitution for January 1987 (where RPI is specified as the Index in the applicable Pricing Supplement) or 2015 (where CPI or CPIH is specified as the Index in the applicable Pricing Supplement) (or, as the case may be, to such other date, month or year as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.

- (ii) **Delay in Publication:** If the Index Figure relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the fourteenth day before the date on which such payment of interest, principal or any other amount is due (the “**date for payment**”), the Index Figure applicable to the calculation month in which the date for payment falls shall be (1) such substitute index figure (if any) as the Indexation Adviser considers and has notified the Calculation Agent on or before the seventh day before the date for payment to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or the Index Benchmark Gilt (as applicable) or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 10(c)(i)) before the date for payment.
- (d) **Application of Changes:** Where the provisions of Condition 10(c)(ii) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 10(c)(ii)(2), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:
 - (i) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 10(c)(ii)(2) below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
 - (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (e) **Material Changes to or Cessation of the Index:** If the Index ceases to be published or any changes are made to it which, in the opinion of the Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be materially prejudicial to the interests of the Issuer or the Noteholders and if, within 30 business days after its appointment, the Expert recommends for the purposes of the Index Linked Notes one or more adjustments to the Index or substitute index (with or without adjustments), then provided that such adjustments or substitute index (as the case may be) are not materially detrimental (in the opinion of the Expert) either to the interests of the Issuer

or the interests of the Noteholders, as compared to the interests of the Issuer and the Noteholders (as the case may be) as they would have been had the Index continued to be published or such fundamental change in the rules governing the Index had not been made, the Index shall be adjusted, without the consent of the Trustee or the Noteholders, as so recommended or (as the case may be) shall be replaced by the substitute index so recommended (as so adjusted, if so recommended) and references in these Conditions to the Index shall be construed accordingly and the Issuer shall notify the Trustee, the Calculation Agent and the Noteholders in accordance with Condition 20 of the adjustments to the Index or the introduction of the substitute index (with or without adjustments).

If any payment in respect of the Index Linked Notes is due to be made after the cessation or changes referred to in the preceding paragraph but before any such adjustment to, or replacement of, the Index takes effect, the Issuer or the Guarantor shall (if the Index Figure applicable (or deemed applicable) to the date of payment is not available in accordance with the provisions of Condition 10(a)) make a provisional payment on the basis that the Index Figure applicable to the date for payment is the Index last published. In that event or in the event of any payment on the Index Linked Notes having been made on the basis of an index deemed applicable under Condition 10(c)(ii)(1) above (also referred to below as a “**provisional payment**”) the Expert subsequently determines that the relevant circumstances fall within this Condition 10(e), then:

- (i) except in the case of a payment on redemption of the Index Linked Notes, if the sum which would have been payable if such adjustments or such substitute index had been in effect on the due date for such provisional payment is greater or less than the amount of such provisional payment, the interest payable on the Index Linked Notes on the Interest Payment Date next succeeding the date on which the Issuer, the Calculation Agent and the Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short or, (as the case may be) exceeded, the interest which would have been payable on the Notes if such adjustments or such substituted index had been in effect on that date; or
- (ii) in the case of a payment of principal or interest on redemption of the Notes, no subsequent adjustment to amounts paid will be made.

The Trustee shall not be liable to any person for any determination of an Expert, or for any adjustments to or replacement of an Index or substitute index resulting therefrom, made pursuant to this Condition 10(e) and shall have no responsibility for the acts and omissions of an Expert. For the avoidance of doubt, any adjustments to or replacement of an Index or substitute index shall be made without the consent of, or the taking of any other action by, the Trustee.

- (f) **Redemption for Index Reasons:** If either (i) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in Condition 10(c)(ii)(2) and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (ii) notice is published by His Majesty’s Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt or the Indexed Benchmark Gilt (as applicable), and (in either case) no amendment or substitution of the Index shall have been designated by His Majesty’s Treasury in respect of the Reference Gilt or the Indexed Benchmark Gilt (as applicable) to the Issuer and such circumstances are continuing, the Issuer may, upon giving not less than 30 nor more than 90 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Pricing Supplement) in accordance with Condition 20, redeem all, but not some only, of the Notes at their principal amount together with interest (if any) accrued but unpaid up to (but excluding) the date fixed for redemption (in each case adjusted in accordance with Condition 10(b)).

11 Taxation

All payments in respect of the Notes and the Coupons or under the Guarantee (including the purchase price paid on exercise of the Put Option or the Regulatory or Change of Control Put Option) shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom, or any political sub-division of, or any authority in or of, the United Kingdom having power to tax, unless the withholding or deduction of such Taxes is required by law. In the event that such withholding or deduction of such Taxes is required by law, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to such Taxes in respect of the Notes or Coupon by reason of it having some connection with the United Kingdom other than the mere holding of the Note or Coupon;
- (b) for or on account of any FATCA Deduction; or
- (c) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days, assuming, whether or not such is in fact the case, such last day to be a Presentation Date.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which the payment first becomes due but, if the full amount of the money payable has not been received in London by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Condition 20.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Regulatory or Change of Control Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 8 or any amendment or supplement to them, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and Condition 6 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any similar undertaking given in addition to or in substitution for it under the Trust Deed.

12 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

13 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution

of the Noteholders shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction (but, in the case of the happening of any of the events mentioned in Conditions 13(b), (c) (in respect of a Principal Subsidiary only), (e), (f) (in respect of a Principal Subsidiary only), (g) and (h) (in respect of a Principal Subsidiary only), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount together with accrued interest if any of the following events (each (subject where applicable to certification by the Trustee as described above) an “**Event of Default**”) shall have occurred (unless such event has been remedied to the satisfaction of the Trustee):

- (a) **Non-Payment:** if default is made for a period of 15 days or more in the payment of any principal of or interest on any of the Notes or in the payment of the purchase price due in respect of any Notes pursuant to Condition 8(g) or Condition 8(h); or
- (b) **Breach of Other Obligations:** if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee shall have certified to the Issuer or the Guarantor, as the case may be, in writing that it considers such failure to be incapable of remedy in which case no such notice or continuation as is hereinafter mentioned will be required) such failure continues for the period of 60 days (or such longer period as the Trustee may in its absolute discretion permit) next following the service by the Trustee of notice on the Issuer or the Guarantor, as the case may be, specifying such failure and requiring the same to be remedied; or
- (c) **Cross-Default:** if (i) any other indebtedness for borrowed money of the Issuer, the Guarantor or any Principal Subsidiary becomes due and repayable prior to its stated maturity by reason of an event of default howsoever described or (ii) any such indebtedness for borrowed money is not paid when due (or, as the case may be, within any originally applicable grace period) or (iii) the Issuer, the Guarantor or any Principal Subsidiary fails to pay when due (or, as the case may be, within any originally applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money of any person or (iv) any security given by the Issuer, the Guarantor or any Principal Subsidiary for any indebtedness for borrowed money of any person or for any guarantee or indemnity of indebtedness for borrowed money of any person becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security, save in any such case where there is a *bona fide* dispute as to whether the relevant indebtedness for borrowed money or any such guarantee or indemnity as aforesaid shall be due and payable, provided that the aggregate amount of the relevant indebtedness for borrowed money in respect of which any one or more of the events mentioned above in this Condition 13(c) has or have occurred equals or exceeds £15,000,000 (or its equivalent in other currencies) or, if greater, 1.5 per cent. of the Capital and Reserves, and for the purposes of this Condition 13(c), “**indebtedness for borrowed money**” shall exclude Project Finance Indebtedness; or
- (d) **Winding up of the Issuer or Guarantor:** if any order shall be made by any competent court or any resolution shall be passed for the winding up or dissolution of the Issuer or the Guarantor, save for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) **Winding up of a Principal Subsidiary:** if (i) any order shall be made by any competent court or any resolution shall be passed for the winding up or dissolution of a Principal Subsidiary (other than the Issuer), save for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) not involving or arising out of the insolvency of such Principal Subsidiary and under which all the surplus

assets of such Principal Subsidiary are transferred to the Issuer or the Guarantor or any other of their respective Subsidiaries (other than an Excluded Subsidiary) or (B) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) a petition is presented under section 24 of the Water Industry Act (and is not dismissed within 60 days) or a special administration order is made under section 24 or section 25 of the Water Industry Act in respect of the Guarantor; or

- (f) **Cessation of Business:** if the Issuer, the Guarantor or any Principal Subsidiary shall cease to carry on the whole or substantially the whole of its business, save in each case for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (i) in respect of a Principal Subsidiary, not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to another member or members of the Group (other than an Excluded Subsidiary) or to a transferee or transferees which is or are, or immediately upon such transfer become(s), a Principal Subsidiary or Principal Subsidiaries or (ii) in respect of a Principal Subsidiary, under which all or substantially all of its assets are transferred to a third party or parties (whether associates or not) for full consideration by such Principal Subsidiary on an arm's length basis or (iii) in respect of the Issuer, the Guarantor or any Principal Subsidiary, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (g) **Payment of Debts:** if the Issuer, the Guarantor or any Principal Subsidiary shall suspend or announce its intention to suspend payment of its debts generally or shall be declared or adjudicated by a competent court to be unable, or shall admit in writing its inability, to pay its debts generally (within the meaning of section 123(1) or (2) of the Insolvency Act 1986) as they fall due, or shall be adjudicated or found insolvent by a competent court or shall enter into any composition or other similar arrangement with its creditors generally under section 1 of the Insolvency Act 1986; or
- (h) **Creditors:** if a receiver, administrative receiver, administrator or other similar official shall be appointed in relation to the Issuer, the Guarantor or any Principal Subsidiary or in relation to the whole or a substantial part of the undertaking or assets of any of them or a distress, execution or other process shall be levied or enforced upon or sued out against, or any encumbrancer shall take possession of, the whole or a substantial part of the assets of any of them and in any of the foregoing cases it or they shall not be paid out or discharged within 60 days (or such longer period as the Trustee may in its absolute discretion permit); or
- (i) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

For the purposes of Condition 13(g), section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£350,000". Neither the Issuer, the Guarantor nor any Principal Subsidiary shall be deemed to be unable to pay its debts for the purposes of Condition 13(g) if any such demand as mentioned in section 123(1)(a) of the Insolvency Act 1986 is being contested in good faith by the Issuer, the Guarantor or the relevant Principal Subsidiary with recourse to all appropriate measures and procedures or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Trustee under this Condition 13.

14 Meetings of Noteholders, Modification and Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders (including via a telephone or video conference call) to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in

principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by them, except that at any meeting, the business of which includes modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (such provisions as specified in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in like form, each signed by or on behalf of one or more of the Noteholders.

- (b) Subject to the provisions of the Trust Deed, the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification (except as mentioned in the Trust Deed) of, or any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, that any Event of Default or Potential Event of Default shall not be treated as such, provided that such modification, waiver, authorisation or determination is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) any modification of any of these Conditions or any of the provisions of the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error.
- (c) In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments and Benchmark Replacement Conforming Changes in the circumstances set out in Condition 6(g) and Condition 6(h) without the consent of the Noteholders or Couponholders.
- (d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholders or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 11 and/or any undertaking given in addition to, or in substitution for, Condition 11 pursuant to the Trust Deed.
- (e) Any modification, waiver, authorisation or determination referred to in Condition 14(b) and any substitution under Condition 16 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification, waiver, authorisation, determination or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 20.

15 Enforcement

- (a) The Trustee may at any time, at its discretion and without notice, take such actions, steps and/or proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons but it shall not be bound to take any actions, steps and/or proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless it shall have been directed or requested to do so (i) by an Extraordinary Resolution of the Noteholders or (ii) in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and in either case then only if, and from the date on which it is, indemnified and/or secured and/or pre-funded to its satisfaction.
- (b) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails or is unable to do so within a reasonable time and such failure or inability shall be continuing.

16 Substitution

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute or substitutes under this Condition 16) as the principal debtor under the Notes, the Coupons and the Trust Deed of the Guarantor or any other Subsidiary of the Guarantor (other than an Excluded Subsidiary) subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Trust Deed being complied with.

17 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantor, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trustee is entitled to enter into business transactions with the Issuer or the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit. The Trustee may rely without further enquiry or liability to any person on a certificate signed by two directors of the Issuer or the Guarantor, as the case may be, or a report of the Auditors, whether or not addressed to it and whether or not the directors or Auditors, as the case may be, have any liability to it in respect of the same, notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

18 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Guarantor may reasonably require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

19 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series. Any further securities which are to form a single series with the outstanding securities of any Series constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series in certain circumstances where the Trustee so decides. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

20 Notices

Notices required to be given to the holders of Registered Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to the Conditions shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). So long as the Notes are listed and/or admitted to trading, notices required to be given to the holders of the Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading. If in the opinion of the Trustee any such publication is not practicable, notice required to be given pursuant to the Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

21 Rounding

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

22 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or the Coupons but this does not affect any right or remedy of any person which exists or is available apart from that Act.

23 Governing Law and Jurisdiction

- (a) The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) The English courts are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons (a “**Dispute**”) and pursuant to the Trust Deed each of the Issuer and the Guarantor in relation to any Dispute has submitted to the exclusive jurisdiction of the English courts and has waived any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

24 Definitions

For the purposes of these Conditions:

“**2006 ISDA Definitions**” means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org).

“**2021 ISDA Definitions**” means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org).

“**Additional Business Centre(s)**” means the city or cities specified in the applicable Pricing Supplement.

“**Appointment**” means the instrument of appointment dated August 1989 (as amended, from time to time including in October 2022) under section 11 of the Water Act 1989 (now section 6 of the Water Industry Act) as in effect on the Issue Date appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein, effective from 1 September 1989.

“**Auditors**” means the auditors for the time being of the Issuer or, as the case may be, the Guarantor or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these Conditions or the Trust Deed, such other firm of accountants or financial advisers as may be selected by the Issuer or the Guarantor for the purpose.

“**Base Admission Particulars**” means the base admission particulars dated 6 September 2023 relating to the Notes, as amended, supplemented or replaced from time to time.

“**Business Day**” means:

- (a) in relation to any sum payable in euro, a T2 Settlement Day and a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments generally in London and in each (if any) Additional Business Centre;
- (b) in relation to any sum payable in a currency other than euro, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; and

- (c) in respect of Notes for which the Reference Rate is specified as SOFR in the applicable Pricing Supplement, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed.

"Business Day Convention", in relation to any particular date, has the meaning given in the applicable Pricing Supplement and, if so specified in the applicable Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention, "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"Calculation Amount" has the meaning given in the applicable Pricing Supplement.

"Calculation Method" has the meaning given in the applicable Pricing Supplement.

"Clean-up Call Minimum Percentage" has the meaning given in the applicable Pricing Supplement.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (the **"Calculation Period"**) such day count fraction as may be specified in these Conditions or the applicable Pricing Supplement and:

- (i) if **"Actual/Actual"** or **"Actual/Actual - ISDA"** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” 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 D₁ is greater than 29, in which case D₂ will be 30

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30

if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (a) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (b) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date(s) specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date(s).

“**Determination Agent**” means an investment banking, accountancy, appraisal or financial advisory firm with international standing that has (in the reasonable opinion of the Issuer) appropriate expertise

relevant to the determination required to be made under these Conditions selected by the Issuer and notified to the Trustee.

“Early Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in the applicable Pricing Supplement.

“Effective Interest Payment Date” means any date or dates specified as such in the applicable Pricing Supplement.

“EURIBOR” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Admission Particulars, Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

“Excluded Subsidiary” means any Subsidiary of the Guarantor:

- (a) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, development and/or operation of an asset;
- (b) none of whose indebtedness for borrowed money in respect of the financing of such ownership, acquisition, development and/or operation of such asset is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Excluded Subsidiary) in respect of the repayment thereof, except as expressly referred to in sub-paragraph (b) of the definition of Project Finance Indebtedness; and
- (c) which has been designated as such by the Guarantor by written notice to the Trustee,

provided that the Guarantor may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary.

“Final Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in the applicable Pricing Supplement.

“First Interest Payment Date” means the date specified in the applicable Pricing Supplement.

“Fixed Coupon Amount” has the meaning given in the applicable Pricing Supplement.

“Group” means the Guarantor and its Subsidiary Undertakings and **“member of the Group”** shall be construed accordingly.

“indebtedness for borrowed money” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period.

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the applicable Pricing Supplement.

“Interest Determination Date” shall mean the date specified as such in the applicable Pricing Supplement, or if none is so specified and the Reference Rate is EURIBOR, the second day on which T2 is open prior to the start of each Interest Period.

"Interest Payment Date" means the First Interest Payment Date and any date or dates specified as such in the applicable Pricing Supplement and if a Business Day Convention is specified in the applicable Pricing Supplement:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"ISDA Definitions" has the meaning given in the applicable Pricing Supplement.

"K" has the meaning provided in the Appointment.

"Margin" has the meaning given in the applicable Pricing Supplement.

"Maturity Date" has the meaning given in the applicable Pricing Supplement.

"Maximum Rate of Interest" has the meaning given in the applicable Pricing Supplement.

"Minimum Rate of Interest" has the meaning given in the applicable Pricing Supplement.

A **"Negative Rating Event"** shall be deemed to have occurred if (i) the Issuer does not, either prior to or not later than 14 days after the date of a Negative Certification in respect of the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Guarantor (or of the Issuer or of any Subsidiary of the Guarantor which, in any such case, is guaranteed on an unsecured and unsubordinated basis by the Guarantor) having an initial maturity of five years or more from a Rating Agency or (ii) if it does so seek and use such endeavours, it is unable, as a result of such Restructuring Event, to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being).

"Observation Method" shall be as set out in the applicable Pricing Supplement.

"Optional Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in the applicable Pricing Supplement.

"Potential Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition in each case as provided in Condition 13, would constitute an Event of Default.

"Presentation Date" means a day which:

- (a) is or falls after the relevant due date, but, if the due date is not or was not a Business Day in London, is or falls after the next following such Business Day; and
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment and, in the case of payment by transfer to a sterling account with a bank in London as referred to in these Conditions, in London.

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency.

"Principal Subsidiary" at any time shall mean any Subsidiary of the Guarantor (not being an Excluded Subsidiary or any other Subsidiary of the Guarantor the whole of whose indebtedness for borrowed money (other than indebtedness for borrowed money owed to another member of the Group) is Project Finance Indebtedness):

- (a) whose (i) profits on ordinary activities before tax or (ii) net assets (in each case consolidated in respect of a Subsidiary which itself has Subsidiaries and in each case attributable to the Guarantor) represent 15 per cent. or more of the consolidated profits on ordinary activities before tax of the Group or consolidated net assets of the Group respectively (in each case attributable to the Guarantor), in each case as calculated by reference to the then latest audited consolidated or, if none, unconsolidated financial statements of such Subsidiary and the then latest audited consolidated financial statements of the Group provided that:
 - (A) if the latest audited consolidated accounts of the Group show (x) a net loss for the relevant financial period then there shall be substituted for the words "profits" the words "turnover" for the purposes of this definition and/or (y) negative assets at the end of the relevant financial period then there shall be substituted for the words "net assets" the words "total assets" for the purposes of this definition; and
 - (B) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Group relate, the reference to the then latest audited consolidated financial statements of the Group for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in financial statements by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the Auditors; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Guarantor which immediately prior to such transfer is a Principal Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary (and the transferee Subsidiary shall cease to be a Principal Subsidiary under the provisions of this sub-paragraph (b) (but without prejudice to the provisions of sub-paragraph (a) above), upon publication of its next audited financial statements).

A certificate signed by two directors of the Guarantor or a report by the Auditors that, in their opinion, a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Noteholders and the Couponholders whether or not addressed to each such party.

"Rate Cut-off Date" has the meaning given in the applicable Pricing Supplement;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the applicable Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions

"Rated Securities" means the Notes, if at any time and for so long as they have a rating from a Rating Agency, and otherwise any other unsecured and unsubordinated debt of the Guarantor (or of the Issuer or any Subsidiary of the Guarantor which, in any such case, is guaranteed on an unsecured and

unsubordinated basis by the Guarantor) having an initial maturity of five years or more which is rated by a Rating Agency.

“Rating Agency” means Fitch Rating Ltd or any of its Subsidiaries and their successors, Moody’s Investors Service Limited, Inc or any of its Subsidiaries and their successors or any rating agency substituted for any of them (or any substitute of them) by the Issuer from time to time.

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount, the Regulatory or Change of Control Redemption Amount or such other amount in the nature of a redemption amount as may be specified in the applicable Pricing Supplement.

“Reference Rate” shall mean (i) EURIBOR; (ii) SONIA; (iii) SOFR; or (iv) €STR, in each case for the relevant currency and the relevant period, as specified in the applicable Pricing Supplement.

“Regulatory or Change of Control Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in the applicable Pricing Supplement.

“Relevant Screen Page” means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service, including, without limitation, Reuters) specified as the Relevant Screen Page in the applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the entity providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“Relevant Time” has the meaning given in the applicable Pricing Supplement.

“Restructuring Event” means the occurrence of one or both of the following events:

- (a) any material rights, benefits or obligations of the Guarantor as a water undertaker or sewerage undertaker arising under the Appointment or the Water Industry Act as in force on the Issue Date or any material terms of the Appointment are modified (whether or not with the consent of the Guarantor and whether pursuant to the Water Industry Act or otherwise) unless two directors of the Guarantor have certified in good faith to the Trustee (and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person) that such modified rights, benefits, obligations or terms are not materially less favourable to the business of the Group and to the business of the Guarantor (provided that an adjustment to K shall not fall within this sub-paragraph (a)); or
- (b) any legislation (whether primary or subordinate) is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment (or any successor) and/or the Director General of Water Services (or any successor) (including any such legislation removing, reducing or qualifying such duties or powers under or pursuant to section 2, 9 or 24 of the Water Industry Act but excluding, in all circumstances, the Water Act 2003) in each case as compared to those in force on the Issue Date unless two directors of the Guarantor have certified in good faith to the Trustee (and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person) that such removal, reduction or qualification is unlikely to have a material adverse effect on the financial condition of the Group and the Guarantor.

“Restructuring Period” means:

- (a) if at any time a Restructuring Event occurs there are Rated Securities, the period of 60 days starting from and including the day on which that Restructuring Event occurs; or
- (b) if at the time a Restructuring Event occurs there are no Rated Securities, the period starting from and including the day on which that Restructuring Event occurs and ending on the day 60 days following the later of (a) the date on which the Issuer or the Guarantor shall seek to

obtain a rating as contemplated in the definition of Negative Rating Event prior to the expiry of the 14 days referred to in that definition and (b) the date on which a Negative Certification shall have been given to the Issuer, the Guarantor and the Trustee in respect of that Restructuring Event.

"Specified Currency" has the meaning given in the applicable Pricing Supplement.

"Specified Denomination(s)" has the meaning given in the applicable Pricing Supplement.

"Specified Period" has the meaning given in the applicable Pricing Supplement.

"Subsidiary" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"Subsidiary Undertaking" shall have the meaning given to it by section 1162 of the Companies Act 2006 (but, in relation to the Guarantor, shall exclude any undertaking (as defined in the Companies Act 2006) whose accounts are not included in the then latest published audited consolidated accounts of the Guarantor or (in the case of an undertaking which has first become a subsidiary undertaking of a member of the Group since the date as at which any such audited accounts were prepared) would not have been so included or consolidated if it had become so on or before that date).

"T2" means the wholesale payment system comprising a real time gross settlement system and a central liquidity management tool operated by the Eurosystem which was launched on 20 March 2023, or any successor system.

"T2 Settlement Day" means any day on which T2 is open for the settlement of payments in euro.

"Water Industry Act" means the Water Industry Act 1991 as amended or re-enacted from time to time and all subordinate legislation made pursuant thereto.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

If the Global Notes or Global Certificates are stated in the applicable Pricing Supplement to be issued in NGN form or the Global Certificate to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. Noteholders should note that, as at the date of these Base Admission Particulars, Notes admitted to trading on the ISM are not expected to be recognised as eligible collateral as the ISM is not on the list of “certain acceptable non-regulated markets” maintained by the European Central Bank.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the principal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the principal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable, in whole, but not in part, for the Definitive Notes defined and described below and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the applicable Pricing Supplement, for Definitive Notes.

2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided in the below paragraph in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

Each permanent Global Note is exchangeable in part (provided, however, that if this permanent Global Note is held by or on behalf of Euroclear and/or Clearstream, Luxembourg, the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, so permit) if so provided, and in accordance with, the Conditions.

3 Permanent Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange, (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (iii) if the Global Note is a NGN, procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In these Base Admission Particulars, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security

printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

Legends

The following legend will appear on all bearer temporary Global Notes, Global Notes, Definitive Notes, Coupons and Talons:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to provide that a United States person who holds a bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and will not be entitled to capital gains treatment of any gain on the sale, disposition, redemption or payment of principal in respect of such Note, Coupon or Talon.

Transfers

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in these Base Admission Particulars. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any temporary Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or, if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and, in the case of payments of principal, the principal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on record date which shall be on the Clearing System Business Day immediately prior to the date for payment (the “**Record Date**”), where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Claims against the Issuer and the Guarantor in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 10).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer’s Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Trustee and Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

Noteholders’ Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Principal Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Principal Paying Agent, or a Paying Agent acting on behalf of the Principal Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the principal amount of the Notes recorded in those records will be reduced accordingly.

NGN principal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, shall be entered in the records of the relevant clearing systems and upon any such entry being made, the principal amount of the Notes represented by such Global Note shall be adjusted accordingly.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed and/or admitted to trading, notices required to be given to the holders of the Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading.

Electronic Consent and Written Resolution

While any Global Note is held on behalf of or any Global Certificate is registered in the name of any nominee for a clearing system, then:

- (a) the Issuer and the Trustee shall be entitled to rely upon approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed); and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (i) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (ii) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (ii) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders and holders of Coupons and Talons, whether or not they participated in such Written Resolution and/or Electronic Consent.

USE OF PROCEEDS AND SUSTAINABLE FINANCE FRAMEWORK

An amount equal to the net proceeds from the issue of any Tranche of Notes will be applied by the Issuer for the general corporate purposes of the Issuer. If in respect of a particular Tranche of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement. The Issuer may, in particular, issue Notes as Sustainability Bonds (see further below).

Sustainability Bonds

Where the applicable Pricing Supplement for any particular Tranche of Notes indicates that such Notes are to be issued as Sustainability Bonds, the allocation of an amount equal to the gross proceeds from such issue of Notes will (subject as set out below) be to Eligible Projects in accordance with the Sustainable Finance Framework (each as defined below).

An amount equal to the gross proceeds arising from the issuance of such Sustainability Bonds will be appropriately managed by the Group's treasury function and allocated to the Guarantor to be used in accordance with the Sustainable Finance Framework (as defined below) to finance and/or refinance new and/or existing green and/or social projects whose activities support environmental and social objectives (the "Eligible Projects").

The Sustainable Finance Framework

The below is intended as a summary of the Sustainable Finance Framework (as defined below). The Sustainable Finance Framework may be amended or updated from time to time. Investors should refer to the Sustainable Finance Framework in full, as published at <https://corporate.wessexwater.co.uk/our-future/sustainable-finance-framework>.

Wessex Water Limited established its sustainable debt instruments framework in September 2022 (the "Sustainable Finance Framework") – the Sustainable Finance Framework is applicable to Wessex Water Limited and its subsidiaries, including the Issuer and the Guarantor. Under the Sustainable Finance Framework, the participating members of the Group may issue green, social and/or sustainability notes to finance and/or refinance in whole or part a portfolio of Eligible Projects. Wessex Water Limited may, in the future, further update or expand the Sustainable Finance Framework to align with emerging market standards and best practices.

The Sustainable Finance Framework is aligned with the International Capital Market Association's Green Bond Principles (June 2021 edition), Social Bond Principles (June 2023 edition) and Sustainability Bond Guidelines (June 2021 edition), amongst other things, which are administered by the International Capital Market Association and are available at: www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/. This alignment is confirmed by the second party opinion dated 17 June 2022 obtained by the Group from DNV GL Business Assurance Services UK Limited, an external environmental, social and corporate governance research and analysis provider, which verifies alignment to the aforementioned principles and guidelines (the "Second Party Opinion").

The Sustainable Finance Framework and the Second Party Opinion are available on the Guarantor's website (at <https://corporate.wessexwater.co.uk/our-future/sustainable-finance-framework>). For the avoidance of doubt, the Sustainable Finance Framework and the Second Party Opinion are not, nor shall they be deemed to be, incorporated in and/or form part of these Base Admission Particulars.

Eligible Projects

The Issuer intends to allot an amount equal to the gross proceeds of any Sustainability Bonds to the Guarantor for the allocation of amounts at least equivalent to the gross proceeds raised by the Sustainability Bonds to capital expenditure originated, approved, financed or completed:

- (A) between the three-year period preceding the Issue Date and the two-year period following the Issue Date;
- (B) in relation to existing eligible green or social assets in any period preceding the Issue Date (on an exceptional basis); and/or
- (C) in relation to operating expenditures aligned to the criteria of an Eligible Project within the three-year period preceding the Issue Date.

In order for a project to qualify as an Eligible Project under the Sustainable Finance Framework it must meet certain criteria which are aligned to the categories set out in the International Capital Markets Association Green Bond Principles. These categories are divided into environmental and social outcomes. The environmental outcomes include (but are not limited to): (i) sustainable water and waste management; (ii) terrestrial and aquatic biodiversity conservation; (iii) environmentally sustainable management of living

natural resources and land use; (iv) pollution prevention and control; (v) energy efficiency; (vi) renewable energy; (vii) clean transportation; (viii) climate change adaptation; (ix) green buildings; and (x) eco-efficient and/or circular economy adapted products, production techniques and processes. The social outcomes include (but are not limited to): (i) access to essential services and affordable basic infrastructure; and (ii) socioeconomic advancement and empowerment. The environmental and social outcomes together form the “**Eligibility Criteria**” which determines whether a project is an Eligible Project.

The Guarantor selects Eligible Projects from expenditure and investment identified within its past, present and future business plans (as relevant) which have been reviewed and approved by the Group board. The Group has also established a Sustainable Finance Group to oversee and ratify the selection of Eligible Projects, which meets semi-annually and more frequently on an ad hoc basis as necessary to, amongst other things, review projects for eligibility, monitor allocation of proceeds and review the Eligibility Criteria under the Sustainable Finance Framework.

Management of Proceeds

The gross proceeds arising from the Sustainability Bonds will be managed by the Group treasury function. The proceeds will initially be paid into the general treasury account and an equivalent amount will be tracked until full allocation of the proceeds. The Group treasury team will ensure on a best efforts basis that the amount equal to the gross proceeds of the Sustainability Bonds will be allocated within a two-year period of the Issue Date (subject to sufficient availability of approved Eligible Projects). The Guarantor will maintain a register for tracking Eligible Projects to which the proceeds are to be allocated, and associated investments will be recorded on accounting systems with the balance of allocated and unallocated proceeds being tracked over time.

Pending full allocation, unallocated proceeds will be tracked and managed in accordance with the Group Treasury policy, which may include refinancing or temporary investments (including deposits with money market funds, holding in cash, cash equivalents or other permitted instruments). The Guarantor will seek to apply unallocated funds to sustainable deposit products where it is economical to do so, and terms allow.

Allocations will not knowingly be made in support of certain sectors including fossil fuels, nuclear, defence, alcohol, tobacco or gambling.

Reporting in respect of Sustainability Bonds

The principles to which the Sustainable Finance Framework is aligned encourage reporting on the use of proceeds and the expected impacts at least on an annual basis. Within one year of issuance, and annually thereafter until full allocation of any gross proceeds of the Sustainability Bonds, the Guarantor will publish an Impact Report (as defined in the “*Risk Factors*” section) detailing: (i) the total amount of proceeds allocated per category of Eligible Project; (ii) the split between financing and refinancing; (iii) details of any look back/look forward used; (iv) a selection of relevant case studies in relation to Eligible Projects; (v) information on remaining unallocated proceeds and how they are being held; and (vi) a selection of relevant impact metrics in relation to Eligible Projects designed to assist investors with determining the quantifiable impact of their financing.

External Review

The Second Party Opinion provider, DNV GL Business Assurance Services UK Limited, an independent verifier, evaluated the Sustainable Finance Framework and the alignment thereof with relevant market standards and provided views on the robustness and credibility of the Sustainable Finance Framework which views are intended to inform investors in the Notes in general, and not for a specific investor.

The Guarantor will engage an independent external verifier to provide third party verification of the allocation reporting annually until full allocation of an equivalent to the gross proceeds of the Sustainability Bonds, with the intention of confirming that the proceeds have been allocated and reported on correctly and in accordance with the Sustainable Finance Framework (the “**External Review**”).

Whilst any portion of an amount equal to the gross proceeds of any Tranche of Sustainability Bonds issued under the Sustainable Finance Framework remains unallocated, the Group will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other liquid instruments, the balance of an amount equal to the net proceeds not yet allocated to the relevant Eligible Project.

DESCRIPTION OF WESSEX WATER SERVICES FINANCE PLC

Incorporation

The Issuer was incorporated as a public limited company with limited liability in England and Wales on 28 January 1999 under the Companies Act 1985 (as amended) and registered in England with registered number 3704265. The Issuer took its current name with effect from 12 February 1999. The Issuer's registered office is Wessex Water Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW (Tel: 01225 526000).

As at the date hereof, the authorised share capital of the Issuer is £50,000 divided into 50,000 ordinary shares of £1 each, 49,998 of which have been issued and paid up as to 26p and the remaining two of which have which have been issued and fully paid up.

The Issuer is a wholly-owned direct subsidiary of the Guarantor, and has no subsidiaries, with the exception of one share which is held by Colin Skellett (Chairman of the Issuer's board of directors).

Business type

The Issuer was incorporated for the sole purpose of issuing capital market instruments on behalf of the Guarantor, on-lending the proceeds of the issue of any instrument to the Guarantor and undertaking matters ancillary thereto.

Given its business activities, and the fact that it has no subsidiaries, the Issuer therefore depends on the Guarantor to provide the resources necessary for the Issuer to conduct its business, and to repay any proceeds of any issuance on-lent by the Issuer to the Guarantor to enable the Issuer to repay the creditors of such issuance.

Credit Rating

As at the date hereof, the Issuer is allocated a BBB+ (Stable) credit rating by Fitch, and a Baa1 (Stable) credit rating by Moody's.

Directors

The Directors of the Issuer (each of whom are Executive Directors), their principal functions within the Issuer and their principal activities outside the Group which are significant in the context of the Issuer (and which list of activities is therefore not exhaustive), are as follows:

Name	Function within the Issuer	Principal activities outside the Group
Colin Skellett OBE	Chairman	See <i>Wessex Water Services Limited — Directors</i>
Mark Watts	Director	Director of Wessex Water Services Finance Plc, YTL Arena Limited, Navigator at Brabazon Management Company Limited, Dials at Brabazon Management Company Limited, Brabazon Estates Limited, YTL Places Limited, YTL Homes Limited, YTL Property Holdings (UK) Limited, YTL Developments (UK) Limited, water2business Limited, YTL Land and Property (UK) Ltd, Geneco (South West) Limited, YTL Utilities (UK) Limited, Wessex Water Trustee Company Limited, Wessex Utility Solutions Limited, Wessex Water

Limited, Geneco Limited and Wessex Water Enterprises Limited, Turnbull Infrastructure & Utilities Limited.

The business address of each of the above is Wessex Water Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW. This is also the registered office of the Issuer.

There are no actual or potential conflicts of interest between any duties of the Directors to the Issuer and the Directors' private interests or other duties.

DESCRIPTION OF WESSEX WATER SERVICES LIMITED

Incorporation

The Guarantor was incorporated as a private company limited by shares in England and Wales on 1 April 1989 under the Companies Act 1985 (as amended) and registered in England with registered number 2366648. The Guarantor's registered office is Wessex Water Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW (Tel: 01225 526000).

The Guarantor is a wholly-owned direct subsidiary of Wessex Water Limited. Wessex Water Limited is a wholly-owned direct subsidiary of YTL Utilities (UK) Limited, itself a wholly-owned indirect subsidiary of YTL Power International Berhad ("YTL") of Malaysia, which operates in Malaysia, Singapore, the UK, Australia, France, Indonesia, Japan, Jordan, the Netherlands, Thailand and Vietnam. YTL is a Malaysian based investment holding company listed on Bursa Malaysia Securities Berhad, the Malaysian stock exchange, with a market capitalisation as at 30 June 2023 of approximately USD 2.2 billion.

YTL has been the indirect parent of the Guarantor for over 21 years, and YTL Corporation Berhad (a significant shareholder in YTL) has confirmed that it will support the Guarantor's decision-making processes so that the Guarantor can make strategic and sustainable decisions in the interests of the Guarantor for the long term. There are no matters specifically reserved to the Guarantor's shareholder, Wessex Water Limited, and in practice the Board of the Guarantor operates (and has operated continuously for more than a decade) without the requirement for shareholder resolutions. The Appointment requires that the Guarantor has sufficient independent membership, and the 2019 guidance from Ofwat on board leadership, transparency and governance requires that independent non-executive directors constitute the single largest group on the Board of the Guarantor. All Board decisions are determined with the active involvement of the independent non-executive directors.

Business

The principal activities of the Guarantor are the supply of water and the treatment and disposal of wastewater within the South West region of the UK.

The Guarantor is one of 11 companies licensed by Ofwat (the economic regulator for water industry in England and Wales and the licencing authority for the market) across England and Wales, as a regional water and sewerage undertaker.

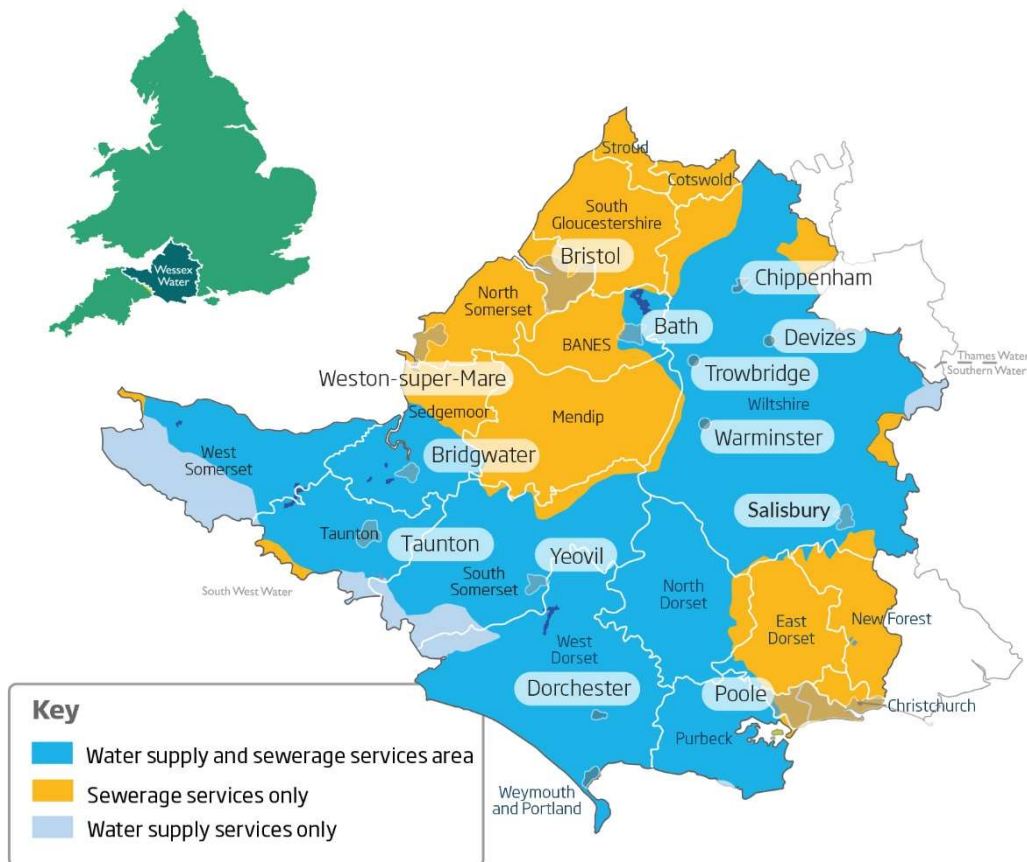
The Guarantor holds an Instrument of Appointment to supply clean water within and treat and dispose of wastewater from a specified area in the South West of England. The Appointment was granted by the Secretary of State in August 1989, effective from 1 September 1989 under sections 11 and 14 of the Water Act 1989 (now sections 6 and 11 of the Water Industry Act 1991 (as amended by subsequent UK legislation, including the Competition and Service (Utilities) Act 1992, the Water Industry Act 1999, the Water Act 2003 and the Water Act 2014)).

The Guarantor supplies water and wastewater services in the South West of England. The region in which the Guarantor operates is an area of approximately 10,000 square kilometres which includes the counties of Dorset and Somerset, most of Wiltshire, and parts of Gloucestershire and Hampshire.

Within that region, the Guarantor provides, variously, (i) water supply and sewerage services; (ii) sewerage services only; and (iii) water supply services only, as illustrated in Figure 1 below.

Figure 1

The Wessex Water Region



Across this region, the Guarantor provides approximately 2.9 million customers and nearly 57,000 businesses with sewerage services, and approximately 1.4 million customers and 44,000 businesses with water services. The Guarantor treats and supplies around 278 million litres of water each day, maintains and renews over 12,116 km of water mains, treats and disposes of around 898 million litres of sewage each day, and looks after over 35,000 km of sewers.

Industry and Market

The water and sewerage industry in England and Wales delivers water and wastewater services to over 50 million household and non-household consumers.

Companies which operate the public water networks hold appointments as water undertakers, and those which operate the public wastewater networks hold appointments as sewerage undertakers (in each case for the purposes of the Water Industry Act 1991). These water and sewerage undertakers also supply water and wastewater services directly to customers who are connected to their networks.

Under the Water Act 1973, 10 regional water authorities were established, with responsibility for managing water resources and supplying water and sewerage services. These 10 publicly owned regional water and sewerage authorities were privatised in 1989.

As at the date hereof, there are 16 regional water and sewerage undertakers (i.e. suppliers) in England and Wales, 11 of which, including the Guarantor, provide both water and sewerage services. The other five regional undertakers provide water services only (following some recent consolidation) and there are

nine small local companies which provide water or sewerage or both. As regional undertakers such as the Guarantor each operate as a regional monopoly, they are subject to regulations in terms of both price and performance.

Mission, Aims and Values

The Guarantor's purpose is to support its customers' health and wellbeing, and enhance the environment and the diverse communities it serves. The Guarantor's mission is to be a world-leading water and sewerage company. The Guarantor aims to:

- provide reliable, affordable services for all of its customers and communities;
- deliver a better environment for nature and people;
- be a great place to work for all employees; and
- be a trusted, financially strong company with fair investor returns.

The Guarantor aspires to be ranked in the top 20 consumer-facing UK companies on the Institute of Customer Service's UK Customer Satisfaction Index ("**UKCSI**") survey by 2025. As at the year ended 30 June 2022, the Guarantor was assessed as one of the top WASCs for customer service in Ofwat's Customer Measure of Experience ("**C-MeX**"), the leading water and sewerage company for the Drinking Water Inspectorate's ("**DWI**") key quality measure, the Compliance Risk Index ("**CRI**"), and the water and sewerage company with the lowest number of complaints during the year, according to the CCW.

In addition, the Guarantor's values are to operate honestly and ethically in the way it conducts its business, to treat its customers, the wider community, the environment and one another with respect, to value everybody's contribution and ensure the health, safety and welfare of all colleagues, and to plan, innovate and invest for future resilience as a long-term business.

Strategy

The Guarantor's overarching strategy is to remain a pacesetter in the water and sewerage industry in England and Wales, whilst transitioning to performing a far wider role in society, including as a leader in environmental stewardship. In early 2022, the Guarantor published a strategic direction statement which outlined eight outcomes (all created with stakeholders) it aims to achieve over the next 25 years, which are: (i) safe and reliable water; (ii) an effective sewerage system; (iii) affordable bills; (iv) great customer experience; (v) sustainable abstraction; (vi) great river and coastal water quality; (vii) net zero carbon; and (viii) biodiversity improvement. Strategy is also assessed by the Guarantor by reference to certain key performance metrics in line with the current price review period which runs from 2020 to 2025 ("**PR19**") published annually by all 11 regional WASCs in fulfilment of their regulatory obligations, or by independent bodies, including but not limited to:

- Ofwat's C-MeX which replaced the service incentive mechanism ("**SIM**") as the measure of household customer service across the industry as part of PR19. Each company receives a C-MeX score based on the results from (i) a customer service survey measuring the satisfaction of customers who have contacted the company; and (ii) a customer experience survey measuring the satisfaction performance based on the UKCSI (as defined above) of a random sample of the company's overall residential customer base. Each company is given a score out of 100 and ranked compared to others in the sector, with the worst performing company receiving a penalty of 12 per cent. of their residential retail revenue. The Guarantor placed first in the C-MeX league table for the 2021-2022 period;
- Ofwat's developer services measure of experience ("**D-MeX**") which is based on customer feedback and other quantitative service metrics;
- the EA's Environmental Performance Assessment, in relation to pollution incidents;

- the DWI's CRI for water quality compliance;
- volume of water leaked (per cent. reduction on MI/d);
- restrictions on water use (hosepipe bans) known as the drought resilience metric;
- wholesale costs as a percentage of average efficient level;
- retail costs as a percentage of average efficient level;
- return on regulatory capital value ("**RCV**");
- per capita consumption based on total household population ("**PCC**");
- return on regulated equity ("**RORE**");
- equity return against the current Asset Management Period ("**AMP**") (as defined below) savings and rewards;
- water supply interruptions (greater than three hours including planned, unplanned and third party interruptions);
- treatment works compliance and pollution incidents per 10,000 km of sewers (as published by the EA using the Environmental Performance Assessment methodology); and
- internal sewer flooding incidents per 10,000 properties that are caused by events other than insufficient capacity of the Guarantor's sewerage network, and sewer collapses per 1,000 km of sewers.

With respect to each of these metrics, the Guarantor seeks to obtain the latest available figures, to use figures which are as comparable as possible, and to apply any required judgment and assessment in calculating such metrics consistently. However, these metrics should only be taken as seeking to provide an indicative, rather than definitive, assessment of to the Guarantor's likely performance and comparison against its selected peers, and there can be no assurance that the results of these metrics are entirely accurate at all times or have any bearing on the Guarantor's financial performance.

Ofwat stated in the PR24 Final Methodology that it will be implementing some changes to performance commitment metrics from PR24, involving the addition of new metrics such as the business customer and retailer measure of experience ("**BR-MeX**"), to encourage water companies to take a customer-orientated approach to resolving frictions in the business retail market. Given that BR-MeX will not come into force until PR24, the effects of this new metric have not been assessed as at the date hereof.

Performance

Following publication of regulatory reporting for the year ended 31 March 2023 by water and wastewater companies, the Guarantor's assessment of its success for the preceding twelve months based on the metrics by which the Guarantor measures its performance against its peers (the other regional water and sewerage undertakers), is summarised as follows:

- the Guarantor was the best performer for complaints per 10,000 connected properties and wholesale costs as a percentage of average efficient level, according to CCW;
- the Guarantor's EPA performance assessment rating status across all Environmental Performance Assessment metrics was maintained at "requires improvement" in 2022;

- the Guarantor has met its leakage target every year since records began and has had no water restrictions (hosepipe bans) since 1976;
- the Guarantor completed its forty-sixth consecutive year without any restrictions on water use in its region;
- the Guarantor ranked as one of the top performers out of all WASCs on Ofwat's C-MeX score; and
- the Guarantor was the leading water and sewerage company for the DWI's CRI.

As a regional water and sewerage undertaker, the Guarantor agreed with Ofwat 32 commitments in relation to its operational performance in each year from 1 April 2015 to 31 March 2020 ("**AMP6**"). From 1 April 2020 to 31 March 2025 ("**AMP7**") the Guarantor's 32 AMP6 performance commitments have been replaced by 46 performance commitments (the "**Performance Commitments**"). Of these, 15 (six new and nine existing) are mandated by Ofwat and are common measures for all companies (with some differentiation as to targets and incentives) and 31 are bespoke, reflecting the local circumstances and customer priorities in the Guarantor's region.

The Guarantor's attainment against its Performance Commitments will increase or decrease revenues where its Performance Commitments have financial penalties associated with underperformance or rewards for outperformance (known as outcome delivery incentives, or "**ODIs**"). These incentives have been factored into the Guarantor's AMP7 Final Determination.

In the twelve months ended 31 March 2022, the Guarantor met or exceeded its targets on 28 of its Performance Commitments (including minimising internal sewer flooding, despite intense localised storms, leakage and water supply interruptions), 13 of which will result in an overperformance payment. There were 13 Performance Commitments where the Guarantor will not have achieved its targeted performance, and for six of those the Guarantor will face an underperformance penalty. The Guarantor either had no target to deliver this year or is awaiting regulators' scoring in respect of five Performance Commitments.

In Ofwat's C-MeX Survey, the Guarantor was ranked as one of the top WASC performers for the year 2021-2022 and expects to be industry leading in D-MeX, and continues to expect both of these outcomes to provide substantial rewards over AMP7.

The Guarantor also completed in the twelve months ended 31 March 2023 its forty-sixth consecutive year (taking account of the period prior to assumption by the Guarantor of Wessex Water Authority's rights and liabilities) without any restrictions on water use in its region, despite periods of dry weather.

On the basis of the metrics against which it monitors its performance, the Guarantor considers that it has performed well and continues to be the overall leading water and sewerage service.

Key Priorities

Per its 2022 strategic direction statement, the Guarantor aims to deliver the highest levels of customer satisfaction, make it easy for customers to deal with the Guarantor, and ultimately to build trust and loyalty. The Guarantor also aspires to be an exemplar water and sewerage company providing reliable and affordable services for all customers and communities.

Looking forward, the Guarantor's priorities to achieve this are:

- providing a safe and reliable water supply;
- operating a world-leading, effective sewerage system;
- ensuring bills are affordable for all;

- delivering a great customer experience;
- working towards sustainable abstraction;
- ensuring great river and coastal water quality;
- achieving net zero carbon by 2040; and
- enhancing biodiversity in its region.

The Guarantor links each of the long-term outcomes listed above to an ambitious aim and a metric to maximise delivery and measure progress, all of which forms its vision through to 2050.

Environmental impact

The Guarantor has continued to hold its focus on long-term environmental outcomes. As at the year ended 31 March 2023, its leakage rate was reduced by a further 1.5 per cent., placing it in good stead to meet the target of a 15 per cent. cut in leakage by 2025. The Guarantor's greenhouse gas emissions also fell in the year ended 31 March 2023, and it published a route map setting out its plans to meet the industry-wide target of net zero operational carbon emissions by 2030, and net zero total carbon by 2040. The Guarantor's electricity use as at the year ended 31 March 2023, at 254 gigawatt hours, was also relatively low in the context of the last five years. The Guarantor takes its environmental responsibilities very seriously and always endeavours to protect and improve the natural world across its region.

Regulation

Water Industry Act and Ofwat

The Guarantor's activities are subject to the Water Industry Act 1991 as amended by, among others, the Water Act 2003 and the Water Act 2014 (the "**Water Industry Act**") and are regulated by Ofwat, whose functions were previously carried out by the Director General of Water Services, supported by the Office of Water Services.

The Water Act 2014 created a power for the UK Government to produce a statement of strategic priorities and objectives for Ofwat to follow when carrying out its statutory functions. Ofwat operates within the UK Government's overall policy framework, but acts independently of the UK Government and is not subject to direction with regard to its judgements.

The Guarantor's water supply and wastewater services are operated under the terms of its Appointment. Companies engaged in water supply or wastewater services in England and Wales must hold an instrument of appointment.

The Appointment will continue in force for an indefinite period, subject to termination by the Secretary of State on 25 years' notice, or termination for other, limited reasons. More immediate revocation may occur in certain circumstances. Among other circumstances, the Appointment, in common with the instruments of appointment of other entities held under the Water Industry Act, can be terminated under the provisions of the special administration regime.

Special Administration Regime

The provisions of the special administration regime permit the Secretary of State to apply to the High Court of England and Wales for a special administration order, or to authorise Ofwat to do so, in order to secure the general continuity of water supply and sewerage services in England and Wales through the appointment of a special administrator, who would have extensive functions similar to those of an administrator under the Insolvency Act 1986, but with certain important differences.

The grounds for application for an order are described in the Water Industry Act and include: (a) breach of one of the appointee's principal duties under the Water Industry Act (e.g. to maintain a water supply system or to provide a wastewater system); (b) insolvency; or (c) non-compliance with a final or confirmed provisional enforcement order following a breach of a licence condition.

The person appointed as a special administrator would be appointed for the purposes of transferring as a going concern to one or more different water undertakers or, as the case may be, sewerage undertakers so much of the business of a WASC as was necessary for the proper carrying out of its functions if the Guarantor could not be preserved itself as a going concern. If a special administration order were made in respect of the Guarantor, it would be for the special administrator to agree the terms of the transfer of all or any of the business of the Guarantor on behalf of the Guarantor, subject to the provisions of the Water Industry Act 1991. Until another company has been appointed as an undertaker in its place and its appointment as a water undertaker or sewerage undertaker is terminated, a WASC may not be wound up, nor may an administrator under the Insolvency Act 1986 be appointed in respect of it. During the period of a special administration order, a WASC is managed in such a way as to achieve the purposes of such an order and in a manner that seeks to protect the respective interests of members and creditors of a WASC. However, the effect of other provisions of the Water Industry Act 1991 is ultimately to subordinate members' and creditors' rights in favour of the purposes of the special administration order.

Licence conditions and enforcement

Conditions attached to the Instrument of Appointment can also be modified in accordance with the procedures laid down in Section 12A of the Water Industry Act, as amended by the Environment Act 2021. Subject to a power of veto in certain circumstances within a certain timeframe by the Secretary of State, Ofwat may modify the conditions in the Appointment without the consent of the Guarantor. Prior to the making of any modifications, the Water Industry Act requires Ofwat to publish a notice (which must be sent to the Guarantor, Secretary of State, the CCW and any representee of the Guarantor) containing the proposed modifications as part of a consultation process. Ofwat is responsible for considering and publishing any decision and modifications. Any such modification can be appealed to the CMA. In addition, the CMA (and the Secretary of State in limited circumstances) also has, among others, the power to modify the conditions of the Instrument of Appointment after an investigation under its merger or market investigation powers if it considers that matters investigated in relation to water or sewerage services were anti-competitive or against the public interest. There is some scope for this arrangement to change with proposed reforms published in July 2021 ("*Reforming Competition and Consumer Policy*"), which seeks to streamline the investigation processes of UK merger control, including institutional reform, jurisdiction of merger control and the operation of the current fast-track process. However, it is unclear what measures will eventually be codified in legislation. The Water Act 2014 also allows Ofwat to modify licences where necessary in consequence of changes made by the Water Act 2014.

The Water Act 2003 introduced financial penalties for the breach of licence conditions, prescribed standards of performance or other statutory obligations. Companies can now face a fine of up to 10 per cent. of relevant regulated turnover (per breach), derived from the regulated activities in respect of which the penalty is imposed for the preceding regulatory year (i.e. the latest set of regulatory accounts), as more specifically set out in the Water Industry (Determination of Turnover for Penalties) Order 2005. The Water Act 2014 extended the time limit for imposing financial penalties from 12 months to five years from the date of contravention. Ofwat published an updated enforcement strategy in 2017 in relation to the imposition of penalties, which remains the most recent enforcement strategy. Ofwat confirmed in the updated enforcement strategy that its approach to enforcement is risk-based, and noted that it may consider not opening a formal enforcement case against a WASC if the company has taken reasonable steps to provide redress to customers, or alternatively may commence formal proceedings but agree to reduce the penalty. Under the Water Act 2003, any such penalties may be appealed to the High Court on the grounds Ofwat lacks power to impose the specific penalty, that Ofwat has failed to follow the procedure for imposing such penalties or that the dates required for payment of such penalties are unreasonable. The requirement to pay a penalty is suspended until the case is determined, and the High Court may ultimately cancel or reduce the penalty or extent the timescale for payment.

Furthermore, if Ofwat is satisfied that an undertaker is in breach of a condition of its instrument of appointment or certain of its statutory obligations, it has the power to secure compliance by means of an

enforcement order. Failure to comply with an enforcement order can lead to court action by Ofwat for an injunction and claims for compensation by any person who suffers loss or damages as a result of the breach.

Competition

Ofwat has concurrent powers with the CMA to apply the Competition Act in the water and sewerage sector. Ofwat may use its powers under the Competition Act to investigate and prohibit anti-competitive behaviour and abuses of a dominant position to ensure a level playing field in the industry. Fines for breaches of the Competition Act can be up to 10 per cent. of turnover. A finding from Ofwat or the CMA that the Guarantor has breached the Competition Act may result in a financial penalty which may affect the Guarantor's operating results or financial position.

In April 2020, Ofwat introduced a bidding market for water resources, bio-resources, leakage detection and demand management, which may provide an opportunity for new resources to be brought forward to market and utilised by the Group to secure water supplies.

Environmental

The Guarantor's operations are currently subject to domestic and European environmental regulation – EU environmental laws continue to operate in UK law with references to EU legislation and EU statutory bodies removed pursuant to certain onshoring arrangements adopted post-Brexit. The Guarantor is subject to the Environment Act 2021, which is intended to help water companies improve their day-to-day performance, meet higher standards of environmental protection and reduce pollution incidents from sewer systems and sewage treatment works. All water and wastewater companies in England and Wales have a general duty to exercise their powers to conserve and enhance the natural beauty of the environment and to promote the efficient use of water. The Guarantor is also subject to the Environmental Permitting (England and Wales) Regulations 2016, which came into force on 1 January 2017 and which requires operators to have an environmental permit to operate a regulated facility or cause or knowingly permit a water discharge activity or groundwater activity.

Further, as a water undertaker, the Guarantor is required to comply with drinking water standards specified in regulations issued by the Secretary of State. As at the year ended 31 March 2023, the Guarantor achieved a market leading CRI score of 1.04 (below the industry average score of around 5.00) with all such standards as measured by the DWI, the independent drinking water quality regulator for England and Wales. The CRI includes sample failures from reservoirs, treatment works and customer taps with the scoring taking into account the type of breach as well as the scale of the potential impact. Whilst this represents a deterioration from the CRI score of 0.37 achieved as at the year ended 31 March 2022, the increase is attributable to the detection of a single coliform bacteria (indicating a potential water quality issue) at one of the Guarantor's biggest treatment centres.

As a wastewater undertaker, the Guarantor is required to obtain consents from the EA for discharges of polluting substances into controlled waters from various sources (such as wastewater treatment works). The consenting regime continues to evolve and the Guarantor currently holds or is applying for all such consents, and is 100 per cent. compliant with the quality of its wastewater discharges and 98 per cent. compliant with the licences that control how much water it can take from the environment. The Guarantor has, amongst other things, committed to investing more than £3 million per month to address storm overflow discharge, £155 million in respect of 2020 – 2025 in upgrades to its water recycling centres and has developed a £1.4 billion capital investment programme for AMP7, which also aims to support and generate economic growth and new development in the region. The Guarantor also invested over £300 million in environmental improvements during AMP6.

Price Reviews

Economic regulation of the water industry in England and Wales is based on a system of periodic reviews conducted by Ofwat. These periodic price reviews have to date all been with respect to price controls for a five year period, with the exception of when price controls for non-household retail default charges which was considered in the price review for the period 2015-2020 (“PR14”).

Price controls are imposed in accordance with the conditions of undertakers' licences on the amounts that companies such as the Guarantor can charge their customers for water supply and water recycling services. The current period (2020 to 2025) mechanism provides for a sliding scale of sharing with customers at the next price review of under- or over-spend on wholesale total expenditure (“**totex**”) compared with the level of totex assumed in price setting (except in the case of retail services and, from 2020-21, Bioresources, where there is no sharing of under- or over-spend, and any deviation from the Guarantor’s allowed expenditure will be incurred fully by the Guarantor). Cost sharing for out-performance increases from 35 per cent. to 65 per cent. depending on whether a company has, in Ofwat’s view, more efficient totex levels set out in its business plan. Cost sharing for under-performance conversely decreases with greater efficiency and may be set between 65 per cent. to 50 per cent.

Price control periods usually begin on 1 April in years ending in 0 or 5, and end on 31 March five years later. The price review for PR19 set out the price controls due to take effect on 1 April 2020. Ofwat published its final price review methodology for PR24 (i.e. the next review period from 2025-2030) on 13 December 2022, which encourages water companies to build on progress made in response to PR19.

The regulatory framework under which the Guarantor operates is based on a revenue cap formula which permits limited revenue increases or decreases based on the percentage change in the UK Consumer Prices Index including owner-occupiers’ housing costs (“**CPIH**”) plus an adjustment factor called ‘K’. As at 1 April 2020, 50 per cent. of the RCV of water companies was indexed by the Retail Price Index (“**RPI**”). The rest of the RCV, including all new investment, is linked to CPIH so that bills better reflect the inflation rate that customers face. ‘K’ is set periodically taking account of efficiency targets, quality standards and enhancements to service levels and security of supply and can be positive or negative (or zero). However, Ofwat has indicated its intention to fully transition to CPIH indexation at the outset of PR24. Price limits are established by Ofwat pursuant to the periodic reviews described above. The Guarantor’s most recent price limits were set pursuant to PR19 and cover AMP7.

AMP7

The Guarantor’s business plan for AMP7 includes a £1.4 billion capital investment programme to improve environmental and customer service standards, which the Guarantor estimates will require financing of approximately £1 billion over AMP7 (including refinancing existing indebtedness of the Issuer and the Guarantor). Using a weighted average cost of capital the plan aims to deliver a real-terms bill reduction for customers of around 4 per cent. The Guarantor has also rolled out an affordability scheme for customers struggling financially, and currently pressing the UK Government to enable it to auto-enrol low income pensioners onto a 20 per cent. bill discount scheme.

The Guarantor’s current business plan has been aligned to the PR19 Final Determination (which Ofwat published on 16 December 2019). In addition to amending and increasing the number of the Guarantor’s Performance Commitments (see the Performance heading above), Ofwat has tightened some target levels and it has increased the scale and scope of potential performance penalties and reduced the scope for incentive payments when compared to AMP6. The Guarantor is currently working on its next business plan for 2025-2030 which it will aim to align with Ofwat’s PR24 Final Methodology and which it will aim to submit to Ofwat in October 2023. Within this next business plan, the Guarantor will propose levels of investment to maintain and enhance services to both customers and the environment.

As at March 2021, the proportion of customers spending more than 5 per cent. of their disposable income on water bills had risen to 6.5 per cent. The Guarantor is targeting zero water poverty and aims to reduce this figure to 0 per cent. The Guarantor has also implemented a Tailored Assistance Programme under which it offers customers financial and debt support through low-rate tariffs. The Guarantor aims to provide £11.2 million in discounts to customers on social tariffs by 2025. At the year ended 31 March 2023, the Guarantor’s retail operating costs were higher than those set at the PR19 Final Determination but was reduced from the previous year to £30.8 million. This is due to the combined effect of a £3.2 million reduction in doubtful debt and debt management costs to reflect the reduced uncertainty surrounding the impact of high inflation and unemployment rates on household disposable incomes, a reduction of £1.9 million in expenditure on customer side leakage expenditure and an increase of £1.6 million in customer service costs reflecting the increasing expectations of customers and dealing with customer enquiries

during periods of heightened uncertainty. In 2022-2023, the Guarantor recovered £488.8 million wholesale revenue against a final determination allowance of £499.4 million.

Capital Investment

In the year ended 31 March 2023, the Guarantor delivered capital expenditure (on property, plant and equipment and intangible assets (including infrastructure maintenance expensed through its income statement)) of £292.2 million, an increase of £12.8 million over £279.4 million last year in line with expectations. Whilst the prolonged effect of COVID-19 had implications on the delivery of the Guarantor's capital projects, internal management of the five-year capital programme has allowed it to minimise those effects. The Guarantor has had to accelerate a number of its capital investment projects in line with its Performance Commitments so as to minimise the impact of underperformance penalties, for example meeting its target for delivery of the Water Industry National Environment Programme but encountering an underperformance payment for 2021-2022 for coming in under its target for the length of rivers with improved water quality as a result of that programme. Further, the Guarantor has experienced significant increases in lead time and contractor resource constraints in relation to capital expenditure work items which has led to an overall reprofiling of expenditure into later years, particularly with regard to enhancement programmes.

The Guarantor completed approximately £1.1 billion of investment during the AMP6 period, and around £875 million during AMP7 to date (via bonds and term loans), and continues to adapt its investment planning to evolving industry risks.

The Guarantor's net operational expenditure variance to financial determination in 2022-23 is an overspend of £30 million. The Guarantor's net operational expenditure increased compared to 2021-22 by £48 million, primarily the result of large increases in power costs of £22 million, chemical costs of £5 million and employment costs £5 million. These are the results of the current global difficulties that are ongoing affecting power supply and supply routes globally, and the resulting cost of living crisis. A further £11.5 million increase is attributable to hired and contracted costs. This included but is not limited to additional tankering costs due to price increases, capacity constraints and centrifuge hire as the business pursues a policy of increased conversion of sludge to cake to reduce the cost of tankering and address the capacity issue.

The Guarantor's cumulative net operational expenditure variance to financial determination in 2022-23 is an overspend of £28 million. This is the result of the overspend in 2022-23; prior to this year the Guarantor underspent on net operational expenditure compared to financial determination. The explanation for the overspend is in line with the net operational expenditure variance between 2021-22 and 2022-23, in that power, chemical and employment cost have all increased. The Guarantor continues to pursue the following activities to try and mitigate these increases as far as possible:

- reduced power consumption and market rates through forward purchases; and
- chemical process optimisation and internal review of external contractors.

The Guarantor's net capital expenditure variance of £5.1 million under final determination for 2022-2023 equates to an overspend. This expenditure has been caused by a number of factors, namely:

- increased investment in improving the Guarantor's disinfection processes;
- the completion of the Guarantor's major refurbishment of its Durleigh water treatment centre near Bridgwater; and
- the Guarantor's success in meeting and exceeding its leakage target over the past three years, in spite of drought conditions and numerous freeze/thaw events over the last year.

The expenditure was delivered while maintaining the acceptable level of risk determined by the Board of the Guarantor and while achieving consistently either industry leading or upper quartile performance on key common Performance Commitments.

Financing

As at 31 March 2023, net debt stood at £2,622.2 million (an increase of £203.2 million from 31 March 2022). With a published RCV of £4,075.90 million as of 31 March 2023, the ratio of net debt to RCV was 64.3 per cent., compared to 66.9 per cent. as at 31 March 2022. The pensions-adjusted net debt to RCV ratio was 65 per cent., which the Board considered to be acceptable. Net debt of £2,622.2 million comprised bank loans of £618.0 million, leases of £2.4 million and outstanding bonds of £2,296.3 million, less cash and deposits of £294.5 million. Reported profit before tax fell to a loss of £28.9 million in the year ended 31 March 2023, down from a profit of £68.5 million the year before. The change was primarily caused by the underlying increase in operating and interest costs. The Guarantor's energy costs are currently fixed for the remainder of this year, with 49 per cent. hedged in 2024-2025, the final year of AMP7.

Based on the Guarantor's unaudited financial information as at 30 June 2023, the Guarantor has an adequate liquidity position of £397 million (31 December 2022: £216 million), comprised of £172 million in cash and cash equivalents held on the balance sheet, together with an undrawn revolving credit facility of £225 million, giving the Guarantor instant access to funding if needed. The Guarantor remains robustly financed despite the current challenging economic and trading environment. The financial information in this paragraph is extracted from the unaudited management accounts of the Guarantor for the three months ended June 2023.

Credit Ratings

The Board of the Guarantor remains committed to maintaining investment grade credit ratings for the Guarantor at all times.

As at the date hereof, Fitch has assigned the Guarantor's senior unsecured debt a credit rating of BBB+ (Stable) on the basis that the Guarantor has demonstrated strong operational performance in totex and net ODI rewards (both as defined above) for AMP7. Fitch notes that the Guarantor's operating position is "*strong compared with that of rated peers in the UK water sector due to its long-standing record of robust operational and regulatory performance*". At the Guarantor's request, S&P no longer provide a credit rating effective from May 2020 due to a recent cost benefit exercise carried out by the Guarantor.

Directors

The board of directors of the Guarantor, their principal functions within the Guarantor and their principal activities outside the Group which are significant in the context of the Guarantor (and which list of activities is therefore not exhaustive), are as follows:

<i>Name</i>	<i>Function within the Guarantor</i>	<i>Principal activities outside the Group</i>
Colin Skellett OBE	Chief Executive	Chairman of GWE Business West Ltd and Bristol Chamber of Commerce, Industry and Shipping. Director of Bath Colonnade Properties Limited, YTL Arena Holdings Limited, YTL Arena Limited, Dials at Brabazon Management Company Limited, Navigator at Brabazon Management Company Limited, Wessex Water Enterprises Limited, Brabazon Estates Limited, RW Threadneedle Street Limited, Easy Comfortable Travel Company Limited, Thermae Development Company Limited, Bath Hotel and Spa Limited, Water UK, Bristol Wessex Billing Services Limited, Turnbull Infrastructure & Utilities Limited, Gainsborough Hotel (Bath) Limited, Geneco Limited, Geneco (South West) Limited, Monkey Island Properties Limited, New

		<p>Architecture (Bray) Limited, RW Gower Street Limited, RW Greenside Place Limited, Threadneedles Hotel Limited, Glasshouse Hotel Limited, Wessex Water Limited, Wessex Water Engineering Services Limited, Wessex Water Trustee Company Limited, Wessex Utility Solutions Limited, YTL Developments (UK) Limited, YTL Engineering Limited, YTL Events Limited, YTL Homes Ltd, YTL Land and Property (UK) Ltd, YTL Places Limited, YTL Property Holdings (UK) Limited, YTL Services Limited, YTL Utilities (UK) Limited, European Connoisseurs Travel Limited, YTL Education (UK) Limited, Wessex Water Services Finance Plc, and Wessex Water Services Limited.</p>
Jim McKenna	Senior Independent Non-Executive Director	<p>Director of Wessex Water Services Limited, Chairman of the SS Great Britain Trust and Chair of Board of Trustees at Liverpool School of Tropical Medicine.</p>
Kate Mingay	Independent Non-Executive Director	<p>Director of Wessex Water Services Limited, Non-Executive Director of HRL Morrison and Co, Trustee of the British Science Association and Senior Advisor at Cambridge Economics Policy Associates.</p>
Francis Yeoh KBE	Shareholder Non-Executive Chairman	<p>Chairman of Wessex Water Services Limited and YTL PowerSeraya Pte Limited in Singapore.</p> <p>Executive Chairman of YTL Corporation Berhad, Malayan Cement Berhad and YTL Power International Berhad (all listed on the Main Market of Bursa Malaysia Securities Berhad, the Malaysia stock exchange).</p> <p>Executive Chairman of YTL e-Solutions Berhad, YTL Cement Berhad, YTL Land & Development Berhad and Pintar Projek Sdn Bhd which is the manager for YTL Hospitality REIT (listed on Bursa Malaysia Securities Berhad).</p> <p>Chairman of YTL Starhill Global REIT Management Limited, which is the manager for Starhill Global Real Estate Investment Trust (listed on the Main Board of Singapore Exchange Securities Trading Limited, the Singapore stock exchange).</p> <p>Member of the Board of Trustees of YTL Foundation, member of The Nature Conservancy Asia Pacific Council, member of the board of Global Council, member of the Asia Society and the Malaysia Business Council.</p> <p>Director of YTL Events Limited, Wessex Water Limited, YTL Utilities (UK) Limited and Suu Foundation. Also holds directorships in principal operating subsidiaries and associates of the listed entities set out above, including, YTL Power Services Sdn Bhd, YTL Power Generation Sdn Bhd, Wessex Water Limited, YTL Communications Sdn Bhd, Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, Sentul</p>

Raya Sdn Bhd, YTL Cement Berhad, Perak-Hanjoong Simen Sdn Bhd, Pahang Cement Sdn Bhd, Y-Max Networks Sdn Bhd, YTL Starhill Global REIT Management Holdings Pte Ltd, YTL Starhill Global Property Management Pte Ltd, YTL Land Sdn Bhd, YTL Hotels & Properties Sdn Bhd, Express Rail Link Sdn Bhd, Starhill Hospitality REIT (Australia) Sdn Bhd, Starhill REIT Niseko G.K., YTL Communications (S) Pte Ltd, YTL Land & Development Management Pte Ltd, YTL Power Investments Limited, YTL Power Services (S) Pte Ltd, YTL Property Investments Limited and YTL Utilities Finance 7 Limited.

Also holds directorships in the parent company of YTL Corporation Berhad, Yeoh Tiong Lay & Sons Holdings Sdn Bhd, and its principal subsidiary.

Kathleen Chew	Non-Executive Director (Alternate)	<p>Chairman of Hospis Malaysia and AlphaMy Bhd.</p> <p>Alternate Director to Hann Yeoh of Wessex Water Services Limited, YTL Land & Property (UK) Ltd, Alpha International and St Paul's Theological Centre, Acumen Fund, Inc, Asia Philanthropy Circle Ltd, Mangosteen Organics Sdn Bhd, Malaysian Collective Impact Initiative Berhad, MAD Squared Sdn Bhd, Global Education Leaders Malaysia Berhad and Trinity Day Care Sdn Bhd.</p> <p>Member of the Board of Governors of the Assunta Secondary School and Member of the Board of Trustees of Montfort Boys Town and Dignity for Children Foundation.</p>
Hong Yeoh	Shareholder Non-Executive Director	<p>Managing Director of YTL Power International Berhad and Executive Director of YTL Corporation Berhad, YTL Land & Development Berhad and Malayan Cement Berhad (all listed on the Main Market of Bursa Malaysia Securities Berhad). Managing Director of YTL Communications Sdn Bhd and Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd.</p> <p>Also holds directorships in principal operating subsidiaries and associates of the listed entities set out above, including, YTL PowerSeraya Pte Limited, YTL Power Services Sdn Bhd, YTL Power Generation Sdn Bhd, P.T. Jawa Power (member of the Board of Commissioners), P.T. YTL Jawa Timur (President Commissioner), Wessex Water Limited, Sentul Raya Sdn Bhd (Alternate Director to Dato' Yeoh Seok Kian), YTL Cement Berhad, Perak-Hanjoong Simen Sdn Bhd, Y-Max Networks Sdn Bhd, YTL Land Sdn Bhd, Express Rail Link Sdn Bhd, YTL Communications (S) Pte Ltd, YTL Land & Development Management Pte Ltd, YTL Power Services (S) Pte Ltd, YTL Property Investments Limited, YTL Utilities Finance 7 Limited, Enefit Jordan B.V., FrogAsia Sdn Bhd, Frog Education Limited, Frog Education Group Limited, YTL Hotels</p>

		(Cayman) Limited, YTL Education (UK) Limited, YTL Events Limited, Wessex Water Services Limited, Wessex Water Limited and Xchanging Malaysia Sdn Bhd.
		Also holds directorships in the parent company of YTL Corporation Berhad, Yeoh Tiong Lay & Sons Holdings Sdn Bhd, and its principal subsidiary and Trustee of YTL Foundation.
David Barclay	Non-Executive Director	Director of Wessex Water Limited, Wessex Water Services Limited, YTL Land & Property (UK) Limited and Chairman of the board of trustees of Maudsley Charity.
Dame Fiona Reynolds	Non-Executive Director	Director of Wessex Water Services Limited, a trustee of the Grosvenor Estate, Chair of the Governing Council of the Royal Agricultural University, the National Audit Office, the International National Trusts Organisation, the Cathedrals Fabric Commission for England, Cambridge University's Botanic Garden and its Bennett Institute for Public Policy.
Andy Pymer	Chief Finance Officer	Director of Wessex Water Services Limited and Wessex Water Pension Scheme Trustee Limited, co-chair of Bristol Wessex Billing Services Limited, Chair of Wessex WaterAid and Chartered Director and Fellow of the Institute of Directors.
Hann Yeoh	Shareholder Non-Executive Director	Director of Wessex Water Services Limited, YTL PowerSeraya Pte Limited and YTL Utilities Holdings Ltd, president director of Tanjong Jati Power Company in Indonesia, executive director of YTL Power Generation Sdn Bhd.
Mark Yeoh	Shareholder Non-Executive Director	Executive Director responsible for YTL Hotels and Resorts Division. Executive Director of YTL Corporation Berhad, YTL Power International Berhad (all listed on the Main Market of the Bursa Malaysia Securities Berhad) and YTL Land & Development Berhad. Chief Executive Officer of Pintar Projek Sdn Bhd, which is the manager of YTL Hospitality REIT (listed on Bursa Malaysia Securities Berhad). Director of Wessex Water Services Limited, YTL Land and Property (UK) Limited, YTL Property Holdings (UK) Limited and YTL Events Limited.
		Also holds executive directorships in principal operating subsidiaries and associates of the listed entities set out above, including, YTL Land and Development Berhad, YTL PowerSeraya Pte Limited, YTL Power Generation Sdn Bhd, Wessex Water Limited, YTL Cement Berhad, YTL Land Sdn Bhd, YTL Hotels & Properties Sdn Bhd, Express Rail Link Sdn Bhd, Starhill Hospitality REIT (Australia) Sdn Bhd, Starhill Hospitality (Australia) Pty Ltd, Starhill REIT (Australia) Pty Ltd, Budaya Bersatu Sdn Bhd and FrogAsia Sdn Bhd.

Also holds directorships in the parent company of YTL Corporation Berhad, Yeoh Tiong Lay & Sons Holdings Sdn Bhd, and its principal subsidiaries.

Tim Gardam	Non-Executive Director	Director of Wessex Water Services Limited, Chief Executive of the Nuffield Foundation and a member of the Council of the University of Birmingham.
John Thompson	Chief Operating Officer	Director of Wessex Water Services Limited, and Wessex Water Pension Scheme Trustee Limited. Also Director and Trustee of Futura Learning Partnership.
Ruth Jefferson	Chief Compliance Officer	Director of Wessex Water Services Limited.
Kevin Wall	Non-Executive Director	Director of Wessex Water Services Limited, Chair of Wessex Water Services Pension Trustee Board, and senior advisor at Panmure Gordon and Zero Gravity.

The business address of each of the above is Wessex Water Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW. This is also the registered office of the Guarantor.

Ordinarily, there are no actual or potential conflicts of interest between any duties of the directors to the Guarantor and the directors' private interests or other duties. However, on occasion a director of the Guarantor may, by virtue either of an outside interest or an interest related to the wider group of companies to which the Guarantor belongs, have an actual or potential conflict of interest between their duties to the Guarantor and their other interests or duties. The articles of association of the Guarantor permit a director who has duly declared an interest to vote at a meeting of the directors. In practice, where an actual or potential conflict of interest may exist, it is disclosed by the relevant Director; that declaration of a conflict is noted; and generally that Director recuses themselves from any decision where that actual or potential conflict of interest may arise.

TAXATION

The following is of a general nature and applies only to persons who are the absolute beneficial owners of Notes and is a summary of the Issuer's understanding of current law and published HM Revenue and Customs' practice, which may or may not be binding on HM Revenue and Customs, in the UK as at the date of these Base Admission Particulars relating to certain aspects of UK taxation. References to "interest" refer to interest as that term is understood for UK tax purposes. The summary is non-exhaustive. It does not necessarily apply where the income is deemed for tax purposes to be the income of any other person. Some aspects do not apply to certain classes of person (such as dealers, collective investment schemes and persons connected with the Issuer) to whom special rules may apply. The UK tax treatment of prospective Noteholders or Couponholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders or Couponholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

The description of the UK withholding tax position in the sections headed "*Payment of interest on the Notes by the Issuer*" and "*Payments of interest on the Notes by the Guarantor*" below assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

Payment of interest on the Notes by the Issuer

Payments of interest on the Notes by the Issuer may be made without deduction of or withholding on account of UK income tax provided that the Notes carry a right to interest and the Notes are and continue to be "admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange" within the meaning of section 987 of the Income Tax Act 2007. The ISM is a multilateral trading facility for this purpose. It is operated by the London Stock Exchange, which is a regulated recognised stock exchange for these purposes. Provided, therefore, that the Notes carry a right to interest and are and remain admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange within the meaning of section 987 of the Income Tax Act 2007, interest on the Notes will be payable without deduction of or withholding on account of UK income tax.

Interest on the Notes that has a UK source may also be paid without withholding or deduction for or on account of UK income tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be or capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by the Issuer of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue and Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of or withholding on account of UK income tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

If the Notes are issued at a discount to their principal amount the discount element on any such Notes will not be subject to withholding or deduction for or on account of UK tax pursuant to the provisions mentioned above, provided that any payments on redemption in respect of the discount do not constitute payments in respect of interest.

Where the Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium when the Notes are redeemed may constitute a payment of interest. Payments of interest are subject to UK withholding tax as outlined above.

Payments of interest on the Notes by the Guarantor

The UK withholding tax treatment of payments by the 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) which have a UK source is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemptions described above in relation to payments of interest. Accordingly, if the Guarantor makes any such payments, these may be subject to UK withholding tax at the basic rate. Pursuant to Condition 11 (Taxation), the Guarantor will be required to pay additional amounts in the event of a payment being made net of any withholding or deduction, subject to the exceptions in that Condition.

SUBSCRIPTION AND SALE

Summary of the Dealer Agreement

The Dealers have, in a dealer agreement (such dealer agreement as modified and/or supplemented and/or restated from time to time, the “**Dealer Agreement**”) dated 6 September 2023, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Terms and Conditions of the Notes*”. In the Dealer Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with any update of the Programme and the issue, offer and sale of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered or sold to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and the regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer and its affiliates will have sent to each Dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of United States persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes and the Guarantee, an offer or sale of such Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

TEFRA

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

TEFRA D or TEFRA C apply if specified in the applicable Pricing Supplement.

When the rules under TEFRA D are specified in the applicable Pricing Supplement as being applicable in relation to any Notes, each Dealer has represented and agreed (and each additional Dealer named in the Pricing Supplement will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

- (A) except to the extent permitted under TEFRA D, (a) it has not offered or sold, and during the 40 day restricted period it will not offer or sell, Notes in bearer form to a person who is within the United

States or its possessions or to a U.S. person, and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

- (B) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under TEFRA D);
- (C) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of TEFRA D;
- (D) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the Issuer the representations and agreements contained in such paragraphs; and
- (E) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in paragraphs (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**" as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or a successor provision)), for the offer or sale during the restricted period of the Notes.

Terms used in paragraphs (a) through (e) above shall have the meanings given to them by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, including TEFRA D.

Where the rules under TEFRA C are specified in the applicable Pricing Supplement as being applicable in relation to any Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented and agreed (and each additional Dealer named in the Pricing Supplement will be required to represent and agree) that, in connection with the original issuance of the Notes:

- (A) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in bearer form within the United States or its possessions; and
- (B) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

EEA

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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 these Base Admission Particulars as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (b) customer within the meaning of 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.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, 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 these Base Admission Particulars as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other UK regulatory restrictions

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, (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 as 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 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 Guarantor; 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 UK.

Malaysia

No approval of, or lodgement with, or recognition by, the Securities Commission of Malaysia (the “**SC**”) has been or will be obtained for the making available or offer or invitation for subscription or purchase, or sale of, the Notes in Malaysia on the basis that the Notes will be offered or sold exclusively to persons outside Malaysia or if within Malaysia then only pursuant to Schedule 5 of the Capital Markets and Services Act 2007 of Malaysia (the “**CMSA**”).

These Base Admission Particulars have not been registered as a prospectus with the SC under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered or sold by it and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly by it, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons or falling within any one of the categories of persons specified under

Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)), read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the SC and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Central Bank of Malaysia to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

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, directly or indirectly offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (including any corporation or other entity organised under the laws of Japan), 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.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief having made all reasonable enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes these Base Admission Particulars and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor. Each of the Dealers has agreed to ensure that (to the best of its knowledge and belief having made all reasonable enquiries) no obligations are or will be imposed on the Issuer or the Guarantor in any such jurisdiction as a result of the foregoing actions.

None of the Issuer, the Guarantor, the Trustee and the Dealers represent 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 assume any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions agreed between the Issuer, the Guarantor and the relevant Dealer.

These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealer(s) from time to time.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Notes will be in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "EUWA") FOR THE ISSUE OF THE NOTES DESCRIBED HEREIN. THE FINANCIAL CONDUCT AUTHORITY ACTING UNDER PART VI OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "FSMA") HAS NEITHER APPROVED OR REVIEWED INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer'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 Directive 2014/65/EU (as amended, "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.]¹

[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET - Solely for the purposes of [the/each] manufacturer'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 ("COBS"), 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 [person subsequently offering, selling or recommending the Notes (a "distributor")] [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 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.]²

[PROHIBITION OF SALES TO EEA 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")/MiFID II]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, 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. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them

¹ To be inserted if a relevant Dealer on a particular issuance of Notes is a MiFID II manufacturer.

² To be inserted if a relevant Dealer on a particular issuance of Notes is a UK MiFIR manufacturer.

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 PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK 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 United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as 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. Consequently, no key information document required by [Regulation (EU) No 1286/2014 / the PRIIPs Regulation] as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[SINGAPORE SFA PRODUCT CLASSIFICATION - In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (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 Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] [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).] ³

Pricing Supplement dated [●]

Wessex Water Services Finance plc

Legal entity identifier (LEI): 213800B9BFRCA1YMEI57

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Wessex Water Limited

under the £5,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the base admission particulars dated 6 September 2023 [and the supplemental base admission particulars dated [●]] ([together,]the “**Base Admission Particulars**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Admission Particulars [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of this Pricing Supplement and the Base Admission Particulars. The Base

³ Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offers, pursuant to s.309B of the SFA.

Admission Particulars have been published on the website of the Guarantor at <https://www.wessexwater.co.uk/corporate/strategy-and-reports/performance>.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base admission particulars dated [●], which are incorporated by reference in the base admission particulars dated 6 September 2023[and the supplement[s] dated [●]] ([together,] the "**Base Admission Particulars**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Base Admission Particulars, including the Conditions which are incorporated by reference in the Base Admission Particulars. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Admission Particulars [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of this Pricing Supplement and the Base Admission Particulars. [The Base Admission Particulars and the base admission particulars dated [●], including the Conditions have been published on the website of the Guarantor at <https://www.wessexwater.co.uk/corporate/strategy-and-reports/performance>.]

DESCRIPTION OF THE NOTES

1	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
2	Specified Currency or Currencies:	[●]
3	Aggregate Principal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
	[(iii)] Date on which the Notes will be consolidated and form a single Series:	[Not Applicable/The Notes shall be consolidated, form a single Series and be interchangeable for trading purposes with the <i>[insert amount, interest rate, maturity date and issue date of the Series]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about <i>[insert date]</i>].</i>]
4	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from <i>[insert date]</i>]
5	(i) Specified Denominations:	[●]
	(ii) Calculation Amount:	[●]
6	Issue Date:	[●]
7	Interest Commencement Date:	[[●]/[Issue Date]/[Not Applicable]]
8	Maturity Date:	[[●]/The Interest Payment Date falling on or nearest to [●]]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[EURIBOR]/ [SONIA]/ [SOFR]/ [€STR]/ [SONIA COMPOUNDED INDEX]/ [SOFR COMPOUNDED INDEX] +/- [●] per cent. Floating Rate]] [Zero Coupon] [Index Linked Interest]

- (further particulars specified in paragraph [14]/[15]/[16]/[17])
- 10 Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/100] per cent. of their nominal amount.]
[Index Linked Redemption]
- 11 Change of Interest or Redemption/Payment Basis: [[●] / [Not Applicable]]
- 12 Put/Call Options: [Put Option]
[Regulatory or Change of Control Put Option]
[Make-Whole Redemption by the Issuer]
[Maturity Par Call]
[Clean-up Call Option]
[Not Applicable]
[(further particulars specified in paragraph [18]/[19]/[20]/[21]/[22] below)]
- 13 Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)
[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 Fixed Rate Note Provisions [[Applicable]/[Not Applicable]/[Applicable from [●] to [●] [if so elected by the Issuer on or before [●]]]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [●] [and [●]] in each year [adjusted in accordance with [●]/not adjusted] [with a short/long] first coupon payable on [●]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount payable on each Interest Payment Date
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] *(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s) and the Interest Payment Date(s) to which they relate)*
- (v) Day Count Fraction: [Actual/Actual]
[Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]

	[30/360], [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA] [Not applicable]
(vi) Determination Dates:	[[●] in each year][Not Applicable] (<i>Only applicable where Day Count Fraction is Actual/Actual (ICMA). In such case insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon</i>)
15 Floating Rate Note Provisions	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i>)
(i) Specified Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●][for accrual purposes only] (<i>Include this wording for Payment Delay only</i>)
(iii) First Interest Payment Date:	[●] [for accrual purposes only] (<i>Include this wording for Payment Delay only</i>)
(iv) Effective Interest Payment Date:	[Not Applicable]/[The date falling [●] Local Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption (<i>include for Payment Delay only</i>)] ⁴
(v) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment] [(<i>For Payment Delay, always specify a Business Day Convention</i>)]
(vi) Additional Business Centre(s):	[●]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[Principal Paying Agent / [●]]
(ix) Screen Rate Determination:	[Applicable/Not Applicable] (<i>If not applicable delete the remaining sub-paragraphs of this paragraph</i>)
–Index Determination	[Applicable/Not Applicable]
	<i>Insert only if Index Determination is not applicable</i>

⁴ Effective Interest Payment Dates should be at least 5 Business Days after the Interest Payment Dates, unless otherwise agreed with the Paying Agent.

- Reference Rate: [●] month [EURIBOR/SONIA/SOFR/€STR]
- Reference Bank(s): [●]
- Interest Determination Date(s): [●]/[The date falling [●] [Local] Business Days prior to the first day of each Interest Period]/ [First day of each Interest Period]/[The *first, second, third etc.*] [Local] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][*provide details*]]/[The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - *Include this wording for Payment Delay only*]]⁵
- Relevant Screen Page: [●]/[Bloomberg Page SONIO/N Index]/New York Federal Reserve's Website]/[ECB's Website]
- Relevant Time: [[●] in the Relevant Financial Centre]/[Not Applicable]⁶
- Relevant Financial Centre: [●]
- Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]
- Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
- Observation Look-back Period: [●]/[Not Applicable]⁷
- D: [365/360/[Not Applicable]]
- Rate Cut-off Date: [The date falling [●] Local Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – *used for Payment Delay only*]⁸/[Not Applicable]

Insert only if Index Determination is applicable

- SONIA Compounded Index: [Applicable/Not Applicable]
- SOFR Compounded Index: [Applicable/Not Applicable]
- Interest Determination Date: [●]/[The day falling the Relevant Number of Index Days prior to the relevant Interest Payment Date, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from the relevant Interest Period)]

⁵ To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Paying Agent.

⁶ Select "Not Applicable" for SONIA.

⁷ The Observation Look-back Period should be at least as many Local Business Days before the Interest Payment Date as the Interest Determination Date. "Observation Look-back Period" is only applicable where "Lag" or "Observation Shift" is selected as the Observation Method; otherwise, select "Not Applicable".

⁸ The Rate Cut-off Date should be at least 5 Business Days before the Maturity Date or the date fixed for redemption, unless otherwise agreed with the Paying Agent.

- Relevant Decimal Place: [●]/[As per the Conditions]
- Relevant Number: [●]/[As per the Conditions]⁹
- Numerator: [●]/[As per the Conditions]
- (x) ISDA Determination: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
 - ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
 - Floating Rate Option: [[●] / EUR-EURIBOR-Reuters *(if 2006 ISDA Definitions apply)* / EUR-EURIBOR *(if 2021 ISDA Definitions apply)* / EUR-EuroSTR / EUR-EuroSTR Compounded Index / GBP-SONIA / GBP-SONIA Compounded Index / USD-SOFR / USD-SOFR Compounded Index] *(These are the only Floating Rate Options envisaged by the terms and conditions)*
 - Designated Maturity: [●][Not Applicable]
(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)
 - Reset Date: [●]
 - Compounding: [Applicable/Not Applicable]
(if not applicable, delete the remaining subparagraph)
 - [Compounding Method: [Compounding with Lookback
Lookback: [●] Applicable Business Days
[Compounding with Observation Period Shift
Observation Period Shift: [●] Observation Period Shift Business Days
Observation Period Shift Additional Business Days:
[●]/[Not Applicable]]
[Compounding with Lockout
Lockout: [●] Lockout Period Business Days
Lockout Period Business Days: [●]/[Applicable Business Days]]
 - Averaging: [Applicable/Not Applicable]
(If not applicable delete the remaining sub-paragraphs of this paragraph)
 - Averaging Method: [Averaging with Lookback
Lookback: [●] Applicable Business Days
[Averaging with Observation Period Shift
Observation Period Shift: [●] Observation Period Shift Business Days
Observation Period Shift Additional Business Days:
[●]/[Not Applicable]]
[Averaging with Lockout

⁹ This number should be 5 (or greater, if otherwise agree); in the case of SOFR Compounded Index, this should also be 5 (or greater), unless otherwise agreed with the Agent.

	Lockout: [●] Lockout Period Business Days
	Lockout Period Business Days: [●]/[Applicable Business Days]
– Index Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining items of this subparagraph)</i>
– [Index Method:	Compounded Index Method with Observation Period Shift
	Observation Period Shift: [●] Observation Period Shift Business Days
	Observation Period Shift Additional Business Days: [●]/[Not Applicable]
(xi) Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)]
(xii) Margin(s):	[+/-][●] per cent. per annum
(xiii) Minimum Rate of Interest:	[●] per cent. per annum/[Zero]
(xiv) Maximum Rate of Interest:	[●] per cent. per annum/[Not Applicable]
(xv) Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360], [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Not applicable]
16 Index Linked Interest Note	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i) Index:	[RPI/CPI/CPIH]
(ii) Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Interest Payment Date] multiplied by the Index Ratio (in accordance with Condition 10(b))
(iii) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Calculation Agent):	[Principal Paying Agent/ [●] / Not Applicable]
(iv) Specified Interest Payment Dates:	[●]

(v)	First Interest Payment Date:	[●]
(vi)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(vii)	Business Centre(s):	[●]
(viii)	Minimum Indexation Factor:	[Not Applicable/[●]]
(ix)	Maximum Indexation Factor:	[Not Applicable/[●]]
(x)	Limited Indexation Month(s) or Period for calculation of Limited Indexation Factor:	[●] per cent. per annum
(xi)	Base Index Figure (Condition 10(a)):	[●]
(xii)	Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360], [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Not applicable]
(xiii)	Index Figure applicable (“N”) (Condition 10(a)):	[[●] month lag applies] [Not Applicable]
(xiv)	Reference Gilt (Condition 10(a)):	[[●]/ Not Applicable]
17	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Amortisation Yield:	[●] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

18	Call Option (Condition 8(d))	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[●] / [Any date during the period from (and including) the Issue Date to (but excluding) the Par Call Period]

		Commencement Date]] ¹⁰ / [Any date during the period from (and including) [●] to [●]]
(ii)	Optional Redemption Amount(s) of each Note:	[[●] per Calculation Amount] / [Condition 6(b) applies] [[Spens Amount]/[Make-Whole Amount] applies]
	:	<i>[(If Spens Amount or Make-whole Amount is selected, include items (A) to (E) below or relevant options as are set out in the Conditions)]</i>
	[(A) Reference Bond:	[Insert applicable Reference Bond]]
	[(B) Quotation Time:	[●]]
	[(C) Redemption Margin:	[●] per cent.]
	[(D) Determination Date:	[●]]
	[(E) Discount Basis:	[annual/semi-annual]] (<i>Relevant to Make-Whole Amount only.</i>)
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount/[Not Applicable]
	(b) Maximum Redemption Amount:	[●] per Calculation Amount/[Not Applicable]
(iv)	Notice period:	[[●]/[As per Conditions]]
19	Maturity Par Call (Condition 8(e)):	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Notice period:	Minimum period: [●] days / As per Conditions Maximum period: [●] days / As per Conditions
	(ii) Par Call Period Commencement Date:	[●]/[As per Conditions]
20	Clean-up Call (Condition 8(f))	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Early Redemption Amount:	[[●] per Calculation Amount] / [As per Conditions]
	(ii) Clean-up Call Minimum Percentage:	[●] per cent.
	(iii) Notice period:	Minimum period: [●] days / As per Conditions Maximum period: [●] days / As per Conditions
21	Put Option (Condition 8(g))	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]

¹⁰ Include this option if Issuer Maturity Par Call is specified as applicable.

- | | | |
|-------|--|---|
| (ii) | Optional Redemption Amount(s) of each Note: | [●] per Calculation Amount |
| (iii) | Notice period: | Minimum Period: [●] days / As per Conditions
Maximum Period: [●] days / As per Conditions |
| 22 | Regulatory or Change of Control Put Option (Condition 8(h)) | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) | Regulatory or Change of Control Redemption Amount: | [●] per Calculation Amount |
| 23 | Final Redemption Amount of each Note
In cases where the Final Redemption Amount is Index Linked: | [[●] per Calculation Amount]
[Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) | Index: | [RPI/CPI/CPIH] |
| (ii) | Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): | [Principal Paying Agent / [●] / Not Applicable] |
| (iii) | Determination Date(s): | [●] |
| (iv) | Payment Date: | [●] |
| (v) | Minimum Final Redemption Amount: | [●] per Calculation Amount |
| (vi) | Maximum Final Redemption Amount: | [●] per Calculation Amount |
| (vii) | Notice Periods (Condition 10(f)): | Minimum Period: [●] days / as per the Conditions
Maximum Period: [●] days / as per the Conditions |
| 24 | Early Redemption Amount: | |
| (i) | Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption: | [[●] / Par per Calculation Amount] |
| (ii) | Redemption for taxation reasons permitted on days other than Interest Payment Dates: | [Yes]/[No] |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|----|--------------------|--|
| 25 | (i) Form of Notes: | Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes] |
|----|--------------------|--|

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

(ii) [New Global Note] / [Note held under the New Safekeeping Structure]

[Yes] [No]

26 Sustainability Bonds:

[Yes] / [No]

27 Financial Centre(s):

[Not Applicable/*include financial centre*] (*Note that this item relates to the date and place of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which paragraph 15 (vi) relates*)

28 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

29 Prohibition of Sales to EEA Retail Investors:

[Applicable/Not Applicable]¹¹

30 Prohibition of Sales to UK Retail Investors:

[Applicable/Not Applicable]¹²

¹¹ If the offer of the Notes clearly do not constitute “packaged products”, “Not Applicable” should be specified. If the offer of the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.

¹² If the offer of the Notes clearly do not constitute “packaged products”, “Not Applicable” should be specified. If the offer of the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.

THIRD PARTY INFORMATION

[[•] (*relevant third party information*)] has been extracted from [[•] (*specify source*)]. Each of Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by [[•] (*specify source*)], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [[•]/Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market (the "ISM") with effect from [•]. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority.] [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [•]

2 RATINGS

Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Fitch Ratings Ltd ("Fitch"): [•]]

[Moody's Investor's Service Limited ("Moody's"): [•]] [Not Applicable]

[[Other]: [•]] [Not Applicable]

[and endorsed by [*insert details*]]

[Not Applicable]

(Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

[Each of] [Moody's] and [Fitch] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). As such, [each of] [Moody's] and [Fitch] appears on the latest update of the list of registered credit rating agencies published by the FCA Authority on its website in accordance with the UK CRA Regulation. The rating [each of] [Moody's] and [Fitch] has given to the Notes is endorsed by [Moody's Deutschland GmbH] and [Fitch Ratings Ireland Limited] [respectively], [each of] which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Not Applicable]

(Need to include a description of any interest, including a conflict of interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below):

"Save as discussed in [*Subscription and Sale*], so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Notes has an interest material to the offer." (*Amend as appropriate if there are other interests*)

4 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer/use of proceeds: [See “Use of Proceeds” in Base Admission Particulars / Give Details]
(See “Use of Proceeds” in Base Prospectus – if reasons for offer differ from what is disclosed in the Base Prospectus, give details here.)
- (ii) [Estimated net proceeds: [•]]

5 [FIXED RATE NOTES ONLY – YIELD

Indication of yield: [•] per cent. per annum [Not Applicable]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 [INDEX LINKED NOTES ONLY – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

Name of underlying index: [UK Retail Prices Index (RPI) (all items) published by the Office for National Statistics] / [UK Consumer Prices Index (CPI) (all items) published by the Office for National Statics] / [UK Consumer Prices Index including Owner Occupiers’ Housing costs and Council Tax (CPIH) (all items) published by the Office for National Statistics]

Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/CPI/CPIH] can be found at [www.statistics.gov.uk / www.ons.gov.uk]

7 [HISTORIC INTEREST RATES (Floating Rate Notes only)

Details of historic [EURIBOR/SONIA/SOFR/€STR] rates can be obtained from Reuters]. [Not Applicable.]

8 OPERATIONAL INFORMATION

ISIN: [•]
Common Code: [•]
FISN: [[•]/[As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]]
CFI Code: [[•]/As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A., the relevant address and the identification number(s):

Delivery

Names and addresses of additional Paying Agent(s) if any:

Intended to be held in a manner which would allow Eurosystem eligibility:

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

[Not Applicable/give name(s) and number(s)]

Delivery [against/free of] payment

[•][Not Applicable]

[No][Yes]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the relevant Clearing Systems as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.](*Include this text if "yes" selected in which case the Notes must be issued in NGN form*)

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

9 DISTRIBUTION

(i) Method of distribution:

[Syndicated/Non-syndicated]

(ii) Date of [Subscription] Agreement:

[•]

- (iii) If syndicated, names and addresses of Managers: [Not Applicable/(*give names and addresses*)]
- (iv) Name(s) and address(es) of Stabilisation Manager(s) (if any): [Not Applicable/(*give name(s) and address(es)*)]
- (v) If non-syndicated, name and address of Dealer: [Not Applicable/(*give name and address*)]
- (vi) U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered): [Reg. S Compliance Category [1/2/3]; TEFRA C/TEFRA D/ TEFRA not applicable]

GENERAL INFORMATION

1. Authorisation

The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

The establishment of the Programme and the issue of Notes was authorised by a resolution of the board of directors of the Issuer passed on 25 August 2023 and the giving of the Guarantee by the Guarantor was authorised by a resolution of the board of directors of the Guarantor passed on 25 August 2023 and a resolution of a duly authorised committee of the board of directors of the Guarantor passed on 25 August 2023.

2. Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of a Global Note or Global Certificate initially representing the Notes of such Tranche. Application has been made to the London Stock Exchange for Notes issued under the Programme to be admitted to trading on the ISM for 12 months and such admission is expected to be effective on or about 6 September 2023. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA.

3. Financial Position

There has been no significant change in the financial or trading position of the Issuer since 31 December 2022 (the end of the last period for which financial information has been published) and no material adverse change in the prospects of the Issuer since 30 June 2022, being the year end for the purposes of the Issuer Statutory Accounts.

There has been no significant change in the financial or trading position of the Guarantor since 31 March 2023 (the end of the last period for which financial information has been published) and no material adverse change in the prospects of the Guarantor or the Group since 30 June 2022, being the year end for the purposes of the Guarantor Statutory Accounts.

4. Litigation

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuer and the Guarantor are aware in the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

5. Legal Entity Identifiers

The legal entity identifier of the Issuer is 213800B9BFRCA1YMEI57 and the Guarantor is 213800RCUZO8NYF2KZ14.

6. Documents Available

For the period of 12 months following the date of this Base Admission Particulars copies of the following documents will, when published, be available for inspection at <https://www.wessexwater.co.uk>.

- (a) the memorandum and Articles of Association of each of the Issuer and the Guarantor;
- (b) the Issuer Statutory Accounts;

- (c) the Guarantor Non-Statutory Accounts;
- (d) the Guarantor Statutory Accounts;
- (e) the unaudited interim financial information and report of the Issuer for the six months to 31 December 2022;
- (f) the unaudited interim financial information and report of the Guarantor for the six months to 30 September 2022;
- (g) a copy of these Base Admission Particulars together with any supplement to these Base Admission Particulars; and
- (h) the Trust Deed and the Agency Agreement.

The Issuer intends to make available details of all issues of Notes under the Programme through a regulatory information service and, to the extent that any such Notes are to be admitted to trading on the ISM, the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service or will be published in such other manner permitted by the ISM Rulebook.

7. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. The applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

8. Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

9. Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and specified in the applicable Pricing Supplement. In the case of different Tranches of a Series of Notes, the purchase price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche. An indication of the yield of each Tranche of Fixed Rate Notes will be set out in the applicable Pricing Supplement and will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

10. Auditors

The auditors of the Issuer are Ernst & Young LLP, chartered accountants and registered auditor, who have audited the Issuer's accounts, without qualification, in accordance with International Standards on Auditing (UK) and applicable law for the two financial years ended 30 June 2022 and 30 June 2021.

The auditors of the Guarantor are Ernst & Young LLP, chartered accountants and registered auditor, who have audited the Guarantor's accounts, without qualification, in accordance with International Standards on Auditing (UK) and applicable law for the financial years ended 31 March 2023 and 31 March 2022 (for the purposes of the Guarantor's Non-Statutory Accounts) and for the two financial years ended 30 June 2022 and 30 June 2021 (for the purposes of the Guarantor's Statutory Accounts).

11. Dealers transacting with the Issuer

Certain of 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 services to the Issuer, the Guarantor and their affiliates in the ordinary course of business.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates may hedge their credit exposure to the Issuer from time to time consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities of the Issuer, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

12. Bearer Notes

Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: *"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code"*.

13. Post-issuance information

The Issuer does not intend to provide post-issuance information in respect of the Notes except if required by any applicable laws or regulations.

THE ISSUER

Wessex Water Services Finance plc

Wessex Water Operations Centre
Claverton Down Road
Claverton Down
Bath BA2 7WW

THE GUARANTOR

Wessex Water Services Limited

Wessex Water Operations Centre
Claverton Down Road
Claverton Down
Bath BA2 7WW

TRUSTEE

HSBC Corporate Trustee Company (UK) Limited

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London E14 5HQ

PRINCIPAL PAYING AGENT

HSBC Bank plc

8 Canada Square
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To the Dealers and the Trustee

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To the Issuer and the Guarantor

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