

23 August 2018

AFFINITY WATER PROGRAMME FINANCE LIMITED (the "Programme Issuer")

£14.2 million of 3.625 per cent. Sterling Denominated Fixed Rate Bonds due 2022
£60 million of 2.699 per cent. Sterling Denominated Fixed Rate Bonds due 2033
£10 million of 1.024 per cent. Sterling Denominated Retail Price Index-Linked Bonds due 2033
£250 million of 4.5 per cent. Sterling Denominated Fixed Rate Bonds due 2036
£85 million of 3.278 per cent. Sterling Denominated Fixed Rate Bonds due 2042
£60 million of 0.23 per cent. Sterling Denominated Consumer Price Index-Linked Bonds due 2042
£190 million of 1.548 per cent. Sterling Denominated Retail Price Index-Linked Bonds due 2045
(the "Programme Issuer Bonds")

issued by the Programme Issuer and guaranteed by Affinity Water Limited (the "Company"), Affinity Water Holdings Limited and Affinity Water Finance (2004) PLC

AFFINITY WATER FINANCE (2004) PLC (the "Existing Issuer")

£250 million of 5.875 per cent. Guaranteed Notes due 2026
(the "Existing Bonds")

issued by the Existing Issuer and guaranteed by Affinity Water Limited (the "Company"), Affinity Water Holdings Limited and Affinity Water Programme Finance Limited

The Company is considering the substitution of the Programme Issuer, an entity incorporated in the Cayman Islands, as issuer of the Programme Issuer Bonds and as guarantor of the Existing Bonds with a special purpose vehicle incorporated under the laws of England and Wales (the "**Substitution**").

The Cayman Islands incorporated Programme Issuer was established in 2013 to raise long-term finance for the Company's investment programme and operations. It was incorporated outside the UK for legal reasons that are no longer relevant. The Company's board considers it in the interests of customers and wider stakeholders to remove this entity from the financing structure.

If the Company proceeds with the Substitution, it will seek the consent of Secured Creditors pursuant to a STID Proposal.

Further information will be released in due course.

Important information

Capitalised terms used in this announcement and not defined herein shall have the meanings set out in the Prospectus relating to the Programme Issuer Bonds dated 18 January 2013.

Please note that nothing in this document is intended to amount to an invitation or inducement to engage in investment activity. Nothing in this document amounts to the giving of advice. If you are in any doubt as to the action you should take, you should consult a professional adviser.

Any queries should be directed to Tim Monod by email on tim.monod@affinitywater.co.uk.

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