

Compliance Certificate

To: Deutsche Trustee Company Ltd as Security Trustee

cc: Moody's Investor Services
Standard & Poor's Rating Services
Fitch Ratings Ltd
MBIA

From: Anglian Water Services Financing Plc (the "Issuer")
Anglian Water Services Limited ("AWS")

25 May 2017

Dear Sirs

Common Terms Agreement dated 30 July 2002 between, among others, the Issuer, AWS and Deutsche Trustee Co Ltd (the "Security Trustee") (the "Common Terms Agreement")

Capitalised terms not defined in this certificate have the meaning given to them in the Common Terms Agreement.

1. We refer to the Common Terms Agreement. This is a Compliance Certificate.
2. We confirm that in respect of the most recently occurring Calculation Date (31 March 2017) the financial ratios are:
 - (a) the Class A RAR is 65.9%;
 - (b) the Senior RAR is 79.0%
 - (c) the Class A ICR is 3.1:1;
 - (d) the Class A PMICR¹ is N/A;
 - (e) the Senior PMICR¹ is N/A;
 - (f) the ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest is 2.0:1;
 - (g) the Conformed Class A PMICR is 1.6:1;
 - (h) the Conformed Senior PMICR is 1.4:1.(together the "Ratios").

¹ CCD and IRC are no longer used as the depreciation of RCV in AMP6.

3. We confirm that each of the above Ratios and each of the Senior Average PMICR², Class A Average PMICR², Conformed Senior Average PMICR and Conformed Class A Average PMICR have been calculated with respect to the Test Periods for which they are required to be calculated under the Common Terms Agreement and have not breached the Trigger Event Ratio Levels and have not caused Paragraph 20 (Ratios) of Part 2 of Schedule 7 (Events of Default) to be breached.

² CCD and IRC are no longer used as the depreciation of RCV in AMP6.

4. We set out below the computation of the Ratios set out in Paragraph 2 above for your information:

Interest Cover Ratios (ICR)

	Period to 31 Mar 17 £m
Income	1,180.7
Operating expenditure	(556.3)
Tax	(19.8)
Pre capital maintenance cashflows	<u>604.6</u>
Capital Maintenance Expenditure	(207.1)
Regulatory Depreciation	(287.8)
Post-Maintenance cashflow for PMICR	316.8
Post-Maintenance cashflow for ratio (h)	397.5
Net Interest	(229.1)
Enhancement Capital Expenditure	(100.1)
Dividends	(128.0)
Pre-financing cashflows	<u>(59.7)</u>
Interest Payable on Class A Debt	
Class A Interest Paid	(196.4)
Less Interest Receivable	2.4
Total Net Class A debt interest	<u>(194.0)</u>
Interest Payable on Class B Debt	
Class B Bonds	<u>(35.1)</u>
Total Net Interest Payable on Senior Debt	<u>(229.1)</u>
Interest Cover Ratios:	
Class A ICR	3.1:1
Conformed Senior PMICR	1.4:1
Conformed Class A PMICR	1.6:1
Ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	2.0:1

Regulatory Asset Ratios (RAR)

	As at 31 Mar 17 £m
Class A gross debt:	
Finance leases	(33.3)
Class A	<u>(5,258.8)</u>
Total Class A Gross Debt	(5,292.1)
Less cash balances and Authorised investments	<u>429.4</u>
Total Class A Net Debt	(4,862.7)
Finance leases	(0.4)
Class B	(966.5)
Total Senior Net Debt	(5,829.6)
Regulatory Asset Value (RAV)	<u>7,376.0</u>
Regulatory Asset Ratios:	
Senior RAR	79.0%
Class A RAR	65.9%

5. We also confirm that:

- (a) no Default or Potential Trigger Event is outstanding; and
- (b) that AWS's insurances are being maintained in accordance with:
 - (i) Schedule 16 (Insurance) of the Common Terms Agreement; and
 - (ii) the provisions of the Finance Leases.

Yours faithfully,


Director



Director

Director 

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Director 

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For and on behalf of
ANGLIAN WATER SERVICES
FINANCING PLC

For and on behalf of
ANGLIAN WATER SERVICES LIMITED

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