

Affinity Water



Annual Investor Report

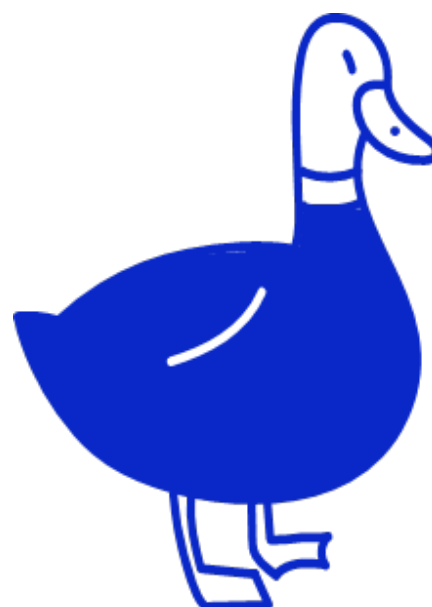
Affinity Water Limited ('Affinity Water')

Twelve Month period ended 31 March 2024

Published 29 July 2024

Table of Contents

Affinity Water at a glance.....	3
Financial highlights.....	4
Our Customer Outcomes.....	5
Operational Performance.....	6
Financial performance.....	8
Regulatory update.....	13
Governance update.....	14
Common Terms Agreement Compliance.....	15
Further Certification.....	20



Affinity Water at a glance

We are the largest 'water only' company in England. That means we supply clean water to our customers, but we do not collect or treat wastewater or sewage. We own and manage the water assets and network in an area of approximately 4,500km² across three supply regions in South East England. We have been supplying water to our local communities for more than 170 years.

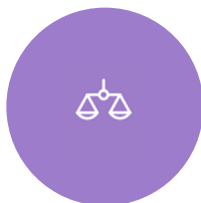


Our Purpose

We supply high quality drinking water and take care of our environment, for our diverse communities now and in the future.

Our vision is to lead the way

We are customer focused



We do the right thing



We work as one team

937Ml/d

Daily amount of drinking water supplied
[FY23: 948Mld]

3.90m

Customers served
[FY23: 3.89m]

1.51m

Household properties connected
[FY23: 1.49m]

90

Number of water treatment works
[FY23: 91]

16,989km

Length of mains network
[FY23: 16,900km]

1,430

Number of employees
[FY23: 1,460]

Financial Highlights

Financial results for the year ended 31 March 2024

Revenue (£m)

347.7

Mar 2023: 315.0

Loss for the Period (£m)

(37.3)

Mar 2023: (100.4)

Regulatory Capital Value
(RCV) (£m)

1,851.1

Mar 2023: 1,713.7

Senior Net Indebtedness

1,382.3

Mar 2023: 1,257.6

Gearing (%)

74.7%

Mar 2023: 73.4%

Conformed Senior
Adjusted ICR

1.6x

Mar 2023: 1.5x

Our Customer Outcomes

Our Business Plan for 2020-25 includes a total of 28 stretching performance commitments that will ensure we deliver our four customer outcomes.

Supplying high quality water you can trust

Commitments

- Reduce the number of contacts about appearance, taste and odour to 0.67 per thousand population by 2024/25
- Meet water quality standards on compliance failures by scoring less than two annually in DWI's new water quality measure CRI



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

Commitments

- 20% leakage reduction on a three-year average from the 2019/20 baseline
- 12.5% reduction in PCC on a three-year average from the 2019/20 baseline
- Complete river restoration and habitat enhancement projects under the Water Framework Directive
- Reduce water abstraction by 27.3 MI/d by 2024/25
- Complete eight environmental pilot projects working in partnership with our local communities
- Delivery of schemes within the WINEP programme
- Reduce abstraction from environmentally sensitive sites to nil when flows or levels are low

Providing a great service that you value

Commitments

- Improve the overall customer experience provided to our household customers
- Improve the overall experience provided to developer services customers including property developers, self-lay providers and New Appointments and Variations (NAVs)
- Proactively assist more of our customers in vulnerable circumstances by understanding and prioritising their needs
- 90% of customers in vulnerable circumstances receiving help are satisfied with the service from us and find us easy to deal with
- Achieve a score of at least 7.8 out of 10 for customer satisfaction in a value for money survey
- Proactively reducing the number of household properties falsely classed as empty on our billing system to 2.10% in 2024/25

Minimising disruption to you and your community

Commitments

- Reduce supply interruptions to customers to five minutes in 2024/25
- No more than 320 properties affected by a supply interruption per year of more than 12 hours duration
- Improve IT resilience by a 29% reduction in the impact of disruption to customers and employees by 2024/25
- Reduce the average time each property experiences low water pressure to less than 8 hours 42 minutes in 2024/25
- To have no customers at risk of experiencing severe restrictions in a 1-in-200 drought on average over 25 years
- Reduce the number of mains repairs to 142.3 per thousand kilometres of network
- To keep outage of production capacity below 2.34% between 2020 and 2025

Operational Performance

We have aligned our operational KPIs to our key performance commitments in response to customer expectations. We want customers and stakeholders to be able to measure our success and hold us to account.

The fourth year of the 2020–2025 period have now been completed. We are required to report our performance against targets as set by Ofwat in our final determination 2019. These targets include the performance commitments made in our Business Plan 2020–2025. Our performance in relation to these targets for 2023/24 is analysed in the tables below.

Target met 

Target not met 



Water Quality


Compliance Risk Index (CRI)

Actual: 8.050
Target: 2.000

The Compliance Risk Index ('CRI') is a measure to inform the risk arising from treated water compliance failures.

Our performance on water quality has steadily improved across AMP7 and year three was a strong year of performance against the DWI measure. The underlying performance across the initial nine months for year four was very strong. However, two failed samples at Iver Water Treatment works in October and November incurred large scores and we have missed the target of 2 with a score of 8.05.

A number of interventions are now in place at Iver to ensure that we do not have the same type of sample failure and we expect to deliver on this challenging metric in year five. We continue to work with the DWI to ensure that all future risks to water quality are mitigated.



PCC


Average water use (litres/person/day)

Actual: -1.5%
Target: 10% reduction

The performance commitment aims to incentivise us to help customers reduce their water consumption. We continue to focus our efforts on developing innovative behavioural campaigns and customer messaging, alongside installing meters to help customers understand their usage and carrying out home water efficiency checks.

We have seen a marked change in customers water use behaviours since the Covid pandemic, and the shift to 'working from home', and this looks to set to continue into the future. We continue to seek new ways to engage with our customers to communicate the importance of conserving water alongside exploring innovative approaches to charging and tariffs.

We are revising our baseline for PCC through the water resource management plan to account for the impacts of climate change.



Leakage

Average Annual water leakage (Ml/d)

Actual: 18.3%
Target: 17%

This measure is reported as a percentage reduction in a three-year average of leakage against a baseline level of 2019/20. In AMP7 we committed to reducing leakage by 20% as set out in our Water Resources Management Plan. We understood that a change in our approach was needed to meet this target and at the outset this would be a challenge. We identified we would need a glide-path reduction to achieve 20% by the end of 2025.

The teams have worked hard to improve the response time to fix a leak and introduced new technology to fix leaks with a No Dig solution that has proved successful on customer communication pipes. This has resulted in leakage outperforming the target of 17% and finishing at 18.3% for year four.

C-Mex

Position

Actual: 12th
Target: Mid table

The customer experience performance commitment measures direct customer feedback on satisfaction with our services. We have worked hard to improve our scores this year by improving our systems, processes, and employee training. We have made ground, improving our league table position from 14th to 12th in year four and closing the gap to mid-table position. While we have not achieved our C-Mex target, which is measured relative to our peers, we have reduced the penalty compared to last year.

Unplanned interruptions to supply over 12 hours

Number of properties

Actual: 84
Target: 320 or less

We also achieved the 12-hour performance commitment for the first time in AMP7 with only 84 properties affected against a target of 320 properties. This is a significant improvement compared to the extreme challenges faced in 2022/23 when we experienced a "freeze/thaw" cycle that affected the number of bursts on our network

Mains Repairs

Number per 1000km mains

Actual: 98.3
Target: 144.4

We have outperformed our target this year on the number of repairs per 1000km of mains, achieving 98.3 repairs against a score of no more than 144.4. We continue to invest in the proactive replacement of mains pipes and adopt new ways of working to improve our performance.

Water supply interruptions >3 hours

Average minutes per property

Actual: 00:02:46
Target: 00:05:20

We have achieved our best ever performance this year in reducing the average amount of time customers experience a supply interruption. Against a challenging target of 5 minutes and 23 seconds, we achieved an industry leading performance of 2 minutes and 46 seconds. We have invested significantly in the monitoring of our network and training of our technicians to promote proactive behaviours that minimise the amount of time customer properties are without supply when bursts and incidents happen on our network.

Properties at risk of low pressure

Per 10,000 properties

Actual: 138.590
Target: 1.250

The low pressure performance commitment measures the number of properties at risk of receiving water pressure below the prescribed standard, per 10,000 properties.

We continue to consider that the measurement of the performance commitment is not reliable or comparable with peers across the industry.

We have not achieved our target for this performance commitment since it was introduced, and due to the reporting issues with this measure, we will not be able to achieve it throughout the 5 year period.

D-Mex

Position

Actual: 12th
Target: Mid table

D-MeX is the measure of levels of service in the developer services area of activity. The index score is made up of both a qualitative and a quantitative element.

We have experienced challenges this year in the delivery of developer services from our third party suppliers. As a result of poor quality service, we have changed our contractual parties and have seen a marked improvement in performance in the second half of the year. Overall, we have achieved an average score of 86.93 across the year, missing our target and achieving 12th position compared to our industry peers.

Financial Performance

Financial results for the year ended 31 March 2024

	2024	2023
	£000	£000
Revenue	347,651	314,956
Cost of sales	(299,356)	(273,470)
Gross profit	48,295	41,486
Administrative expenses	(38,994)	(37,650)
Impairment gain/(loss) on financial and contract assets	(8,297)	(11,199)
Other income	21,104	21,929
Operating profit	22,108	14,566
Finance income	20,379	19,529
Finance costs	(94,112)	(169,693)
Fair value gain/(loss) on inflation swaps	15,761	50,122
Net finance costs	(57,972)	(100,042)
Fair value loss on energy swaps	(13,075)	(26,638)
Profit/ (Loss) before tax	(48,939)	(112,114)
Income tax credit/(expense)	11,617	11,764
Profit/(Loss) for the year	(37,322)	(100,350)



Revenue

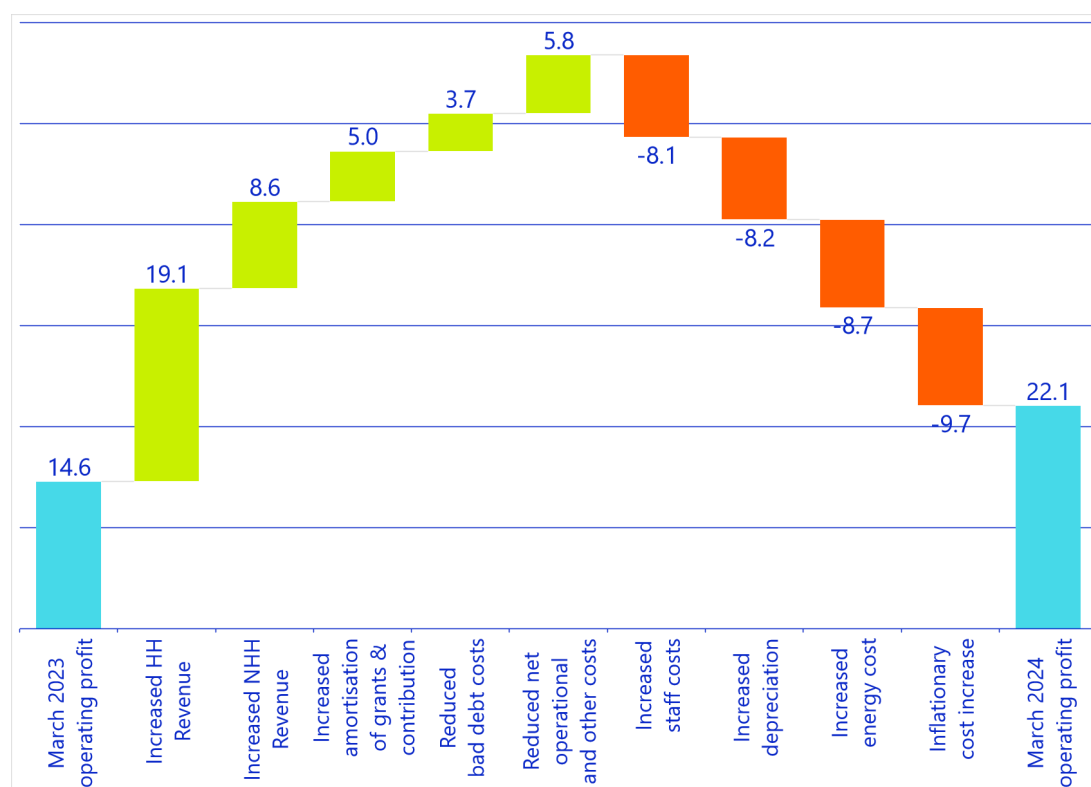
Revenue for 2023/24 was £347.6 million, being a £32.6 million increase, 10.3%, on the prior year (2023: £315.0 million). The increase is primarily due to higher household revenue ('HH') driven by inflationary increases on tariffs and increases in customer numbers.

Operating costs

Operating costs for the year increased by £24.3 million to £346.6 million (a 7.5% increase) (2023: £322.3 million) with a significant driver being cost inflation and higher energy prices. The treatment of water and distributing it to our 3.9 million customers makes energy one of our biggest costs. We manage the risk of energy price rises by purchasing in advance in accordance with our hedging strategy.

This strategy ensured we avoided the high market prices in 2022 and 2023 when prices rose significantly, but also means that we have not yet fully benefited from the recent price falls as the energy market has begun to normalise. This means that prices are higher than envisaged at PR19 and are still a challenge from a cost perspective.

Bad debt costs decreased during the year as a result of more focus on cash collection and improved cash collection rates. Staff costs increased in the year, primarily due to an inflationary pay increase of 7.5% awarded, and the full year impact of an increase in headcount. The depreciation charge was also higher than the prior year due to ongoing delivery of our AMP7 investment programme. Overall operating profit increased by £7.5 million (51.4%) to £22.1 million (2023: £14.6 million) as shown in the graph below.



Finance Costs

The net finance expense of £58.0 million was £42.0 million (42.0%) lower than last year (2023: £100.0 million), primarily due to lower inflation leading to lower non-cash accretion of indexed linked debt and swaps. There was a fair value loss¹ of £13.1 million on energy swaps, this includes the settlement of £10.5m the rest of the movement is due to a fall in the market forward price compared to last year. Over the last number of years we have entered into physical and financial energy hedges as part of our risk management strategy, these trades being increasingly "off-market" as the year progressed and market prices fell.

In order to better align our forecast energy costs with market prices we undertook a one-off transaction with each of our counterparties to re-strike these trades and pre-pay any difference between the trade price and the market price.

For the financial year ending March 2024, £10.5m one-off costs are included within finance costs. A further £10m was paid in May 2024 and represents a one-off cost in the financial year ending 31 March 2025. This one-off trade did not change our commercial or risk position, it split the trades into ongoing costs re-fixed at market rates and a premium reflecting the original trades.

Taxation

The income tax credit for 2023/24 was £11.6 million (2023: £11.8 million credit) as a result of a tax credit on losses made in the year. The effective current tax rate of 24% (2023:11%) was lower than (2023: lower than) the UK corporation tax rate of 25% (2023: 19%). Further information and a full reconciliation of the current tax charge are set out in note 5.4 of our statutory financial statements. All our profits are taxed in the UK, and we do not use artificial tax avoidance schemes or tax havens to reduce our tax liabilities.

Dividends

No equity dividends were paid during the year (2023: £nil), reflecting the shareholders' commitment to re-invest all planned returns from the company's appointed business for the benefit of our customers during AMP7.

Capital expenditure

Capital expenditure in the year was £159.1 million (2023: £127.7 million), and was incurred principally in our leakage, mains renewals, trunk main replacement, water treatment and integrated water savings programmes. Our total capital expenditure for 2023/24 includes an element of spending that had been scheduled for earlier years in AMP7 but was delayed due to Covid-19 restrictions in place at the time. The total capital expenditure also includes spend on HS2 schemes that have been fully compensated for.

Net debt and gearing

At 31 March 2024, compliance net debt, as defined in the financial covenants in the company's securitisation documentation (compliance net debt), was £1,382.3m. Gearing, calculated as compliance net debt to RCV at 31 March 2024, was 74.7% (31 March 2023: 73.4%) and remains below our internal gearing level of 80.0%. This allows sufficient headroom within the gearing covenants, which are only triggered at a level of more than 90.0%.

Our gearing is higher than some of our peers in the water industry, however this is only one aspect of our financial resilience. Our gearing of 74.7% is below our internal maximum of 80% of RCV and materially below our trigger level of 90.0%. Our financial policies and capital structure align with our target credit ratings of A3/BBB+/BBB+ for our Class A Bonds with Moody's, Standard & Poor's, and Fitch .

Cash flow

Net cash flow before tax and financing for the year was £36.0 million outflow, being a £13.1 million increase on last year (2023: £22.9 million outflow). The increase in the outflow is primarily due to higher net investment in fixed assets in the current period in line with our 2020–2025 plan.

Structure

Affinity Water Limited is financially and operationally 'ring-fenced' from the rest of the Affinity Water Group by way of a Whole Business Securitisation ('WBS'). The securitisation further enhances the ring-fencing provisions already in our licence.

We believe that the ring-fencing structure provides significant corporate benefits, providing better access to long-term debt markets and an opportunity to reduce the cost of capital employed in the regulated business for the benefit of customers.

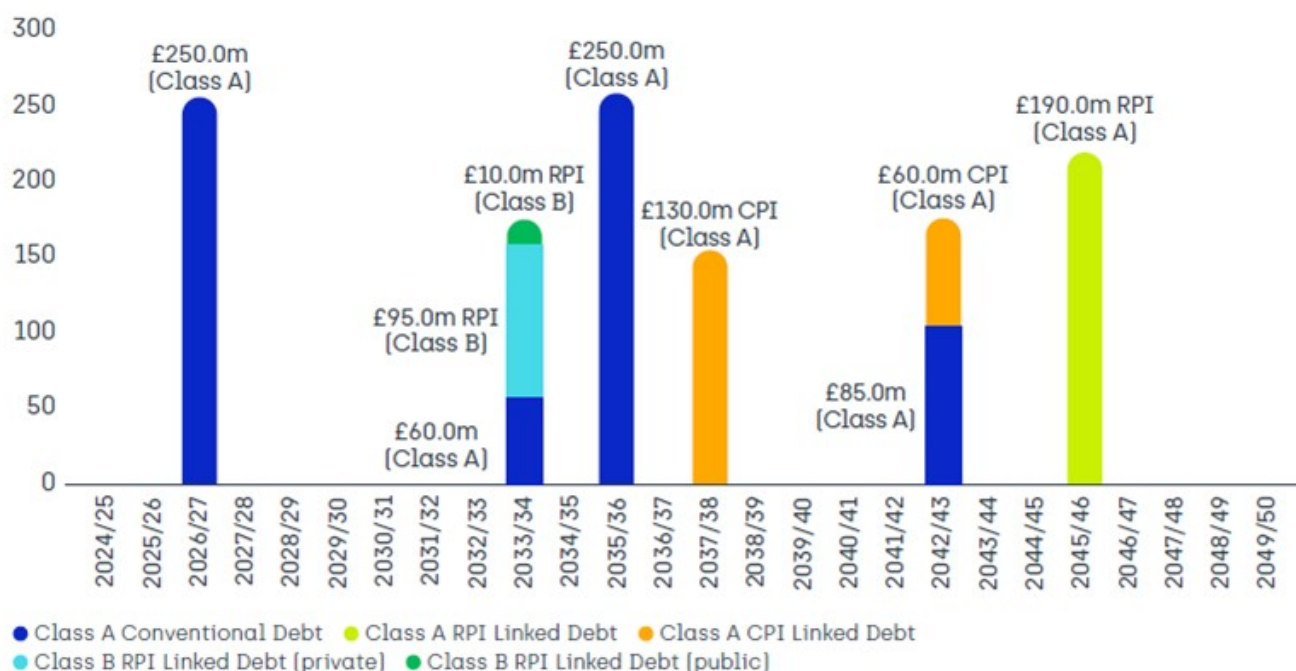
Credit ratings

The credit ratings for our subsidiaries' bonds assigned by the rating agencies, Moody's, Standard & Poor's, and Fitch were as follows. Our credit ratings have not changed since March 2023.

Bonds	Moody's	Standard & Poors	Fitch
Class A	A3	BBB+	BBB+
Class B	Baa3	BBB-	BBB-
Outlook	Stable	Negative	Stable
Corporate family rating	Baa1	Not applicable	Not applicable

Debt portfolio

As we are a business with a long-term outlook and expenditure commitments, we need to match this with long-term sources of debt finance. We consider the most cost-effective way to raise long-term debt to be through the debt capital markets. Our financing subsidiaries have outstanding external bonds totalling £1,130.0m, raised in the debt capital markets and on-lent to the company on the same terms. Our next significant debt maturity is in July 2026 when a £250.0m fixed rate bond matures.



Liquidity

Our liquidity is managed through banking arrangements and adequate (though not excessive) cash resources, borrowing arrangements and standby facilities. This enables us, at all times, to have the level of funds available that are necessary for the achievement of our business and service objectives. At 31 March 2024, the company had £238,329,000 (2023: £297,492,000) of available liquidity, which comprised £81,329,000 (2023: £145,492,000) of cash and term deposits and £157,000,000 (2023: £152,000,000) of undrawn committed borrowing facilities.

Regulatory update

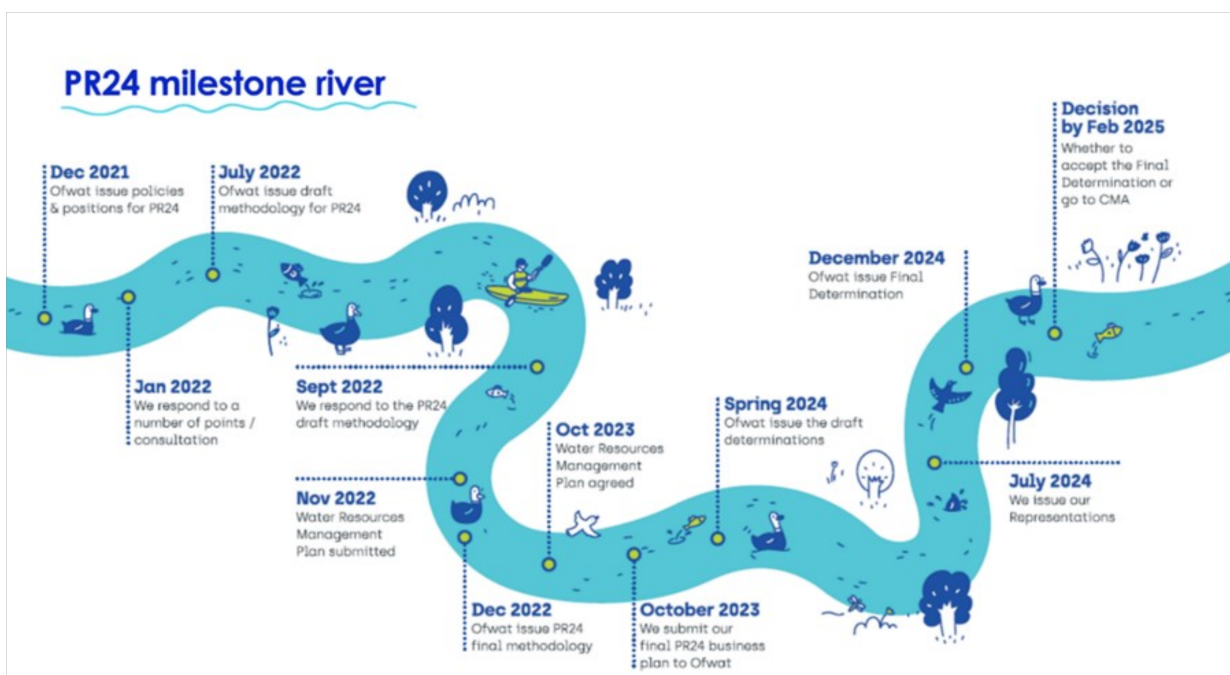
Our business is a regional monopoly and is subject to incentive-based economic regulation by Ofwat. We are subject to a strict revenue control regime designed to incentivise efficiency in operations and investment decisions.

In October 2023, we submitted our business plan for the five year regulatory period starting on 1 April 2025. Our business plan addresses the significant challenges posed by climate change, demand for water, population growth and how we will take care of the environment going forward.

In July 2024, we received feedback on our business plan from Ofwat. We have received an overall categorisation of 'standard' in the QAA assessment (with only two companies receiving a categorisation of 'outstanding'). This attracted a reward of £2m and 50:50 cost sharing rates. We passed the quality assessment in 24 of the 26 tests, the highest in the industry.

Summary of Affinity Water's Draft Determination

- Our TOTEX allowance is £1,897m compared to 2,205m in our business plan (14% decrease)
 - Pre-efficiency base allowance is £1,551m compared to Ofwat's £1,688m (8% decrease)
 - Pre-efficiency enhancement allowance is £415m compared to £521m from Ofwat (20% decrease)
 - Retail control saw marginal change from 164m to 165m
- Our performance commitments have been largely accepted with fewer challenges on our performance commitments and ODIs than any other company in the sector.
 - For a limited number of Performance Commitments (PC) Ofwat has imposed a more challenging target and/or a stronger incentive rate
 - Two of the three bespoke PCs (AIM and Whole life carbon) have not been permitted
- WACC increased to 3.72%
- We have until 28th August to respond to the draft determination.



Governance update

The company is committed to high standards of corporate governance and transparency, believing these to be essential in delivering the long-term success of our business. The Board governs the company in accordance with the Affinity Water Corporate Governance Code. This incorporates the Ofwat Board Leadership, Transparency and Governance Principles 2019 in their entirety, and those parts of the UK Corporate Governance Code 2018 that are deemed relevant to our business.

Our shareholders have an important role to play and a direct interest in the strong and effective governance and stewardship of our business. We explain how we engage with our shareholders and involve them in decision making in our publication: Consulting with our Shareholders.

Board appointments

Ian Tyler, has made the decision to step down as Chairman of the board. Ian will remain Chair until his successor has been appointed and a healthy transition is completed.

Martin Roughead, has made the decision to step down as CFO of the business. Martin will leave the business by October 2024. Active recruitment of Martin's replacement is underway.

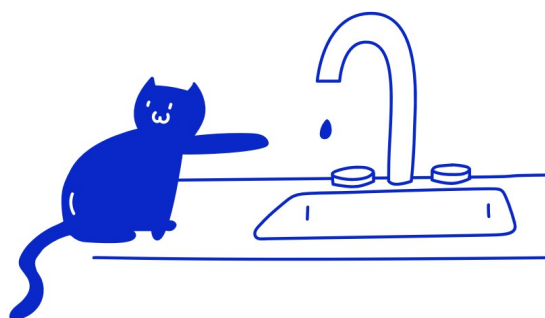
Andrew Cox, non-executive director and shareholder representative of Allianz Capital Partners is to step down as an alternate non-executive director from the Board on 10 June 2024. **Roxana Tataru** will return to the Board effective from same date following her absence since 15 November 2023.

Shelley Malton, Director of Operations at NatWest Group plc, who has been appointed as an independent non-executive director with effect from 1 December 2023. Shelley is a FTSE-30 operating Board level Managing Director, with a strong commercial focus delivering customer centricity, people leadership, cultural and transformational change. She brings a 25+ year track record in customer experience turnaround, operations, digital, cyber, and commercial roles in global, regulated businesses of high complexity across multiple sectors.

Executive appointments

Dean Garvey-North has been appointed as Director of Technology and Transformation. Dean has over 20 years working in digital technology and has spent the last 10 years in senior and leadership roles taking businesses on successful digital transformation for national and global organisations across several sectors, including Thames Water.

Emma Davies has been appointed as our new People and Culture Director. Emma is an accomplished Human Resources and Organisational Development (OD) professional with significant experience working within large and complex NHS organisations. As a HR and OD specialist, Emma has honed her skills in employee relations, performance management, organisational design and the management of complex change



Common Terms Agreement Compliance

Calculation of financial ratios¹

Test Period		Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Revenue less operating expenditure	£'000	105,221	113,656
Add back one-off re-striking of existing energy trades to market prices	£'000	-	10,000
Net Cash Flow less	£'000	105,221	123,656
Class A Debt Interest	£'000	18,022	22,168
Class A ICR	Ratio	5.8	5.6

Test Period		Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Revenue less operating expenditure	£'000	105,221	113,656
Add back one-off re-striking of existing energy trades to market prices	£'000	-	10,000
Net Cash Flow less		105,221	123,656
CCD and IRC	£'000	-	-
Class A Debt Interest	£'000	18,022	22,168
Class A Adjusted ICR	Ratio	5.8	5.6

1 – This Investor Report contains a high-level summary of covenant calculations. The detailed calculations were provided to the Trustee and other relevant parties on 12th July 2024 along with the Compliance Certificate.

Test Period		Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Revenue less operating expenditure	£'000	105,221	113,656
Add back one-off re-striking of existing energy trades to market prices	£'000	-	10,000
Net Cash Flow less	£'000	105,221	123,656
CCD and IRC	£'000	-	-
Adjusted Net Cash Flow divided by	£'000	105,221	123,656
Senior Debt Interest	£'000	22,910	27,116
Senior Adjusted ICR	Ratio	4.6	4.6

Test Period	Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Year 1 (March 2023)	5.9	5.9
Year 2 (March 2024)	5.8	5.8
Year 3 (March 2025)	5.6	5.6
Class A Average Adjusted ICR 3 year average	5.8	5.8

Test Period	Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Year 1 (March 2023)	4.7	4.7
Year 2 (March 2024)	4.6	4.6
Year 3 (March 2025)	4.6	4.6
Senior Average Adjusted ICR 3 year average	4.6	4.6

Test Period		Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Revenue less operating expenditure	£'000	112,346	120,156
Add back one-off re-striking of existing energy trades to market prices	£'000	-	10,000
Net Cash Flow	£'000	112,346	130,156
RCV Depreciation and Capitalised IRE	£'000	(75,130)	(84,166)
Class A Debt Interest	£'000	18,022	22,168
Conformed Class A Adjusted ICR	Ratio	2.1	2.1

Test Period		Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Revenue less operating expenditure	£'000	112,346	120,156
Add back one-off re-striking of existing energy trades to market prices	£'000	-	10,000
Net Cash Flow	£'000	112,346	130,156
RCV Depreciation and Capitalised IRE	£'000	(75,130)	(84,166)
Senior Debt Interest	£'000	22,910	27,116
Conformed Senior Adjusted ICR	Ratio	1.6	1.7

Test Period	Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Year 1 (March 2023)	1.8	1.8
Year 2 (March 2024)	2.1	2.1
Year 3 (March 2025)	2.1	2.1
Conformed Class A Average Adjusted ICR 3 year average	2.0	2.0

Test Period	Year 1 1 April 2023 To 31 March 2024	Year 2 1 April 2024 To 31 March 2025
Year 1 (March 2023)	1.5	1.5
Year 2 (March 2024)	1.6	1.6
Year 3 (March 2025)	1.7	1.7
Conformed Senior Average Adjusted ICR 3 year average	1.6	1.6

Test Period		31 March 2024	31 March 2025
Class A Net Indebtedness divided by	£'000	1,220,029	1,285,471
RCV	£'000	1,851,111	1,880,122
Class A RAR		0.659	0.684

Test Period		31 March 2024	31 March 2025
Senior Net Indebtedness divided by	£'000	1,382,315	1,449,280
RCV	£'000	1,851,111	1,880,122
Senior RAR		0.747	0.771

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

Date	31 March 2024
	£'000
Borrowings	1,359,485
Less Permitted Legacy Loan	(3,550)
Add Unamortised Debt Issue Costs and Bond Premium	(27,822)
Add Accrued Interest	12,901
Add Swap Accretion	122,630
Less Cash and cash equivalents	(81,329)
Senior Net Indebtedness	1,382,315
Less Class B Indebtedness	(162,287)
Class A Net Indebtedness	1,220,028
RCV	1,851,111

AWL has adopted IFRS 16: 'Leases' ('IFRS 16') from 1 April 2019 but has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard. Reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees, thereby impacting the Income Statement and Statement of Financial Position from the adoption date. In particular IFRS 16 would result in the removal of operating lease costs from Operating Expenditure, being replaced with additional depreciation and interest charges. This accounting treatment has been excluded for the purposes of calculating the ratios.

Further Certifications

Surplus

Our Board has approved dividend and executive remuneration policies that provide for dividends and executive remuneration proportionate with long-term returns and performance of the company, whilst not impairing its longer term financeability. The performance of the company comprises our financial performance as well as an assessment of performance in the following areas: customer service, operational commitments, environmental commitments and people.

Authorised Investments

Terms	Bank Deposits (£m)	Liquidity Funds (£m)	Total (£m)
Overnight	40.4	19.4	59.8
3 Months	10.7	-	10.7
6 Months	10.8	-	10.8
9 Months	-	-	-
1 Year	-	-	-
Total	61.8	19.4	81.3

Debt Service Reserve Accounts

There is no balance in each of the Debt Service Reserve Accounts as at 31 March 2024. The required debt service reserve is provided by a liquidity facility from National Australia Bank PLC totalling £29.0m.

Permitted Subsidiaries acquired

There were no Permitted Subsidiaries acquired pursuant to a Permitted Acquisition in the period to 31 March 2024.

Annual Finance Charge

Affinity Water Limited has calculated the Annual Finance Charge for the period from 1 April 2024 to 31 March 2025 as £27.1m.

	1 April 2024 to 31 March 2025
Forecast interest paid	26.5
Forecast interest paid on loans	0.0
Other recurring finance fees paid	0.6
Total	27.1

Additional confirmations

Affinity Water Limited also confirms that:

- no Default or Potential Trigger Event is outstanding; and
- that Affinity Water Limited's insurances are being maintained in accordance with the Common Terms Agreement.

Yours faithfully,

Martin Roughead
Chief Financial Officer
Affinity Water Limited
(in its capacity as Transaction Agent)

Affinity Water