

**Southern Water (Greensands) Financing plc**

**Compliance Certificate**

**For the year ended 31 March 2021**

**Confidential**

### **Important Notice**

This report is being distributed in fulfilment of finance documents. It is directed to, and intended for, existing debt investors in the company. No other persons should act or rely on it. The company makes no representation as to the accuracy of forecast information. This report should not be relied on as a guide to future performance, and should not be relied on in deciding whether to undertake future investment in the company. It should be noted that the information in this report has not been reviewed by the company's auditors.

## **Compliance Certificate**

<b>Contents</b>	<b>Page</b>
Calculation of consolidated ratios	4
Net indebtedness	5
Financial covenants	6
Declaration	7

<b>Calculation of covenant ratios</b>	<b>Actual Year to 31 March 2020 £m</b>	<b>Actual Year to 31 March 2021 £m</b>
Consolidated EBITDA	472.9	381.7
Consolidated Finance Charge:		
Southern Water Services	115.2	68.3
Greensands Finance	17.9	19.3
SW(Greensands) financing	<u>35.6</u>	<u>35.5</u>
	168.7	123.1
Equity distributions paid	0.0	0.0
Consolidated cash balances:		
Closing Southern Water Services	184.4	356.4
Closing Greensands Financing	<u>78.4</u>	<u>54.7</u>
Opening SW (Greensands) Financing cash	3.2	17.6
Receipts on subordinated debt and distributions	50.0	0.0
Proceeds from new finance	0.0	0.0
Equity distributions paid	0.0	0.0
Payment of interest and fees	-35.6	-6.4
Investment in Southern Water Services	<u>0.0</u>	<u>0.0</u>
Closing SW (Greensands) Financing cash	<u>17.6</u>	<u>11.2</u>
Closing consolidated cash	<u>280.4</u>	<u>422.3</u>
Undrawn committed bank facilities at Southern Water (Greensands) Financing	40.0	0.0

All values for interest are presented on an accruals basis to ensure ratios are calculated on a consistent basis.

**Net indebtedness**

	<b>Actual Year to 31 March 2020 £m</b>	<b>Actual Year to 31 March 2021 £m</b>
<b><u>Southern Water Services</u></b>		
Fixed Rate Bonds	1700.0	2475.0
Index Linked Bonds	1060.6	1078.0
Fixed Rate Loans	250.0	250.0
Index Linked Loans	92.0	79.8
RPI accretion on Index-Linked swaps	202.6	30.7
Drawings under the Revolving Credit Facility	330.0	0.0
Senior debt at SWS Financing Group	<u>3,635.2</u>	<u>3,913.5</u>
<b><u>Greensands Financing</u></b>		
Loan facilities	451.5	451.5
Drawings under RCF	100.0	100.0
	<u>551.5</u>	<u>551.5</u>
<b><u>Southern Water (Greensands) Financing</u></b>		
Loan facilities	714.0	751.8
	<u>714.0</u>	<u>751.8</u>
Consolidated cash balances	280.4	422.3
Consolidated net debt	<u>4,620.3</u>	<u>4,794.5</u>

Consolidated net debt is in accordance with the finance documents and excludes accounting balances of unamortised debt issue costs and debt issue premiums

## Financial covenants

			Actual Year to 31 March 2020	Actual Year to 31 March 2021
A	RCV		5,141.9	5,110.9
B	Consolidated net debt		4,620.3	4,794.5
C	Consolidated EBITDA		472.9	381.7
D	Consolidated finance charge		168.7	123.1
	Consolidated RAR B/A	93.0%	89.9%	93.8%
	RAR on Southern Water Services	84.0%	67.1%	69.6%
	Consolidated EBITDA / finance charge C/D		2.8	3.1
	Liquidity for future debt service (years)	1.0	1.6	0.0

To: Deutsche Trustee Company Limited, as Note Trustee

From: Southern Water (Greensands) Financing plc

### **Declaration**

We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement shall have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

We confirm that each of the ratios on page 6 of this report have been calculated in accordance with the Agreement.

We confirm that the SWS Liquidity Test (as defined in the waiver requests dated 21 December 2020 in respect of each of the Term Facility, the October 2018 LNFA and the December 2018 LNFA) is satisfied on the 31 March 2021 Test Date

We confirm that no Default or potential Trigger event is outstanding



Bronte Somes  
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Southern Water (Greensands) Financing plc  
Greensands (UK) Ltd



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