



Anglian Water

Green Bond Investor Presentation July 2017

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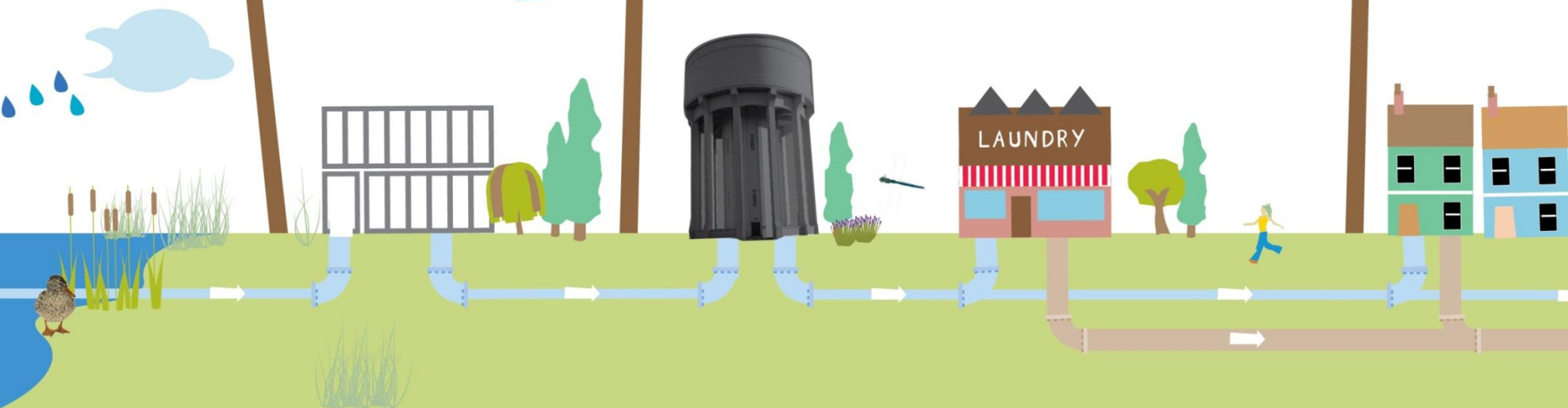
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Head of Carbon and Energy



DISCLAIMER

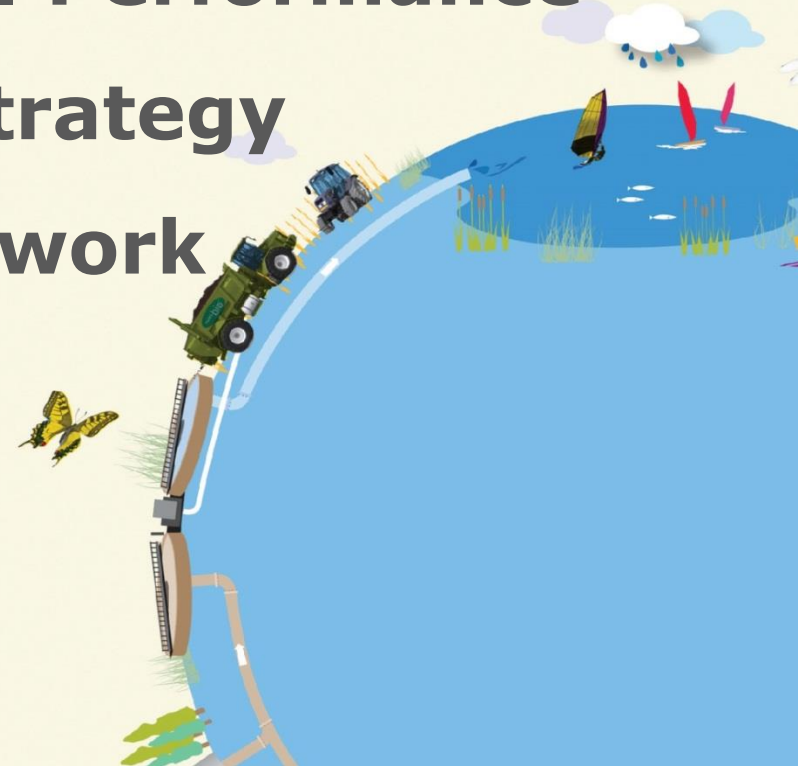
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- **Business Overview**
- **Our Sustainability Strategy**
- **Operational & Financial Performance**
- **Treasury & Issuance Strategy**
- **Our Green Bond Framework**
- **Summary**

AGENDA

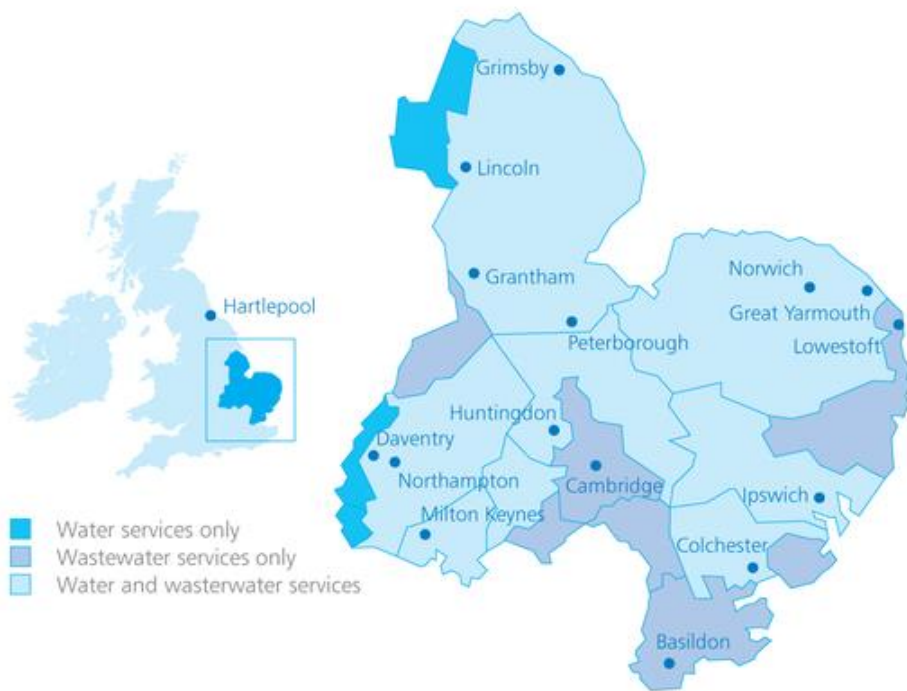




Business Overview

INTRODUCTION TO ANGLIAN WATER

A Major UK Water and Water recycling Utility in the East of England



anglianwater

About us

- Regional water and water recycling utility for the east of England

Key statistics

- Serving 6.2 million customers
- Directly employ over 4000 people
- Maintaining 38,000 km water and 76,824 km water recycling pipes
- RCV £7.3bn at March 2017

Ownership

- Listed FTSE company until 2006
- Owned from 2006/07 by Osprey consortium of investors: CPP, Colonial First State, IFM and 3i

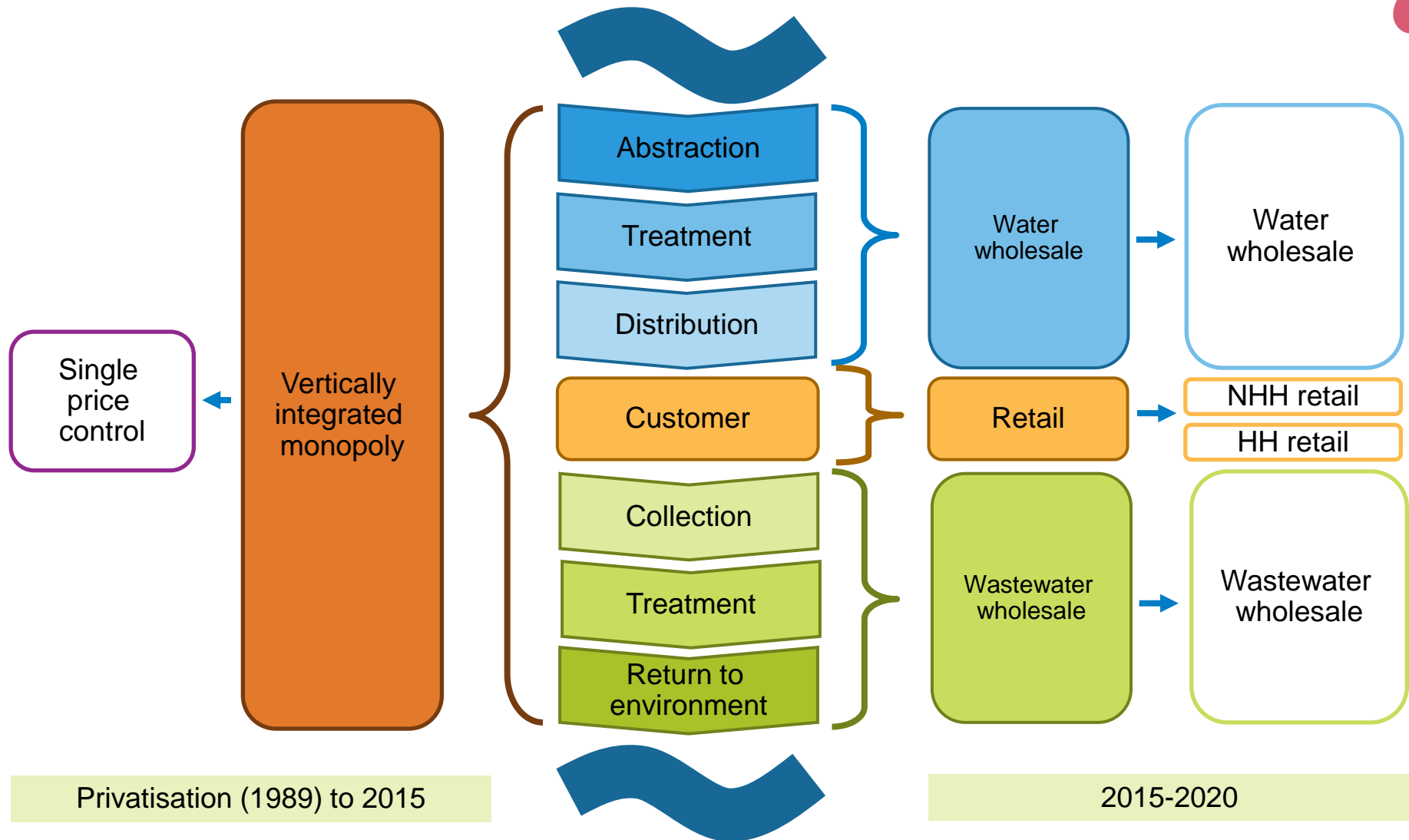
WHAT WE DO



- At its most basic, our business is founded on water and on the water cycle, of which our operation is an integral part
- In this way and starting with the most basic and vital of natural resources, our business underpins the health and well-being of our customers, supports growth and prosperity in our region and helps future-proof it against the challenges of climate change and a growing population



AMP6 PRICE CONTROLS



WHO OWNS US?



Colonial First State Global Asset Management is the consolidated asset management division of the Commonwealth Bank of Australia group.

% Ownership



Origin:
Australia



The Canada Pension Plan (CPP) Investment Board is managed independently of the Canada Pension Plan by experienced investment professionals to help sustain the future pensions of 20 million Canadians.

% Ownership



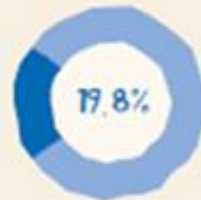
Origin:
Canada

OWNERSHIP



IFM Investors is a global asset manager owned by 30 Australian pension funds, specialising in Infrastructure, private equity, debt investment and listed equity.

% Ownership



Origin:
Australia



3i is an International Investor focusing on private equity, infrastructure and debt management.

% Ownership



Origin:
UK

THE ANGLIAN WATER INVESTMENT OPPORTUNITY



Stable and predictable cash flows

- Operating expenditure and capital maintenance subject to efficiency challenges, recovered annually through revenue resulting in a high level of predictability of cash flow
- Solid liquidity profile and history of prudent cash management

High quality asset base

- Serviceability of Anglian Water's water and wastewater assets assessed as stable by Ofwat
- £8.6 billion spent on assets since 1989. Another £14 billion expected to be spent over the next 25 years

Transparent regulatory regime

- UK water industry privatised in 1989
- Good track record with significant private sector financing and well established regulatory framework
- Five year regulatory review cycle

Robust financial structure

- Whole business securitization successfully managed since inception in 2002
- Strong operational and financial covenant package offering investors heightened protection
- Rigorous monitoring of cash flows and activities embedded in structure

Continued industry leader, high level of operational efficiency

- Focused on Service Incentive Mechanism, ODI's and delivering leading service
- Low leakage levels, high level of metering penetration and top ranking in customer service – key metrics for a regulated utility



Sustainable platform

- Highly successful track record focused on carbon neutrality by 2050
- Significant progress throughout AMP5 in capital and operational carbon reduction
- Focus on delivering a 60% reduction in capital (embodied) carbon by 2020 from a 2010 baseline
- Carbon reduction is an embedded part of the Continuous Investment Planning and Management
- Reducing capital carbon aligned with reduced capital cost of investment

Effective monopoly and long useful life of assets

- The licensed water and wastewater utility in the East England region
- Irrigation for food production and increasing domestic consumption fuelled by population growth will continue to increase demand
- Assets are long-lived and are part of the Regulated Asset Base eligible for return on investment subject to depreciation



Our Sustainability Strategy

INTRODUCTION



A MESSAGE FROM PETER SIMPSON, our Chief Executive

Our region faces some big challenges – in particular, a combination of climate change, growth and the need to protect the environment.

Together, they could affect our ability to provide a consistent supply of clean, safe water.

So we believe it is our duty to support sustainable growth and to increase the resilience of our region to drought and flood. At the same time, we must reduce our impact on the environment and on the climate.

ENVIRONMENTAL PROTECTION

Why is this a challenge?

Our business depends on a healthy environment. The need to protect it, combined with our low rainfall, means that in many places we cannot take any more water from rivers and aquifers to treat and supply.

POPULATION & ECONOMIC GROWTH

Why is this a challenge?

Our region has the highest population growth outside London. It is expected to increase by a million over the next 25 years. Growth is most likely in areas where supplies are most stretched, the environment is under most pressure and the risk of flooding is greatest.

CLIMATE CHANGE

Why is this a challenge?

Our region is particularly vulnerable to climate change because it has low rainfall, is low lying and has a long coastline. Hotter, drier summers threaten water scarcity and drought. We expect climate change to mean more intense rainfall and rising sea levels, meaning a bigger risk of flooding.

**TOGETHER, THESE
FACTORS COULD AFFECT
OUR ABILITY TO PROVIDE
A CONSISTENT SUPPLY OF
CLEAN, SAFE WATER.**

OUR UNIQUE CHALLENGES



demand for water

will rise, but available water won't

as a low-lying region

there is a high use of energy to pump water around the region

Population

is expected to rise by over 1 million over the next 25 years

Climate change

impacts and uncertainty

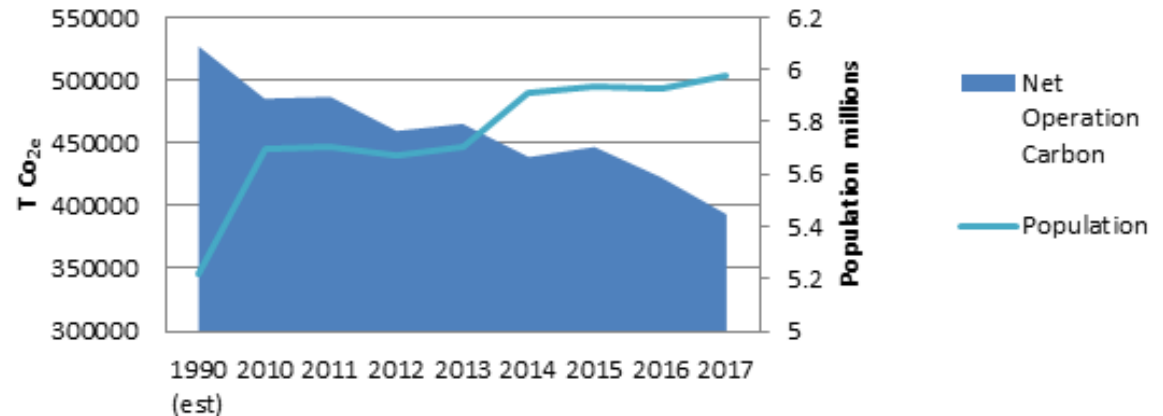


it is the **driest** region in the UK

DEMOGRAPHIC SHIFTS & CARBON REDUCTION

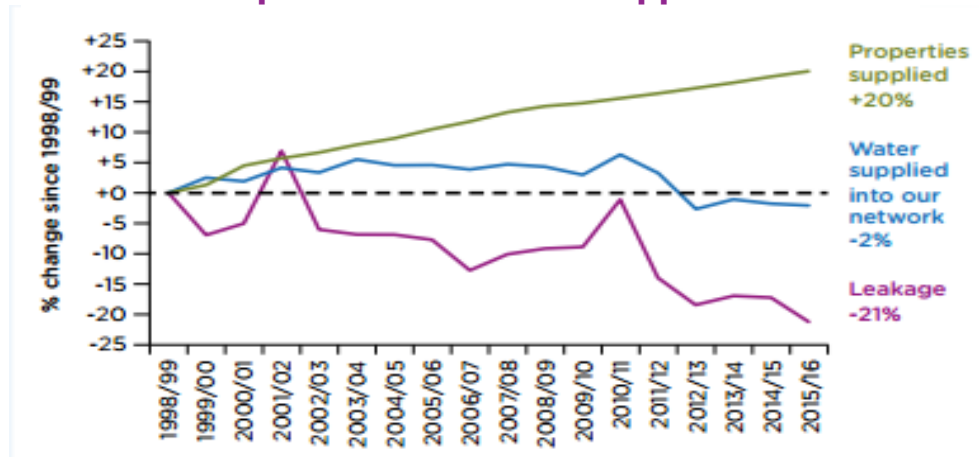
- Between 1990 and 2017 the population has gone up by 14% and our net carbon footprint has reduced more than 20% from more than 500,000 to below 400,000 T CO_{2e}

Operational Carbon Reduction



- The number of properties being served has increased by 20%, but water supplied into our network has dropped by 2% and leakage is down by 21% since 1999.

Properties and Water Supplied



TARGETS



Deliver a 60% reduction in capital (embodied) carbon by 2020 from a 2010 baseline

**Baseline of Circa
366 k t/Co_{2e}
Capital Carbon
(2015-2020)**

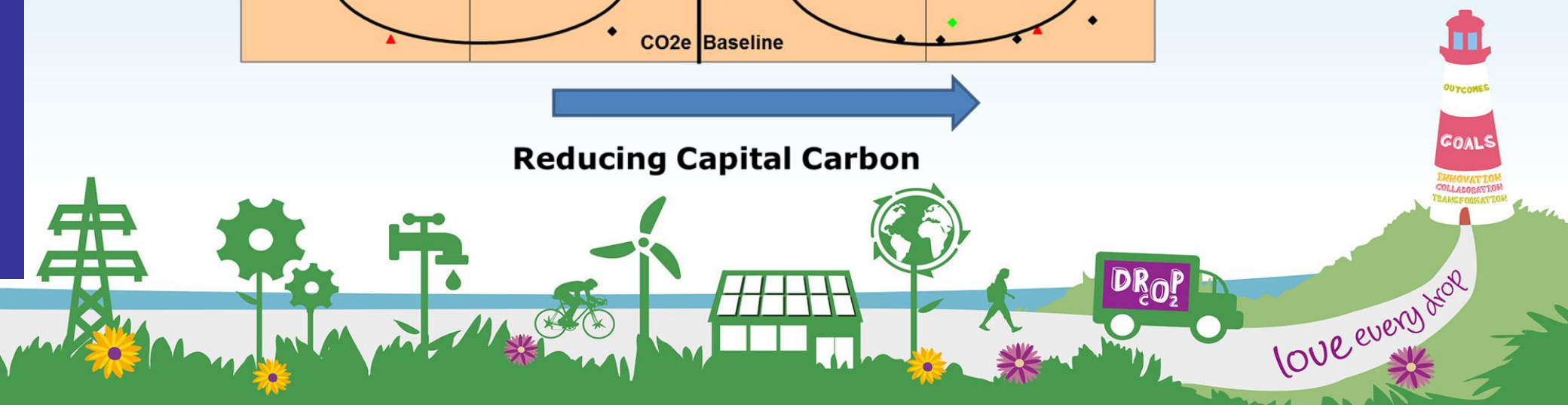
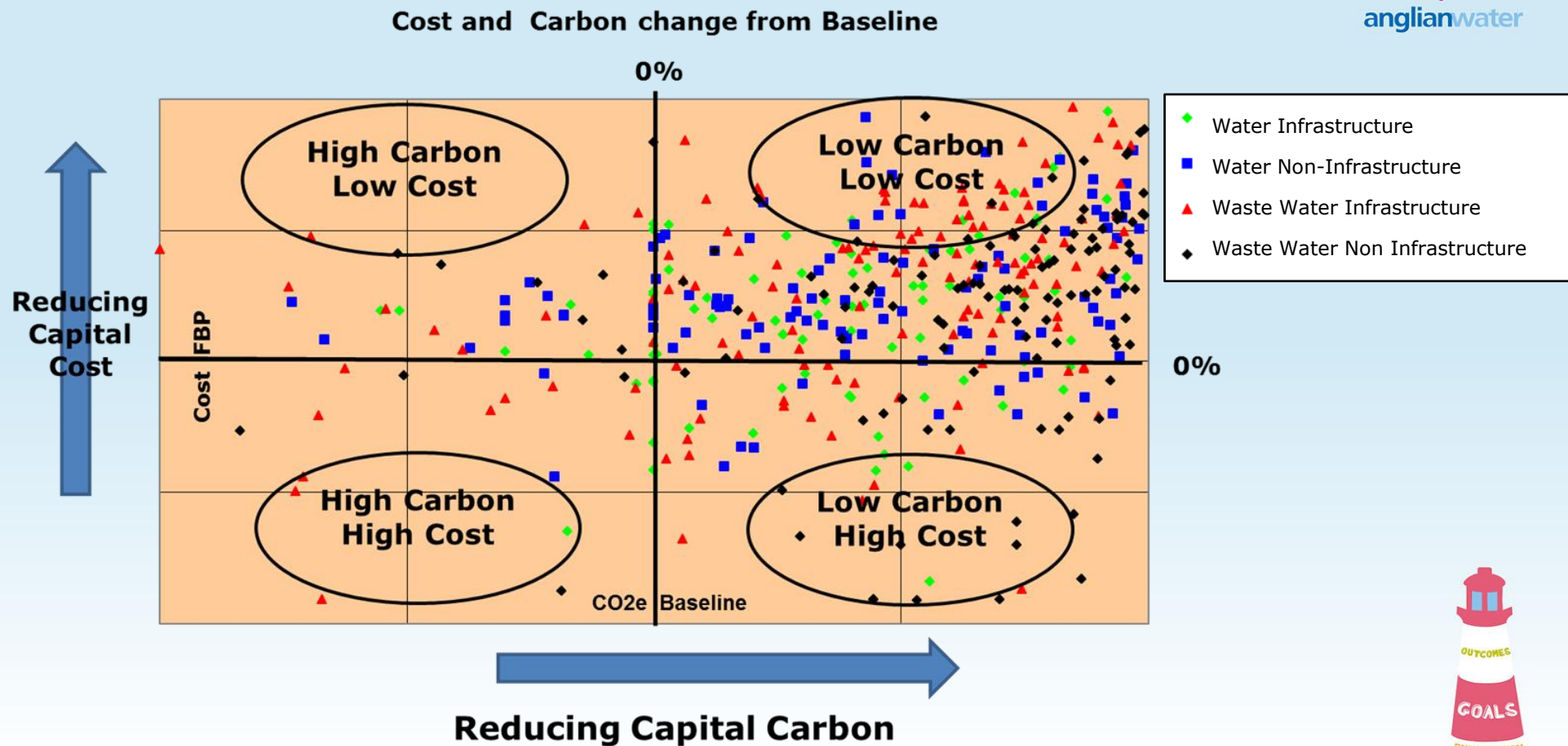
Exceed a 7% reduction in real terms in gross operational carbon by 2020 from a 2015 baseline

**Equates to Circa 39
k t/Co_{2e} Operational
Carbon in 2020**

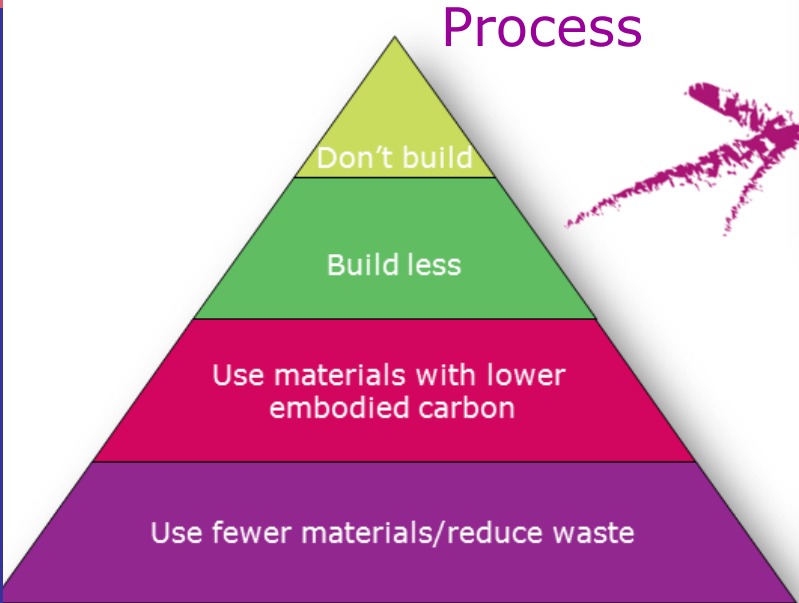


Baseline is verified through the PAS 2080 accreditation, October 2016

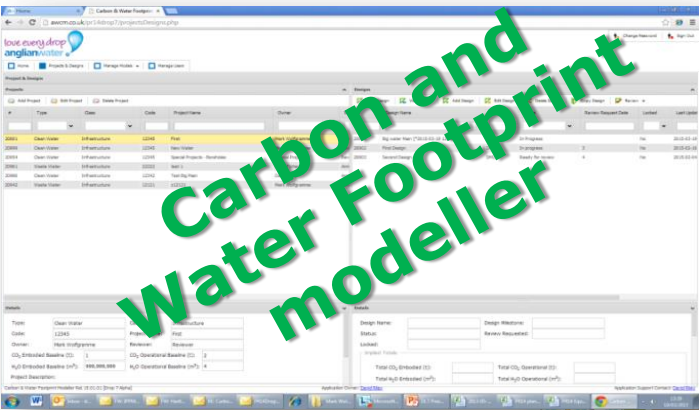
2010-2015 CARBON V COST



MANAGING CARBON



Process



Carbon and Water Footprint modeller

Tools



People



Sustainability in Design Webportal

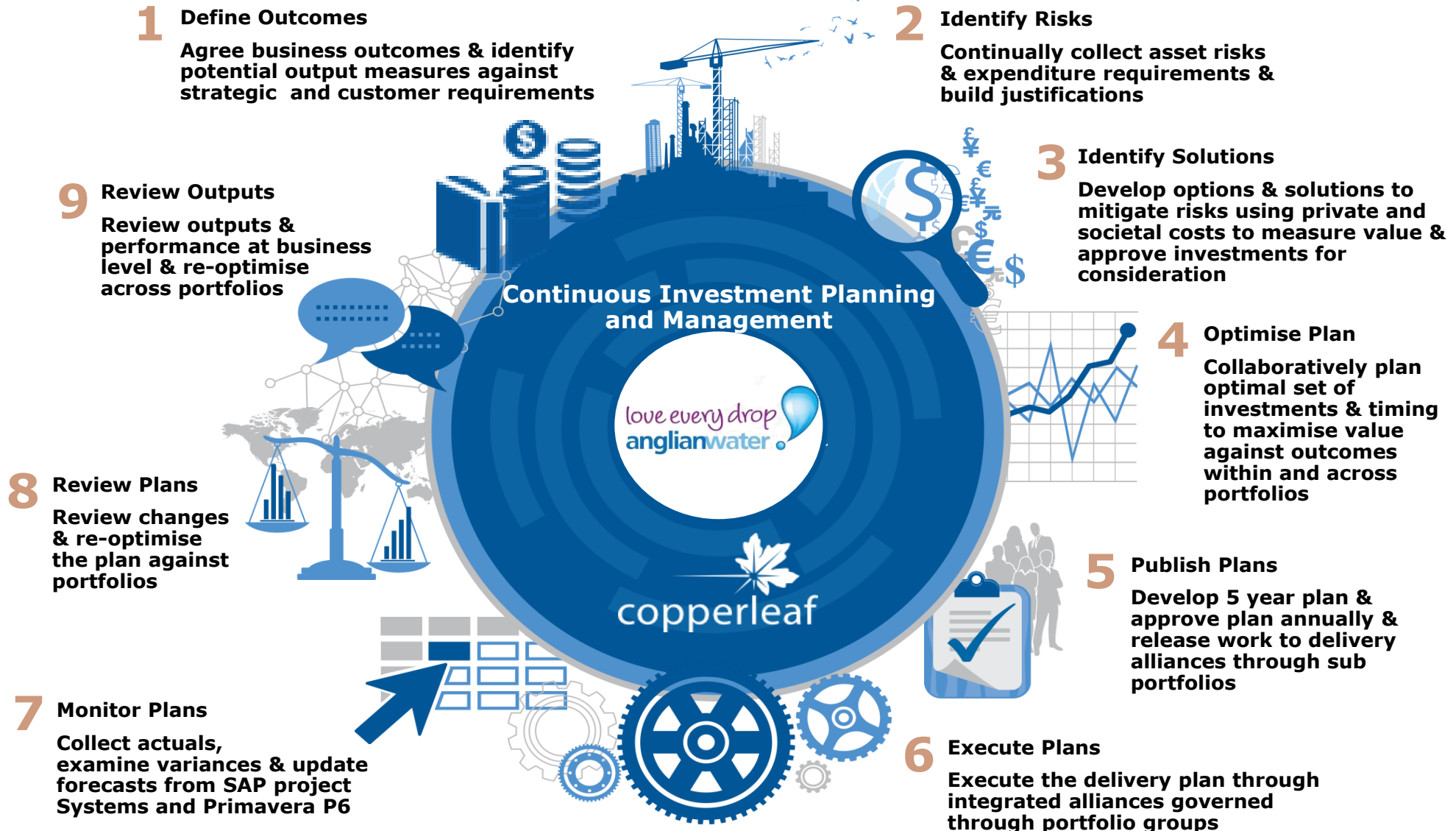


Governance

Environmental factors													
	Capital Carbon (CO2 eT)			Embodied Water Consumption (H2O e m3)		Operational Carbon Energy (CO2 eT p.a.)		Operational Carbon Non-Energy (CO2 eT p.a.)		Change in Power Consumption (kWh p.a.)		Operational Water Consumption (H2O e m3 p.a.)	
FBP													
PR09													
	Solution	Variance (FBP)	Variance (PR09)	Solution	Variance (FBP)	Solution	Variance (FBP)	Solution	Variance (FBP)	Solution	Variance (FBP)	Solution	Variance (FBP)
DM2													

OUR PROCESS VISION

OUR OBJECTIVE IS TO CREATE A CONTINUOUS PROCESS



SUCCESS IN IMPLEMENTING PAS 2080



CERTIFICATE OF IMPLEMENTATION

This certificate must only be published and read in conjunction with the current associated LRQA Assurance Statement

This is to certify that the Management System of:

Anglian Water Services Ltd
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
United Kingdom.

have been reviewed by Lloyd's Register Quality Assurance as applying

PAS2080:2016

The management system is applicable to:

Carbon management process for the investment programme for water and water recycling infrastructure implemented as Asset owner/manager by Anglian Water Services Ltd and Hartlepool Water Ltd in accordance with PAS 2080, LRQA validated.

Signed

Paul Jackson
LRQA Lead Verifier

On behalf of:
Lloyds Register Quality Assurance
Hiramford, Middlemarch Office Village,
Siskin Drive, Coventry, CV3 4FJ

LRQA Reference No: LRQ00000744

Issued: 7 October 2016
Valid until: 7 October 2019

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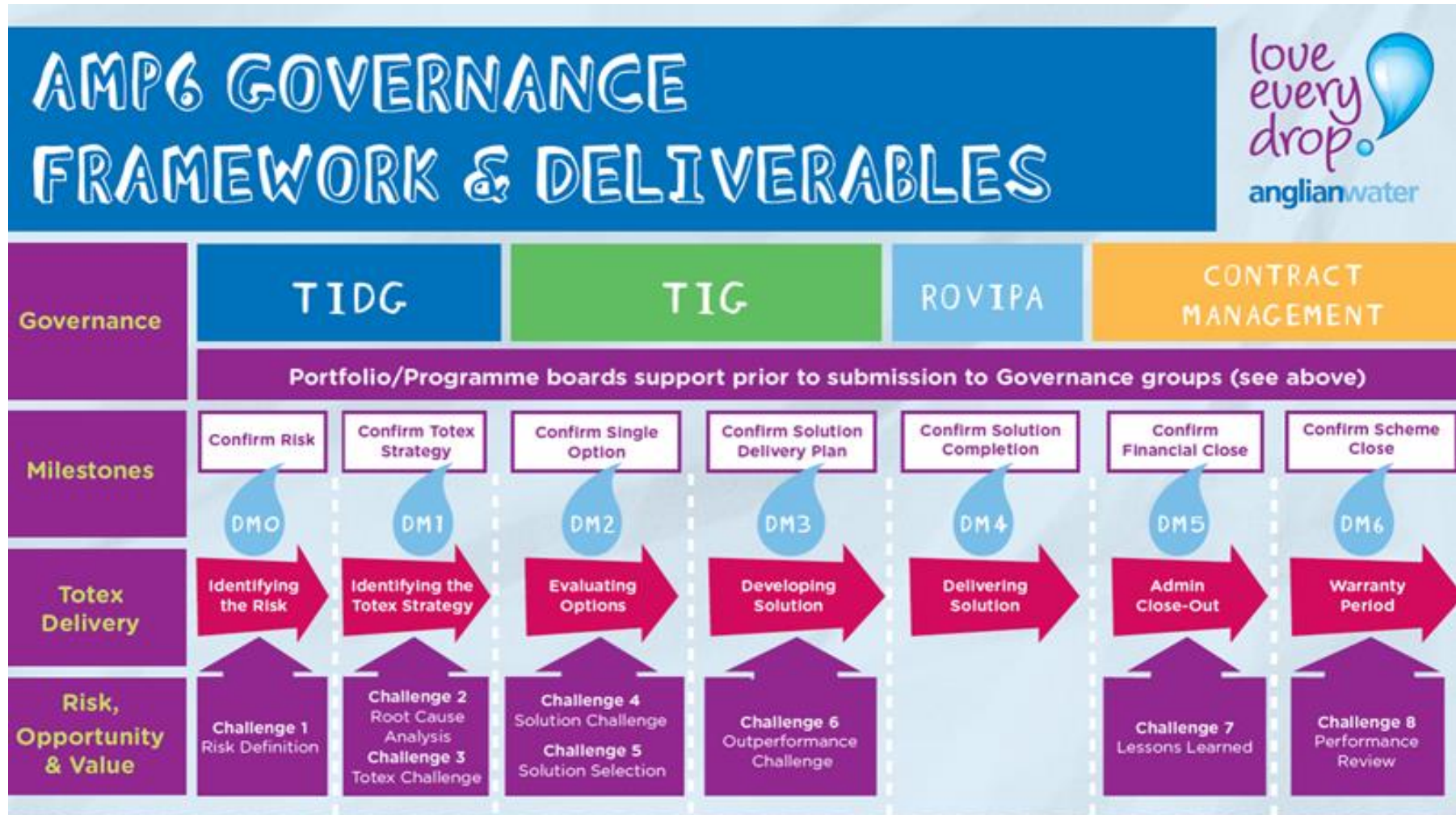
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- PAS 2080 is a standard launched by the Green Construction Board to encourage a consistent approach to the management of carbon by all involved in infrastructure, setting out principles and components to manage whole life carbon emissions and deliver reduced carbon over the whole value chain
- One of only 28 UK organisations to be certified against CEMARS GOLD for 6 years continuous carbon reduction



ANGLIAN WATER GOVERNANCE PROCESS



TIDG: Totex Investment Development Group

TIG: Totex Investment Group

ROVIPA: Risk, Opportunity and Value and Investment Performance Assurance

2010-2015 SUCCESS STORY



Over AMP5 we have had huge success in our Capital and Operational Carbon Reduction saving over 300,000 tonnes of carbon

- By Year 5 of AMP5 capital carbon had been reduced by **54%** from 2010 baseline
- Operational carbon has **exceeded** a **10% reduction** in real terms since 2010



Baseline is verified through the PAS 2080 accreditation, October 2016

Source : Investor Report (March 2017)

SHAPING THE FUTURE: DELIVERING FOR CUSTOMERS TODAY



Building resilience at Grafham Water Treatment Works



- Initial design £60 million, 43,648 tonnes of carbon; final design £28 million 16,803 tonnes saving 62%
- State-of-the-art storage reservoir and pumping station integral to the solution.
- Pioneering use of existing infrastructure to reverse flows in main linking Grafham and Wing WTWs.
- Designed to accommodate growth in one of the fastest growing regions in the country.
- The largest pre-cast service reservoir in Europe: 40 megalitres, or 16 Olympic swimming pools.

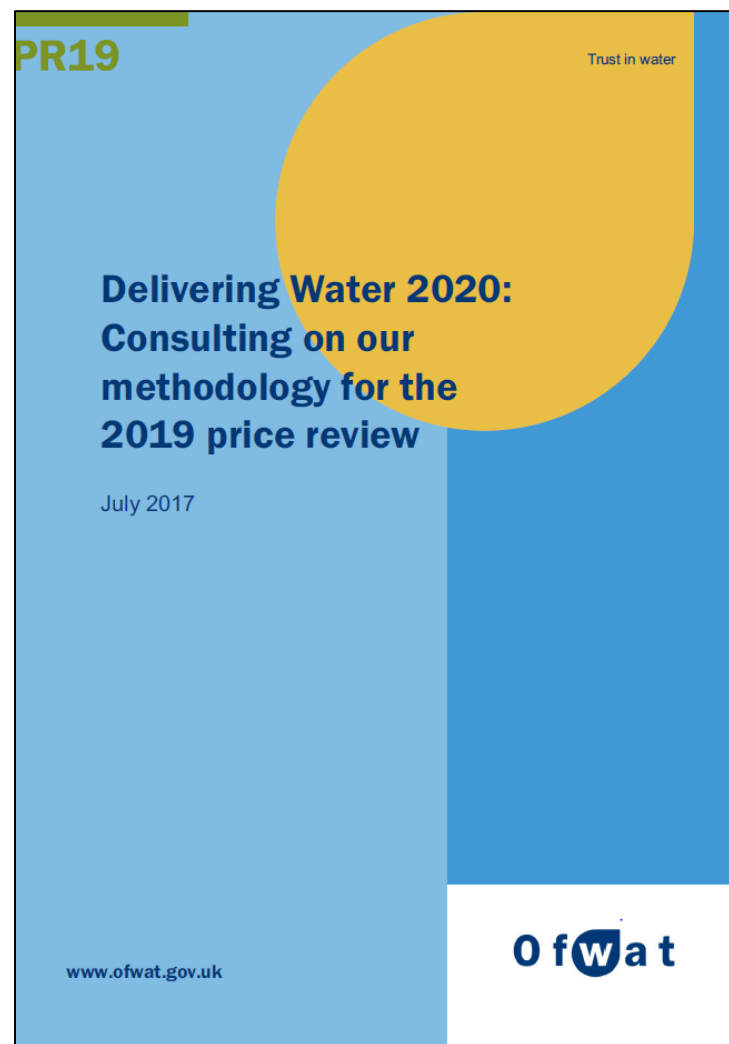
The latest example of our continual innovation in the building of ever more resilient systems to meet challenges of growth and climate change.



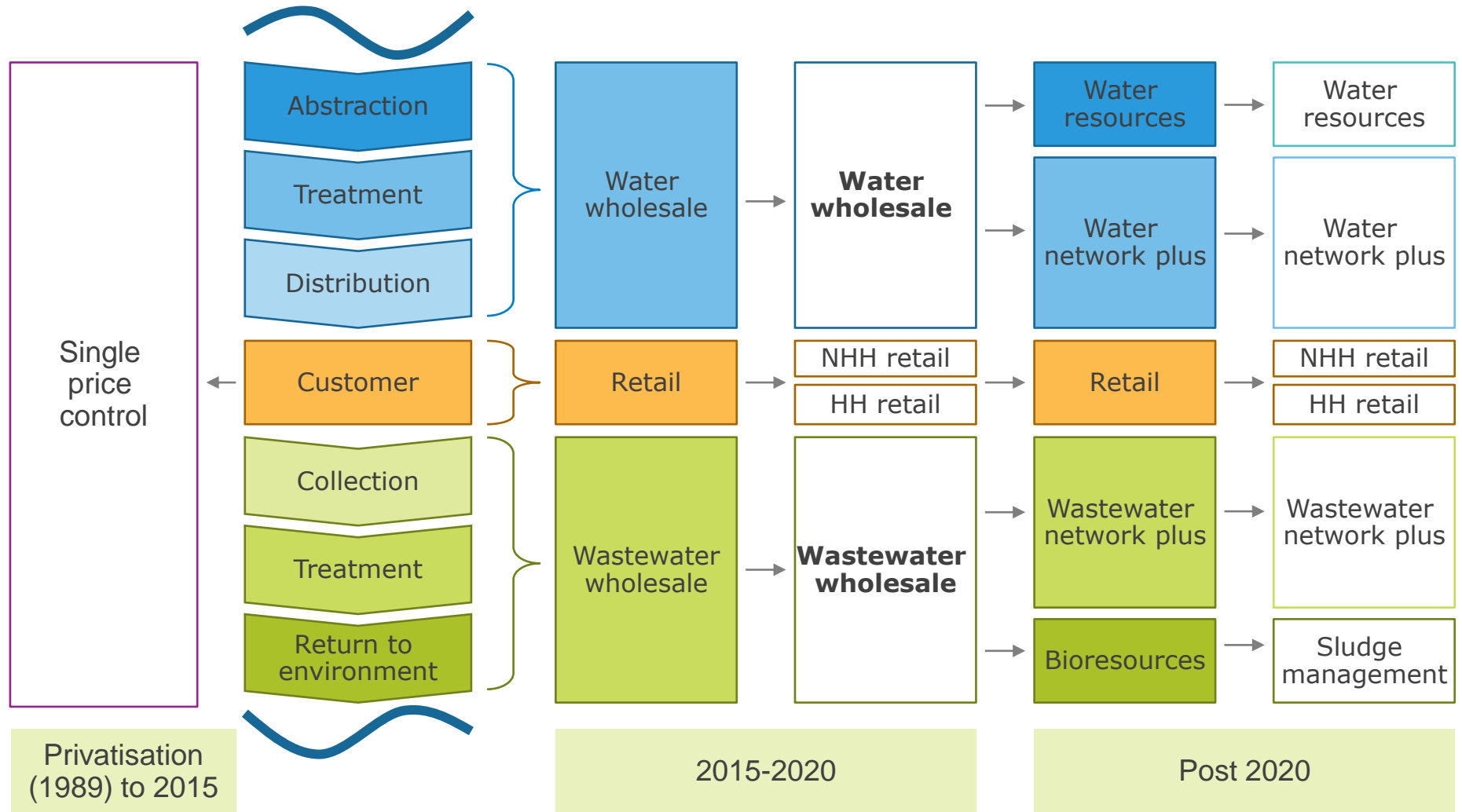
Operational & Financial Performance

WATER 2020 & PR19 CONSULTATION

- Change in indexation to CPIH
- Cost of Debt indexation for new debt using Iboxx indicies for non financial companies with a tenor of 10 –plus years and a 50:50 A and BBB rated debt
- Promoting markets in bioresources and water resources
- Protection of past, efficiently incurred investments included in the RCV at March 2020 in respect of bioresources and water resources
- Direct procurement for large projects
- Strong focus on need for companies to address resilience
- Timeline:
 - Mid Dec 2017: Final PR19 methodology published
 - 3 Sep 2018: Companies submit business plans to Ofwat
 - Mar/Apr 2019: Draft determination (exceptional and fast)
 - Dec 2019: Final determination published



PROPOSED PRICE CONTROLS



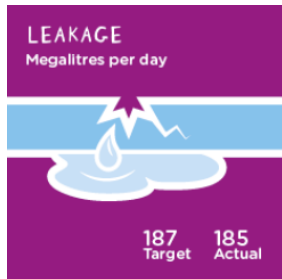
OPERATIONAL EXCELLENCE

2016/17 FULL YEAR HIGHLIGHTS



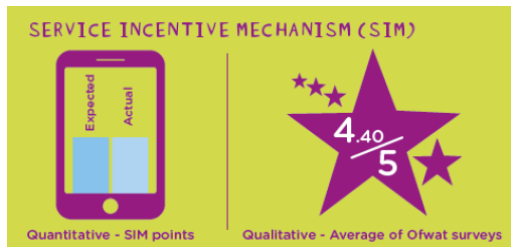
- Delivered totex efficiencies ahead of our AMP6 plan despite cost pressures
- Following some exceptionally dry weather, still managed to deliver a net ODI reward and a secure water resources position
- NHH retail market opened on 1 April 2017. Non Household customers transferred to Anglian Water Business National Ltd and Wholesale Centre engaging with Retail providers
- Transferred to Anglian ownership over 1200 pumping stations
- Secured a positive Draft Strategic Priorities Statement following work on resilience
- Winners of the Responsible Business in the Community Award

DELIVERING FOR OUR CUSTOMERS



Leakage – Industry Leading Performance

- Industry-leading and record low levels. Around half the national average based on the amount of water lost per kilometre of main.
- Down by a third since privatisation.
- £124m is planned to be invested over AMP6 with a 300-strong leakage team focused purely on leakage.



Customer Service – Third in the Year, Top Two in the AMP

- 18% increase on an already industry-leading score in 2015/16.
- Ever-improving performance against a backdrop of rising customer expectations.
- Top three nationally, expecting to be number two over the AMP so far.



Interruptions to Supply – Step Change in Performance

- Driving very high customer satisfaction.
- Prioritising restoration over repair, proactively preventing interruptions.
- Dedicated Restoration Teams backed by significant investment in people and equipment.
- Down from 19mins at the start of AMP6.
- Now targeting less than ten minutes.



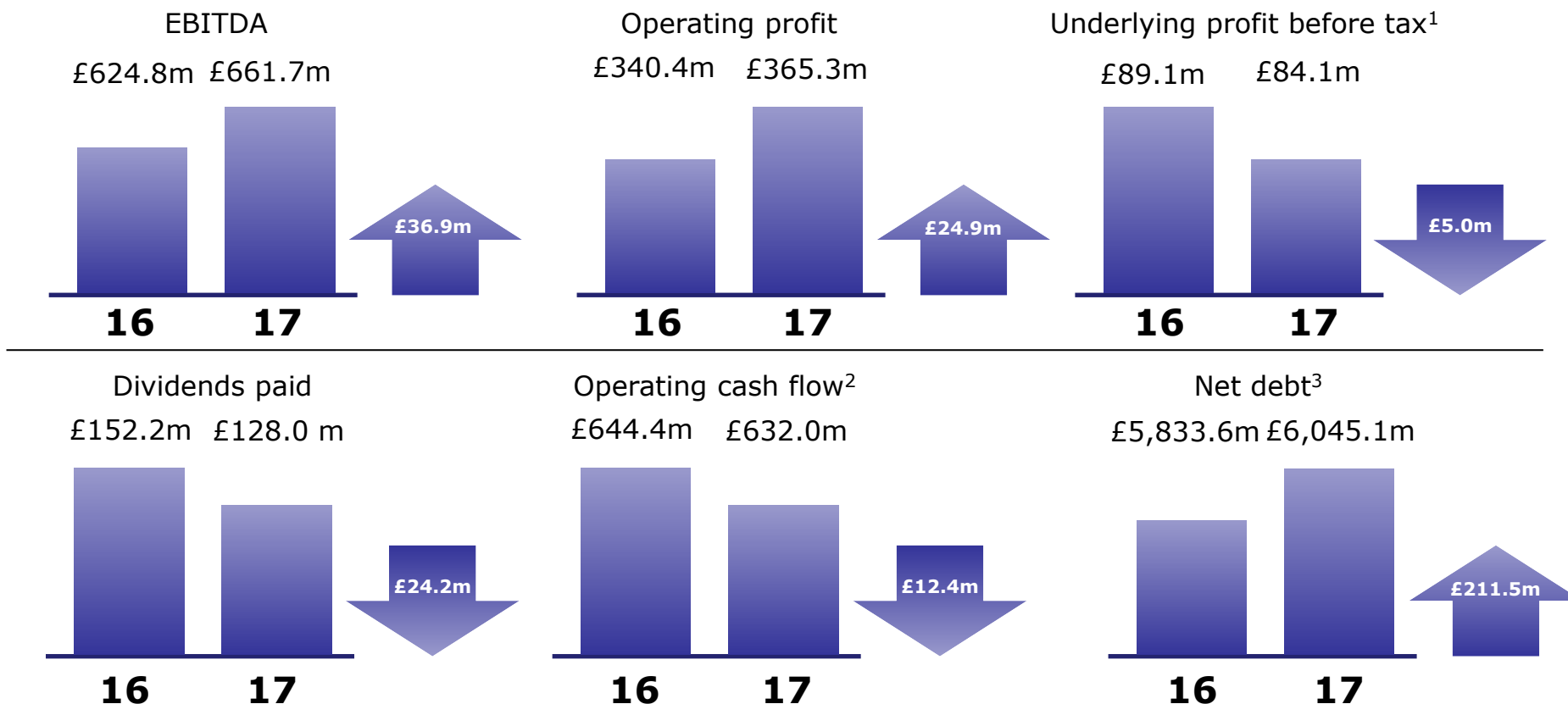
Water recycling Compliance – Best Ever Performance

- Lowest ever number of failing works for second year running.
- Failing works fallen by two-thirds since start of the AMP.
- Proactive management and close monitoring reduces risk.
- Enhanced Licence to Operate, encouraging Chartership for scientists.
- Across Water Recycling, all serviceability measures are comfortably within control limits.

ANGLIAN WATER FINANCIAL HIGHLIGHTS



Year ended 31 March



1. Excludes interest received of £192.3m (2016: £192.8m) from AWS Holdings Ltd and loss on derivatives of £116.0m (2016: £89.7m).
2. Shown on a statutory accounts basis. Net cash inflow from operating activities after tax on a CTA basis is £604.6m (2016: £621.0m)
3. Shown on a statutory accounts basis, excluding derivatives. Net debt on a CTA basis is £5,829.5m (2016: £5,694.7m)
See appendix for reconciliation

ANGLIAN WATER INCOME STATEMENT ¹



	2017 £m	2016 £m
Revenue	1,227.0	1,185.4
Operating costs	(565.3)	(560.6)
EBITDA	661.7	624.8
Other operating income	14.8	13.5
Depreciation	(311.2)	(297.9)
Operating profit	365.3	340.4
Finance income ²	2.0	3.6
Finance costs (excluding indexation)	(208.0)	(210.5)
Indexation Charge	(75.2)	(44.4)
<i>Underlying net finance costs</i>	<i>(281.2)</i>	<i>(251.3)</i>
Underlying profit before tax	84.1	89.1

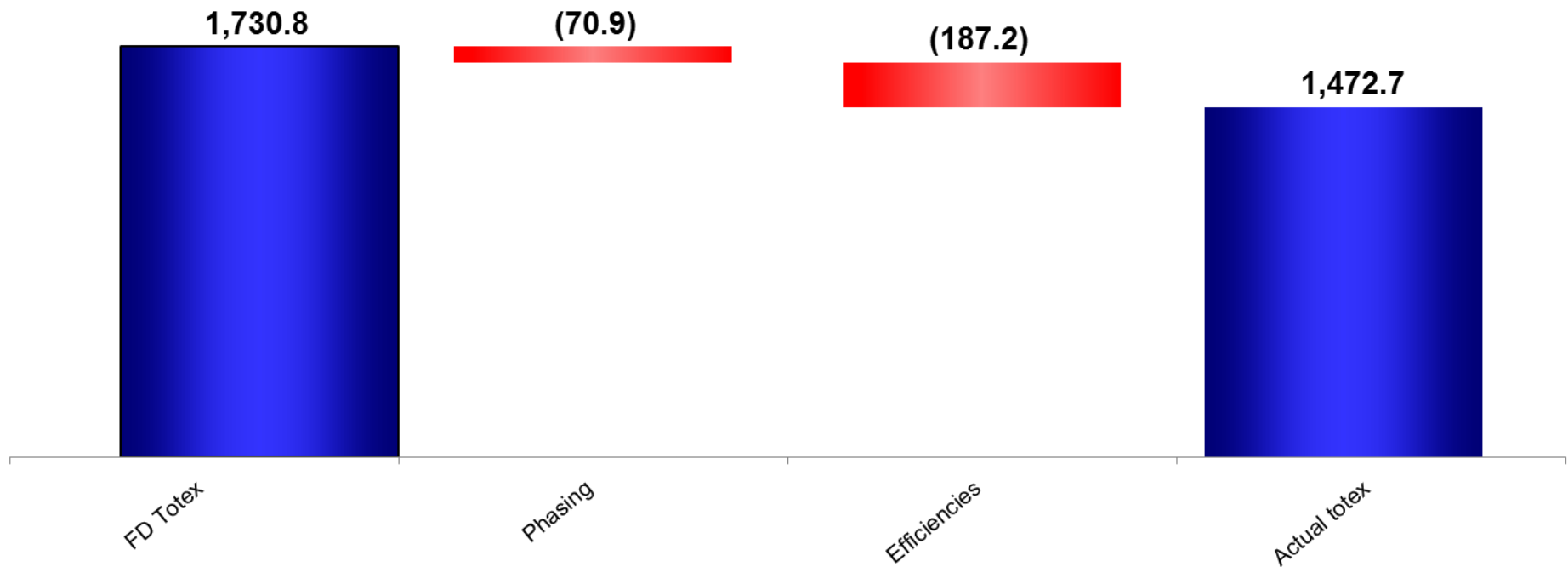
¹ Shown on an underlying basis (i.e. excluding fair value losses on financial and energy derivatives of £116.0m (2016: £89.7m)).

² Interest excludes the intra-group interest receivable of £192.3m (2016: £192.8m).

ANGLIAN WATER CUMULATIVE TOTEX IN BASE YEAR PRICES



£m



1. Please note that these numbers are based on 2012-13 Prices

Source : Annual Integrated Report 2017, Regulatory Table 4B page 224

ANGLIAN WATER CASH FLOW ON A CTA DEBT BASIS ¹



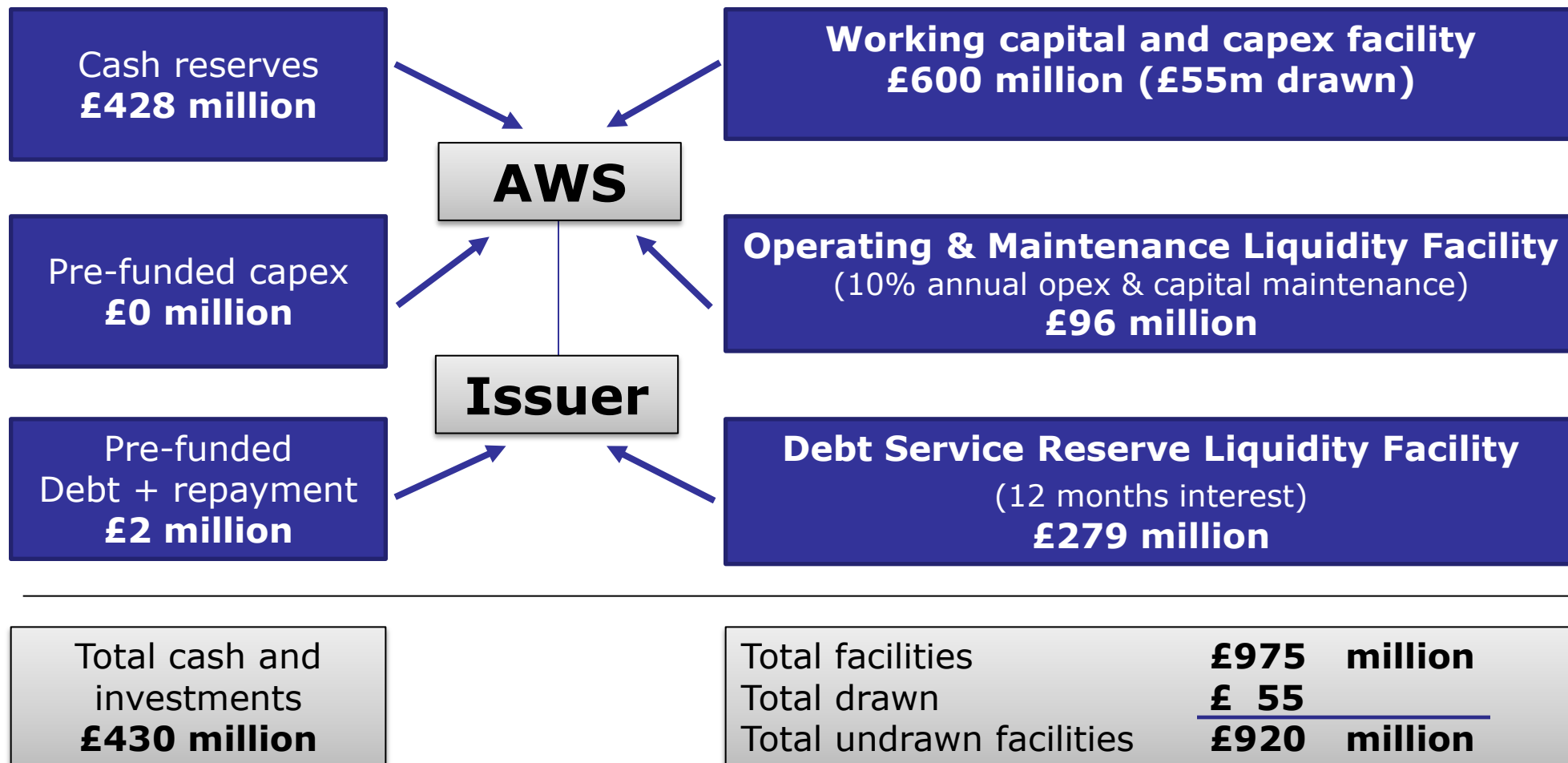
Year ended 31 March

	2017 £m	2016 £m
Income	1,180.7	1,184.7
Opex and taxation ²	(576.1)	(563.7)
Net cash inflow from operating activities	604.6	621.0
Capital maintenance expenditure	(207.1)	(186.8)
Post maintenance expenditure	397.5	434.2
Net interest	(229.1)	(211.6)
Free cash flow	168.4	222.6
Capital enhancement expenditure	(100.1)	(88.6)
Dividends	(128.0)	(152.2)
Pre-financing cash flows per CTA definition	(59.7)	(18.2)

¹ CTA cash flows are on a different basis to those presented in the financial statements, see appendix for reconciliation

²Includes tax paid of £19.8m (2016: £16.9m)

ANGLIAN WATER LIQUIDITY AS AT 31 MARCH 2017



ANGLIAN WATER

KEY FINANCIAL RATIOS



Anglian Water Financial Ratios – Year Ended 31 March 2017

	March 2017	Trigger Event	Default	March 2016
Class A RAR	65.9%	75.0%	-	71.1%
Senior RAR	79.0%	85.0%	95.0%	82.2%
Class A ICR	3.1	-	1.6	3.5
Conformed Class A PMICR	1.6	1.3	-	1.9
Conformed Senior PMICR	1.4	1.1	-	1.6
Class A actual maintenance ICR	2.0	-	1.0	2.4

Senior RAR Trigger Event is 90%, with Dividend lock up at 85%

Source : Prospectus / Investor Report (March 2017)



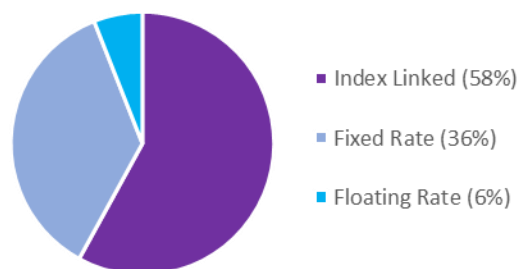
Treasury & Issuance Strategy

ANGLIAN WATER

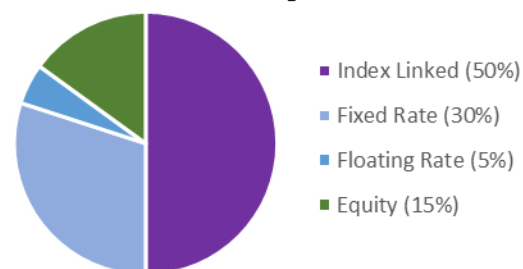
DEBT MATURITY PROFILE AS AT 31 MARCH 2017



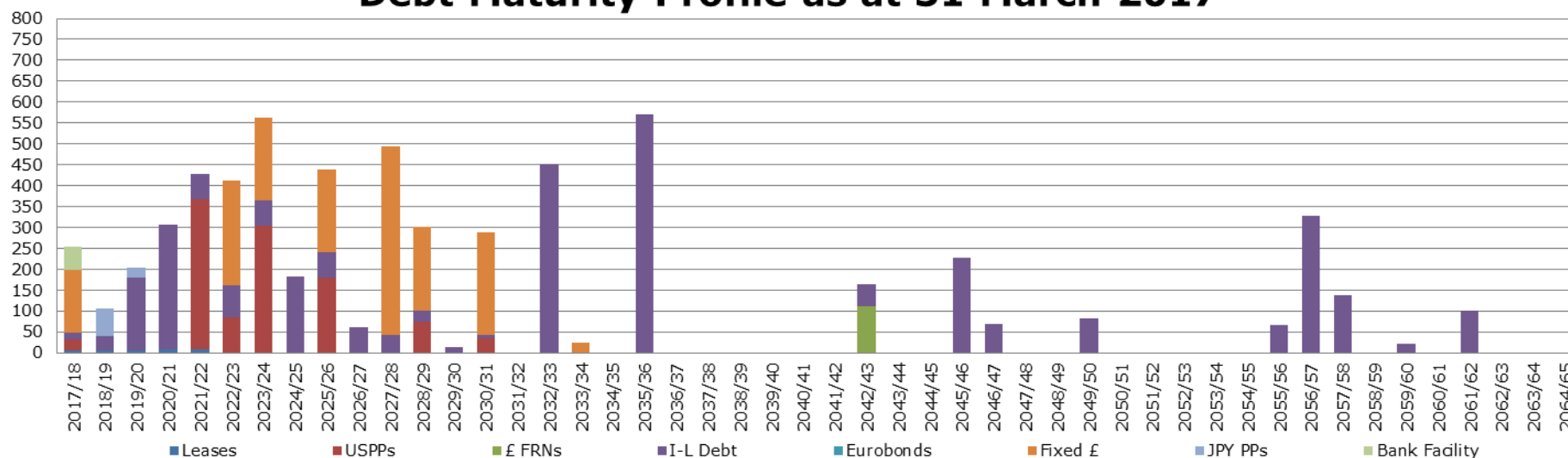
Proportion of Gross Debt



Gross Debt as Proportion of RCV

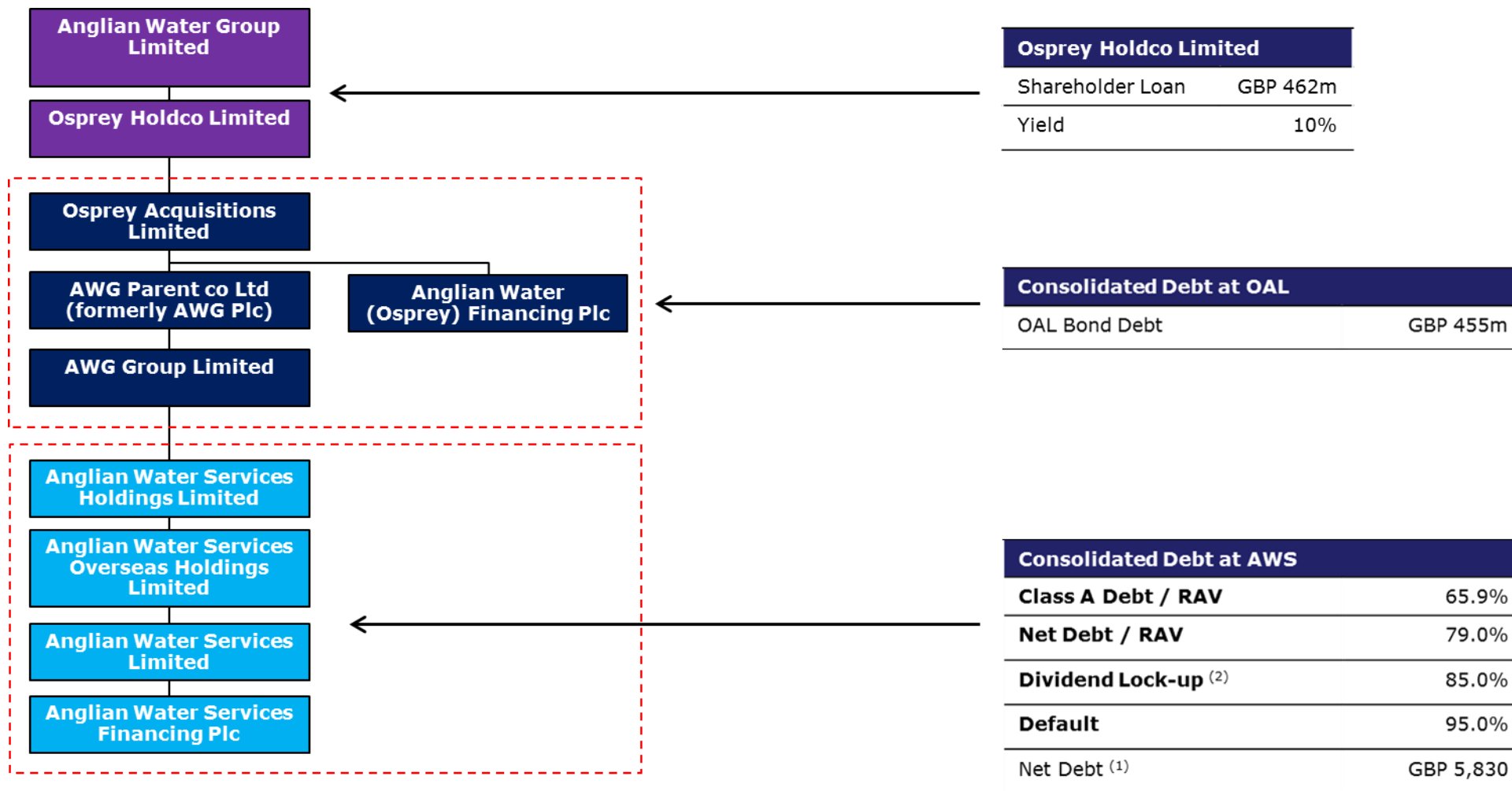


Debt Maturity Profile as at 31 March 2017



ANGLIAN WATER GROUP FINANCING STRUCTURE

CONSOLIDATED CAPITAL STRUCTURE AT 31 MARCH 2017



¹ AWS net debt of £6,045 excludes derivatives and is prepared on an IFRS accounting basis, whereas Consolidated Debt at AWS of £5,830 is prepared on a Common Terms Agreement (CTA) basis

² Senior RAR Trigger Event is 90%, with Dividend lock up at 85%

ANGLIAN WATER SECURITISATION SUCCESSFULLY MANAGED



▪ **Financial Covenants**

- Strong covenant package offers protection to debt holders
- Senior gearing 95%; Senior Dividend Lock-up 85%; Class A Dividend Lock-up 75%
- Interest Coverage monitored on both cash and regulatory accounting basis at senior and Class A levels

▪ **Cash Trapping Mechanism**

- Ordinary dividends paid on semi-annual basis based on overall (both financial and operational) covenant compliance from operational receipts and payments bank account

▪ **Covenants and undertakings**

- Segregated accounts for Debt Service, pre-financed capital expenditure, operational receipts and payments
- Priority of payments agreed
- Covenanted spread of maturities
- Compliance with Licence; License modifications and terminations
- Independent Non-executive directors
- All debt issued in accordance with Common Terms Agreement

¹ Senior RAR Trigger Event is 90%, with Dividend lock up at 85%



Our Green Bond Framework

GREEN BOND FRAMEWORK ALIGNED WITH GBP 2017



Use of Proceeds

Proceeds from Anglian Water's Green Bond(s) will be used to finance new, or re-finance existing projects that:

- Help mitigate climate change impacts by GHG emissions reduction through the use of energy-efficient facilities and conservation of water resources,
- Help to adapt to long term impacts of climate change such as flood risks
- The eligible green project categories identified within Anglian Water's Green Bond Framework are:
 - Sustainable water management projects with a reduced climate footprint
 - Sustainable water recycling projects with a reduced climate footprint

Process for Project Evaluation and Selection

- Strict governance process for investments, which includes risk identification, solution selection and carbon reduction calculations through monitoring, Decision and Delivery Milestones.

Management of Proceeds

- Funds raised from the Green Bonds will be paid to its Capex Reserve Account. Funds will be transferred to the Payment Account matching the amount of investments and expenditures in the Eligible Green Portfolio . The proceeds of the Green Bonds will be allocated to a portfolio of Anglian Water's Eligible Projects in the company's accounting records..

Reporting

- Allocation reporting: available within one year from the date of a Green Bond issuance and annually thereafter, until the proceeds have been fully allocated. The report will provide insights into the total amount of the eligible investments and expenditures and the balance of unallocated cash and/or cash equivalent still held by the Issuer.
- Impact reporting: Anglian Water will report 'kg of CO2e per mega litre' for water supply and water recycling treated, together with the savings/mitigations of embodied and operational carbon from the Company's agreed baseline. Anglian Water may also report on a range of additional environmental and social impact metrics.

USE OF PROCEEDS

All capital expenditure which Anglian Water undertakes must meet Anglian Water's AMP 6 Governance Framework. Accordingly, all capital expenditure which Anglian Water undertakes is capable of being an Eligible Green Project for inclusion in an Eligible Green Portfolio.



Eligible Green Project Categories:

Sustainable Water Management Projects with a reduced climate footprint: investments in water management projects with a reduced climate footprint

- Capital Maintenance
- Enhanced Service Level
- Growth (Supply Demand)
- Quality

Sustainable Water Recycling Projects with a reduced climate footprint: investments in water recycling projects with a reduced climate footprint

- Capital Maintenance
- Enhanced Service Level
- Growth (Supply Demand)
- Quality

There are example schemes included below:

	Capital Maintenance	Enhanced Service Level	Growth (Supply Demand)	Quality
Grafham and Wing Standby Generation		X		
Grafham Resilience		X		
Kings Lynn STC Cake Reception	X			
Norwich Sustainability			X	
Semer WTW Raw Water Deterioration				X

MANAGEMENT OF PROCEEDS



- The proceeds from the Green Bonds will be managed by Anglian Water's Treasury Team on a portfolio approach.
- Funds raised from the Green Bonds will be paid to its Capex Reserve Account. Funds will be transferred to the Payment Account matching the amount of investments and expenditures in the Eligible Green Portfolio . The proceeds of the Green Bonds will be allocated to a portfolio of Anglian Water's Eligible Projects in the company's accounting records.
- Anglian Water intends to maintain a healthy buffer of investments and expenditures over green funding. Over-collateralisation of c. 30% within the Eligible Green Portfolio is targeted to provide this buffer.
- Anglian Water will provide investors with information regarding the projects financed by Green Bond issuance. This information will be made available in the allocation reporting.
- To prevent double counting of Eligible Projects, Anglian Water will issue Green Bonds allocated to eligible investments and expenditures on a unique project identifier basis. Reconciliation to the project budget will prevent any double counting in allocation of proceeds. Anglian Water has expenditure targets allocated for the regulatory review period, the current period being 2015-2020.
- Pending the allocation of the Green Bonds proceeds, the Company will temporarily invest an amount equal to the balance of the proceeds held in the Capex Reserve Account in cash or cash equivalents.



ALLOCATION AND IMPACT REPORTING AVAILABILITY

- Anglian Water is committed to providing allocation and impact reporting on an annual basis for the Green Bond(s) issued
- This will be made public on the Anglian Water website:

<http://www.anglianwater.co.uk/about-us/investors/anglian-water-services/aws-green-bond-framework.aspx>

IMPACT REPORTING CONTENT

- Anglian Water is aware of the various impact reporting discussions in the market today and is keen to deliver transparent, useful data points which demonstrate the impact of the projects receiving Green Bond proceeds
- As such, Anglian Water will focus on reporting Carbon (CO₂e) savings as a result of the investments made
- See the Anglian Water Green Bond Framework Appendices for examples of such disclosure

GREEN BOND PRINCIPLES WORKING GROUP - IMPACT REPORTING TEMPLATE





- Anglian Water is familiar with the Suggested Impact Reporting Metrics for Sustainable Water and Wastewater Management Projects, which have been created by the GBP Impact Reporting Working Group (June 2017)
- Where possible, will also consider these impact metrics:

Wastewater Treatment Projects	Signed Amount a/	Share of Total Project Financing b/	Eligibility for green bonds	Sustainable Wastewater Management Component	Allocated Amount c/	Project lifetime d/	#2) Annual absolute (gross) amount of wastewater treated, reused or avoided e/				#3) i) Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of e/		#3) ii) Annual absolute (gross) amount of sludge that is reused e/		Other Indicators "No. of people with access to improved sanitation facilities"
Project name f/	currency	%	% of signed amount	% of signed amount	currency	in years	in m3/a	in p.e./a	in %	in tonnes of dry solids p.a.	in %	in tonnes of dry solids p.a.	in %		
e.g. Project 2	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		

Sustainable Water Management Projects	Signed Amount a/	Share of Total Project Financing b/	Eligibility for green bonds	Sustainable Water Management component	Allocated Amount c/	Project lifetime d/	#1) Annual absolute (gross) water savings e/		Other Indicators "No. of people with access to clean drinking water (or volume of clean drinking water in m³/a) through infrastructure supporting sustainable and efficient water use "Number of people, or enterprises benefitting from measures to mitigate the consequences of floods "Area covered by sustainable land and water management "annual catchment of water (in m³/a)"
Project name f/	currency	%	% of signed amount	% of signed amount	currency	in years	in m3/a	in %	
e.g. Project 1	XX	XX	XX	XX	XX	XX	XX	XX	

SECOND PARTY OPINION FROM DNV GL



Pillar 1: Use of Proceeds	<ul style="list-style-type: none"> The Anglian Water/Anglian Water Services Financing Green Bond Framework has declared the eligible green bond categories to be: <ul style="list-style-type: none"> Sustainable water management projects with a reduced climate footprint; and Sustainable water recycling projects with a reduced climate footprint. DNV GL concludes that these categories fall within a defined category of sustainable water and wastewater management of the Green Bond Principles 2017. 	<p>DNV GL concludes alignment with Green Bond Principles 2017</p> 
Pillar 2: Process for Project Evaluation and Selection	<ul style="list-style-type: none"> DNV GL has reviewed the evidence and can confirm that the Eligible Green Project categories and governance framework for project selection meets the eligibility criteria defined by Anglian Water in the Bond documentation, including Anglian Water/Anglian Water Services Financing Green Bond Framework. Anglian Water has clearly defined the process by which it will allocate funds to Eligible Green Projects and described the key metrics used as well as the governance team responsible for selecting projects. DNV GL note that this is derived from Anglian Water's existing mature governance process that ensures the efficient, sustainable and effective solution is selected for capital expenditure. 	<p>DNV GL concludes alignment with Green Bond Principles 2017</p> 
Pillar 3: Management of Proceeds	<ul style="list-style-type: none"> DNV GL has reviewed evidence showing how Anglian Water plans to trace the proceeds from the bond, from the time of issuance to the time of disbursement. DNV GL can confirm Anglian Water will also maintain a healthy buffer of investments and expenditures over green funding. 	<p>DNV GL concludes alignment with Green Bond Principles 2017</p> 
Pillar 4: Reporting	<ul style="list-style-type: none"> DNV GL can confirm Anglian Water will report on the use of proceeds within one year from the date of a Green Bond issuance and annually thereafter, until the proceeds have been fully allocated, and as necessary thereafter in the event of material developments. The information reported on will include insights into the total amount of the eligible investments and expenditures, the savings /mitigation of embodied and operational carbon measured across the eligible projects and the balance of unallocated cash and/or cash equivalent. 	<p>DNV GL concludes alignment with Green Bond Principles 2017</p> 

"The Bond will finance, in whole or in part, projects that help to mitigate climate change impacts by GHG reduction through the use of energy efficient facilities and conservation of water resources, and/or projects helping adapt to long term impacts of climate change such as flood risk"

"On the basis of the information provided by Anglian Water and the work undertaken, it is DNV GL's opinion that the Bond meets the criteria established in the Protocol and that it is **aligned with the stated definition of green bonds within the Green Bond Principles 2017**, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

SUMMARY TERMS



Issuer	Anglian Water Services Financing PLC
Guarantors	Anglian Water Services Limited, Anglian Water Services Holdings Limited, Anglian Water Services Overseas Holdings Limited
Ranking	Senior, Guaranteed, Secured, RegS, Bearer
Rating	[A3 / A- / A]
Size	£250m Expected
Maturity of Issue	[August] 2025
Use of Proceeds	Capital expenditure on Eligible Green Projects (as defined by Anglian Water's Green Bond Framework)
Denominations	£100,000 + £1,000
Documentation	EMTN Programme dated 21 July 2017
Call Protection	Par call at any time in the 3 months prior to maturity date
Listing	London Stock Exchange, Green Bond Segment
Law	English Law
Bookrunners	BNPP (Structuring Advisor), HSBC, ING, JP Morgan



Summary

SUMMARY

- Anglian Water is at the forefront of industry leadership and both financing and operational performance
- We believe it is our duty to support sustainable growth, increase resilience and reduce our impact on the environment and on the climate. This is embodied in everything we do
- We believe that the issuance of a 'Green Bond' is the optimal way to finance our capital expenditure for the period 2015-2020 (AMP6) as we focus on sustainable, low-carbon and climate resilient solutions



THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2015





Appendices

ANGLIAN WATER

RECONCILIATION OF CTA NET DEBT



	2017 £m	2016 £m
Net debt - statutory accounting basis ¹	6,045.1	5,833.6
Unpresented cheques and payments	0.3	0.5
Capitalised issue costs	26.6	25.0
IAS 39 adjustments	(242.1)	(164.0)
Unsecured solar lease	(0.4)	(0.4)
Net debt - CTA basis ¹	5,829.5	5,694.7

¹ The CTA net debt continues to be on old UK GAAP basis, while statutory net debt is on an IFRS basis

ANGLIAN WATER

RECONCILIATION OF CTA OPERATING CASH FLOW



Year ended 31 March

	2017 £m	2016 £m
Operating cash flow - statutory accounts basis	632.0	644.4
Tax paid	(19.8)	(16.9)
Commissions on facilities not used	(2.3)	(2.5)
Other items ¹	(5.3)	(4.0)
Net cash inflow from operating activities - CTA basis	604.6	621.0

¹ Other items include issue costs of new debt, adjustments for unpresented cheques and cash in transit.



QUESTIONS?

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love
every
drop. 

anglianwater