

Final Terms dated 12 February 2016

AFFINITY WATER PROGRAMME FINANCE LIMITED

Issue of

Sub-Class B1 £10,000,000 1.024 per cent. RPI Linked Guaranteed Bonds due 2033

under the £2,500,000,000 Guaranteed Bond Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 1 September 2015 which constitutes a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. Full information on the Programme Issuer, the Guarantors and the offer of Bonds is only available on the basis of the combination of these Final Terms and the Prospectus.

The Prospectus has been published on the website of the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and a copy is available for viewing at the Specified Office of the Principal Paying Agent and at the registered office of the Programme Issuer, which is c/o Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands, during usual business hours on any weekday apart from Saturdays, Sundays and public holidays, and copies may be obtained from Affinity Water Limited ("**AWL**") at the following address: Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by any financial institution.

- | | | | |
|----|-------|--|--|
| 1. | (i) | Issuer: | Affinity Water Programme Finance Limited |
| | (ii) | Guarantors: | Affinity Water Holdings Limited, Affinity Water Limited, Affinity Water Finance (2004) PLC |
| 2. | (i) | Series Number: | 2 |
| | (ii) | Sub-Class Number: | B1 |
| | (iii) | Sub-Class Number for the purposes of consolidation under Condition 1(c): | Not Applicable |
| | (iv) | Date on which become consolidated under Condition 1(c): | Not Applicable |
| 3. | | Relevant Currency or Currencies: | Pounds Sterling ("£") |

4.	Aggregate Nominal Amount:	
	(i) Series:	£10,000,000
	(ii) Sub-Class:	£10,000,000
	(iii) Tranche:	£10,000,000
5.	(i) Issue Price:	100 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	£9,940,000
6.	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Bonds in definitive form will be issued with a denomination above £199,000
	(ii) Calculation Amount:	£1,000
7.	(i) Issue Date:	19 February 2016
	(ii) Interest Commencement Date (if different from the Issue Date):	Issue Date
8.	Maturity Date:	1 June 2033
9.	Instalment Date:	Not Applicable
10.	Interest Basis:	Index Linked Interest
11.	Redemption/Payment Basis:	Redemption at par (as adjusted for indexation in accordance with Condition 7 (<i>Indexation</i>))
12.	Change of Interest or Redemption/Payment Basis:	Not Applicable
13.	Call Options:	Not Applicable
14.	(i) Status of the Guarantees:	Senior
	(ii) Date approval for issuance of Bonds and Guarantees obtained:	10 February 2016 in the case of the issuance of the Bonds and 10 February 2016 in the case of the Guarantees
15.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Bond Provisions:	Not Applicable
-----	-----------------------------	----------------

17.	Floating Rate Bond Provisions:	Not Applicable
18.	Indexed Bond Provisions:	Applicable
	(i) Index/Formula:	UK Retail Price Index (RPI) (for all items), as further described in the definition of "Index" or "Index Figure" in Condition 7(a)
	(ii) Base Index Figure:	260.29655
	(iii) Index Figure applicable:	As determined in accordance with Condition 7(a); 3 months lag applies
	(iv) Interest Rate:	1.024 per cent. (as adjusted for indexation in accordance with Condition 7 (<i>Indexation</i>)), payable semi-annually in arrear on each Interest Payment Date.
	(v) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Agent Bank):	Not Applicable
	(vi) Provisions for determining Coupon where calculation by reference to index and/or formula is impossible or impracticable:	Applicable. See Conditions 7(c) and 7(e)
	(vii) Interest Payment Dates:	1 June and 1 December in each year, commencing on the First Interest Payment Date
	(viii) First Interest Payment Date:	1 June 2016 (short first coupon)
	(ix) Business Day Convention:	Following Business Day Convention
	(x) Business Centres:	London
	(xi) Minimum Indexation Factor:	Not Applicable
	(xii) Maximum Indexation Factor:	Not Applicable
	(xiii) Limited Indexation Month(s):	Not Applicable
	(xiv) Reference Gilt:	UK Treasury Index Linked 0.7500% due January 2034
	(xv) Day Count Fraction:	Actual/Actual ICMA

(xvi) Determination Date(s): 1 June and 1 December in each year

PROVISIONS RELATING TO REDEMPTION

19. Call Option: Not Applicable
20. Final Redemption Amount: £1,000 per Calculation Amount
21. Reference Gilt: UK Treasury Index Linked 0.7500% due January 2034

GENERAL PROVISIONS APPLICABLE TO THE BONDS

22. Form of Bonds: Bearer
- (i) If issued in Bearer form: Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bearer Bonds in the limited circumstances specified in the Permanent Global Bond
- (ii) If Registered Bonds: Not Applicable
23. Relevant Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
24. Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature): Yes
25. Details relating to Instalment Bonds: Not Applicable
26. Redenomination, renominatisation and reconventioning provisions: Not Applicable

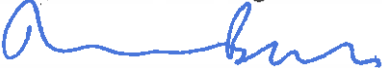
DISTRIBUTION

27. If syndicated, names of Managers: Not Applicable
28. If non-syndicated, name of Dealer: IDCM Limited
29. U.S. Selling Restrictions: Reg S Compliance Category 2, TEFRA D

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the details required for issue and admission to trading on the London Stock Exchange's Regulated Market and admission to the Official List of the UK Listing Authority of the Bonds described herein pursuant to the listing of the Programme for the issuance of up to £2,500,000,000 Bonds financing Affinity Water Limited.

Signed on behalf of the Programme Issuer:

By: 
.....
Duly authorised


Duncan Bates
Director

Signed on behalf of Affinity Water Limited:

By: 
.....
Duly authorised

Duncan Bates
Director

Signed on behalf of Affinity Water Holdings Limited:

By: 
.....
Duly authorised

Duncan Bates
Director

Signed on behalf of Affinity Water Finance (2004) PLC:

By: 
.....
Duly authorised

Duncan Bates
Director

PART B - OTHER INFORMATION

1. LISTING

- | | |
|---|--|
| (i) Listing: | Listed on the Official List of the UKLA |
| (ii) Admission to trading: | Application has been made for the Bonds to be admitted to trading on the regulated market of the London Stock Exchange with effect from the Issue Date |
| (iii) Estimate of total expenses related to admission to trading: | £2,500 |

2. RATINGS

- | | |
|----------|--|
| Ratings: | The Bonds to be issued have been rated:

Moody's Investors Service Limited: Baa3

Standard & Poor's Credit Market Services Europe Limited: BBB |
|----------|--|

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save as discussed in "*Subscription and Sale*" in the Prospectus, so far as the Programme Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND ESTIMATED TOTAL EXPENSES

- | | |
|---------------------------------|---|
| (i) Reasons for the offer: | The proceeds from the issue of the Bonds by the Programme Issuer under the Programme will be on-lent to AWL under the terms of a Programme Issuer/AWL Loan Agreement to be applied by AWL for its general corporate purposes or used to repay or service AWL's Financial Indebtedness |
| (ii) Estimated net proceeds: | £9,940,000 |
| (iii) Estimated total expenses: | Not Applicable |

5. YIELD

- | | |
|----------------------|---|
| Indication of yield: | 1.024 per cent. semi-annual

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication |
|----------------------|---|

of future yield

6. PERFORMANCE OF RETAIL PRICE INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

- (i) Name of underlying index: U.K. Retail Price Index (RPI) (all items) published by the Office for National Statistics
- (ii) Information about the Index, its volatility and past and future performance can be obtained from: More information on RPI, including past and current performance and its volatility and fall back provisions in the event of a disruption in the publication of RPI, can be found at www.statistics.gov.uk

7. OPERATIONAL INFORMATION

ISIN: XS1360548215

Common Code: 136054821

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): Not Applicable

Delivery: Delivery free of payment

Names and addresses of initial Paying Agent(s): Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Names and addresses of additional Paying Agent(s) (if any): Not Applicable