Investor Report

Year ended
31 March 2017

Affinity Water Limited
(“Affinity Water”)

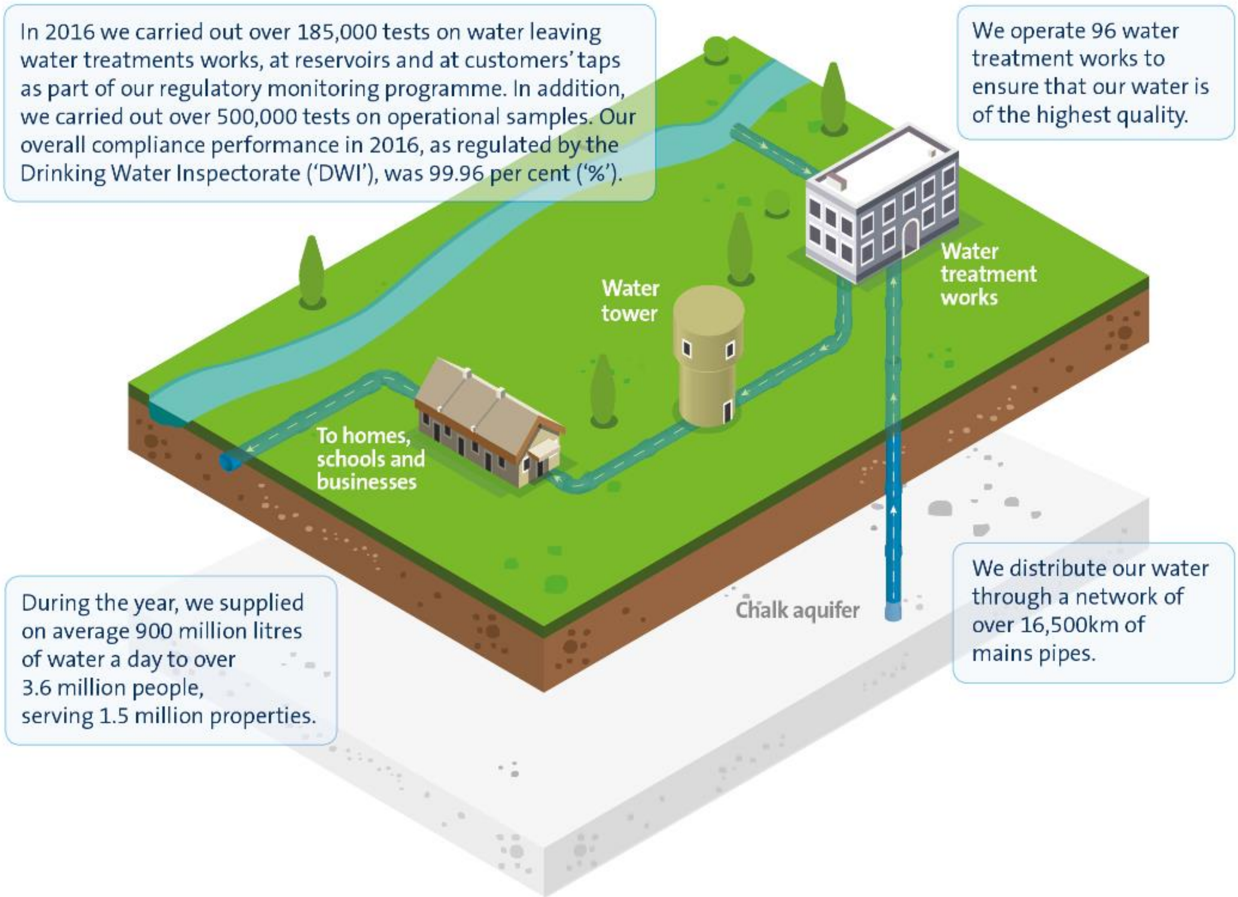
Published on
28 July 2017

Contents

Affinity Water at a glance

Affinity Water is the UK's largest water only supply company. We own and manage the water assets and network in an area of approximately 4,515km^2 split over three regions in the southeast of England. We divide our supply area into eight different communities, based on our existing water resource zones and have named each of them after a local river, allowing us to tailor a high quality service to customers at a local level.

Our vision is to be the UK's leading community focused water company.



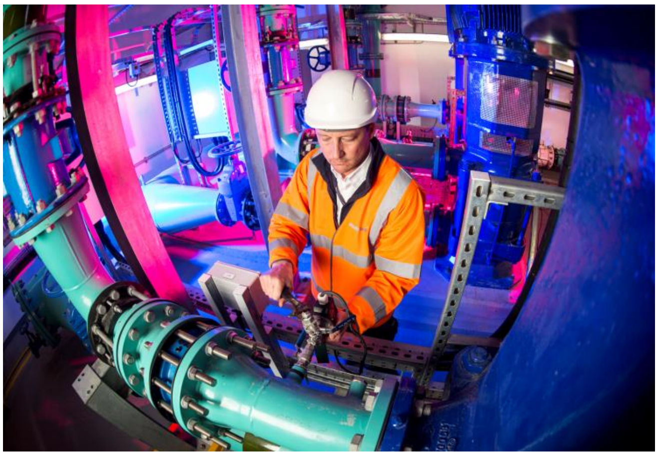
Operational highlights

Protecting our people

We revised our strategy and improvement plan to focus on a number of safety and health initiatives, recording

0.28 lost time injuries per 100,000 hours worked

compared to a target of 0.3 and actual performance of 0.27 in 2015/16



Managing our water resources

We achieved our stretching regulatory leakage target, reducing leakage by

7.9 Megalitres per day

to 173.0 Megalitres per day compared to our 2015/16 performance of 180.9 Megalitres per day.

Supplying high quality water

We continued to provide high quality water in terms of our mean zonal compliance of

99.96%

for the 2016 calendar year compared to a target of 99.95% and actual performance in 2015 of 99.99%.

Minimising disruption

Work is being undertaken to produce ‘calmer’ networks. This year we experienced

3,077 bursts

compared to our target of 3,100.

Value for money customer service

Our value for money index is based on in depth telephone surveys with customers who know the value of their bill. This year we achieved a score of

69.6 out of 100

which is similar to our restated[1] 2015/16 performance, when we scored 69.5 out of 100.

[1] We have restated our 2015/16 performance to better reflect customers’ perceptions on value for money. We conduct surveys with nearly 2,000 customers, but only report on customers that know the value of their bill as this measure has been assessed to be the more robust indicator of Value for Money perceptions. This has decreased the sample size to approximately 1,000 and reduced the score by 2.1 points.

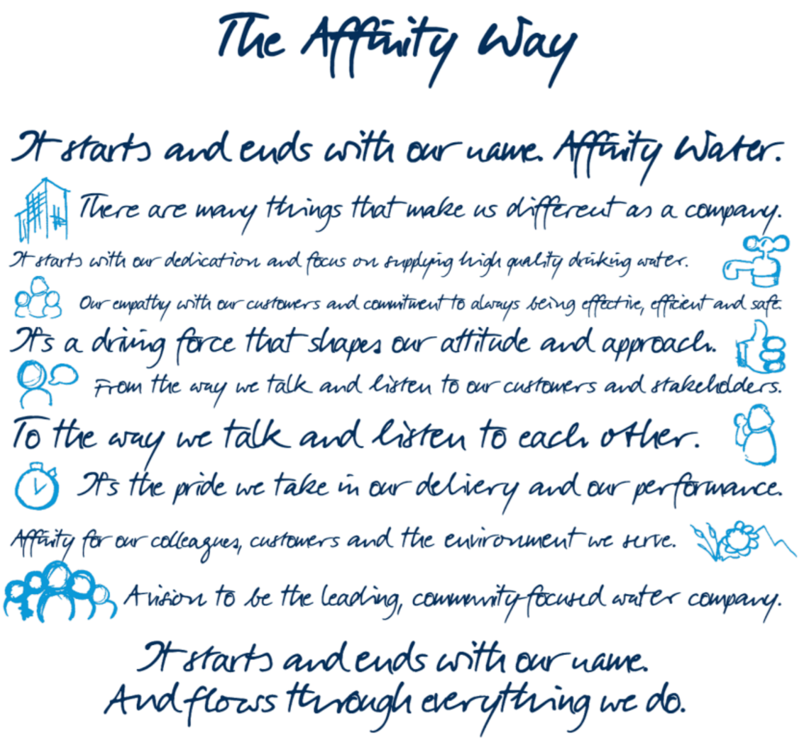
Financial highlights

Revenue (£m)	308.7 2016: 302.6
Profit after tax (£m)	30.9 2016: 59.7
Regulatory Capital Value (RCV) (£m)	1,156.2 2016: 1080.3
Senior Net Indebtedness (£m)	885.2 2016: 809.3
Gearing (%)	76.6 2016: 74.9
Conformed Senior Adjusted Interest Cover (times)	1.7 2016: 2.1

Our vision and customer charter

Our vision reflects the importance we place on our people working within and for the communities of customers we serve. By understanding and responding to the needs of different community groups, we are accountable to them at a local level for how well we provide our services.

Underpinning our vision to be the UK's leading community focused water company is the responsible approach we take to doing business. We believe that "The Affinity Way", our internal company narrative, sets us apart from other companies operating in our industry. It clearly sums up who we are, the responsibilities we have for the services we provide and the behaviours we expect from our people and the business partners that support us.

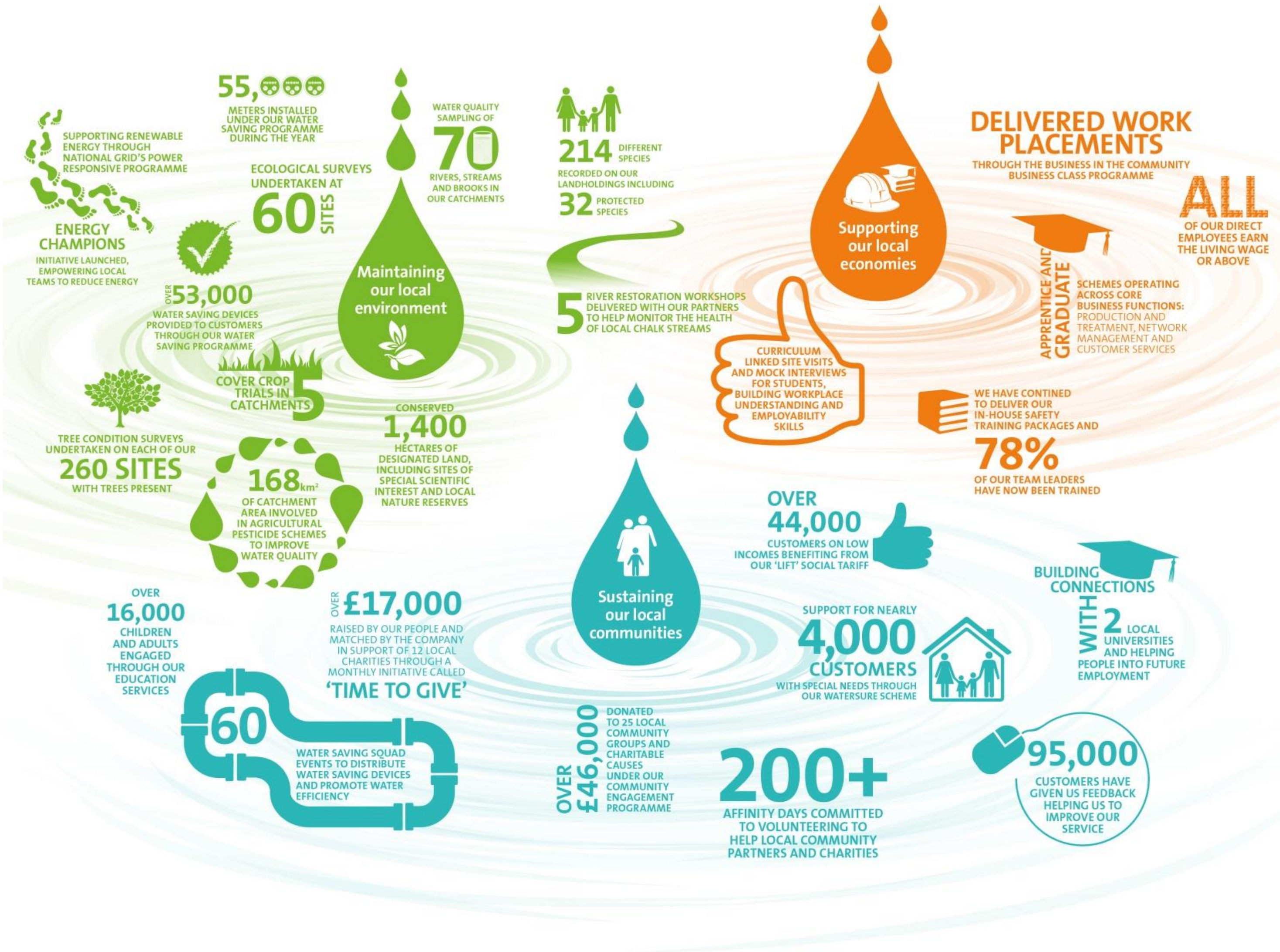


Our company exists to serve our customers. During the year we developed and launched our Customer Charter, our external company narrative, which incorporates five lines from The Affinity Way and highlights key words that specifically relate to our customers.

Our Customer Charter is designed to clarify the way that we interact with our customers and articulate our commitments to them. We must be able to measure and report our performance to ensure there is a clear line of sight between the activities we undertake and the social, economic and environmental impacts we have on our communities.

Responsible business highlights

The Affinity Way provides the context for our responsible business programme. Our responsible business highlights in 2016/17, in relation to issues that we understand matter most to our stakeholders and those which have the most profound effect on our business, are set out below.



Our commitments

As part the price review process for AMP6 (‘Asset Management Plan 6’,‘PR14’), we agreed a number of performance commitments with Ofwat, which were shaped by the expectations of our customers. These stretching targets are to respond to the significant social and environmental challenges we face – a rising population and increased demand for water, as well as a reduction in the availability of water in years ahead.

We want our customers and stakeholders to be able to measure our success and hold us to account. The table below summarises our customers’ four expectations and the performance commitments we have made for AMP6.

Customers’ expectations	Our commitments
Making sure our customers have enough water, whilst leaving more water in the environment	We will reduce the amount of water we take from the environment by 42 million litres per day. We will encourage our customers to use less water through our Water Saving Programme. We will invest £500 million in our network to reduce leakage by 14 per cent – the equivalent of 27 million litres per day.
Supplying high quality water you can trust	We will maintain high quality drinking water. We will implement a targeted programme of lead pipe replacement to meet more stringent legal standards.
Minimising disruption to you and your community	We will invest in increased flexibility in our network so we can transfer water more effectively around our communities.
Providing a value for money service	Bills will reduce by 1 per cent per year before inflation until 2020. We will promote our LIFT social tariff to support those least able to pay their bill. We will make £106 million of efficiency savings in our running costs to keep bills as low as possible over the next five years. We will make ourselves accountable to our communities for our performance.

We will publish our performance on our website so our customers can see exactly how we are performing against the commitments we have made for AMP6 and our performance report for 2016/17 will be available in due course.

https://stakeholder.affinitywater.co.uk/company-performance.aspx

We also have events planned in each of our eight communities across our supply region and we will be asking our customers to help us shape our plans for the future.

Alongside this, Our Customer Challenge Group, which consists of representatives with experience of representing household customers and special interest groups, holds us to account on how we are performing against our AMP6 commitments.

Operational performance

During the year we have made progress delivering on our ambitious commitments, however there is more to do in the coming years, a reflection of the stretching targets we set ourselves.

Making sure our customers have enough water, whilst leaving more water in the environment

We are faced with a growing population and an increased number of households across our supply area, so we need to explore the choices that will ensure we have enough water to serve our customers, while leaving more in the environment and ensuring we have a network that is resilient to both droughts and floods.

We acknowledge that we can do more to improve our leakage work. During the year we installed 20,000 acoustic data loggers to help detect leaks on our network, which will be key in delivering the 14% leakage reduction we have committed to in our current Business Plan. Our abstraction reduction work which aims to reduce the amount of water we take from our river catchments, will continue throughout next year and we will continue to pursue our community vision as we seek to achieve our goals.

We are also progressing with our Water Saving Programme, installing 85,000 water meters as at the end of March 2017 for AMP6. This metering programme is helping our customers to save water, save energy and save money, by giving them control over their water usage. We are now over a quarter of the way through our programme for AMP6 and our promise to install 280,000 meters in our supply area by 2020.

Supplying high quality water our customers can trust

Our customers continued to benefit from high quality drinking water during the year. Our Mean Zonal Compliance was 99.96%, exceeding our regulatory target however we do recognise we had a small number of water quality incidents in the year and are committed to improving.

Minimising disruption to our customers and communities

We also achieved our target of fewer than 3,100 mains bursts in the year, although we did experience a higher number of bursts than the previous year. We know there is more work we can do to ensure that bursts on our network do not result in prolonged interruptions to supply for our customers. On this measure we have fallen short of the target we set ourselves and have incurred a penalty that will be realised as part of the next price review ('PR19').

Providing a value for money service

An improvement has been seen in our customer service metrics, including a quarter on quarter improvement in our company service incentive mechanism survey results, a 23% reduction in complaints and an overall improvement in customer satisfaction levels from 4.31 out of 5 in 2015/16 to 4.60 in 2016/17. The reason why we are continuing to improve is simple; we are continually listening to our customers and responding accordingly.

Financial performance

Financial results for the year ended 31 March 2017

	2017 £m	2016 £m
Revenue	**308.7**	302.6
Operating costs	**(248.0)**	(237.5)
Other income	**17.1**	17.2
Operating profit	**77.8**	82.3
Net finance costs	**(51.0)**	(36.7)
Profit before tax	**26.8**	45.6
Tax credit/(expense)	**4.1**	14.1
Profit for the period	**30.9**	59.7
Dividends	**(50.5)**	(40.0)
Transfer to reserves	**(19.6)**	19.7

Revenue for 2016/17 was £308.7m, being a £6.1m (2.0%) increase on last year (2016: £302.6m). This increase is primarily due to inflationary price adjustments allowed by Ofwat in our last regulatory determination.

Operating expenditure

Operating costs for the year increased by £10.5m (4.4%) to £248.0m (2016: £237.5m). The variance is explained in the table below:

Increases in operating costs	**£m**
Inflation	5.3
Higher employment costs	6.3
One-off costs of senior management changes in the prior year	(0.7)
Market opening preparation costs	2.0
Higher depreciation due to newly commissioned assets	5.2
Lower infrastructure renewals activity	(1.6)
Lower materials and equipment costs	(1.3)
Higher costs associated with new customer connections	0.8
Costs associated with increased leakage detection and prevention activity	2.1
Lower production and supply costs	(0.9)
Infrastructure and service delivery projects in prior year	(2.4)
Lower IT subcontracting costs	(1.5)
Lower household retail costs	(0.9)
Other decreases	(1.9)
Net increase in operating costs	**10.5**

Financial performance (continued)

Finance costs

The net finance expense of £51.0m was £14.3m higher than last year, primarily as a result of £9.4m of transaction costs expensed during the year due to the partial extinguishment of the 2022 bond, as well as the impact of higher RPI inflation on the company's index-linked debt.

Profit before tax

Profit before tax reduced by £18.8m (41.2%) to £26.8m (2016: £45.6m), primarily due to depreciation and finance costs as outlined above.

Taxation

The total tax credit of £4.1m (2016: a tax credit of £14.1m) comprised a current tax expense of £7.2m (2016: £1.6m) and a deferred tax credit of £11.3m (2016: a deferred tax expense of £15.7m).

In the current year we had a large deferred tax credit due to the impact on our deferred tax liability of reductions in the UK corporation tax rate enacted in September 2016.

Total tax paid or collected in the year to 31 March 2017, other than corporation tax, amounted to £29.4m (2016: £28.0m) consisting of employer's national insurance, business rates, environmental taxes and streetworks permits.

Capital expenditure

Capital expenditure in the year was £131.7m (2016: £83.7m), and was incurred principally in our mains renewal, trunk mains and lead pipe replacement AMP6 programmes. This excluded £17.9m (2016: £19.5m) of infrastructure renewals expenditure, which is treated as an operating cost under Financial Reporting Standard 101: 'Reduced disclosure framework'.

In aggregate, asset-related expenditure for the year was higher than the amount for 2016/17 budgeted in our Business Plan, due to a rapid acceleration in our mains renewals programme in the final quarter of the year. Looking ahead, expenditure is expected to remain ahead of budget as a number of first year AMP6 projects were pushed back to later years within the AMP.

Net Assets

Net assets decreased by £22.8m (9.5%) to £216.7m (2016: £239.5m). The decrease is primarily due to higher liabilities resulting from the £19.2m bond issuance and £12.2m bond premium received as well as indexation on the RPI linked bonds.

Trade payables increased by £21.1m (9.6%) to £240.2m (2016: £219.1m) partially offset by a £9.8m (12.3%) increase in trade receivables to £89.7m (2016: £79.9m).

There was a £69.3m (5.3%) combined increase in property, plant and equipment and intangible assets to £1,372.5m (2016: £1,303.2m) as a result of the ongoing investment in the enhancement of our assets, although this has been offset by a £48.3m reduction in cash.

Pension Funding

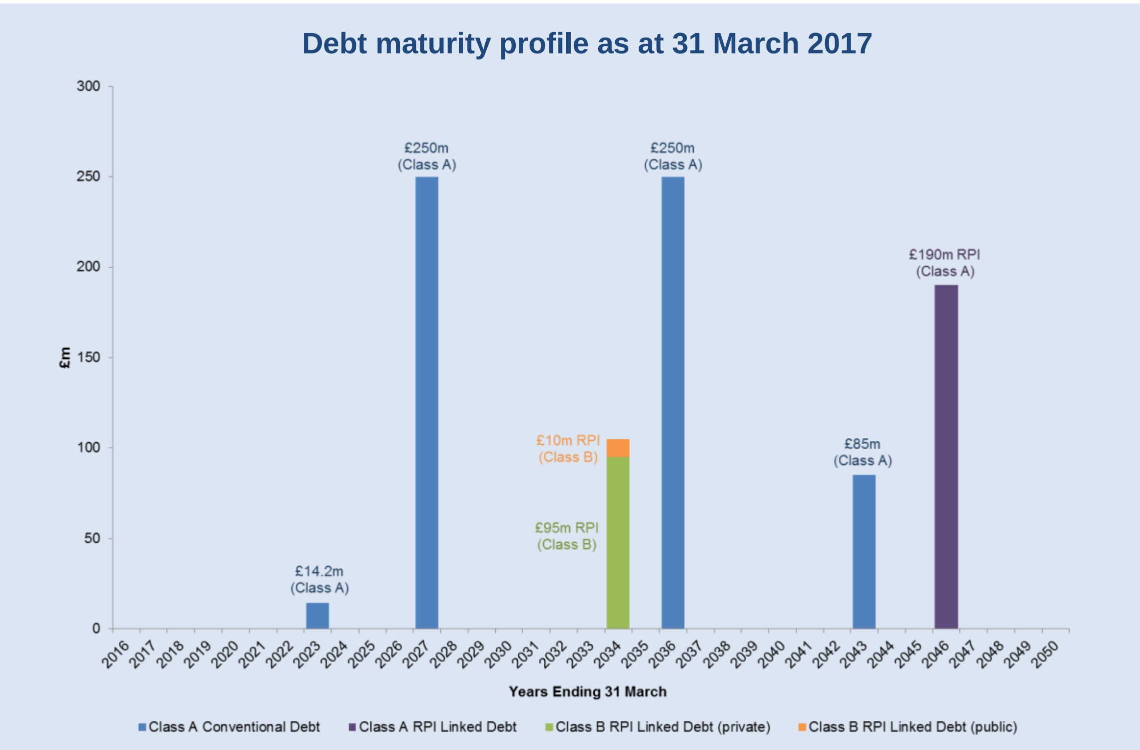
The retirement benefit surplus under International Accounting Standard 19: 'Employee benefits' at 31 March 2017 stood at £73.0m compared to a surplus of £72.6m at 31 March 2016.

Financing update

On 9 August 2016, Affinity Water Programme Finance Limited announced an invitation to holders of the Sub-Class A1 £80m 3.625%. Guaranteed Bonds due 2022 to offer to exchange any and all of their holdings for a new fixed rate bond due 2042.

Affinity Water Programme Finance Limited was offered £65.8m in bonds which were accepted in full for exchange. The new bond, Sub-Class A4, was issued with a coupon of 3.278%, reflecting the mechanics of the bond exchange and a final maturity date of 22 August 2042. At the same time, Affinity Water Programme Finance Limited issued a further £19.2m of the new Sub-Class A4 bond, taking the total amount of the new bond issue to £85m.

The chart below shows the maturity profile of all the bonds issued by Affinity Water's financing subsidiaries, including the recent bond exchange and additional issuance.



Our credit ratings

Moody's

Class A Bonds: A3

Class B Bonds: Baa3

Standard & Poor's

Class A Bonds: A-

Class B Bonds: BBB

Regulatory update

Water 2020

In July 2015 Ofwat launched “Towards Water 2020” and, following on from this, launched a consultation in December 2015 on its preferred approach to the design of the regulatory framework for the water industry at PR19.

In May 2016 Ofwat published further thinking confirming its preferred approach to the design of the future regulatory framework for the water industry for PR19. The new framework aims to make greater use of markets in relation to the areas of sludge and water resources with separate binding revenue controls for each. For PR19 Ofwat has also set out its intention to use the Consumer Price Index (‘CPI’) or ‘CPIH’ (which includes owner occupier housing costs) rather than RPI for indexing allowed revenues (and therefore customers’ bills). RCV is also to be indexed using a combination of CPI/CPIH and RPI.

In November 2016, Ofwat launched a consultation, under Section 13 of the Water Industry Act 1991, regarding proposed modifications of the conditions of the appointment of each of the 17 largest water companies including Affinity Water Limited. The modifications are to enable the implementation of key policy decisions published in Water 2020 including the move to CPI/CPIH as well as in-period adjustments to price control revenue for ODI rewards and penalties.

Household Competition

Ofwat has published its findings on the costs and benefits of introducing competition to the household retail water market in England. It concluded that competition could offer some small savings for household customers as well as better customer service, innovation in offers and products, and environmental benefits. However it still remains uncertain whether there will be a competitive household retail market in the near future.

We continue to fully engage with all our regulators regarding developments impacting the sector and are always happy to discuss publicly available information on this with our investors.

Retail Non-household

During the year we focused on preparing our business for the competitive non-household retail market which opened on 1 April 2017. We entered into a Shadow Market on 1 October 2016, which gave us the opportunity to test our processes and systems for six months. We also implemented a wholesale operations service desk and developed a company wide training programme to demonstrate that we were market ready and fully compliant. We rebranded our non-household customer retail services as Affinity for Business and launched a bespoke new website. A separate legal entity, Affinity for Business (Retail) Limited, was established and granted a licence to provide water supply and wastewater services throughout England. We engaged with our non-household retail customers throughout the preparation process and used the Exit Regulations laid out by Defra to transfer the existing customer base from Affinity Water Limited to the new organisation on 1 April 2017.

Governance update

Our Board is collectively responsible for the long-term success of the company. It sets our strategic aims, ensures that the necessary financial and human resources are in place to meet our objectives and reviews management performance. It sets our values and standards and ensures that our obligations to shareholders and others are understood and met.

We support the principles of good corporate governance set out in the 2014 UK Corporate Governance Code ('the Code') and the UK Stewardship Code, which have been developed to promote good governance for companies whose equity shares are listed. Our Governance Code, sets out for our customers, investors, regulators and other stakeholders how we govern and operate our business to high standards of good governance: accountability, transparency, probity and focus on the sustainable success of our business. It is founded on the obligations in our licence conditions with respect to the governance and ring-fencing of our regulated business, and the principles set out in Ofwat's 2014 paper: *Board leadership, transparency and governance – principles*.

Executive appointments

It was announced on 28 October 2016 that Duncan Bates would step down from his full time role as Chief Financial Officer. His successor, Stuart Ledger, is expected to take up the role by the end of December 2017. Stuart joins from Thames Water Utilities where he is Chief Financial Officer of their retail business and has strong track records in utilities.

In the interim, we have appointed Steven Mensforth as CFO after Duncan retires on 31 July 2017. Duncan will continue his involvement with the wider Affinity Water Group, working on a part time basis until March 2018, supporting his successor and on projects outside the regulated business as Group Financial Officer.

We have strengthened our senior management team with Debbie Ryan joining us as our new People Director. Debbie has previous experience within HR roles at Homeserve, Barclaycard and Tech Data and is also a Non-Executive Director on the Board of England Netball.

Ownership

On 19 May 2017, Affinity Water Acquisitions (Investments) Limited was acquired by a consortium comprising DIF, HICL Infrastructure Company Limited (advised by InfraRed Capital Partners Limited) and Allianz Capital Partners on behalf of the Allianz Group. As part of the transaction, the consortium also acquired Veolia Water UK Limited's 10% equity interest stake in the company.

The consortium made its investment through Daiwater Investment Limited which is now our UK holding company. We consider the following entities to be our ultimate controllers, as they are in a position to exercise material influence over our policy and affairs:

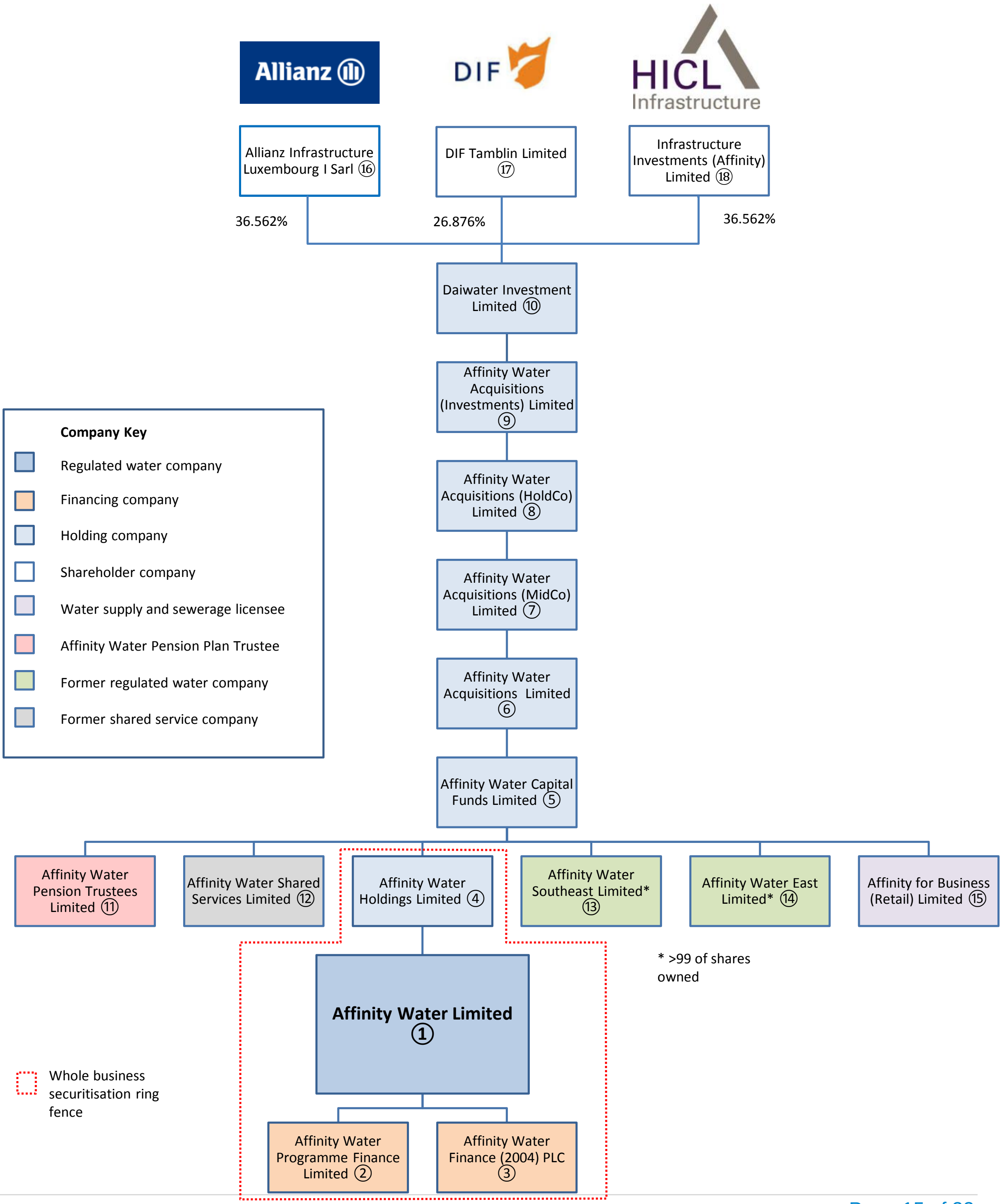
• Allianz Infrastructure Luxembourg I Sarl

• DIF Management Holding BV

Governance update (continued)

- DIF Management UK Limited
- HICL Infrastructure Company Limited
- InfraRed Capital Partners (Management) LLP

The chart below shows the effective equity interests held by each owner at the date of acquisition of the company and the group structure, excluding dormant subsidiaries. Unless otherwise indicated, all companies are wholly owned by the parent company shown.



Governance update (continued)

Board appointments and resignations

Following the change of ownership, the following changes to the non-executive directors of Affinity Water Limited have taken place at 19 May 2017:

Appointments

Gareth Craig was co-founder and former Head of Infrastructure at HSBC Specialist Investments. He was responsible for establishing HICL Infrastructure Company Limited by way of an initial public offering in 2006 and has more than 20 years' experience of the financing and management of major infrastructure projects. Following retirement from Infrared Capital Partners (the investment adviser to HICL) in 2015, Gareth now acts as consultant and non-executive director for infrastructure and asset intensive businesses. He is Chairman of Green Frog Power, a specialist in providing peaking power to the electricity capacity market.

Jaroslava Korpancova is Managing Director at Allianz Capital Partners. Since joining Allianz in 2008, she has led the investments made in a number of infrastructure assets, including the Thames Tideway Tunnel, Porterbrook (the train rolling stock leasing business) and the gas distribution business of National Grid. Before joining Allianz Capital Partners in 2008, Jaroslava worked at AIG Financial Products on a number of debt and equity investments, including the acquisition and management of London City Airport. She is a member of the New York bar and a solicitor of the Supreme Court of England and Wales.

Angela Roshier is DIF's Partner and Head of Asset Management. She joined in 2010 and oversees the asset management of DIF's PPP and renewable energy Investments. Prior to DIF, Angela was a member of 3i Plc and Actis's Infrastructure teams. Over the past 19 years she has contributed to the origination and asset management of a wide variety of infrastructure assets in the PPP, water, oil tanking and railway sectors, both in Europe and emerging markets. She holds a MBA from London Business School and a MA from the University of Cambridge.

Resignations

Name	Former Role	Period of service
Stephen Nelson	Non-executive director	31 March 2015 to 19 May 2017
Nigel Paterson	Non-executive director	25 July 2014 to 19 May 2017
Jim Wilmott	Non-executive director	25 July 2012 to 19 May 2017

Common Terms Agreement compliance

Calculation of financial ratios

Test Period		Year 1 1 April 2016 to 31 March 2017 Actual	Year 2 1 April 2017 to 31 March 2018 Forecast	Year 3 1 April 2018 to 31 March 2019 Forecast	Year 4 1 April 2019 to 31 March 2020 Forecast
Net Cash Flow divided by	£m	135.3	155.1	136.2	138.4
Class A Debt Interest	£m	32.8	33.7	34.3	34.8
Class A ICR	**Ratio**	**4.1**	**4.6**	**4.0**	**4.0**
Net Cash Flow less	£m	135.3	155.1	136.2	138.4
CCD and IRC	£m	0	0	0	0
Adjusted Net Cash Flow divided by	£m	135.3	155.1	136.2	138.4
Class A Debt Interest	£m	32.8	33.7	34.3	34.8
Class A Adjusted ICR	**Ratio**	**4.1**	**4.6**	**4.0**	**4.0**

Test Period		Year 1 1 April 2016 to 31 March 2017 Actual	Year 2 1 April 2017 to 31 March 2018 Forecast	Year 3 1 April 2018 to 31 March 2019 Forecast	Year 4 1 April 2019 to 31 March 2020 Forecast
Net Cash Flow less	£m	135.3	155.1	136.2	138.4
CCD and IRC	£m	0	0	0	0
Adjusted Net Cash Flow divided by	£m	135.3	155.1	136.2	138.4
Senior Debt Interest	£m	36.2	37.2	37.9	38.6
Senior Adjusted ICR	**Ratio**	**3.7**	**4.2**	**3.6**	**3.6**
Year 1	Ratio	4.1			
Year 2	Ratio	4.6	4.6	4.6	4.6
Year 3	Ratio	4.0	4.0	4.0	4.0
Year 4	Ratio		4.0	4.0	4.0
Class A Average Adjusted ICR	**Average**	**4.2**	**4.2**	**4.2**	**4.2**
Year 1	Ratio	3.7			
Year 2	Ratio	4.2	4.2	4.2	4.2
Year 3	Ratio	3.6	3.6	3.6	3.6
Year 4	Ratio		3.6	3.6	3.6
Senior Average Adjusted ICR	**Average**	**3.8**	**3.8**	**3.8**	**3.8**

Test Period		Year 1 1 April 2016 to 31 March 2017 Actual	Year 2 1 April 2017 to 31 March 2018 Forecast	Year 3 1 April 2018 to 31 March 2019 Forecast	Year 4 1 April 2019 to 31 March 2020 Forecast
Net Cash Flow less	£m	135.3	155.1	136.2	138.4
RCV Depreciation and Capitalised IRE	£m	75.5	63.7	65.6	70.9
Conformed Adjusted Net Cash Flow divided by	£m	59.8	91.4	70.6	67.5
Class A Debt Interest	£m	32.8	33.7	34.3	34.8
Conformed Class A Adjusted ICR	**Ratio**	**1.8**	**2.7**	**2.1**	**1.9**
Net Cash Flow less	£m	135.3	155.1	136.2	138.4
RCV Depreciation & Capitalised IRE	£m	75.5	63.7	65.6	70.9
Conformed Adjusted Net Cash Flow divided by	£m	59.8	91.4	70.6	67.5
Senior Debt Interest	£m	36.2	37.2	37.9	38.6
Conformed Senior Adjusted ICR	**Ratio**	**1.7**	**2.5**	**1.9**	**1.8**
Year 1	Ratio	1.8			
Year 2	Ratio	2.7	2.7	2.7	2.7
Year 3	Ratio	2.1	2.1	2.1	2.1
Year 4	Ratio		1.9	1.9	1.9
Conformed Class A Average Adjusted ICR	**Average**	**2.2**	**2.2**	**2.2**	**2.2**

Test Period		Year 1 1 April 2016 to 31 March 2017 Actual	Year 2 1 April 2017 to 31 March 2018 Forecast	Year 3 1 April 2018 to 31 March 2019 Forecast	Year 4 1 April 2019 to 31 March 2020 Forecast
Year 1	Ratio	1.7			
Year 2	Ratio	2.5	2.5	2.5	2.5
Year 3	Ratio	1.9	1.9	1.9	1.9
Year 4	Ratio		1.8	1.8	1.8
Conformed Senior Average Adjusted ICR	**Average**	**2.0**	**2.0**	**2.0**	**2.0**

Date		31 March 2017 Actual	31 March 2018 Forecast	31 March 2019 Forecast	31 March 2020 Forecast
Class A Net Indebtedness divided by	£m	771.2	818.4	849.3	870.8
RCV	£m	1,156.2	1,206.7	1,234.6	1,245.7
Class A RAR	**Ratio**	**0.67**	**0.68**	**0.69**	**0.70**
Senior Net Indebtedness divided by	£m	885.2	936.2	971.0	996.5
RCV	£m	1,156.2	1,206.7	1,234.6	1,245.7
Senior RAR	**Ratio**	**0.77**	**0.78**	**0.79**	**0.80**

The following table reconciles the Class A Net Indebtedness and Senior Net Indebtedness to the amounts reported in the financial statements.

Date	**31 March 2017 £m**
Borrowings	941.4
Exclude Permitted Legacy Loan	(3.6)
Add Back Unamortised Debt Issue Costs and Bond Premium	(20.5)
Add Accrued Interest	13.0
Less Cash and cash equivalents	(45,1)
Senior Net Indebtedness	**885.2**
Remove Class B Debt Amounts	(114.0)
Class A Net Indebtedness	**771.2**

Further certifications

Debt Service Reserve Accounts

There is no balance in each of the Debt Service Reserve Accounts as at 31 March 2017. The required debt service reserve is provided by a liquidity facility from HSBC Bank PLC totalling £38.0 million.

Permitted Subsidiaries Acquired

There were no Permitted Subsidiaries acquired pursuant to a Permitted Acquisition in the period to 31 March 2017.

Annual Finance Charge

Affinity Water Limited has calculated the Annual Finance Charge for the period from 1 April 2017 to 31 March 2018 as £36.5 million and the Monthly Payment Amount to be £3.0 million. Calculation of the Annual Finance Charge is set out in the table to the right.

	1 April 2016 to 31 March 2017 (£m)
Forecast interest paid on bonds	36.1
Forecast interest paid on loans	0.0
Other recurring finance fees paid	0.4
Total	**36.5**

Additional Confirmations

Affinity Water Limited also confirms that:

(a) no Default or Potential Trigger Event is outstanding; and

(b) that Affinity Water Limited's insurances are being maintained in accordance with the Common Terms Agreement.

Yours faithfully,

Duncan Bates
Chief Financial Officer
For and on behalf of
Affinity Water Limited
(in its capacity as Transaction Agent)