



Anglian Water Services Financing Plc

(incorporated with limited liability in England and Wales under the United Kingdom Companies Act 1985, as amended from time to time, with registered number 4330322)

€10,000,000,000

Global Secured Medium-Term Note Programme unconditionally and irrevocably guaranteed by, *inter alios*,

Anglian Water Services Limited

(incorporated with limited liability in England and Wales with registered number 2366656)

This Supplement (the "**Supplement**") to the prospectus dated 19 October 2020 (the "**Base Prospectus**") (which comprises a base prospectus together with a supplementary prospectus dated 9 December 2020 (together with the Base Prospectus, the "**Prospectus**")) constitutes a supplement to the prospectus for the purposes of Article 23 of the UK Prospectus Regulation and is prepared in connection with the €10,000,000,000 Global Secured Medium Term Note Programme (the "**Programme**") established by Anglian Water Services Financing plc (the "**Issuer**"). When used in this Supplement, "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**").

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer. The purpose of this Supplement is to (a) make such necessary amendments as required to account for the United Kingdom's exit from the European Union, (b) update the disclosure in the Prospectus for regulatory developments relating to Anglian Water Services Limited's ("**AWS**") appeal to the Competition and Markets Authority (the "**CMA**") regarding Ofwat's Final Determination in respect of the revenues and other matters of AWS, (c) provide disclosure in relation to certain undertakings that the Issuer and AWS have made in respect of Class B Debt, and (d) incorporate by reference into the Prospectus the consolidated preliminary financial results of AWS for the year ended 31 March 2021 (such preliminary financial results being consolidated to include the Issuer). The Issuer and Anglian Water Services Limited, being the persons responsible for the financial information included in the consolidated preliminary financial results, approve such financial information.

Unless otherwise defined in this Supplement, terms defined in the Prospectus have the same meaning when used in this Supplement. Unless stated otherwise, page numbers referred to in this Supplement refer to pages in the Prospectus.

The Issuer and each of Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited (together with the Issuer, being the "**Obligors**") accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the other Obligors, the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.

Updates for the United Kingdom's exit from the European Union

By virtue of the EUWA, the Brexit transition period ended on 31 December 2021. By virtue of this Supplement, the following amendments are made to the Prospectus:

- a. Statements in the Prospectus that, expressly or impliedly, include the United Kingdom within references to the "EEA", the "European Economic Area", the "EU", the "European Union" or as a "Member State" of the EEA or EU, shall be deemed amended to exclude the United Kingdom and such statements shall be construed accordingly.

b. References to the “Prospectus Regulation” shall be deemed amended to refer to the “UK Prospectus Regulation” and shall refer to “Regulation (EU) 2017/2219 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018”.

c. The paragraph commencing “*Credit ratings included or referred to in this Prospectus*” on page 3 of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

“In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the “**EU CRA Regulation**”) as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies. Each of Moody’s and Fitch are established in the United Kingdom and are each registered under the UK CRA Regulation. Standard & Poor’s is established in the EU and subject to the EU CRA Regulation but the rating which the Bonds are expected to receive on issue from Standard & Poor’s is expected to be endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered the UK CRA Regulation.”

d. The paragraph commencing “*Amounts payable under the Bonds may be calculated*” on page 3 of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

“Amounts payable under the Bonds may be calculated by reference to: (i) LIBOR, which is provided by ICE Benchmark Administration Limited (“**IBA**”); (ii) EURIBOR, which is provided by the European Money Markets Institute (the “**EMMI**”); (iii) RPI, which is provided by the Office for National Statistics; (iv) CPI, which is provided by the Office for National Statistics; and (v) CPIH, which is provided by the Office for National Statistics. As at the date of this Prospectus, the IBA (as administrator for LIBOR) appears, on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”).

e. The paragraph commencing “*As far as the Issuer is aware*” on page 3 of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

“As far as the Issuer is aware, RPI, CPI and CPIH do not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of the UK Benchmarks Regulation. In addition, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration under the UK Benchmarks Regulation.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by benchmark reforms, investigations and licensing issues in making any investment decisions with respect to Bonds linked to a “benchmark”.”

f. The paragraph entitled “**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS**” on page 6 of the Prospectus shall be deleted in its entirety and replaced with the following wording:

“PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS - The Bonds 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 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 (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 (the “**EU PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS - The Bonds 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 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, 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 the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

- g. Following the paragraph entitled “*A determination will be made in relation to each*” on page 6, a new paragraph entitled “**UK MiFIR Product Governance / target markets**” shall be deemed inserted as follows:

“The Final Terms in respect of any Bonds may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds 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 Bonds (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 Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.”

- h. The paragraph commencing with “*The BMR was published in the official journal*” under heading 1.9.2 in the section entitled “*Risk Factors*” on page 41 of the Prospectus shall be deleted in its entirety and replaced with the following wording:

“The EU Benchmarks Regulation became applicable from January 2018. The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The UK Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark in the UK.

The EU Benchmarks Regulation and the UK Benchmarks Regulation could have a material impact on any Bonds linked to LIBOR, EURIBOR or another benchmark rate or index, including in any of the following circumstances:

- i. a “benchmark” ceases to be published, calculated or administered;
- ii. an index which is a “benchmark” could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or register, or if based in a non-EU or non-UK jurisdiction (as applicable), the administrator is not otherwise recognised as equivalent; and
- iii. the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulations, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Any of the above could potentially lead to the Bonds being de-listed or redeemed early or otherwise affected depending on the particular “benchmark” and applicable terms of the Bonds.”

- i. The paragraph commencing with “*An example of such benchmark*” under heading 1.9.2 in the section entitled “*Risk Factors*” on page 42 of the Prospectus shall be amended such that “BMR” shall be replaced with “UK Benchmarks Regulation”.

- j. The paragraph entitled “**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS**” in the section entitled “*Form of Final Terms*” on page 228 of the Prospectus shall be deemed deleted in its entirety and replaced with the following wording:

“**PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS** - The Bonds 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 (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 (the “**EU PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS - The Bonds 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 European Union (Withdrawal) Act 2018 (“**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, 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 the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

- k. Following the paragraph entitled “[**MIFID II product governance / Professional investors and ECPs only target market**]” in the section entitled “*Form of Final Terms*” on page 228 of the Prospectus, a new paragraph shall be deemed inserted as follows:

“[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]”

Update on the CMA re-determination

Every five years, Ofwat sets the outcomes that Regulated Companies should deliver for customers and the environment, and the total revenue that can be recovered from customers via bills for water supply and waste-water services. After Ofwat reaches a decision on the price control, Regulated Companies can choose to either accept the decision or ask Ofwat to refer the decision to the Competition and Markets Authority (the “**CMA**”) for a redetermination.

Ofwat published its final determination (“**FD**”) for the 2020-2025 period in December 2019. Anglian Water considered that Ofwat’s FD underfunded Anglian Water’s total expenditure programme, mischaracterised £157m of operating expenditure as capital expenditure, contained important ‘at risk’ elements strongly skewed towards penalties rather than rewards (including in relation to the totex cost-sharing mechanism) and underestimated the cost of capital. Ofwat also introduced a novel “gearing outperformance sharing mechanism” that effectively imposed a penalty on Regulated Companies whose gearing was in excess of 65%.

The CMA published its redetermination in March 2021. The CMA increased Anglian’s Water totex allowance by £108 million, reallocated £157m of capital expenditure as operating expenditure, adopted a more balanced totex cost-sharing mechanism, and increased the allowed cost of capital by 24 bps. The CMA also concluded that there was no justification for the gearing outperformance sharing mechanism and this has been removed.

Financing & Delivery Strategy for AMP7

Anglian Water Services Limited (“**AWS**”) and its shareholders have undertaken a full review of the AWS financing strategy for the asset management period 2020–2025. This is to ensure that AWS is able to maintain a sustainable and efficient capital structure, accounting for the interest of customers and investors, the environment and long-term viability. Having

concluded that process and following the CMA's redetermination for the same period, AWS has committed to reduce total gearing in order to maintain its current solid investment grade credit ratings. It is intended that one or more equity injections be made into the AWS Financing Group in order to achieve this reduction in gearing (the "Equity Injections").

Undertakings in respect of future Class B Debt

The Issuer, as a condition of the Equity Injections being made, shall enter into a deed poll (the "Class B Deed Poll") to undertake to the Security Trustee (for the benefit of all the Secured Creditors) that the Issuer will not issue, raise, borrow or otherwise be a debtor in respect of any new Class B Debt following the date of the Class B Deed Poll. The Issuer expects to announce the entry into the Class B Deed Poll at around the same time as it receives the Equity Injections.

In addition, the Issuer shall agree in the Class B Deed Poll to further calculate and include in each compliance certificate the following ratios (the "Additional Financial Covenants") which are to be calculated as at each Calculation Date:

- a. the Additional Senior RAR for any Test Period is or is estimated to be more than 0.75:1;
- b. the Additional Conformed Senior PMICR for any Test Period is or is estimated to be less than 1.3:1; and
- c. the Additional Conformed Senior Average PMICR is or is estimated to be less than 1.4:1,

where:

"Additional Senior RAR" means the ratio of Senior Net Indebtedness to RAV;

"Additional Conformed Senior PMICR" means the ratio of Net Cash Flow less the greater of (a) Depreciation and (b) Capital Maintenance Expenditure for each Test Period to Senior Debt Interest for the same Test Period; and

"Additional Conformed Senior Average PMICR" means the sum of the ratios of Net Cash Flow less the greater of (a) Depreciation and (b) Capital Maintenance Expenditure to Senior Debt Interest for each of the Test Periods comprised in a Rolling Average Period divided by three.

The Issuer shall also agree in the Class B Deed Poll that, at any time where the ratios set out in the Additional Financial Covenants are not met, it shall not make any Restricted Payments other than to the extent such Restricted Payment is made to another Obligor where such Obligor agrees that it will not make a subsequent Restricted Payment to a person which is not an Obligor, using such monies.

Preliminary Financial Results

On or around 17 June 2021, AWS published its consolidated preliminary financial results for the year ended 31 March 2021. A copy of those preliminary financial results has been filed with the United Kingdom Financial Conduct Authority (the "FCA") and, by virtue of this Supplement, those preliminary financial results are incorporated in, and form part of, the Prospectus. The consolidated preliminary financial results have been compiled and prepared on a basis which is both (a) comparable with the consolidated historical financial information for the year ended 31 March 2020 and (b) consistent with the AWS's accounting policies. Copies of all documents incorporated by reference in the Prospectus can be obtained (without charge) from the Issuer's website at <http://www.anglianwater.co.uk>, from the registered office of the Issuer at Anglian Water headquarters at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, United Kingdom PE29 6XU and from the specified offices of the Paying Agents for the time being, as described in the Prospectus. In addition, copies of such documents will be available on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/pricesand-news/news/market-news/market-news-home.html>. Please note, however, that the content of the website is not being incorporated by reference into the Prospectus by way of this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.

If documents which are incorporated by reference into this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the UK Prospectus Regulation except where such information or other documents are specifically incorporated by reference or where this Supplement is specifically defined as including such information.

This Supplement has been approved by the FCA, which is the United Kingdom competent authority for the purposes of Article 23 of the UK Prospectus Regulation, as a base prospectus supplement issued in compliance with the UK Prospectus Regulation.